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## PART II

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**PART II**

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**REVISED REGULATIONS OF SASKATCHEWAN**

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**SASKATCHEWAN REGULATIONS 12/2001***The Securities Act, 1988*

## Section 154

Minister's Order, dated February 21, 2001

(Filed March 9, 2001)

**Title**

**1** These regulations may be cited as *The Securities Commission (Adoption of National Instruments) Amendment Regulations, 2001*.

**R.R.S. c.S-42.2 Reg 3 amended**

**2** *The Securities Commission (Adoption of National Instruments) Regulations* are amended in the manner set forth in these regulations.

**Section 2 amended**

**3 The following clauses are added after clause 2(j):**

“(k) National Instrument 35-101, entitled Conditional Exemption from Registration for United States Broker-Dealers and Agents, as set out in Part XI of the Appendix;

“(l) National Instrument 41-101, entitled Prospectus Disclosure Requirements, as set out in Part XII of the Appendix;

“(m) National Instrument 44-101, entitled Short Form Prospectus Distributions, as Part XIII of the Appendix;

“(n) National Instrument 44-102, entitled Shelf Distributions, as Part XIV of the Appendix;

“(o) National Instrument 44-103, entitled Post-Receipt Pricing, as Part XV of the Appendix;

“(p) National Instrument 43-101, entitled Standards of Disclosure for Mineral Products, as Part XVI of the Appendix”.

Appendix amended

**4 The following Parts are added after Part X of the Appendix:**

“PART XI

[*Clause 2(k)*]

**“NATIONAL INSTRUMENT 35-101 CONDITIONAL  
EXEMPTION FROM REGISTRATION FOR UNITED STATES  
BROKER-DEALERS AND AGENTS**

**“PART 1 DEFINITIONS**

**“1.1 Definitions** - In this Instrument:

**‘agent’** means a partner, officer, director or salesperson of a broker-dealer who is acting on behalf of a broker-dealer in effecting trades of securities;

**‘broker-dealer’** means a **‘broker’** or **‘dealer’**, as those terms are defined in the 1934 Act, that has its principal place of business in the United States of America;

**‘foreign security’** means a security:

- (a) that is listed for trading or quoted on an exchange or market outside of Canada; or
- (b) of an issuer that is not incorporated, continued or organized under the laws of Canada or a jurisdiction of Canada; and

**‘NASD’** means the National Association of Securities Dealers in the United States of America.

**“PART 2 BROKER-DEALER EXEMPTION**

**“2.1 Exemption from Dealer Registration Requirement** - The dealer registration requirement does not apply to a broker-dealer if:

- (a) the broker-dealer has no office or other physical presence in any jurisdiction in Canada;
- (b) the broker-dealer is trading in a foreign security;
- (c) the trading is with or for:
  - (i) an individual ordinarily resident in the United States of America who is temporarily resident in the local jurisdiction and with whom the broker-dealer had a broker-dealer client relationship before the individual became temporarily resident in the local jurisdiction; or
  - (ii) an individual if the trade is for the individual’s tax-advantaged retirement savings plan or with the individual’s tax-advantaged retirement savings plan, and:
    - (i) the plan is located in the United States of America;
    - (ii) the individual is a holder of or contributor to the plan; and
    - (iii) the individual was previously resident in the United States of America;

- (d) the broker-dealer has not advertised for or solicited new clients in the local jurisdiction;
- (e) the broker-dealer is a member of the NASD;
- (f) the broker-dealer has delivered, or immediately after the broker-dealer first relies on this section delivers, to the securities regulatory authority:
  - (i) a notice that the broker-dealer is relying on an exemption from the registration requirement provided under this Instrument;
  - (ii) a statement of the broker-dealer certifying that the broker-dealer is registered in the state of the United States of America where the broker-dealer was located when the broker-dealer first relied on this section; and
  - (iii) an executed Form 35-101F1 Submission to Jurisdiction and Appointment of Agent for Service of Process;
- (g) the broker-dealer has delivered a notice to the securities regulatory authority describing any criminal or quasi-criminal proceeding brought against the broker-dealer or its agents in any jurisdiction or foreign jurisdiction, or of any decision, order, ruling, or other requirement made with respect to or imposed on the broker-dealer or its agents in a jurisdiction or foreign jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct;
- (h) the broker-dealer has disclosed to the client that the broker-dealer and its agents are not subject to the full regulatory requirements otherwise applicable under local securities legislation; and
- (i) the broker-dealer, in the course of its dealings with clients, acts fairly, honestly and in good faith.

**“2.2 Termination Notice** - A broker-dealer shall immediately notify the securities regulatory authority if the broker-dealer will no longer engage in trading or advising activities under section 2.1.

**“2.3 Exemption from Adviser Registration Requirement** - The adviser registration requirement does not apply to advising activities of the broker-dealer if those activities are solely incidental to trading activities of the broker-dealer under section 2.1.

### **“PART 3 AGENTS EXEMPTION**

**“3.1 Agents Exemption** - The dealer registration requirement does not apply to an agent if:

- (a) the trading is on behalf of a broker-dealer that has notified the agent of its intent to rely on the exemption under section 2.1;
- (b) the agent has no office or other physical presence in any jurisdiction in Canada;
- (c) the agent is trading in a foreign security;

- (d) the trading is with or for:
  - (i) an individual ordinarily resident in the United States of America who is temporarily resident in the local jurisdiction and with whom the broker-dealer on whose behalf the agent is trading had a broker-dealer client relationship before the individual became temporarily resident in the local jurisdiction; or
  - (ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan, and:
    - (i) the plan is located in the United States of America;
    - (ii) the individual is a holder of or contributor to the plan; and
    - (iii) the individual was previously resident in the United States of America;
- (e) the agent has not advertised for or solicited new clients in the local jurisdiction;
- (f) the agent has delivered, or immediately after the agent first relied on this section delivers, to the securities regulatory authority:
  - (i) a notice that the agent is relying on this Instrument for an exemption from the registration requirement;
  - (ii) a statement of the agent certifying that the agent is registered in the state in the United States of America where the agent was located when the agent first relied on this section; and
  - (iii) an executed Form 35-101F2 Submission to Jurisdiction and Appointment of Agent for Service of Process;
- (g) the agent has delivered a notice to the securities regulatory authority describing any criminal or quasi-criminal proceeding brought against the agent in any jurisdiction or foreign jurisdiction, or of any decision, order, ruling, or other requirement made with respect to or imposed on the agent in a jurisdiction or foreign jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct;
- (h) the agent, in the course of its dealings with the broker-dealer's clients, acts fairly, honestly and in good faith.

**“3.2 Termination Notice** - An agent shall immediately notify the securities regulatory authority if the agent will no longer engage in trading or advising activities under section 3.1.

**“3.3 Exemption from Adviser Registration Requirement** - The adviser registration requirement does not apply to advising activities of the agent if those activities are solely incidental to trading activities of the agent under section 3.1.

**“PART 4 EXEMPTION FROM PROSPECTUS AND UNDERWRITER REQUIREMENTS**

**“4.1 Exemption from Prospectus and Underwriter Requirements** - The prospectus requirement and underwriter registration requirement do not apply to a distribution of foreign securities if that distribution:

- (a) is made by a broker-dealer or agent that is exempt from the adviser registration requirement and the dealer registration requirement under section 2.1 or 3.1; and
- (b) is made in compliance with all applicable:
  - (i) U.S. federal securities laws; and
  - (ii) state securities legislation in the United States of America.

**“NATIONAL INSTRUMENT 35-101  
CONDITIONAL EXEMPTION FROM REGISTRATION FOR  
UNITED STATES BROKER-DEALERS AND AGENTS****“FORM 35-101F1  
FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT  
OF AGENT FOR SERVICE OF PROCESS BY BROKER-DEALER**

**Instructions: Complete this form for each of the jurisdictions in which the broker-dealer seeks the conditional exemption from registration in National Instrument 35-101 (the ‘exemption’). Insert the name of the jurisdiction at each ‘•’.**

1. Name of broker-dealer (the ‘Broker-Dealer’);
2. Jurisdiction of incorporation of the Broker-Dealer;
3. Name of agent for service of process (the ‘Agent for Service’);
4. Address for service of process on the Agent for Service in •;
5. The Broker-Dealer designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a ‘Proceeding’) arising out of or relating to or concerning the Broker-Dealer’s activities in • under the exemption, and irrevocably waives any right to raise as defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
6. The Broker-Dealer irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of • and any administrative proceeding in •, in any Proceeding arising out of or related to or concerning the Broker-Dealer’s activities in • under the exemption.

7. Until six years after the Broker-Dealer ceases to use the exemption, the Broker-Dealer shall file:
- a new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days before termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process; and
  - 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 for Service.
8. This submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of •.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Broker-Dealer or  
authorized signatory)

\_\_\_\_\_  
(Name and Title of Authorized  
Signatory)

#### Acceptance

The undersigned accepts the appointment as agent for service of process on **(Insert name of Broker-Dealer)** \_\_\_\_\_ under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Broker-Dealer or  
authorized signatory)

\_\_\_\_\_  
(Name and Title of Authorized  
Signatory)

**“NATIONAL INSTRUMENT 35-101  
CONDITIONAL EXEMPTION FROM REGISTRATION FOR  
UNITED STATES BROKER-DEALERS AND AGENTS**

**“FORM 35-101F2  
FORM OF SUBMISSION TO JURISDICTION AND  
APPOINTMENT OF AGENT FOR SERVICE OF PROCESS  
BY AGENTS OF THE BROKER-DEALER**

**Instructions: Complete this form for each of the jurisdictions in which agents of the broker-dealer seek the conditional exemption from registration in National Instrument 35-101 (the ‘exemption’). Insert the name of the jurisdiction at each ‘•’.**

1. Name of the broker-dealer (the ‘Broker-Dealer’);
2. Jurisdiction of incorporation of the Broker-Dealer;



3. Name(s) and address(es) of agent(s) of the Broker-Dealer filing this form (the 'Broker-Dealer Agents');
4. Name of agent for service of process (the 'Agent for Service');
5. Address for service of process on the Agent for Service in • ;
6. Each Broker-Dealer Agent designates and appoints the Agent for Service at the address of the Agent for Service stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a 'Proceeding') arising out of or relating to or concerning the Broker-Dealer Agent's activities in • under the exemption, and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
7. Each Broker-Dealer Agent irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of • and any administrative proceeding in •, in any Proceeding arising out of or related to or concerning the Broker-Dealer Agent's activities in • under the exemption.
8. Until the earlier of the termination of a Broker-Dealer Agent's position as an agent of the Broker-Dealer and six years after the Broker-Dealer ceases to use the exemption, the Broker-Dealer Agent shall file:
  - a. a new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days prior to termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process; and
  - b. 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 for Service.
9. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of •.

Dated: \_\_\_\_\_  
 \_\_\_\_\_  
 (Signature of Broker-Dealer Agent)

Dated: \_\_\_\_\_  
 \_\_\_\_\_  
 (Signature of Broker-Dealer Agent)

**Acceptance**

The undersigned accepts the appointment as agent for service of process on **(Insert name(s) of Broker-Dealer Agent(s))** \_\_\_\_\_ pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: \_\_\_\_\_  
 \_\_\_\_\_  
 (Signature of Agent for Service or authorized signatory)  
 \_\_\_\_\_  
 (Name and Title of Authorized Signatory)

“PART XII  
[Clause 2(l)]

“NATIONAL INSTRUMENT 41-101  
PROSPECTUS DISCLOSURE REQUIREMENTS

“PART 1 APPLICATION AND INTERPRETATION

“1.1 **Application** - Except as otherwise provided in securities legislation or an exemption from securities legislation, this Instrument applies to a prospectus.

“1.2 **Interpretation of ‘Prospectus’** - In this Instrument, unless otherwise stated, a reference to a prospectus includes a preliminary prospectus.

“1.3 **Variations** - An issuer may modify the statements required by this Instrument to be included in a prospectus to reflect the terms and conditions of a distribution of the issuer’s securities.

“PART 2 FRONT PAGE DISCLOSURE

“2.1 **Prospectus Warning and Disclaimer Clause** - An issuer shall include the following statement in italics at the top of the cover page of its prospectus:

*‘No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.’*

“2.2 **Preliminary Prospectus Disclosure** - An issuer shall include the following statement in red ink and italics at the top of the cover page immediately above the disclosure required under section 2.1, 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 shall complete the bracketed information by (i) inserting the names of each jurisdiction in which the issuer intends to offer securities under the prospectus; (ii) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or (iii) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).*

### **“2.3 International Issuers**

(1) If the issuer, a selling securityholder, a credit supporter of the securities distributed under the prospectus or a promoter of the issuer 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 [name of the issuer, selling securityholder, credit supporter and/or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [name of the issuer, selling securityholder, credit supporter and/or promoter] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [name of province or territory], it may not be possible for investors to collect from the issuer, selling securityholder, credit supporter or promoter, judgments obtained in courts in [name of provinces and territories] predicated on the civil liability provisions of securities legislation.’

(2) For the purposes of subsection (1), ‘credit supporter’ has the meaning ascribed to that term in National Instrument 44-101 Short Form Prospectus Distributions.

## **“PART 3 PLAN OF DISTRIBUTION DISCLOSURE**

**“3.1 Plan of Distribution Disclosure** - 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, an issuer shall include the following statements in its prospectus with the bracketed information completed:

1. On the cover page of the prospectus:

‘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.’

2. In the section of the prospectus that describes the plan of distribution of the securities:

‘Under an agreement dated [date of agreement] between [name of issuer or selling shareholder] and [name(s) of underwriter(s)], as underwriter[s], [name of issuer or selling shareholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [closing date] the securities at a price of [offering price] payable in cash to [name of issuer or selling shareholder] 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 the securities if any of the securities are purchased under the agreement.’

**“PART 4 STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

**“4.1 General** - An issuer shall include a statement in substantially the following form, with bracketed information completed, in its prospectus:

‘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,] damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [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.’

**“4.2 Non-Fixed Price Offerings** - 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 item 4.1 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.’

**“PART 5 EXEMPTION****“5.1 Exemption**

- (1) The regulator or the securities regulatory authority may grant an exemption, in whole or in part, from the provisions of this Instrument subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario and Alberta, 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.

**“5.2 Evidence of Exemption**

- (1) Without limiting the manner in which an exemption under this Part may be evidenced, the granting of an exemption under this Part may be evidenced by the issuance of a receipt for a prospectus or an amendment to a prospectus.
- (2) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if:
  - (a) the person or company that sought the exemption sent the regulator the letter or memorandum referred to in subsection 5.1(3) on or before the date of the filing of the preliminary prospectus;

(b) sent to the regulator the letter or memorandum referred to in subsection 5.1(3) after the date of the filing of the 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

(c) the regulator has not sent notice to the contrary to the person or company that sought the exemption before, or concurrently with, the issuance of the receipt.

“PART XIII  
[*Clause 2(m)*]

“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS

“PART 1 DEFINITIONS AND INTERPRETATION

“1.1 Definitions -In this Instrument:

‘**absolute value**’ means the positive value of any number;

‘**acquisition of related businesses**’ means the acquisitions of two or more businesses if:

- (a) the businesses were under common control or management before the acquisitions were completed;
- (b) each acquisition was conditional upon the completion of each other acquisition; or
- (c) each acquisition is contingent on a single common event;

‘**AIF**’ means an annual information form

- (a) in the form of Form 44-101F1 AIF;
- (b) in the form referred to in section 3.4; or
- (c) in the form of Appendix A to NP47, if the annual information form was filed before this Instrument came into force;

‘**alternative credit support**’ means support, other than a guarantee, for 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, that:

- (a) obliges the person or company providing the support to provide the issuer with funds sufficient to enable the issuer to make the stipulated payments; or
- (b) entitles the holder of the securities to receive, from the person or company providing the support, payment if the issuer fails to make a stipulated payment;

**‘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
CBRS Inc.	B++	A-2	P-3
Dominion Bond Rating Service Limited	BBB	R-2	Pfd-3
Duff & Phelps Credit Rating Co.	BBB-	D-3	BBB-
Fitch IBCA, Inc.	BBB	F3	BBB
Moody’s Investors Service, Inc.	Baa	Prime-3	‘baa’
Standard & Poor’s Corporation	BBB	A-3	BBB
Thomson BankWatch, Inc.	BBB	TBW-3	BBB

**‘approved rating organization’** means each of CBRS Inc., Dominion Bond Rating Service Limited, Duff & Phelps Credit Rating Co., Fitch IBCA, Inc., Moody’s Investors Service, Inc., Standard & Poor’s Corporation, Thomson BankWatch, Inc., and any of their successors;

**‘asset-backed security’** means a security that is primarily serviced by the cash flows of a discrete pool of mortgages, receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period, and any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders;

**‘associated party’** means, if used to indicate a relationship with a person or company:

- (a) a partner, other than a limited partner, of the person or company;
- (b) a trust or estate in which the person or company has a substantial beneficial interest or for which the person or company serves as trustee or in a similar capacity;
- (c) an issuer in respect of which the person or company beneficially owns or controls, directly or indirectly, securities carrying more than 10 per cent of the voting rights attached to all outstanding securities of the issuer;
- (d) a relative of the person who has the same home as that person;
- (e) an individual who has the same home as the person and who is either married to the person or is living with the person in a conjugal relationship outside marriage; or
- (f) a relative of an individual mentioned in paragraph (e) who has the same home as the person;

**'auditor's report'** means:

- (a) a Canadian auditor's report; or
- (b) in the case of an issuer incorporated or organized in a foreign jurisdiction:
  - (i) a Canadian auditor's report; or
  - (ii) a foreign auditor's report;

**'business segment'** has the meaning ascribed to that term in the Handbook;

**'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;
- (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 specified 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 specified derivative;

**'connected issuer'** has the meaning ascribed to that term in securities legislation;

**'convertible'** means, if used to describe securities, that the rights and attributes attached to the securities include the right or option to purchase, convert into or exchange for or otherwise acquire equity securities of an issuer, or any other security that itself includes the right or option to purchase, convert into or exchange for or otherwise acquire equity securities of an issuer;

**'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;

**'current AIF'** means:

- (a) for an issuer other than an issuer subsisting under the laws of a foreign jurisdiction that has filed an AIF in the form of a current annual report on Form 10-K or on Form 20-F under the 1934 Act:
  - (i) during the period of 140 days following the issuer's most recently completed financial year;

- (A) if the issuer has filed an initial AIF for its most recently completed financial year that has been accepted for filing under this Instrument, the initial AIF;
  - (B) if the issuer has filed a renewal AIF under this Instrument for its most recently completed financial year, the renewal AIF;
  - (C) if the issuer has not filed an AIF for its most recently completed financial year and has filed an initial AIF for the financial year preceding its most recently completed financial year that has been accepted for filing under this Instrument, the initial AIF; or
  - (D) if the issuer has not filed an AIF for its most recently completed financial year and has filed a renewal AIF under this Instrument for the financial year preceding its most recently completed financial year, the renewal AIF;
- (ii) at any time after 140 days following the issuer's most recently completed financial year:
- (A) if the issuer has filed an initial AIF for its most recently completed financial year that has been accepted for filing under this Instrument, the initial AIF; or
  - (B) if the issuer has filed a renewal AIF under this Instrument for its most recently completed financial year, the renewal AIF; or
- (iii) an AIF of the issuer filed before this Instrument came into force that would constitute a 'Current AIF' for the purposes of NP47 if that instrument was applicable; or
- (b) for an issuer subsisting under the laws of a foreign jurisdiction that has filed an AIF in the form of a current annual report on Form 10-K or on Form 20-F under the 1934 Act:
- (i) during the period of 180 days following the issuer's most recently completed financial year:
    - (A) if the issuer has filed an initial AIF for its most recently completed financial year that has been accepted for filing under this Instrument, the initial AIF;
    - (B) if the issuer has filed a renewal AIF under this Instrument for its most recently completed financial year, the renewal AIF;
    - (C) if the issuer has not filed an AIF for its most recently completed financial year and has filed an initial AIF for the financial year preceding its most recently completed financial year that has been accepted for filing under this Instrument, the initial AIF; or
    - (D) if the issuer has not filed an AIF for its most recently completed financial year and has filed a renewal AIF under this Instrument for the financial year preceding its most recently completed financial year, the renewal AIF;



(ii) at any time after 180 days following the issuer's most recently completed financial year:

(A) if the issuer has filed an initial AIF for its most recently completed financial year that has been accepted for filing under this Instrument, the initial AIF; or

(B) if the issuer has filed a renewal AIF under this Instrument for its most recently completed financial year, the renewal AIF; or

(iii) an AIF of the issuer filed before this Instrument came into force that would constitute a 'Current AIF' for the purposes of NP47 if that instrument was applicable;

**'equity securities'** means securities of an issuer that carry a residual right to participate in the earnings of the issuer and, upon the liquidation or winding up of the issuer, in its assets;

**'executive officer'** means an individual who is or at any time during the most recently completed financial year was:

(a) a chair of the issuer, if that individual performed the functions of the office on a full time basis;

(b) a vice-chair of the issuer, if that individual performed the functions of the office on a full time basis;

(c) the president of the issuer;

(d) a vice-president of the issuer in charge of a principal business unit, division, or function such as sales, finance, or production;

(e) an officer of the issuer or any of its subsidiaries who performed a policy-making function in respect of the issuer; or

(f) any other person who performed a policy-making function in respect of the issuer;

**'foreign auditor's report'** means a report of an auditor that is prepared in accordance with foreign GAAS;

**'foreign GAAP'** means a body of generally accepted accounting principles, other than Canadian GAAP, that are as comprehensive as Canadian GAAP;

**'foreign GAAS'** means a body of generally accepted auditing standards, other than Canadian GAAS, that are substantially equivalent to Canadian GAAS;

**'44-101 regulator'** means, for an issuer filing an AIF, preliminary short form prospectus, short form prospectus or amendment to a short form prospectus:

(a) the regulator in the local jurisdiction, if the issuer has not elected to use the MRRS; or

(b) the person referred to in Appendix D of National Instrument 14-101 Definitions opposite the name of the jurisdiction that acts as principal regulator for the review of the document under National Policy 43-201 Mutual Reliance Review System for Prospectuses and Annual Information Forms, together with the regulator in each jurisdiction, if any, that has opted out of, without having opted back into, the MRRS, if the issuer has elected to use the MRRS;

**'income from continuing operations'** means income or loss, excluding discontinued operations and extraordinary items, before income taxes and after amortization and write-offs of goodwill;

**'initial AIF'** means an AIF, as may be revised from time to time, filed by an issuer in the local jurisdiction, if at the time of filing the issuer either:

- (a) has not previously had a current AIF in the local jurisdiction; or
- (b) previously had a current AIF in the local jurisdiction and no longer has one;

**'interim period'** means a completed three, six or nine month period in the financial year that commenced immediately following the end of the most recently completed financial year for which audited annual financial statements are included in a short form prospectus;

**'investee'** means an entity that the Handbook recommends that an issuer account for by the equity method or the proportionate consolidation method;

**'MD&A'** means the management's discussion and analysis of financial condition and results of operations of an issuer required to be disclosed in an AIF;

**'mineral project'** means any exploration, development or production activity in respect of natural, solid, inorganic or fossilized organic material including base and precious metals, coal and industrial minerals;

**'MRRS'** has the meaning ascribed to that term in National Policy 43-201;

**'non-convertible'** means, if used to describe a security, a security that is not convertible;

**'NP47'** means National Policy Statement No. 47 Prompt Offering Qualification System;

**'participant'** means an issuer that is a party to a reorganization;

**'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;

**'pre-acquisition period'** means the period from the first day of the current financial year to the date of the acquisition of a business or to a day not more than 30 days before the date of the acquisition;

**'principal obligor'** means, for an asset-backed security, a person or company that is obligated to make payments, has guaranteed payments, or has provided alternative credit support for payments, on financial assets that represent a third or more of the aggregate amount owing on all of the financial assets underlying the asset-backed security;

**'probable acquisition of a business'** means a proposed acquisition of a business that has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high;

**'probable acquisition of related businesses'** means:

- (a) a proposed acquisition of related businesses if each proposed acquisition has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high; or
- (b) a completed acquisition of a business and a proposed acquisition of a business if:
  - (i) the proposed acquisition has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high; and
  - (ii) if:
    - (A) the businesses were under common control or management prior to the date of the acquisition;
    - (B) the proposed acquisition was conditional upon the completed acquisition; or
    - (C) each acquisition is contingent on a single common event;

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

**'renewal AIF'** means an AIF filed by an issuer in the local jurisdiction, as may be revised from time to time, if at the time of filing the issuer had a current AIF;

**'reorganization'** means:

- (a) a statutory amalgamation;
- (b) a statutory merger; or
- (c) a statutory arrangement;

**'SEDAR'** has the meaning ascribed to that term in National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR);

**'significance tests'** means the tests set out in subsection 1.2(2) and, if applicable, subsection 1.2(3), used to determine if an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses is a significant acquisition for purposes of this Instrument;

**'specified 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;

**'successor issuer'** means an issuer existing as a result of a reorganization, other than, in the case where the reorganization involved a divestiture of a portion of a participant's business, an issuer that succeeded to or otherwise acquired the portion of the business divested;

**'transition year'** means the financial year of an issuer or business in which a change in the ending date of its financial year occurs;

**'underlying interest'** means, for a specified 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 specified derivative is derived, referenced or based; and

**'U.S. GAAS'** means the body of generally accepted auditing standards in the United States of America.

#### **"1.2 Significant Acquisitions**

(1) **Significant Acquisitions** - Unless the context otherwise requires, the term 'significant acquisition' refers to an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses that satisfies any of the significance tests.

(2) **Required Significance Tests at Date of Acquisition** - For the purposes of this Instrument, an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses is a significant acquisition, if it satisfies any of the following three tests:

1. **The Asset Test.** The issuer's proportionate share of the consolidated assets of the business or related businesses exceeds 20 per cent of the consolidated assets of the issuer calculated using the audited financial statements of each of the issuer and the business or the related businesses for the most recently completed financial year of the issuer ended before the date of the acquisition.

2. **The Investment Test.** The issuer's consolidated investments in and advances to the business or the related businesses exceeds 20 per cent of the consolidated assets of the issuer as at the last day of the most recently completed financial year of the issuer ended before the date of the acquisition for which audited financial statements are included in the short form prospectus, excluding any investments in or advances to the business or the related businesses as at that date.

3. **The Income Test.** The issuer's proportionate share of the consolidated income from continuing operations of the business or related businesses exceeds 20 per cent of the consolidated income from continuing operations of the issuer calculated using the audited financial statements of each of the issuer and the business or related businesses for the most recently completed financial year of each ended before the date of the acquisition.

(3) **Optional Significance Tests Subsequent to the Date of Acquisition** - If an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses is significant based on the significance tests in subsection (2), the issuer may re-calculate the significance at a more recent date as follows:

1. **The Asset Test.** The issuer's proportionate share of the total consolidated assets of the business or the related businesses, as at the date of the issuer's most recent balance sheet included in the short form prospectus, exceeds 20 per cent of the consolidated assets of the issuer, as at the date of the issuer's most recent balance sheet included in the short form prospectus, without giving effect to the acquisition.

2. **The Investment Test.** The issuer's consolidated investments in and advances to the business or the related businesses as at the date of the acquisition or the proposed date of the acquisition exceeds 20 per cent of the consolidated assets of the issuer as at the date of the issuer's most recent balance sheet included in the short form prospectus for a period that ends before the date of the acquisition, excluding any investments in or advances to the business or related business as at that date.

3. **The Income Test.** The income from continuing operations calculated pursuant to the following clause (a) exceeds 20 per cent of the income from continuing operations calculated pursuant to the following clause (b):

(a) The issuer's proportionate share of the consolidated income from continuing operations of the business or the related businesses for the later of:

(i) the most recently completed financial year of the business or the related businesses that ended more than 90 days before the date of the short form prospectus; or

(ii) the 12 months ended on the last day of the most recently completed interim period of the business or related businesses that ended more than 60 days before the date of the short form prospectus;

(b) The issuer's consolidated income from continuing operations for the later of:

(i) the most recently completed financial year, without giving effect to the acquisition; or

(ii) the 12 months ended on the last day of the most recently completed interim period of the issuer for which financial statements are included in the short form prospectus, without giving effect to the acquisition.

(4) If an issuer re-calculates the significance of an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses pursuant to subsection (3) and none of the significance tests in that subsection is met, the acquisition is not a significant acquisition for purposes of this Instrument.

(5) Despite subsection (3), the significance of an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses may be re-calculated only if, subsequent to the acquisition date, the business or related businesses remained substantially intact, were not significantly reorganized, and no significant assets and liabilities were transferred to other entities.

(6) Despite subsection (2), the significance of an acquisition of a business, an acquisition of related businesses, a probable acquisition of a business or a probable acquisition of related businesses may be calculated using unaudited financial statements of the business or related business prepared in accordance with GAAP if the financial statements of the business or related businesses for the most recently completed financial year prior to the date of the acquisition have not been audited.

(7) In determining whether an acquisition of related businesses or a probable acquisition of related businesses is a significant acquisition, the related businesses shall be considered on a combined basis.

(8) If an issuer has accounted for an acquisition as a reverse take-over in accordance with Item 12.7 of Form 44-101F3 for the purposes of subsections (2) and (3), the legal parent, as that term is used in the Handbook, shall be considered the business.

(9) For the purposes of the significance tests in subsections (2) and (3), financial statements of the business or the related businesses which are prepared in accordance with foreign GAAP or denominated in a foreign currency shall be reconciled to Canadian GAAP or translated into Canadian dollars, respectively.

### **“1.3 Application of the Income Test**

(1) For the purposes of paragraph 3 of each of subsections 1.2(2) and 1.2(3), if any of the issuer, the business or the related businesses has incurred a loss, the test shall be applied using the absolute value of the loss.

(2) For the purpose of calculating the significance of individually insignificant unrelated multiple acquisitions, entities reporting losses from continuing operations shall not be aggregated with entities reporting income from continuing operations.

(3) **Lower than Average Income of the Issuer-Required Significance Tests** - For the purposes of paragraph 3 of subsection 1.2(2), if the issuer's consolidated income from continuing operations for the most recently completed financial year referred to in subsection 1.2(2) was:

1. positive; and
2. lower by 20 per cent or more than the average consolidated income from continuing operations of the issuer for the three most recently completed financial years, then, the average consolidated income for the three most recently completed financial years may, subject to subsection (6), be substituted in determining whether the significance test set out in subsection 1.2(2) is satisfied.

(4) **Lower than Average Income of the Issuer - Optional Significance Tests Using Most Recently Completed Financial Year** - For the purposes of paragraph 3 of subsection 1.2(3), if the issuer's consolidated income from continuing operations for the most recently completed financial year referred to in subclause 3(b)(i) of subsection 1.2(3) was:

1. positive; and

2. lower by 20 per cent or more than the average consolidated income from continuing operations of the issuer for the three most recently completed financial years, then, the average consolidated income for the three most recently completed financial years may, subject to subsection (6), be substituted in determining whether the significance test set out in paragraph 3 of subsection 1.2(3) is satisfied.

**(5) Lower than Average Income of the Issuer - Optional Significance Tests Using Most Recently Completed Twelve Months** - For the purposes of paragraph 3 of subsection 1.2(3), if the issuer's consolidated income from continuing operations for the most recently completed 12 month period referred to in subclause 3(b)(ii) of subsection 1.2(3) was:

1. positive; and
2. lower by 20 per cent or more than the average consolidated income from continuing operations of the issuer for the three previous 12 month periods, then, the average consolidated income for the three previous 12 month periods may, subject to subsection (6), be substituted in determining whether the significance test set out in paragraph 3 of subsection 1.2(3) is satisfied.

**(6) Loss** - If the issuer's consolidated income from continuing operations for either of the two earlier financial years referred to in subsection (3) and (4), or either of the two earlier 12 month periods referred to in subsection (5), is a loss, the issuer's income from continuing operations for that period is considered to be zero for the purposes of calculating the average consolidated income for the three previous periods.

#### **“1.4 Probable Acquisitions**

- (1) The term ‘probable acquisition’ refers to a probable acquisition of a business and a probable acquisition of related businesses.
- (2) The term ‘significant probable acquisition’ refers to a probable acquisition of a business or a probable acquisition of related businesses that is a significant acquisition under section 1.2.

**“1.5 Acquisitions** - The term ‘acquisition of a business’ includes an acquisition of an interest in a business accounted for using the equity method or an acquisition of an interest in a joint venture accounted for using the proportionate consolidation method.

#### **“1.6 Significant Dispositions**

- (1) **Dispositions** - Unless the context otherwise requires, the term ‘disposition’ refers to a completed or probable disposition of a business, a business segment, or a significant portion of a business, either by sale, abandonment or distribution to shareholders.

**(2) Required Significance Tests using Most Recently Completed Financial Year** - For the purposes of this Instrument, a disposition of a business, a business segment or a significant portion of a business, is a significant disposition if it satisfies either of the following tests:

1. **The Asset Test for Dispositions** - The issuer's proportionate share of the consolidated assets of the business, business segment or significant portion of a business, exceeds 20 per cent of the consolidated assets of the issuer as at the date of the audited financial statements of the issuer for its most recently completed financial year ended before the date of the disposition for which financial statements are included in the short form prospectus, without giving effect to the disposition.

2. **The Income Test for Dispositions** - The issuer's proportionate share of the consolidated income from continuing operations of the business, business segment or significant portion of a business, for the most recently completed financial year of the business, business segment or significant portion of a business, before the date of the disposition exceeds 20 per cent of the total consolidated income from continuing operations of the issuer for the most recently completed financial year of the issuer before the date of the disposition for which financial statements are included in the short form prospectus, without giving effect to the disposition.

**“1.7 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.

**“1.8 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.

**“1.9 Incorporation by Reference** - A document deemed by this Instrument to be incorporated by reference in another document is conclusively deemed for purposes of securities legislation to be incorporated by reference in the other document.

**“1.10 Interpretation of ‘Short Form Prospectus’** - In this Instrument, unless otherwise stated, a reference to a short form prospectus includes a preliminary short form prospectus.

## **“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 44-101F3 Short Form Prospectus, unless the issuer is qualified under section 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 or 2.8 to file a prospectus in the form of a short form prospectus.



(2) An issuer that is qualified under section 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 or 2.8 to file a prospectus in the form of a short form prospectus or that has been exempted from subsection (1) under section 15.1 may file:

(a) a preliminary prospectus, prepared and certified in the form of Form 44-101F3 Short Form Prospectus, pertaining to a type of securities for which the issuer is qualified under this Instrument or permitted under any exemption to file a short form prospectus; and

(b) a prospectus, prepared and certified in the form of Form 44-101F3 Short Form Prospectus, pertaining to a type of securities for which the issuer is qualified under this Instrument or permitted under any exemption to file a short form prospectus.

(3) An issuer that filed and obtained a receipt for a preliminary short form prospectus for a distribution of securities under NP47:

(a) is considered to have satisfied the requirement in securities legislation to file and obtain a receipt for a preliminary prospectus for the distribution unless, in the case where securities legislation provides for lapsing of a preliminary prospectus, the issuer's preliminary short form prospectus has lapsed; and

(b) may file a prospectus, prepared and certified in the form of Form 44-101F3 Short Form Prospectus, for the distribution if in the case where securities legislation provides for lapsing of a preliminary prospectus, the issuer's preliminary short form prospectus has not lapsed.

(4) If an issuer, before the coming into force of this Instrument, filed and obtained a receipt under NP47 for a short form prospectus pertaining to a distribution of securities, the prospectus requirement does not apply to the distribution only insofar as the prospectus requirement concerns the form and content of a preliminary prospectus and prospectus and only for one year from the date of the receipt issued for the short form prospectus pertaining to the distribution.

(5) A short form prospectus shall, 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.

**“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 all of the following criteria are satisfied:

1. Either paragraph (a) or (b) is true:

(a) the issuer is a reporting issuer in the local jurisdiction and the issuer:

(i) has been a reporting issuer in the local jurisdiction for the 12 calendar months preceding the date of the filing of its most recent AIF;  
or

(ii) is, and has been for the 12 calendar months preceding the date of the filing of its most recent AIF, a reporting issuer under Canadian securities legislation in at least one jurisdiction, other than the local jurisdiction, and has filed in the local jurisdiction all continuous disclosure documents that it was required to file during the 12 calendar months preceding the date of the filing of its most recent AIF under Canadian securities legislation of any jurisdiction in which it has been a reporting issuer; or

(b) all of the following are true:

1. The issuer is not a reporting issuer in the local jurisdiction.
2. The securities regulatory authority is unable to deem the issuer to be, or designate the issuer as, a reporting issuer.
3. The issuer is, and has been for the 12 calendar months preceding the date of the filing of its most recent AIF, a reporting issuer under Canadian securities legislation in at least one jurisdiction, other than the local jurisdiction.
4. The issuer has filed in the local jurisdiction all continuous disclosure documents that it was required to file during the 12 calendar months preceding the date of the filing of its most recent AIF under Canadian securities legislation of any jurisdiction in which it has been a reporting issuer.
5. The issuer has provided an undertaking to the securities regulatory authority that it will file all continuous disclosure documents that it would be required to file under securities legislation if it were a reporting issuer from the time of the filing of its most recent AIF until the issuer becomes a reporting issuer.

2. The issuer has a current AIF.

3. The aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, is \$75,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus.

4. If the issuer is filing a preliminary short form prospectus more than 90 days after the end of its most recently completed financial year, the issuer has filed audited financial statements for that year.

**“2.3 Alternative Qualification Criteria for Substantial Issuers** - 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 all of the following criteria are satisfied:

1. The issuer is:

(a) a reporting issuer in the local jurisdiction; or

(b) a reporting issuer under Canadian securities legislation in at least one jurisdiction, other than the local jurisdiction, and satisfies the criterion in subparagraph 5 of paragraph 1(b) of section 2.2.

2. The issuer has a current AIF.
3. The aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, is \$300,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus.
4. If the issuer is filing a preliminary short form prospectus more than 90 days after the end of its most recently completed financial year, the issuer has filed audited financial statements for that year.

**“2.4 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 all of the following criteria are satisfied:

1. The issuer satisfies either of the 12 month reporting issuer history criteria in paragraph 1 of section 2.2.
2. The issuer has a current AIF.
3. The securities to be distributed:
  - (a) have received an approved rating on a provisional basis;
  - (b) 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
  - (c) have not received a provisional or final rating lower than an approved rating from any approved rating organization.
4. If the issuer is filing a preliminary short form prospectus more than 90 days after the end of its most recently completed financial year, the issuer has filed audited financial statements for that year.

(2) Paragraph 3 of subsection (1) does not apply to an issuer filing a preliminary short form prospectus that is a base shelf prospectus under National Instrument 44-102 Shelf Distributions.

**“2.5 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 all of the following criteria are satisfied:

1. A person or company:
  - (a) fully and unconditionally guarantees the payments to be made by the issuer of securities as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities such that the holder of the securities is entitled to receive payment from the guarantor within 15 days of any failure by the issuer to make a payment as stipulated; or

(b) provides alternative credit support for the payments to be made by the issuer of securities as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities, that:

(i) in the case:

(A) where the securities are rated, 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 person or company providing the support; or

(B) where the securities are not rated, would result, if the securities were rated, 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; and

(ii) 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 as stipulated.

2. The credit supporter:

(a) satisfies:

(i) either of the 12 month reporting issuer history criteria in paragraph 1 of section 2.2; or

(ii) both:

(A) the reporting issuer criterion in paragraph 1 of section 2.3; and

(B) the criterion that the credit supporter have equity securities, listed and posted for trading on an exchange in Canada, the aggregate market value of which is \$300,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus; and

(b) has a current AIF.

3. Unless the aggregate market value of the credit supporter's equity securities listed and posted for trading on an exchange in Canada is \$75,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus, then at the time the preliminary short form prospectus was filed:

(a) the credit supporter has outstanding non-convertible securities that:

(i) have received an approved rating;

(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 rating lower than an approved rating from any approved rating organization; and
- (b) the securities to be issued by the issuer:
  - (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.

4. If the issuer is filing a preliminary short form prospectus more than 90 days after the end of the most recently completed financial year of the credit supporter, the credit supporter has filed audited financial statements for that year.

(2) For the purpose of paragraph 1 of subsection (1), payments to be made by an issuer of securities as stipulated in the terms of the securities include 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.

(3) Subparagraph 3(b) of subsection 2.5(1) does not apply to an issuer filing a preliminary short form prospectus that is a base shelf prospectus under National Instrument 44-102 Shelf Distributions.

#### **“2.6 Alternative Qualification Criteria for Issuers of Guaranteed Convertible Debt Securities or Preferred Shares**

(1) 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 all of the following criteria are satisfied:

1. The debt securities or the preferred shares are convertible into securities of a credit supporter that:
  - (a) fully and unconditionally guarantees the payments to be made by the issuer of the securities as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities such that the holder of the securities is entitled to receive payment from the guarantor within 15 days of any failure by the issuer to make a payment as stipulated; or
  - (b) provides alternative credit support for the payments to be made by the issuer of the securities as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities, that:
    - (i) in the case:
      - (A) where the securities are rated, 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

(B) where the securities are not rated, would result, if the securities were rated, 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; and

(ii) 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 as stipulated.

2. The credit supporter:

(a) satisfies:

(i) both:

(A) either of the 12 month reporting issuer history criteria in paragraph 1 of section 2.2; and

(B) the criterion that the credit supporter have equity securities, listed and posted for trading on an exchange in Canada, the aggregate market value of which is \$75,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus; or

(ii) both:

(A) the reporting issuer criterion in paragraph 1 of section 2.3; and

(B) the criterion that the credit supporter have equity securities, listed and posted for trading on an exchange in Canada, the aggregate market value of which is \$300,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus; and

(b) has a current AIF.

3. If the issuer is filing a preliminary short form prospectus more than 90 days after the end of the most recently completed financial year of the credit supporter, the credit supporter has filed audited financial statements for that year.

(2) For the purpose of paragraph 1 of subsection (1), payments to be made by an issuer of securities as stipulated in the terms of the securities include 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.

**“2.7 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 all of the following criteria are satisfied:

1. The issuer has a current AIF.
2. The asset-backed securities to be distributed:
  - (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 downgraded 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.
3. If the issuer is filing a preliminary short form prospectus more than 90 days after the end of its most recently completed financial year, the issuer has filed financial statements for that year.

(2) Paragraph 2 of subsection 2.7(1) does not apply to an issuer filing a preliminary short form prospectus that is a base shelf prospectus under National Instrument 44-102 Shelf Distributions.

**“2.8 Alternative Qualification Criteria Following Reorganizations - A successor 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 all of the following criteria are satisfied:**

1. The successor issuer is deemed, under section 2.10, to have, or otherwise has, a current AIF.
2. The successor issuer is a reporting issuer under Canadian securities legislation of any jurisdiction.
3. The aggregate market value of the successor issuer's equity securities, listed and posted for trading on an exchange in Canada, is \$75,000,000 or more on a date within 60 days before the date of the filing of the successor issuer's preliminary short form prospectus.
4. The aggregate market value of the equity securities of at least one of the participants, listed and posted for trading on an exchange in Canada, is \$75,000,000 or more on a date within 60 days before the date of the reorganization.
5. One of the participants satisfies the criterion in paragraph 4 and the 12 month reporting issuer history criterion in paragraph 1 of section 2.2.
6. If the successor issuer is filing a preliminary short form prospectus more than 90 days after the end of its most recently completed financial year, the successor issuer has filed audited financial statements for that year.

**“2.9 Calculation of the Aggregate Market Value of an Issuer’s Securities**

- (1) For the purposes of this Part:
  - (a) the aggregate market value of the equity securities of an issuer on a date is the aggregate of the market value of each class of its equity securities on the date, calculated by multiplying:
    - (i) the total number of equity securities of the class outstanding on the date; by
    - (ii) the closing price on the date of the equity securities of the class on the exchange in Canada on which that class of equity securities is principally traded; and
  - (b) instalment receipts may, at the option of the issuer, be deemed to be equity securities if:
    - (i) the instalment receipts are listed and posted for trading on an exchange in Canada; and
    - (ii) the outstanding equity securities, the beneficial ownership of which is evidenced by the instalment receipts, are not listed and posted for trading on an exchange in Canada.
- (2) For the purposes of subsection (1), in calculating the total number of equity securities of a class outstanding, an issuer shall exclude those equity securities of the class that are beneficially owned, or over which control or direction is exercised, by persons or companies that, alone or together with their respective affiliates and associated parties, beneficially own or exercise control or direction over more than 10 per cent of the outstanding equity securities of the issuer.
- (3) Despite subsection (2), if a portfolio manager of a pension fund, mutual fund or non-redeemable investment fund, alone or together with its affiliates and associated parties, exercises control or direction in the aggregate over more than 10 per cent of the outstanding equity securities of an issuer, and the fund beneficially owns or exercises control or direction over 10 per cent or less of the issued and outstanding equity securities of the issuer, the securities that the fund beneficially owns or exercises control or direction over are not excluded unless the portfolio manager is an affiliate of the issuer.

**“2.10 Adoption by Successor Issuer of a Participant’s AIF Following a Reorganization** - A successor issuer that notifies the regulator that it has adopted as its own AIF the AIF of a participant in the reorganization, as a result of which the successor issuer exists, is deemed to have a current AIF for the purposes of securities legislation, if the AIF was a current AIF of the participant at the time of the reorganization, until the earlier of:

- (a) the date the successor issuer files an AIF; and
- (b) either:
  - (i) the date the AIF ceases to be a current AIF of the participant, if the participant continues to exist after the reorganization; or
  - (ii) the date that is 140 days following the end of the financial year to which the AIF relates, if the participant did not continue to exist after the reorganization.



**“PART 3 AIF****“3.1 Initial AIF**

- (1) An issuer filing an initial AIF shall file the AIF in Form 44-101F1 or the form referred to in section 3.4.
- (2) If an issuer revises its initial AIF, the issuer shall promptly:
  - (a) file in all jurisdictions in which the initial AIF was filed the revised initial AIF and a copy of the revised initial AIF, blacklined to show changes from the initial AIF; and
  - (b) send a copy of the revised initial AIF to each person and company that was sent an initial AIF.
- (3) An issuer shall file a French language version of its initial AIF before sending the French language version of the AIF to an investor or prospective investor.
- (4) An issuer that has prepared a French language version of its initial AIF shall file the French language version of the initial AIF and any supporting documents in New Brunswick concurrently with or as soon as practicable after filing the English language version of those documents in that Province.

**“3.2 Renewal AIF Filing Procedures**

- (1) An issuer filing a renewal AIF shall file the AIF in Form 44-101F1 or the form referred to in section 3.4.
- (2) An issuer filing a renewal AIF for a financial year in which the issuer made a significant acquisition of a business or a significant acquisition of related businesses, or was a party to a reorganization that was material to the issuer, shall state in a covering letter accompanying the renewal AIF that the acquisition or reorganization occurred.
- (3) An issuer that intends to file a preliminary short form prospectus within 10 days of filing its renewal AIF should notify the 44-101 regulator of this intention at the time of filing its renewal AIF or, if the decision is not yet made at that time, then immediately upon making the decision.
- (4) The 44-101 regulator may decide to review a renewal AIF at any time, in which case the 44-101 regulator shall:
  - (a) notify the issuer that the 44-101 regulator will be reviewing the renewal AIF;
  - (b) review the renewal AIF; and
  - (c) send the issuer upon completion of the review a notice that the review of the renewal AIF has been completed.
- (5) Upon receipt of a notice from the 44-101 regulator that its renewal AIF is being reviewed, an issuer shall promptly file the renewal AIF again, with the statement required under Item 1.2 of Form 44-101F1 added, in all jurisdictions in which the renewal AIF was filed.

- (6) An issuer shall promptly notify the 44-101 regulator if the issuer intends to file a short form prospectus after the 44-101 regulator has notified the issuer that its renewal AIF will be reviewed and before the 44-101 regulator has notified the issuer that the review has been completed.
- (7) If an issuer revises its renewal AIF, the issuer shall promptly:
- (a) file in all jurisdictions in which the renewal AIF was filed the revised renewal AIF and a copy of the revised renewal AIF, blacklined to show changes from the renewal AIF; and
  - (b) send a copy of the revised renewal AIF to each person and company that was sent a renewal AIF.
- (8) An issuer shall file a French language version of its renewal AIF before sending the French language version of the AIF to an investor or prospective investor.
- (9) An issuer that has prepared a French language version of its renewal AIF shall file the French language version of the renewal AIF and any supporting documents in New Brunswick concurrently with or as soon as practicable after filing the English language version of those documents in that Province.

### **“3.3 Supporting Documents**

- (1) In addition to any other requirement of securities legislation, an issuer that files an initial AIF and a renewal AIF shall:
- (a) file the following:
    - 1. Material Incorporated by Reference** - Copies of all material incorporated by reference in the initial AIF or renewal AIF and not previously filed.
    - 2. Mining Reports** - The technical reports required to be filed with an AIF under National Instrument 43-101 Standards of Disclosure for Mineral Projects and not previously filed, if the issuer has a mineral project; and
  - (b) deliver to the regulator the following:
    - 1. Personal Information** - For each director and executive officer of the issuer for whom the issuer has not previously delivered to the regulator the following information, a statement containing that individual's:
      - (a) full name;
      - (b) position with or relationship to the issuer;
      - (c) employer's name and address, if other than the issuer;
      - (d) full residential address;
      - (e) date and place of birth; and
      - (f) citizenship.

**2. Authorization of Collection of Information** - An authorization in the form set out in Appendix A to the collection of personal information.

(2) An issuer that files an AIF in the form of an annual report on Form 10-K, or on Form 20-F, under the 1934 Act shall file an undertaking with the regulator to the effect that the issuer will provide to any person or company, upon request to the secretary of the issuer, the documents listed in Item 9.1(1) of Form 44-101F1.

### **“3.4 Alternative Form of AIF**

(1) An issuer that has securities registered under section 12 of the 1934 Act or has a reporting obligation under subsection 15(d) of the 1934 Act may file an AIF in the form of a current annual report on Form 10-K, or on Form 20-F, under the 1934 Act.

(2) An issuer subsisting under the laws of a foreign jurisdiction that files an AIF in the form of a current annual report on Form 20-F under subsection (1) shall file the AIF within 180 days after the end of its most recently completed financial year.

## **“PART 4 DISCLOSURE IN A SHORT FORM PROSPECTUS OF FINANCIAL STATEMENTS FOR SIGNIFICANT ACQUISITIONS**

**“4.1 Scope** - This Part applies only to:

- (a) acquisitions completed during an issuer’s three most recently completed financial years;
- (b) acquisitions completed during an issuer’s current financial year; and
- (c) probable acquisitions.

### **“4.2 Financial Statement Disclosure for Significant Acquisitions Completed During the Issuer’s Three Most Recently Completed Financial Years**

(1) If an issuer made a significant acquisition during its three most recently completed financial years, the issuer shall include in its short form prospectus the following financial statements of each business acquired:

#### **Annual Financial Statements**

1. Statements of income, retained earnings and cash flows for at least the periods specified in section 4.6.

#### **Interim Financial Statements**

2. Statements of income, retained earnings and cash flows for:

- (a) either:
  - (i) the most recently completed interim period of the acquired business that ended before the date of the acquisition and more than 60 days before the date of the short form prospectus; or
  - (ii) the pre-acquisition period; and
- (b) the comparable period in the preceding financial year of the acquired business.

***Pro Forma Income Statement***

3. A *pro forma* income statement prepared in accordance with subsection 4.5(1)2(a).
  4. *Pro forma* earnings per share based on the *pro forma* income statement referred to in paragraph 3.
- (2) If an issuer is required under subsection (1) to include financial statements in a short form prospectus for more than one business because the significant acquisition involves an acquisition of related businesses, the financial statements required under subsection (1) shall be presented separately for each business, except that the issuer may present the financial statements of the businesses on a combined basis for the periods during which the businesses were under common control or management.

**“4.3 Financial Statement Disclosure for Significant Acquisitions Completed During the Issuer’s Current Financial Year**

- (1) If an issuer has made a significant acquisition during its current financial year, the issuer shall include in its short form prospectus the following financial statements of each business acquired:

**Annual Financial Statements**

1. Statements of income, retained earnings and cash flows for at least the periods specified in section 4.6.
2. A balance sheet as at the date on which each of the periods specified in section 4.6 ended, except that, if section 4.6 specifies that separate financial statements of the business are to be included for three financial years, a balance sheet as at the last day of the earliest of the three financial years is not required.

**Interim Financial Statements**

3. Statements of income, retained earnings and cash flows for:
  - (a) either:
    - (i) the most recently completed interim period of the acquired business that ended before the date of the acquisition and more than 60 days before the date of the short form prospectus; or
    - (ii) the pre-acquisition period; and
  - (b) the comparable period in the preceding financial year of the acquired business.
4. A balance sheet as at the date on which the interim period referred to in paragraph 3(a)(i) or 3(a)(ii) ended.

***Pro Forma Financial Statements***

5. *Pro forma* financial statements prepared in accordance with subsection 4.5.
6. *Pro forma* earnings per share based on the *pro forma* financial statements referred to in paragraph 5.

(2) If an issuer is required under subsection (1) to include financial statements in a short form prospectus for more than one business because the significant acquisition involves an acquisition of related businesses or a probable acquisition of related businesses, the financial statements required under subsection (1) shall be presented separately for each business except the issuer may present the financial statements of the businesses on a combined basis for the periods during which the businesses have been under common control or management.

#### **“4.4 Financial Statement Disclosure for Significant Probable Acquisitions**

(1) If an issuer is proposing to make a significant probable acquisition, the issuer shall include in its short form prospectus the following financial statements of each business to be acquired:

##### **Annual Financial Statements**

1. Statements of income, retained earnings and cash flows for at least the periods specified in section 4.6.
2. A balance sheet as at the date on which each of the periods specified in section 4.6 ended, except that, if section 4.6 specifies that separate financial statements of the business are to be included for three financial years, a balance sheet as at the last day of the earliest of the three financial years is not required.

##### **Interim Financial Statements**

3. Statements of income, retained earnings and cash flows for:
  - (a) the most recently completed interim period of the business to be acquired that ended more than 60 days before the date of the short form prospectus; and
  - (b) the comparable period in the preceding financial year.
4. A balance sheet as at the date on which the interim period referred to in paragraph 3(a) ended.

##### ***Pro Forma* Financial Statements**

5. *Pro forma* financial statements prepared in accordance with subsection 4.5.
6. *Pro forma* earnings per share based on the *pro forma* financial statements referred to in paragraph 5.

(2) If an issuer is required under subsection (1) to include financial statements in a short form prospectus for more than one business because the significant acquisition involves an acquisition of related businesses or a probable acquisition of related businesses, the financial statements required under subsection (1) shall be presented separately for each business, except the issuer may present the financial statements of the businesses on a combined basis for periods during which the businesses have been under common control or management.

#### “4.5 *Pro Forma* Financial Statements

(1) If an issuer is required to include *pro forma* financial statements in the short form prospectus under sections 4.2, 4.3, 4.4 or 5.2, the issuer shall prepare *pro forma* financial statements as follows:

1. ***Pro forma balance sheet*** - A *pro forma* balance sheet of the issuer shall be prepared as at the date of the issuer's most recent balance sheet included in the short form prospectus to give effect to, as if they had taken place as at the date of the *pro forma* balance sheet:

- (a) significant acquisitions that have been completed, but are not reflected in the issuer's most recent balance sheet included in the short form prospectus; and
- (b) significant probable acquisitions.

2. ***Pro forma income statement*** - A *pro forma* income statement of the issuer shall be prepared to give effect to:

- (a) significant acquisitions completed during the most recently completed financial year of the issuer as if they had taken place at the beginning of the most recently completed financial year of the issuer for which audited financial statements are included in the short form prospectus; and
- (b) the acquisitions referred to in clauses (i) and (ii):
  - (i) significant acquisitions completed during the issuer's current financial year; and
  - (ii) significant probable acquisitions;

for each of the financial periods referred to in the following paragraphs:

- A. the most recently completed financial year of the issuer for which audited financial statements are included in the short form prospectus; and
- B. the most recently completed interim period of the issuer for which financial statements are included in the short form prospectus;

as if they had taken place at the beginning of the most recently completed financial year of the issuer for which audited financial statements are included in the short form prospectus.

(2) If an issuer includes in a short form prospectus a *pro forma* financial statement prepared in accordance with subsection (1) which gives effect to more than one significant acquisition or significant probable acquisition, the *pro forma* financial statement shall separately identify each significant completed or probable acquisition.

(3) If an issuer is required to include *pro forma* financial statements in a short form prospectus, the issuer shall include in the *pro forma* financial statements a description of the underlying assumptions on which the *pro forma* financial statements are prepared, cross-referenced to each related *pro forma* adjustment.

(4) If an issuer is required under paragraph 2 of subsection (1) to include a *pro forma* income statement in a short form prospectus for the most recently completed financial year of the issuer and both of the following conditions are satisfied:

- (a) the *pro forma* income statement is not prepared using the income statement of the business for the pre-acquisition period; and
- (b) the financial year end of a business differs from the issuer's year end by more than 93 days;

then, despite paragraph 2 of subsection (1), for purposes of preparing the *pro forma* income statement, the income statement of the business shall be for a period of twelve consecutive months ending no more than 93 days from the issuer's year end.

(5) Subject to subsection (4), if an issuer is required to prepare the *pro forma* income statements referred to in clauses (1)2(b)A and (1)2(b)B, and the *pro forma* income statement referred to in clause A includes results of the business which are also included in the *pro forma* income statement referred to in clause B, there shall be disclosed in a note to the *pro forma* financial statements the revenue, expenses, gross profit and income from continuing operations included in the *pro forma* income statements for the overlapping period.

#### **“4.6 Reporting Periods**

(1) **Exception to Requirement to Include Financial Statements** - No financial statements are required under section 4.2 to be included in a short form prospectus if:

- (a) the results of the business for a complete financial year have been reflected in the audited consolidated financial statements of the issuer included in the short form prospectus; and
- (b) none of the significance tests would be satisfied if the 20 per cent threshold in the significance tests was changed to 100 per cent.

(2) **Acquisitions at the 100% Significance Level** - If the results of the business for a complete financial year have been reflected in the audited consolidated financial statements of the issuer included in the short form prospectus and any of the significance tests would be satisfied if the 20 per cent threshold in the significance tests was changed to 100 per cent, separate financial statements of the business are required 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 financial statements in the short form prospectus include the results of the business, financial statements reflecting the results of the business, either separately or on a consolidated basis, are included for a total of three years or each of the completed financial years of the business, if the business has not been in existence for three completed financial years.

(3) Subject to subsections (1) and (2), the periods for which the financial statements are required under paragraphs 1 and 2 of subsections 4.2(1), 4.3(1) and 4.4(1) to be included in a short form prospectus shall be determined by reference to the significance tests as follows:

- 1. **Acquisitions Significant between 20% and 40%** - If none of the significance tests is satisfied if the 20 per cent threshold is changed to 40 per cent, financial statements shall be included for:

- (a) the most recently completed financial year of the business ended more than 90 days before the date of the short form prospectus; or
- (b) if the business has not completed one financial year, the financial period from the date of formation to a date not more than 90 days before the date of the short form prospectus.

**2. Acquisitions Significant between 40% and 50% -** If any of the three significance tests are satisfied if the 20 per cent threshold is changed to 40 per cent, but none of the three significance tests is satisfied if the 20 per cent threshold is changed to 50 per cent, financial statements shall be included for:

- (a) each of the three most recently completed financial years of the business ended more than 90 days before the date of the short form prospectus;
- (b) if the business has not completed two financial years, each completed financial year ended more than 90 days before the date of the short form prospectus; or
- (c) if the business has not completed one financial year, the financial period from the date of formation to a date not more than 90 days before the date of the short form prospectus.

**3. Acquisitions Significant at 50% or greater -** If any of the three significance tests are satisfied if the 20 per cent threshold is changed to 50 per cent, financial statements shall be included for:

- (a) each of the three most recently completed financial years of the business ended more than 90 days before the date of the short form prospectus;
- (b) if the business has not completed three financial years, each completed financial year ended more than 90 days before the date of the short form prospectus; or
- (c) if the business has not completed one financial year, the financial period from the date of formation to a date not more than 90 days before the date of the short form prospectus.

**“4.7 Additional Financial Statements or Financial Information of the Business Filed or Released**

(1) An issuer shall include in its short form prospectus annual and interim financial statements of a business for a financial period that ended before the date of the acquisition and is more recent than the periods for which financial statements are required under subsections 4.2(1), 4.3(1) and 4.4(1) if, before the short form prospectus is filed, the financial statements for the more recent period have been filed.

(2) If, before the short form prospectus is filed, financial information of a business for a period more recent than for the period for which financial statements are required under subsections 4.2(1), 4.3(1) and 4.4(1), is publicly disseminated by news release or otherwise by or on behalf of the issuer, the issuer shall include in the short form prospectus the content of the news release or public communication.



**“4.8 Exceptions to Disclosure Requirements for Significant Acquisitions if More Recent Financial Statements Included**

(1) Despite subsection 4.6(3), an issuer may omit separate financial statements of a business for the earliest financial year otherwise required under subsection 4.6(3), if audited financial statements of the business are included in the short form prospectus for a financial year ended 90 days or less before the date of the short form prospectus.

(2) Despite subsection 4.6(3), an issuer may omit separate financial statements of a business for the earliest financial year otherwise required under subsection 4.6(3) if:

(a) separate financial statements of a business are required under subsection 4.6(3) for more than one financial year;

(b) audited financial statements are included in the short form prospectus for a period of at least nine months in the financial year after the most recent year for which separate financial statements are required under subsection 4.6(3);

(c) the issuer has not relied upon the exception in section 4.9; and

(d) the business is not seasonal.

(3) Despite subsections 4.2(1), 4.3(1) and 4.4(1), an issuer may omit from a short form prospectus the financial statements of a business for the interim period otherwise required under subsections 4.2(1), 4.3(1) and 4.4(1) if annual financial statements of the business are included in the short form prospectus for a financial year ended 90 days or less before the date of the short form prospectus.

**“4.9 Exception to Disclosure Requirements for Significant Acquisitions if Financial Year End Changed**

- Despite section 4.6, if a business changed its financial year end once during any of its financial years for which financial statements are required to be included in the short form prospectus, the issuer may include financial statements for the transition year in satisfaction of the financial statements for one of the years under section 4.6 provided that the transition year is at least nine months.

**“4.10 Exception to Disclosure Requirements for Significant Acquisitions Accounted for Using the Equity Method**

- Despite subsections 4.2(1), 4.3(1) and 4.4(1), an issuer may omit from its short form prospectus the financial statements of a business and the *pro forma* financial statements of an issuer otherwise required under subsections 4.2(1), 4.3(1) and 4.4(1) if:

(a) the acquisition is, or will be, an investment accounted for using the equity method, as that term is defined in the Handbook;

(b) the short form prospectus includes disclosure for the periods for which financial statements are otherwise required under subsections 4.2(1), 4.3(1) and 4.4(1) that:

(i) summarizes the assets, liabilities and results of operations of the business; and

(ii) describes the issuer's proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the issuer's share of earnings;

- (c) the financial information provided under paragraph (b) for any completed financial year:
  - (i) has been derived from audited financial statements of the business; or
  - (ii) has been audited;
- (d) the short form prospectus:
  - (i) identifies the financial statements referred to in paragraph (c)(i) from which the disclosure provided under paragraph (b) has been derived; or
  - (ii) discloses that the financial information provided under paragraph (b), if not derived from audited financial statements, has been audited; and
  - (iii) discloses that the audit opinion with respect to the financial statements referred to in (i), or the financial information referred to in (ii), was issued without a reservation of opinion.

**“4.11 Additional Disclosure for Significant Acquisitions After Financial Year End Accounted for Using the Purchase Method**

- (1) An issuer shall include in a subsequent event note to its financial statements included in a short form prospectus or elsewhere in a short form prospectus the information referred to in subsection (2), if:
  - (a) the issuer has made a significant acquisition since its most recent financial year end; and
  - (b) the purchase method is used to account for the acquisition.
- (2) The information required under subsection (1) is:
  - (a) if:
    - (i) determined by the date of the subsequent event note, details of the purchase equation, namely the allocation of the purchase price to the underlying assets being acquired, the underlying liabilities being assumed and any resulting goodwill; or
    - (ii) not determined by the date of the subsequent event note, the issuer’s reasonable estimate of the allocation; and
  - (b) the terms and status of the acquisition.

**“4.12 Audit Requirement for Financial Statements of a Business** - Financial statements of a business included in a short form prospectus under this Part, other than *pro forma* financial statements, shall be accompanied by an auditor’s report without a reservation of opinion.

**“4.13 Exception to Audit Requirement for Interim Financial Statements of a Business** - Despite section 4.12, an issuer may omit from its short form prospectus an auditor’s report for the interim financial statements of a business included in a short form prospectus under this Part.

**“4.14 Exception to Audit Requirement for Recent Financial Statements of a Business** - Despite section 4.12, an issuer may omit from its short form prospectus an auditor’s report for the annual financial statements of a business required under subsection 4.8(3), if the auditor has not issued an auditor’s report on the financial statements.

**“4.15 Exception to Audit Requirement for Financial Statements of a Business Included in a Previous Prospectus without an Audit Opinion** - Despite section 4.12, an issuer may omit from its short form prospectus an auditor’s report for the annual financial statements of a business included in the short form prospectus, other than for the most recently completed financial year of the business for which financial statements are included in the short form prospectus, if:

- (a) those financial statements were previously included in a short form prospectus of the issuer without an auditor’s report as permitted by this Instrument or pursuant to an exemption granted under this Instrument; and
- (b) an auditor has not issued an auditor’s report on the financial statements.

**“4.16 Compilation Report for *Pro Forma* Financial Statements** - The *pro forma* financial statements included in a short form prospectus under this Part shall be accompanied by a compilation report signed by the auditor and prepared in accordance with the Handbook.

**“PART 5 FINANCIAL STATEMENT DISCLOSURE FOR MULTIPLE ACQUISITIONS THAT ARE NOT OTHERWISE SIGNIFICANT OR RELATED**

**“5.1 Scope** - This Part applies only to an issuer that:

- (a) has acquired two or more businesses during its most recently completed financial year;
- (b) has acquired two or more business during its current financial year;
- (c) is proposing to make two or more probable acquisitions of a business; or
- (d) has acquired one or more businesses since the beginning of its current financial year and is proposing to make one or more probable acquisitions of a business;

excluding, in each case, acquisitions that individually meet the significance tests.

**“5.2 Historical Financial Statement Disclosure**

(1) **Application of the Significance Tests** - An issuer shall include in a short form prospectus separate financial statements of each business required under subsection (2) for the periods referred to in subsection (3) if any of the significance tests would be satisfied if:

- (a) the 20 per cent threshold in the significance tests was changed to 50 per cent;
- (b) the total consolidated assets of the businesses referred to in section 5.1 were considered on a combined basis;
- (c) the issuer’s consolidated investments in and advances to the businesses referred to in section 5.1 were considered on a combined basis; and
- (d) the consolidated income from continuing operations of the businesses referred to in section 5.1 for the most recently completed financial year of each business ended prior to the acquisition date of each business were considered on a combined basis.

(2) **Significant Businesses for Reporting Purposes** - An issuer shall include in a short form prospectus the financial statements for a majority of the businesses that satisfy the asset, investment or income test at the highest percentage and which on a combined basis, represent a majority of:

- (a) the total consolidated assets of all of the businesses referred to in section 5.1;
- (b) the issuer's consolidated investments in and advances to all of the businesses referred to in section 5.1; or
- (c) the consolidated income from continuing operations of all of the businesses referred to in section 5.1.

(3) An issuer shall include the following financial statements for each business required under subsection (2):

**Annual Financial Statements**

1. Statements of income, retained earnings, and cash flows for:
  - (a) the most recently completed financial year of the business before the date of the acquisition, if the acquisition was completed more than 90 days before the date of the short form prospectus;
  - (b) the most recently completed financial year of the business ended more than 90 days before the date of the short form prospectus, if the acquisition either has not been completed at the date of the short form prospectus or was completed 90 days or less before the date of the short form prospectus; or
  - (c) if a business has not completed one financial year, the financial period from the date of formation to a date not more than 90 days before the date of the short form prospectus.
2. A balance sheet as at the date on which the periods referred to in paragraph 1 ended.

**Interim Financial Statements**

3. Statements of income, retained earnings and cash flows for:
  - (a) the most recently completed interim period of the business ended before the date of the acquisition or the proposed date of the acquisition and more than 60 days before the date of the short form prospectus; or
  - (b) the pre-acquisition period.
4. A balance sheet as at the date on which the period referred to in paragraph 3 ended.

**Pro Forma Financial Statements**

5. *Pro forma* financial statements prepared in accordance with section 4.5.
6. *Pro forma* earnings per share based on the financial statement referred to in paragraph 5.

(4) Despite subsection (3), if the business was acquired before the date of the most recent audited balance sheet of the issuer included in the short form prospectus, the issuer may omit from the short form prospectus the balance sheets of the business referred to in paragraphs 2 and 4.

**“5.3 Additional Financial Statements or Financial Information of the Business Filed or Released**

(1) An issuer shall include in its short form prospectus annual and interim financial statements of a business for a financial period that ended before the date of the acquisition and is more recent than the periods for which financial statements are required under section 5.2 if, before the short form prospectus is filed, the financial statements for the more recent period have been filed.

(2) If, before the short form prospectus is filed, financial information of a business for a period more recent than the period for which financial statements are required under section 5.2 is publicly disseminated by news release or otherwise by, or on behalf of, the issuer, the issuer shall include in the short form prospectus the content of the news release or public communication.

**“5.4 Exceptions to Disclosure Requirements for Multiple Acquisitions if More Recent Financial Statements Included**

(1) Despite section 5.2, an issuer may omit from a short form prospectus, the financial statements of a business for the financial year otherwise required under subsection 5.2(3) if audited financial statements of the business are included in the short form prospectus for a financial year ended 90 days or less before the date of the short form prospectus.

(2) Despite section 5.2, an issuer may omit from a short form prospectus the financial statements of a business for the interim period otherwise required under subsection 5.2(3) if annual financial statements of the business are included in the short form prospectus for a financial year ended 90 days or less before the date of the short form prospectus.

**“5.5 Exception to Disclosure Requirements for Multiple Acquisitions if Financial Year End Changed** - Despite section 5.2, if a business changed its financial year end during the year for which financial statements are required to be included in the short form prospectus, the issuer may include financial statements for the transition year in satisfaction of the financial statements for the year under paragraphs 1(a) and 1(b) of subsection 5.2(3) provided that the transition year is at least nine months.

**“5.6 Audit Requirement for Financial Statements of a Business** - Financial statements of a business included in a short form prospectus under this Part, other than *pro forma* financial statements, shall be accompanied by an auditor's report without a reservation of opinion.

**“5.7 Exception to Audit Requirement for Interim Financial Statements of a Business** - Despite section 5.6, an issuer may omit from its short form prospectus an auditor's report for the interim financial statements of a business included under this Part.

**“5.8 Exception to Audit Requirement for Recent Financial Statements of a Business** - Despite section 5.6, an issuer may omit from its short form prospectus an auditor’s report for the annual financial statements of a business referred to under subsection 5.3(2) if the auditor has not issued an auditor’s report on the financial statements.

**“5.9 Compilation Report for *Pro Forma* Financial Statements** - The *pro forma* financial statements included in a short form prospectus under this Part shall be accompanied by a compilation report signed by the auditor and prepared in accordance with the Handbook.

**“PART 6 PRO FORMA FINANCIAL STATEMENT DISCLOSURE FOR SIGNIFICANT DISPOSITIONS**

**“6.1 Scope** - This Part applies only to:

- (a) significant dispositions completed during an issuer’s most recently completed financial year; and
- (b) significant dispositions completed during an issuer’s current financial year, but not to significant dispositions of business segments.

**“6.2 *Pro Forma* Financial Statements** - If an issuer has made a significant disposition referred to in clause (a) or (b) of section 6.1, the issuer shall include in its short form prospectus the following *pro forma* financial statements:

(1) ***Pro Forma Balance Sheet*** - A *pro forma* balance sheet of the issuer prepared as at the date of the issuer’s most recent balance sheet included in the short form prospectus to give effect to, as if they had taken place as at the date of the *pro forma* balance sheet, significant dispositions that have been completed, but are not reflected in the issuer’s most recent balance sheet included in the short form prospectus.

(2) ***Pro Forma Income Statement*** - *Pro forma* income statements of the issuer prepared to give effect to significant dispositions completed during:

- (a) the most recently completed financial year of the issuer as if they had taken place at the beginning of the most recently completed financial year of the issuer for which audited financial statements are included in the short form prospectus; and
- (b) the issuer’s current financial year for each of the financial periods referred to in clause (i) and (ii):
  - (i) the most recently completed financial year of the issuer for which audited financial statements are included in the short form prospectus; and
  - (ii) the most recently completed interim period of the issuer for which financial statements are included in the short form prospectus, as if they had taken place at the beginning of the most recently completed financial year of the issuer for which audited financial statements are included in the short form prospectus.

(3) If an issuer includes in a short form prospectus a *pro forma* financial statement prepared in accordance with subsection (2) which gives effect to more than one significant disposition, the *pro forma* financial statement shall separately identify each significant disposition.

(4) If an issuer is required under this Part to include *pro forma* financial statements in a short form prospectus, the issuer shall include in the *pro forma* financial statements a description of the underlying assumptions on which the *pro forma* financial statements are prepared, cross-referred to each related *pro forma* adjustment.

(5) **Pro Forma Earnings per Share** - If an issuer is required under this Part to include in a short form prospectus *pro forma* financial statements, the short form prospectus shall include *pro forma* earnings per share based on the *pro forma* financial statements referred to in this Part.

(6) **Presentation of Pro Forma Financial Statements for Significant Dispositions** - Despite subsection (2), if an issuer is required to include in its short form prospectus *pro forma* financial statements prepared under section 4.5 and subsection (2) of this Part, the issuer shall prepare one set of *pro forma* financial statements which give effect to the significant acquisitions referred to in section 4.5 and the significant dispositions referred to in subsection 6.2(2).

## **“PART 7 GAAP, GAAS, AUDITORS’ REPORTS AND OTHER FINANCIAL STATEMENT MATTERS**

### **“7.1 Generally Accepted Accounting Principles**

(1) The financial statements of a person or company incorporated or organized in a jurisdiction that are included in a short form prospectus shall be prepared in accordance with Canadian GAAP.

(2) The financial statements of a person or company incorporated or organized in a foreign jurisdiction that are included in a short form prospectus shall be prepared in accordance with:

- (a) Canadian GAAP; or
- (b) foreign GAAP, if the notes to the financial statements:
  - (i) explain and quantify the effect of material differences between Canadian GAAP and foreign GAAP that relate to measurements; and
  - (ii) provide disclosure consistent with Canadian GAAP requirements to the extent not already reflected in the financial statements.

(3) If the financial information included in a short form prospectus in accordance with section 4.10 has been derived from financial statements of a person or company incorporated or acquired in a foreign jurisdiction that have been prepared in accordance with foreign GAAP, the information shall be accompanied by a note which explains and quantifies the effect of material differences between Canadian GAAP and foreign GAAP.

**“7.2 Exception to the Requirement to Reconcile Financial Statements Prepared in Accordance with Foreign GAAP** - Despite subsection 7.1(2)(b), if an issuer has made a significant acquisition or is proposing to make a significant acquisition, and is required to provide financial statements of the business under subsection 4.6(2) or paragraph 4.6(3)3 and those financial statements have been prepared in accordance with a foreign GAAP, the reconciliation to Canadian GAAP may be excluded for the earliest of the three years presented.

**“7.3 Audit Requirement** - Financial statements of an issuer included in a short form prospectus, other than the following, shall be accompanied by an auditor’s report without a reservation of opinion:

1. Comparative interim financial statements required to be incorporated by reference under paragraph (1)3 of Item 12.1 or paragraph 2 of 12.2 of Form 44-101F3.
2. The comparative annual financial statements of the issuer for the most recently completed financial year if:
  - (a) the financial statements are required to be incorporated by reference in a short form prospectus solely by reason of paragraph (1)6 of Item 12.1 of Form 44-101F3;
  - (b) the auditor of the issuer has not issued an auditor’s report on the financial statements; and
  - (c) comparative financial statements, together with the accompanying auditor’s report, for the year preceding the most recently completed financial year are included in the short form prospectus.
3. The comparative interim financial statements of a credit supporter required to be incorporated by reference under Item 13.2 of Form 44-101F3.

**“7.4 Generally Accepted Auditing Standards**

- (1) The financial statements of a person or company incorporated or organized in a jurisdiction that are included in a short form prospectus shall be audited in accordance with Canadian GAAS and accompanied by a Canadian auditor’s report.
- (2) The financial statements of a person or company incorporated or organized in a foreign jurisdiction that are included in a short form prospectus shall be audited in accordance with:
  - (a) Canadian GAAS; or
  - (b) foreign GAAS provided the foreign GAAS is substantially equivalent to Canadian GAAS.

**“7.5 Foreign Auditor’s Report** - If the financial statements included in a short form prospectus are accompanied by a foreign auditor’s report, the auditor’s report shall be accompanied by a statement by the auditor:

- (a) disclosing any material differences in the form and content of the foreign auditor’s report as compared to a Canadian auditor’s report; and
- (b) confirming that the auditing standards applied are substantially equivalent to Canadian GAAS.



**“PART 8 AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS INCLUDED IN A SHORT FORM PROSPECTUS**

**“8.1 Audit Committee Review of Financial Statements Included in a Short Form Prospectus** - An issuer shall not file a short form prospectus unless each financial statement of a person or company included in the short form prospectus has been reviewed by the audit committee of the board of directors of the person or company, if the person or company has, or is required to have, an audit committee, and approved by the board of directors.

**“PART 9 DEEMED INCORPORATION BY REFERENCE**

**“9.1 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 Item 12.1 of Form 44-101F3, 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.

**“9.2 Deemed Incorporation by Reference of Subsequently Filed Documents** - If an issuer does not incorporate by reference in its short form prospectus a document required to be incorporated by reference under Item 12.2 of Form 44-101F3, 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.

**“PART 10 FILING REQUIREMENTS FOR A SHORT FORM PROSPECTUS**

**“10.1 Interpretation of ‘Prospectus’** - In this Part, a reference to a short form prospectus does not include a preliminary short form prospectus.

**“10.2 Required Documents for Filing a Preliminary Short Form Prospectus-**  
An issuer that files a preliminary short form prospectus shall:

(a) file the following with the preliminary short form prospectus:

1. **Signed Copy** - A signed copy of the preliminary short form prospectus.
2. **Qualification Certificate** - A certificate executed on behalf of the issuer by one of its executive officers certifying that all of the criteria on which the issuer is relying in order to be qualified to file a prospectus in the form of a short form prospectus have been satisfied.
3. **Material Incorporated by Reference** - Copies of all material incorporated by reference in the preliminary short form prospectus and not previously filed.
4. **Mining Reports** - If the issuer has a mineral project, the technical reports required to be filed with a preliminary short form prospectus under National Instrument 43-101 Standards of Disclosure for Mineral Projects if that National Instrument is in force and until that National Instrument is in force any technical report or certificate requested to be filed by the regulator.

**5. Oil and Gas Reports** - If the issuer has oil and gas operations, any technical report or certificate relating to oil and gas properties, not previously filed, that:

(i) if the preliminary short form prospectus is filed before a successor instrument to National Policy Statement No. 2-B Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators is in force, is requested to be filed by the regulator, in which case the technical report or certificate shall be prepared in accordance with National Policy Statement No. 2-B; and

(ii) in any other case, is required to be filed with the preliminary short form prospectus pursuant to a successor instrument to National Policy Statement No. 2-B.

(b) deliver to the regulator, concurrently with the filing of the preliminary short form prospectus, the following:

**1. Personal Information** - For each director and executive officer of an issuer, each promoter of the issuer or, if the promoter is not an individual, each director and executive officer of the promoter, for whom the issuer has not previously delivered the following information, a statement containing that individual's:

(i) full name;

(ii) position with or relationship to the issuer;

(iii) employer's name and address, if other than the issuer;

(iv) full residential address;

(v) date and place of birth; and

(vi) citizenship.

**2. Authorization to Collect Information** - An authorization in the form set out in Appendix A to the collection of personal information.

**3. Calculation of Earnings Coverage** - If the preliminary short form prospectus is filed for a proposed distribution of debt securities having a term to maturity in excess of one year or for a proposed distribution of preferred shares, a letter setting out the calculation of the earnings coverage.

**4. Material Contracts** - Copies of all material contracts to which the issuer is a party that have not previously been filed.

**5. 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 10.4 and that has not previously been filed, other than a technical report that:

(i) deals with a mineral project or oil and gas operations; and

(ii) is not otherwise required to be filed under paragraphs 4 and 5 of clause 10.2(a).

**6. Auditor's Comfort Letter regarding Audited Financial Statements** - A signed letter 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 by the Handbook, if a financial statement of an issuer or a business included in a preliminary short form prospectus is accompanied by an unsigned auditor's report.

**7. Comfort Letter regarding Foreign Auditor's Report** - If a financial statement included in a short form prospectus has been prepared in accordance with foreign GAAP or includes a foreign auditor's report, a letter to the regulators from the foreign auditor that discusses the auditor's expertise:

(i) to audit the reconciliation of foreign GAAP to Canadian GAAP; and

(ii) in the case of foreign GAAS, other than U.S. GAAS applied by a U.S. auditor, to make the determination that the auditing standards applied are substantially equivalent to Canadian GAAS.

**“10.3 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:

**1. Signed Copy** - A signed copy of the short form prospectus.

**2. Material Incorporated by Reference** - Copies of all material incorporated by reference in the short form prospectus and not previously filed.

**3. 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.

**4. Non-Issuer's Submission to Jurisdiction** - A submission to jurisdiction and appointment of agent for service of process of the selling security holder, promoter or credit supporter, as applicable, in the form set out in Appendix C, if a selling security holder, promoter or credit supporter of an issuer 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.

**5. Expert's Consent** - The consents required to be filed under section 10.4.

**6. 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 Item 13.2 of Form 44-101F3 to be included in a short form prospectus and a certificate of the credit supporter is not required under Item 20.3 of Form 44-101F3 to be included in the short form prospectus.

**7. Material Contracts** - Copies of all material contracts to which the issuer is a party that have not previously been filed.

**8. Other Mining Reports** - If the issuer has a mineral project, any technical report, certificate or consent required to be filed with a short form prospectus under National Instrument 43-101, if that National Instrument is in force and until that National Instrument is in force, any technical report or certificate requested to be filed by a regulator and not previously filed.

**9. Other Oil and Gas Reports** - If the issuer has oil and gas operations, any technical report or certificate not previously filed, that:

(i) if the short form prospectus is filed before a successor instrument to National Policy Statement No. 2-B is in effect, is requested to be filed by the regulator, in which case the technical report or certificate shall be prepared in accordance with National Policy Statement No. 2-B; and

(ii) in any other case, is required to be filed with the short form prospectus pursuant to a successor instrument to National Policy Statement No. 2-B.

**10. Other Reports and Valuations** - A copy of each report or valuation referred to in the short form prospectus, for which a consent is required to be filed under section 10.3 and that has not previously been delivered, other than a technical report that:

(i) deals with a mineral project of an issuer or oil and gas operations; and

(ii) is not otherwise required to be filed under paragraph 8 or 9; and

(b) deliver to the regulators, no later than the filing of the short form prospectus:

**1. Auditor's Comfort Letter regarding Unaudited Financial Statements** -

(i) a comfort letter to the regulators from the auditor of the issuer or the business, as applicable, prepared in accordance with the relevant standards in the Handbook, if an unaudited financial statement of an issuer or a business is included in a short form prospectus;

(ii) a comfort letter to the regulators from the auditor of the business, prepared in accordance with the relevant standards in the Handbook, if the prospectus includes unaudited financial information of a business that has been derived from financial statements of a business that are not included in the short form prospectus;

(iii) a comfort letter to the regulators from the auditor of the business, prepared in accordance with the relevant standards in the Handbook, if a *pro forma* income statement of the issuer included in the short form prospectus includes results of the business that have been prepared in accordance with subsection 4.5(4);

(iv) a comfort letter to the regulators from the auditor of the issuer, prepared in accordance with the relevant standards of the Handbook, if a *pro forma* financial statement of the issuer included in the short form prospectus reflects the results of a significant disposition in accordance with Part 6 of this Instrument.

**2. Blacklined Prospectus** - A copy of the short form prospectus, blacklined to show changes from the preliminary short form prospectus.

#### **“10.4 Consent of Experts**

(1) If any solicitor, auditor, accountant, engineer or appraiser, or any other person or company whose profession gives authority to a statement made by that person or company, is named in a short form prospectus or an amendment to a short form prospectus, either directly or in a document incorporated by reference:

(a) as having prepared or certified any part of the short form prospectus or the amendment;

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

(c) as having prepared or certified a report or valuation referred to in the short form prospectus or the amendment, either directly or in a document incorporated by reference;

the issuer shall file no later than the time the short form prospectus or the amendment is filed, the written consent of the person or company to being named and to that use of the report or valuation.

(2) The consent referred to in subsection (1) shall:

(a) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion; and

(b) contain a statement that the person or company referred to in subsection (1):

(iii) has read the short form prospectus; and

(iv) 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 shall 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 short form 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 preliminary short form prospectus or short form prospectus.

#### **“10.5 Filing of French Language Version**

(1) Except when the prospectus is filed in Quebec, an issuer shall file a French language version of a preliminary short form prospectus, short form prospectus, any amendment to a preliminary short form prospectus or short form prospectus before sending the French language version of a preliminary short form prospectus, a short form prospectus or an amendment to an investor or prospective investor.

(2) An issuer that has prepared a French language version of a preliminary short form prospectus, short form prospectus, amendment to a preliminary short form prospectus or short form prospectus file the French language version of the document in New Brunswick concurrently with or as soon as practicable after filing the English language version of the document in that Province.

**“10.6 Prohibition on Filing** - An issuer shall not file a preliminary short form prospectus or a short form prospectus if the issuer is in default in filing or delivering to the regulator a document required to be filed or delivered under securities legislation.

**“10.7 Material Contracts** - An issuer shall make available all material contracts referred to in a short form prospectus for inspection at a reasonable time and place in the local jurisdiction, without charge, during the distribution of the securities being offered under the short form prospectus.

### **“PART 11 AMENDMENTS TO A SHORT FORM PROSPECTUS**

#### **“11.1 Form of Amendment**

(1) An amendment to a preliminary short form prospectus or a short form prospectus shall consist of either an amendment that does not fully restate the text of the preliminary short form prospectus or short form prospectus or an amended and restated preliminary short form prospectus or short form prospectus.

(2) An amendment to a preliminary short form prospectus or a short form prospectus shall contain the certificates required by securities legislation and in the case of an amendment that does not restate the text of the preliminary short form prospectus or short form prospectus, shall be numbered and dated as follows:

*‘Amendment No. [insert amendment number] dated [insert date of amendment] to [Preliminary] Short Form Prospectus dated [insert date of preliminary short form prospectus or short form prospectus].’*

**“11.2 Required Documents for Filing an Amendment** - An issuer that files an amendment to a preliminary short form prospectus or short form prospectus shall:

- (a) file a signed copy of the amendment;
- (b) deliver to the regulator a copy of the preliminary short form prospectus or short form prospectus blacklined to show the changes made by the amendment, if the amendment is also a restatement of the preliminary short form prospectus or short form prospectus;
- (c) file or deliver any supporting documents required under this Instrument or other provisions of securities legislation to be filed or delivered with a preliminary short form prospectus or a short form prospectus, as the case may be, unless the documents originally filed or delivered with the preliminary short form prospectus or short form prospectus as the case may be, are correct as of the date the amendment is filed; and
- (d) file any consent letter required under this Instrument to be filed with a preliminary short form prospectus or short form prospectus, as the case may be.

**“11.3 Auditor’s Letter** - If an amendment to a preliminary short form prospectus or short form prospectus materially affects, or relates to, an auditor’s comfort letter filed under section 10.2 or 10.3 refers, the issuer shall file with the amendment a new auditor’s comfort letter.

**“11.4 Forwarding Amendments** - An amendment to a preliminary short form prospectus shall be forwarded to each recipient of the preliminary short form prospectus according to the record of recipients to be maintained under securities legislation.

**“11.5 Amendment to Preliminary Short Form Prospectus** - The regulator shall issue a receipt for an amendment to a preliminary short form prospectus as soon as reasonably possible after the amendment is filed.

**“11.6 Amendment to Short Form Prospectus**

- (1) If, after a receipt is issued for a short form prospectus but prior to the completion of the distribution under such short form prospectus, securities in addition to the securities previously disclosed in the prospectus are to be distributed, the person or company making the distribution must file an amendment to the short form prospectus disclosing the additional securities, as soon as practical, and in any event no later than 10 days after the decision to increase the number of securities offered is made.
- (2) Except as required by securities legislation, the regulator shall issue a receipt for an amendment to a short form prospectus required to be filed under this section or under securities legislation unless the regulator considers that it is not in the public interest to do so.

(3) The regulator shall not refuse to issue a receipt under subsection (2) without giving the person or company who filed the short form prospectus an opportunity to be heard.

(4) Subject to subsection (5), a distribution or an additional distribution must not proceed until a receipt for an amendment to a short form prospectus that is required to be filed is issued by the regulator.

(5) Subsection (4) does not apply to amendments to short form prospectuses of mutual funds.

**“PART 12 NON-FIXED PRICE OFFERINGS AND REDUCTION OF OFFERING PRICE UNDER SHORT FORM PROSPECTUS**

**“12.1 Non-Fixed Price Offerings and Reduction of Offering Price under Short Form Prospectus**

(1) Every security distributed under a short form prospectus shall be distributed at a fixed price.

(2) Despite subsection (1), securities for which the issuer is qualified under Part 2 to file a prospectus in the form of a short form prospectus may be distributed for cash at non-fixed prices under a short form prospectus if, at the time of the filing of the preliminary short form prospectus, the securities have received a rating, on a provisional or final basis, from at least one approved rating organization.

(3) Despite subsection (1), if securities are distributed for cash under a short form prospectus, the price of the securities may be decreased from the initial offering price disclosed in the short form 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 short form 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 security holders or by the issuer and selling security holders are disclosed in the short form prospectus as being fixed; and

(c) the underwriters have made a reasonable effort to sell all of the securities distributed under the short form prospectus at the initial offering price disclosed in the short form prospectus.

(4) Despite subsections (2) and (3), the price at which securities may be acquired on exercise of rights shall be fixed.



**“PART 13 CIRCULARS****“13.1 Use of Short Form Prospectus Disclosure in Securities Exchange Take-Over Bid Circular and Securities Exchange Issuer Bid Circular**

(1) An issuer that makes a take-over bid or an issuer bid that includes consideration consisting, in whole or in part, of the issuer's securities satisfies the requirement in securities legislation to include, in a securities exchange take-over bid circular or a securities exchange issuer bid circular, the information prescribed by the form of prospectus appropriate for the issuer by including, in the securities exchange take-over bid circular or the securities exchange issuer bid circular, the information required under this Instrument to be included in a short form prospectus, if the issuer's securities offered as consideration are of a type for which the issuer is qualified under section 2.2, 2.3, 2.4 or 2.8 to file a prospectus in the form of a short form prospectus.

(2) In determining, for the purpose of subsection (1), whether an issuer is qualified to file a prospectus in the form of a short form prospectus under section 2.2, 2.3, 2.4 or 2.8, references in those sections to the time of the filing of a preliminary short form prospectus shall be read as references to the time of the filing of the securities exchange take-over bid circular or securities exchange issuer bid circular.

**“13.2 Use of Short Form Prospectus Disclosure in Information Circular**

(1) An issuer, that sends an information circular to security holders disclosing information on a proposed reorganization that involves the issuer distributing its securities, satisfies the requirement in securities legislation to include in an information circular the information prescribed by the form of prospectus appropriate for the issuer by including in the information circular, the information required under this Instrument to be included in a short form prospectus, if the issuer's securities to be distributed in connection with the reorganization are of a type for which the issuer is qualified under section 2.2, 2.3, 2.4 or 2.8 to file a prospectus in the form of a short form prospectus.

(2) In determining, for the purpose of subsection (1), whether an issuer is qualified to file a prospectus in the form of a short form prospectus under section 2.2, 2.3, 2.4 or 2.8, references in those sections to the time of the filing of a preliminary short form prospectus shall be read as references to the time of the filing of the information circular.

**“13.3 Information Circular Disclosure regarding Availability of Information -**

An issuer that has a current AIF and sends its information circular, as required under securities legislation, to security holders shall:

(a) send, upon request to the secretary of the issuer, a copy of the following documents to the person or company making the request and, in the case of a security holder, without charge:

1. The issuer's current AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the current AIF.

2. The issuer's most recently filed comparative annual financial statements, together with the accompanying report of the auditor, and any interim financial statements of the issuer that have been filed for any period after the end of its most recently completed financial year.

3. The issuer's information circular for its most recent annual meeting of shareholders that involved the election of directors or any annual filing prepared instead of that information circular, as appropriate; and

(b) include in its information circular a statement describing the availability, without charge to a security holder, upon request made to the secretary of the issuer, of the documents listed in paragraph (a).

#### **“PART 14 SOLICITATIONS OF EXPRESSIONS OF INTEREST**

**“14.1 Solicitations of Expressions of Interest** - The prospectus requirement does not apply to solicitations of expressions of interest before the filing of 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 a receipt for the preliminary short form prospectus from:

(i) the 44-101 regulator dated not more than two business days after the date that the agreement is entered into, if the issuer has elected to use the MRRS; or

(ii) if the issuer has not elected to use the MRRS:

(A) the regulator in at least one jurisdiction, dated not more than two business days after the date that the agreement is entered into; and

(B) the Canadian securities regulatory authorities in any other jurisdictions in which the distribution is to be made, dated not more than three business days after the date that the agreement is entered into;

(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 15 EXEMPTION****“15.1 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 and Alberta, 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.

**“15.2 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) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if:
  - (a) the person or company that sought the exemption:
    - (i) sent to the regulator the letter or memorandum referred to in subsection 15.1(3) on or before the date of the filing of the preliminary short form prospectus; or
    - (ii) sent to the regulator the letter or memorandum referred to in subsection 15.1(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 Director 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).

**“15.3 Exemption under Prior Policy** - An issuer that, immediately before the time this Instrument came into force, was eligible to participate in the prompt offering qualification system contemplated by NP47 under an exemption, ruling, order, decision or other action of the securities regulatory authority or regulator, other than a blanket ruling or order, is qualified to file a prospectus in the form of a short form prospectus, in reliance on the exemption, ruling, order, decision or other action and subject to the same conditions, if any, as are in the action, until the earliest of:

- (a) the end of the period for which the AIF filed by the issuer before this Instrument came into force is a current AIF under this Instrument;
- (b) the expiration of the action; and
- (c) the revocation of the action by the securities regulatory authority or the regulator.

**“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS**

**APPENDIX A**

**AUTHORIZATION OF INDIRECT COLLECTION OF  
PERSONAL INFORMATION**

The attached Schedule 1 contains information concerning the name, position with or relationship to issuer, name and address of employer, if other than the issuer, residential address, date and place of birth and citizenship of each director, executive officer, promoter, if any, and each director and executive officer of the promoter, if any, of the issuer named below (the ‘Issuer’) as required by securities legislation, unless previously delivered to the regulator. The Issuer hereby confirms that each person or company listed on Schedule 1:

- (a) has been notified by the Issuer:
  - (i) of the Issuer’s delivery to the regulator of the information pertaining to the person or company as set out in Schedule 1;
  - (ii) that such information is being collected indirectly by the regulator under the authority granted to it in securities legislation;
  - (iii) that such information is being collected for the purpose of enabling the regulator to discharge his/her obligations under the provisions of securities legislation that, among other things, 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 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; and
  - (iv) that the title, business address and business telephone number of the public official in the local jurisdiction as set out in the attached Schedule 2, who can answer questions about the regulator’s indirect collection of the information; and
- (b) has authorized the indirect collection of the information by the regulator.

Date: \_\_\_\_\_

\_\_\_\_\_  
**Name of Issuer**

Per: \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Official Capacity

(Please print the name of the individual  
whose signature appears in the official capacity)

**Schedule 1 Personal Information  
to Appendix A Authorization of Indirect  
Collection of Personal Information**

[Name of Issuer]

Name and Position with or Relationship to Issuer	Name and Address of Employer, if other than Issuer	Residential Address	Date and Place of Birth	Citizenship

**Schedule 2 Public Official  
to Appendix A Authorization of Indirect  
Collection of Personal Information**

**Local Jurisdiction**

Alberta

**Public Official**

Executive Director  
Alberta Securities Commission  
Suite 400  
300 - 5th Avenue S.W.  
Calgary, Alberta T2P 3C4  
Telephone: (403) 297-4228

British Columbia

Supervisor, Registration  
British Columbia Securities Commission  
Suite 200  
865 Hornby Street  
Vancouver, British Columbia V6Z 2H4  
Telephone: (604) 899-5692  
Toll Free within British Columbia:  
(800) 373-6393

Manitoba

Director  
Manitoba Securities Commission  
Consumer and Corporate Affairs  
Administration  
1034 - 405 Broadway  
Winnipeg, Manitoba R3C 3L6  
Telephone: (204) 945-2653

New Brunswick	Administrator Department of Justice Securities Branch Harbour Building, 133 Prince William Street Suite 606, P.O. Box 5001 Saint John, New Brunswick E2L 4Y9 Telephone: (506) 658-3060
Newfoundland	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
Northwest Territories	Government of the Northwest Territories Securities Registries Department of Justice P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9
Nova Scotia	Deputy Director, Compliance and Enforcement Nova Scotia Securities Commission P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-5354
Nunavut	Nunavut Legal Registries Government of Nunavut BAG 9500 Yellowknife, Northwest Territories X1A 2R3
Ontario	Administrative Assistant to the Director of Corporate Finance Ontario Securities Commission 18th Floor, 20 Queen Street West Toronto, Ontario M5H 2S8 (416) 597-0681
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
Quebec	Secretary and Director Legal Department Commission d'accès à l'information Québec City (Head Office) 575, rue St-Amable Bureau 1.10 Québec, Québec G1R 2G4 Telephone: (418) 528-7741 Toll Free in Québec: (888) 628-7741

Saskatchewan

Director  
Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, Saskatchewan S4P 3V7  
Telephone: (306) 787-5842

Yukon

Registrar of Securities  
Department of Justice  
Andrew A. Philipsen Law Centre  
2130 - 2nd Avenue, 3rd Floor  
Whitehorse, Yukon Territory Y1A 5H6  
Telephone: (867) 667-5005

**“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS**

**APPENDIX B**

**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 short form prospectus (the ‘Short Form 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 Short Form 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 Short Form 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 Short Form 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



**“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS**

**APPENDIX C**

**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 short form prospectus (the ‘Short Form 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 (which 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 Short Form 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 Short Form 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 Short Form Prospectus.
14. Until six years after completion of the distribution of the Securities made under the Short Form 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 Short Form 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 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 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

**“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS**

**“FORM 44-101F1  
AIF**

**“INSTRUCTIONS**

- (1) An AIF is intended to provide background information that is essential to a proper understanding of the nature of an issuer and its operations and prospects.*
- (2) Focus the AIF disclosure on the issuer and external factors affecting the issuer specifically; do not focus, unless specifically required, on external factors that affect issuers generally.*
- (3) Do not omit any of the disclosure prescribed by this Form. In determining the degree of detail required, apply a standard of materiality. Materiality is a matter of judgment in particular circumstances, and should generally be 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. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.*
- (4) A requirement in this Form to discuss or disclose forward-looking information does not call for a forecast or projection as defined in the Handbook. An issuer that chooses to provide a forecast or projection is required to comply with National Policy Statement No. 48 Future-Oriented Financial Information, or any successor instrument.*
- (5) An issuer that is a special purpose vehicle may have to modify the disclosure items in this Form to reflect the special purpose nature of its business.*
- (6) Any information required in an AIF may be incorporated by reference in the AIF. Clearly identify in an AIF any document incorporated by reference. If an excerpt of a document is incorporated by reference, clearly identify the excerpt in the AIF by caption and paragraph of the document. Any material incorporated by reference in an AIF is required under subsection 3.3(1) of National Instrument 44-101 to be filed with the AIF unless it has been previously filed.*
- (7) Date an AIF no earlier than the date of the auditor's report on the issuer's financial statements for the financial year covered by the AIF.*
- (8) Unless otherwise specified in this Form, present the information in an AIF as at a date not later than the date of the AIF and not earlier than the last day of the issuer's most recently completed financial year, except for:*
  - (a) an AIF filed by a successor issuer following a reorganization, in which case present the information as at a date not earlier than the latest financial year end of any of the participants in the reorganization that were reporting issuers at the time of the reorganization; and*
  - (b) an AIF filed by an issuer of asset-backed securities that has not completed its first financial year, in which case present the information as at a date within 30 days before the date that the initial AIF is filed.*

(9) *If a material change affecting the issuer occurs after the date as at which the disclosure in the AIF is required, and before filing, include this information in the AIF.*

(10) *Terms used and not defined in this Form that are defined or interpreted in National Instrument 44-101 Short Form Prospectus Distributions shall bear that definition or interpretation. Other definitions are set out in National Instrument 14-101 Definitions.*

(11) *All references to an issuer in Items 3 through 6 of this Form are to be read as applying to an issuer and its subsidiaries and investees, if the disclosure concerning the issuer's subsidiaries and investees is material.*

#### **“Item 1: Cover Page**

**“1.1 Date** - Insert the date of the AIF on the cover page.

**“1.2 Review of Renewal AIF** - If the issuer has been notified that its renewal AIF is being reviewed, include the following statement in **bold type** on the cover page of the renewal AIF until notified that the review has been completed.

**‘This annual information form is currently under review by the Canadian securities regulatory authorities of one or more jurisdictions. Information contained herein is subject to change.’**

**“INSTRUCTIONS** *The statement required under Item 1.2 may be added to paper copies of the renewal AIF by way of a stamp, sticker or other method that will ensure that the statement may not be deleted or removed from the renewal AIF.*

**“1.3 Revisions** - If revisions are made to an AIF after filing, identify the AIF as a ‘revised initial AIF’ or a ‘revised renewal AIF’, as the case may be, on the cover page.

#### **“Item 2: Corporate Structure**

##### **“2.1 Name and Incorporation**

(1) State the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business.

(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. If material, state whether the articles or other constating or establishing documents of the issuer have been amended and describe the substance of the material amendments.

**“2.2 Intercorporate Relationships** - Describe, by way of a diagram or otherwise, the intercorporate relationships among the issuer and the issuer's subsidiaries as of the most recent financial year end of the issuer. For each subsidiary state:

(a) the percentage of the votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the issuer;

- (b) the percentage of each class of non-voting securities beneficially owned, or over which control or direction is exercised, by the issuer; and
- (c) the place of incorporation or continuance.

“INSTRUCTIONS *A particular subsidiary may be omitted if:*

- (a) *the total assets of the subsidiary do not constitute more than 10 per cent of the consolidated assets of the issuer at the most recent financial year end;*
- (b) *the sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues of the issuer at the most recent financial year end; 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 per cent in those paragraphs were changed to 20 per cent.*

### “Item 3: General Development of the Business

“**3.1 Three Year History** - Describe the general development of the business of the issuer over its last three completed financial years. Include only major events or conditions that have influenced the general development of the issuer’s business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the issuer’s business that are expected to occur during the current financial year of the issuer.

“INSTRUCTIONS *Include the business of subsidiaries only insofar as is necessary to explain the character and development of the business conducted by the combined enterprise.*

### “3.2 Significant Acquisitions and Significant Dispositions

- (1) Disclose:
  - (a) any significant acquisition completed by the issuer during its most recently completed financial year for which financial statement disclosure would be required under Part 4 or 5 of National Instrument 44-101 if the AIF were a short form prospectus; and
  - (b) any significant disposition completed by the issuer during its most recently completed financial year.
- (2) Under paragraph (1) include particulars of:
  - (a) the nature of the assets acquired or disposed of;
  - (b) the date of each significant acquisition or significant disposition;
  - (c) the consideration, both monetary and non-monetary, paid to or by the issuer;

- (d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;
- (e) the impact of the significant acquisition or significant disposition on the operating results and financial position of the issuer;
- (f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation or directives of a Canadian securities regulatory authority or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
- (g) whether the transaction is with an insider, associate or affiliate of the issuer and, if so, disclose the identity of the other parties and the relationship of the other parties to the issuer.

**“3.3 Trends** - Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the issuer’s business, financial condition or results of operations, providing forward-looking information based on the issuer’s expectations as of the date of the AIF.

**“INSTRUCTIONS** *Issuers are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable effect of a known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently known information that is reasonably expected to have a material effect on future operating results, such as known future increases in costs of labour or materials, which is information required to be disclosed.*

#### **“Item 4: Narrative Description of the Business**

##### **“4.1 General**

- (1) Describe the business of the issuer with reference to the reportable operating segments as defined in the Handbook and the issuer’s business in general. Include the following for each reportable operating segment of the issuer:
  - 1. For principal products or services:
    - (a) the methods of their distribution and their principal markets;
    - (b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:
      - (i) sales to customers, other than investees, outside the consolidated entity;
      - (ii) sales or transfers to investees; and
      - (iii) sales or transfers to controlling shareholders.

2. The competitive conditions in the principal markets and geographic areas in which the issuer operates, including, if reasonably possible, an assessment of the issuer's competitive position.
  3. If there has been a public announcement of the introduction of a new product, the status of the product.
  4. The sources, pricing and availability of raw materials, component parts or finished products.
  5. The importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks.
  6. The extent to which the business of the segment is cyclical or seasonal.
  7. A description of any aspect of the issuer's business that may be affected in the current financial year by renegotiation or termination of contracts or sub-contracts and the likely effect.
  8. The financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the issuer in the current financial year and the expected effect in future years.
  9. The number of employees, as at the most recent financial year end or as an average over the year, whichever is more relevant.
  10. Any risks associated with foreign operations of the issuer and any dependence of the segment upon the foreign operations.
- (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 the current financial year.
- (3) Disclose the nature and results of any material reorganization of the issuer or any of its subsidiaries within the three most recently completed financial years or the current financial year.

**“4.2 Issuers with Asset-backed Securities Outstanding** - For issuers with asset-backed securities outstanding that were distributed under a prospectus, disclose:

- (a) a description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities;
- (b) for the two most recently completed financial years of the issuer or the lesser period commencing on the first date on which the issuer had asset-backed securities outstanding, information on the underlying pool of financial assets relating to
  - (i) the composition of the pool as of the end of each financial year or partial period;

- (ii) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
  - (iii) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
  - (iv) servicing and other administrative fees; and
  - (v) any significant variances experienced in the matters referred to in clauses (i), (ii), (iii) or (iv);
- (c) if any of the information disclosed under paragraph (b) has been audited, the existence and results of the audit;
- (d) the investment parameters applicable to investments of any cash flow surpluses;
- (e) the amount of payments made during the two most recently completed financial years or the lesser period commencing on the first date on which the issuer had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of the issuer outstanding;
- (f) the occurrence of any event that has led to or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities; and
- (g) the identity of any principal obligors for the outstanding asset-backed securities of the issuer at the end of the most recent financial year or interim period, the percentage of the underlying pool of financial assets represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

#### “INSTRUCTIONS

(1) *Present the information required under paragraph (b) in a manner that will enable a reader to easily determine if, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (a) have occurred, are being satisfied or may be satisfied.*

(2) *If the information required under paragraph (b):*

(i) *is not compiled specifically on the underlying pool of financial assets, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected such that the performance of the larger pool is representative of the performance of the pool of securitized assets; or*

(ii) *in the case of a new issuer, where the underlying pool of financial assets will be randomly selected from a larger pool of the same assets such that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created;*

*then an issuer may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.*



**“4.3 Issuers With Mineral Projects** - For issuers with a mineral project, disclose the following information for each property material to the issuer:

**1. Property Description and Location**

- (a) The area (in hectares or other appropriate units) and the location of the property.
- (b) The nature and extent of the issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights.
- (c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject.
- (d) All environmental liabilities to which the property is subject.
- (e) The location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements.
- (f) To the extent known, the permits that must be acquired to conduct the work proposed for the property and if the permits have been obtained.

**2. Accessibility, Climate, Local Resources, Infrastructure and Physiography**

- (a) The means of access to the property.
- (b) The proximity of the property to a population centre and the nature of transport.
- (c) To the extent relevant to the mining project, the climate and length of the operating season.
- (d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.
- (e) The topography, elevation and vegetation.

**3. History**

- (a) The prior ownership and development of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known.
- (b) If a property was acquired within the three most recently completed financial years of the issuer or during its current financial year from, or is intended to be acquired by the issuer from, an insider or promoter of the issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the issuer, and the consideration paid or intended to be paid to the vendor.
- (c) To the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

4. **Geological Setting** - The regional, local and property geology.
5. **Exploration** - The nature and extent of all exploration work conducted by, or on behalf of, the issuer on the property, including:
  - (a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;
  - (b) an interpretation of the exploration information;
  - (c) whether the surveys and investigations have been carried out by the issuer or a contractor and if by a contractor, identifying the contractor; and
  - (d) a discussion of the reliability or uncertainty of the data obtained in the program.
6. **Mineralization** - The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.
7. **Drilling** - The type and extent of drilling, including the procedures followed and an interpretation of all results.
8. **Sampling and Analysis** - The sampling and assaying including:
  - (a) description of sampling methods and the location, number, type, nature, spacing or density of samples collected;
  - (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;
  - (c) a discussion of the sample quality and whether the samples are representative and of any factors that may have resulted in sample biases;
  - (d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and
  - (e) quality control measures and data verification procedures.
9. **Security of Samples** - The measures taken to ensure the validity and integrity of samples taken.
10. **Mineral Resource and Mineral Reserve Estimates** - The mineral resources and mineral reserves, if any, including:
  - (a) the quantity and grade or quality of each category of mineral resources and mineral reserves;
  - (b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and
  - (c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

**11. Mining Operations** - For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

**12. Exploration and Development** - A description of the issuer's current and contemplated exploration or development activities, to the extent they are material.

#### “INSTRUCTIONS

*(1) Issuers are reminded that disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, once that National Instrument is in force, including the use of the appropriate terminology to describe mineral reserves and mineral resources.*

*(2) Disclosure is required for each property material to the issuer. Materiality is to be determined in the context of the issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an issuer if the book value of the property as reflected in the issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the issuer's mineral properties and related plant and equipment.*

*(3) Once National Instrument 43-101 comes into force, the information required under these items is required under National Instrument 43-101 to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.*

*(4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.*

**“4.4 Issuers with Oil and Gas Operations** - For issuers with oil and gas operations, disclose the following (in tabular form, if appropriate):

**1. Drilling Activity** - The number of wells the issuer has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the issuer.

**2. Location of Production** - The geographical areas of the issuer's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the issuer and are material to the issuer's operations or exploratory activities.

**3. Location of Wells** - The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the issuer has an interest and which are material, with the interest expressed in terms of gross and net wells.

**4. Interest in Material Properties** - For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the issuer has an interest and the net interest of the issuer, and the location of acreage by geographical area.

**5. Reserve Estimates** - To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Policy Statement No. 2-B Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.

**6. Source of Reserve Estimates** - The source of the reserve estimates and whether the reserve estimates have been prepared by the issuer or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in an AIF by any successor instrument to National Policy Statement No. 2-B.

**7. Reconciliation of Reserves** - A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Policy Statement No. 2-B or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately if material.

**8. History** - For each quarter of the most recently completed financial year of the issuer, with comparative data for the same periods in the preceding financial year:

- (a) the average daily production volume, before deduction of royalties, of:
  - (i) conventional crude oil;
  - (ii) natural gas liquids; and
  - (iii) natural gas;
- (b) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas:
  - (i) the average net product prices received;
  - (ii) royalties;
  - (iii) operating expenses, specifying the particular items included; and
  - (iv) netback received;
- (c) the average net product price received for the following, if the issuer's production of the following is material to the issuer's overall production:
  - (i) light and medium conventional crude oil;
  - (ii) heavy conventional crude oil; and
  - (iii) synthetic crude oil; and

- (d) the dollar amounts expended on:
  - (i) property acquisition;
  - (ii) exploration, including drilling; and
  - (iii) development, including facilities.

**9. Future Commitments** - A description of the issuer's future material commitments to buy, sell, exchange or transport oil or gas, stating for each commitment separately:

- (a) the aggregate price;
- (b) the price per unit;
- (c) the volume to be purchased, sold, exchanged or transported; and
- (d) the term of the commitment.

**10. Exploration and Development** - A description of the issuer's current and contemplated exploration or development activities, to the extent they are material.

*“INSTRUCTIONS The information required under this item shall be derived from or supported by information obtained from a report prepared under National Policy No. 2-B or any successor instrument.*

**“Item 5: Selected Consolidated Financial Information**

**“5.1 Annual Information** - Provide the following financial data for the issuer in summary form for each of the three most recently completed financial years, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the business:

1. Net sales or total revenues.
2. Income from continuing operations, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook.
3. Net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook.
4. Total assets.
5. Total long-term financial liabilities as defined in the Handbook.
6. Cash dividends declared per share for each class of share.
7. Such other information as the issuer believes would enhance an understanding of and would highlight trends in financial condition and results of operations.

**“5.2 Dividends**

- (1) Describe any restriction that could prevent the issuer from paying dividends.
- (2) Disclose the issuer’s dividend policy and if a decision has been made to change the dividend policy, disclose the intended change in dividend policy.

**“5.3 Foreign GAAP** - An issuer may present the selected consolidated financial information required in this Item 5 on the basis of foreign GAAP if:

- (a) the issuer’s primary financial statements have been prepared using foreign GAAP; and
- (b) where the issuer is required under securities legislation to have reconciled its financial statements to Canadian GAAP or the issuer has otherwise done so, the issuer provides a cross-reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP.

**“Item 6: Management’s Discussion and Analysis****“6.1 Form 44-101F2 Disclosure**

- (1) Provide the disclosure required under Form 44-101F2.
- (2) If the issuer is incorporated, organized or continued under the laws of Canada or a jurisdiction and has based the discussion in the MD&A on financial statements prepared in accordance with foreign GAAP, provide a restatement of those parts of the MD&A that would read differently if they were based on financial statements of the issuer prepared in accordance with Canadian GAAP.

**“6.2 Foreign GAAP**

- (1) An issuer that has securities registered under section 12 of the 1934 Act or has a reporting obligation under subsection 15(d) of the 1934 Act may satisfy the requirement in subsection 6.1(1) of this Item 6 by including disclosure that is required under the item requirements applicable to it under the 1934 Act for management’s discussion and analysis.
- (2) If an issuer’s primary financial statements have been prepared using foreign GAAP and the issuer is required under securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements, or has otherwise done so at that time, then provide a cross-reference in the MD&A to the notes to the financial statements containing the reconciliation.

**“Item 7: Market for Securities****“7.1 Market for Securities** - Identify the exchange(s) and quotation system(s) on which the issuer’s securities are listed and posted for trading or quoted.

**“Item 8: Directors and Officers****“8.1 Name, Address, Occupation and Security Holding**

- (1) List the name and municipality of residence of each director and executive officer of the issuer and indicate their respective positions and offices held with the issuer and their respective principal occupations within the five preceding years.
- (2) State the period or periods during which each director has served as a director and when his or her term of office will expire.
- (3) State the number and percentage of securities of each class of voting securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised, by all directors and executive officers of the issuer as a group.
- (4) Disclose the board committees of the issuer and identify the members of each committee.
- (5) If the principal occupation of a director or officer of the issuer is acting as an officer of a person or company other than the issuer, disclose the fact and state the principal business of the person or company.

**“INSTRUCTIONS** *For the purposes of subsection (3), securities of subsidiaries that are beneficially owned, directly or indirectly, or over which control or direction is exercised by directors or executive officers through ownership or control or direction over securities of the issuer do not need to be included.*

**“8.2 Corporate Cease Trade Orders or Bankruptcies** - If a director or officer of the issuer, or a shareholder holding a sufficient number of securities of the issuer to affect materially the control of the issuer, is, or within the 10 years before the date of the AIF has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
- (b) 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.

**“8.3 Penalties or Sanctions**

- (1) 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 director or officer of the issuer, or a shareholder holding a sufficient number of securities of the issuer to affect materially the control of the issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

(2) Despite paragraph (1), no disclosure is required of a settlement agreement entered into before the date National Instrument 44-101 came into force unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

**“8.4 Personal Bankruptcies** - If a director or officer of the issuer, or a shareholder holding a sufficient number of securities of the issuer to affect materially the control of the issuer, or a personal holding company of any such persons has, within the 10 years before the date of the AIF, become 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 the assets of the director or officer, state the fact.

**“8.5 Conflicts of Interest** - 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 a subsidiary of the issuer.

## **“Item 9: Additional Information**

### **“9.1 Additional Information**

(1) Include a statement to the effect that the issuer, upon request to the secretary of the issuer, will provide to any person or company:

(a) when the securities of the issuer are in the course of a distribution under a preliminary short form prospectus or a short form prospectus:

(i) one copy of the AIF of the issuer, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;

(ii) one copy of the comparative financial statements of the issuer for its most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and one copy of the most recent interim financial statements of the issuer that have been filed, if any, for any period after the end of its most recently completed financial year;

(iii) one copy of the information circular of the issuer in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and



(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under clauses (i), (ii) or (iii); or

(b) at any other time, one copy of any documents referred to in clauses (a)(i), (ii) and (iii), provided that the issuer may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the issuer.

(2) Include a statement to the effect that additional information including directors' and officers' remuneration and indebtedness, principal holders of the issuer's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the issuer's information circular for its most recent annual meeting of shareholders that involved the election of directors, and that additional financial information is provided in the issuer's comparative financial statements for its most recently completed financial year.

**“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS**

**“FORM 44-101F2  
MD&A**

**“INSTRUCTIONS**

*(1) MD&A is supplemental analysis and explanation that accompanies, but does not form part of, an issuer's financial statements. MD&A provides management with the opportunity to discuss an issuer's current financial results, position and future prospects. MD&A is intended to give a reader the ability to look at the issuer through the eyes of management by providing both a historical and prospective analysis of the business of the issuer. MD&A requires that management discuss the dynamics of the business and analyze the financial statements. Coupled with the financial statements, this information should enable readers to better assess the issuer's performance, position and future prospects.*

*(2) Focus the MD&A on material information about the financial condition of the issuer, as well as its operations, with particular emphasis on liquidity, capital resources and known material trends, commitments, events, risks or uncertainties that are reasonably expected to have a material effect on the issuer's business, financial condition or results of operations.*

*(3) In this Form, “capital resources” means indebtedness, share capital and any other financial arrangement, whether or not it is reflected on the balance sheet of an issuer, that can reasonably be considered to provide financial resources to the issuer.*

(4) *Issuers are not required to disclose information described in this Form if the information is not material. Materiality is a matter of judgement in particular circumstances and should generally be 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. This concept of materiality is consistent with the financial reporting notion of materiality in the Handbook.*

(5) *If information required under this Form is disclosed in a note to an issuer's financial statements, the issuer may comply with the disclosure requirement by providing a cross-reference to the note in which the information appears.*

(6) *Focus the MD&A on the primary financial statements, even if the primary financial statements have been prepared using foreign GAAP.*

(7) *The nature of the disclosure required under this Form is intentionally general. This Form contains a minimum of specific instructions in order to allow, as well as encourage, issuers to discuss their businesses in the most appropriate manner and to tailor their comments to their individual circumstances. Issuers should avoid boilerplate.*

(8) *Staff of the CSA from time to time publishes MD&A guides and reports on MD&A and financial statement reviews. Issuers are encouraged to refer to this material.*

**“Item 1: General**

(1) Provide an analysis of the issuer's financial condition, cash flows and results of operations in the most recently completed financial year, including a comparison against the previously completed financial year. Provide all information necessary to understand the analysis and comparison. Include:

- (a) an analysis and comparison over a period longer than two financial years if necessary to describe a trend;
- (b) an analysis and comparison on the basis of each reportable operating segment or other part of the business, as well as on the issuer as a whole, if necessary to understand the analysis and comparison;
- (c) factors internal to the issuer as well as external economic and industry factors affecting the issuer;
- (d) an explanation of why changes have or have not occurred in the financial condition and results of operations of the issuer;
- (e) the effect of discontinued operations; and
- (f) major changes in the direction of the business.

**“INSTRUCTIONS**

(1) *For purposes of paragraph (b), in making the determination whether an analysis and comparison on the basis of a reportable operating segment or other part of the business is required, give consideration to whether any part of the business has a disproportionate effect on revenues, profitability or cash needs; whether there are any legal or other restrictions on the free flow of funds from one part of the issuer's business to another; and whether known trends, demands, commitments, events or uncertainties within a part of the business are reasonably likely to have a material effect on the business as a whole.*

(2) *For purposes of paragraph (c), in providing an explanation of causes affecting more than one item, an overall analysis is sufficient.*

(3) *Issuers need only include information that is reasonably available to the issuer and that does not clearly appear in the issuer's financial statements. Numerical data included in, or readily calculable from, the financial statements need not be repeated in the analysis and comparison. For example, if it is clear from the comparative financial statements what the amount of increase or decrease in revenues or the respective percentage change would be from the prior year, it is not necessary to include this information in the discussion since it is readily calculable. Nonetheless, showing these increases and decreases immediately before the discussion is often useful to readers.*

(2) Describe and quantify any events or items that have had a material impact on the issuer's financial condition, cash flows or results of operations during the issuer's fourth quarter of its most recently completed financial year, including extraordinary or infrequently occurring items, year-end and other adjustments and disposals of business segments.

**“INSTRUCTIONS** *Infrequently occurring items are those which do not have all of the characteristics of extraordinary items, as that term is defined by the Handbook, but result from transactions or events that are not expected to occur frequently over several years or are not typical of the issuer's normal business activities.*

(3) Disclose information on risks and uncertainties facing the issuer necessary to understand the issuer's financial condition, changes in financial condition and results of operations.

(4) Provide an analysis of the risks, events and uncertainties that could cause reported financial information to not necessarily be indicative of future operating results or of future financial position. Include both qualitative and quantitative descriptions of factors that:

(a) could have an effect on future operations or financial position and have not had an effect in the past; and

(b) have had an effect on reported operations or financial position, and are not expected to have an effect in the future.

- (5) Describe any changes in the accounting policies of the issuer adopted subsequent to its most recent financial year end or any changes in its accounting policies that are expected to be adopted by the issuer, including those resulting from a change in an accounting standard, or the issuance of a new accounting standard, that does not require adoption until some future date. Disclose the estimated effect on the financial statements of the implementation of any changes in the accounting policies described.
- (6) If not already disclosed in the issuer's financial statements, provide:
- (a) a discussion of the nature and extent of the issuer's use of financial instruments and the business purposes that they serve;
  - (b) an analysis of the risks associated with the issuer's financial instruments;
  - (c) an analysis of management's policies for controlling the risks associated with the issuer's financial instruments, including an analysis of, if applicable, the issuer's policies for the hedging of risk exposures, the avoidance of undue concentrations of risk and any requirements for collateral to mitigate credit risks, and, if the issuer has no policies for controlling the risks associated with the issuer's financial instruments, a statement indicating that the issuer does not have any such policies;
  - (d) a discussion of the relationships between financial instruments and the components of individual financial instruments that may affect the amount, timing or certainty of cash flows;
  - (e) disclosure of significant accounting policies for financial instruments, including a description of how each class of financial instrument is reported in the financial statements, the policies for recognition and measurement of financial instruments, and the financial statement classification of gains and losses; and
  - (f) significant assumptions made in determining the fair value of financial instruments, the total amount of the change in fair value of financial instruments recognized in income for the period, and the total amount of deferred or unrecognized gains and losses on financial instruments.

#### “INSTRUCTIONS

- (1) *The discussion required under paragraph (a) should be designed to enhance a reader's understanding of the significance of recognized and unrecognized financial instruments on the issuer's financial position, results and cash flows. The information should also be designed to assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments.*
- (2) *For purposes of paragraph (c), if the issuer is exposed to significant price, credit or liquidity risks, consideration should be given to providing a sensitivity analysis or tabular information that assists readers in assessing the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the issuer's exposure to price risk.*
- (3) *A discussion of the existence and terms of master netting agreements and the relationship between liability and equity components of convertible debt instruments would be appropriate for purposes of paragraph (d).*

(7) If a decision to proceed with a transaction has been made by an issuer's board of directors, or by senior management with the expectation of concurrence from the board of directors, and the transaction involves an asset acquisition or disposition or an acquisition or disposition of a business, whether structured as an asset or share transaction, discuss the transaction and its anticipated effect as part of MD&A. Disclosure is not required if the issuer has made a confidential filing under the continuous disclosure provisions of securities legislation.

**“Item 2: Quarterly Information**

(1) Subject to paragraphs (2) and (3), for each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs 1, 2 and 3 of Item 5.1 of the AIF.

(2) For an issuer that has not been a reporting issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs 1, 2 and 3 of Item 5.1 of the AIF for the period that the issuer was not a reporting issuer only if the issuer has prepared quarterly financial statements for that period.

(3) If the issuer is only required to file six month interim financial statements, the information required under paragraph (1) may instead be provided for each of the four most recently completed six month periods ended at the end of the most recently completed financial year.

**“Item 3: Liquidity and Capital Resources**

(1) With respect to the issuer's liquidity:

(a) discuss the ability of the issuer to generate adequate amounts of cash and cash equivalents, in the short term and the long term, when needed and to maintain capacity to provide for planned growth;

(b) identify any known trends or expected fluctuations in the issuer's liquidity, taking into account known demands, commitments, events or uncertainties; if a deficiency is identified, indicate the course of action that has been taken or is proposed to be taken to remedy the deficiency;

(c) describe those balance sheet conditions or income or cash flow items that the issuer believes may be indicators of its liquidity;

(d) describe generally the requirements relating to working capital;

(e) disclose the nature and extent of legal or practical restrictions on the ability of subsidiaries to transfer funds to the issuer and the effect that these restrictions have had or are expected to have on the ability of the issuer to meet its obligations; and

(f) if the issuer is in arrears in the payment of dividends, interest or principal payment on borrowings, disclose this fact and provide details; if the issuer is in default on any debt covenants or was in default during the most recently completed financial year, disclose information concerning the default and the method or anticipated method of curing the default; if the issuer is unable to make required redemptions or retractions or sinking fund payments, disclose this information and provide details; and if the issuer anticipates being, in the current financial year, in any of the circumstances described in this paragraph, disclose this information and provide details.

“INSTRUCTIONS *Examples of the disclosure required under paragraph (d) include situations where significant quantities of inventory are required to be carried to meet rapid delivery requirements of customers or where extended payment terms have been provided to customers or furnished by suppliers.*

(2) With respect to the issuer’s capital resources:

(a) describe and quantify commitments for capital expenditures as of the end of the most recently completed financial year, indicate the general purpose of these commitments and the anticipated source of funds needed to fulfil these commitments, and quantify expenditures that are necessary but not yet committed to meet plans discussed under MD&A or elsewhere in the AIF;

(b) describe any known trends, favourable or unfavourable, in the issuer’s capital resources, indicating any expected changes in the mix and relative cost of these resources; and

(c) briefly discuss sources of financing that have been arranged but not yet utilized.

“INSTRUCTIONS *Discussions of liquidity and capital resources may be combined if this facilitates the discussion.*

#### “Item 4: Results of Operations

(1) Describe any unusual or infrequent events or transactions and any significant economic changes that in each case materially affect income or loss from continuing operations and the extent to which income or loss from continuing operations is affected. Also disclose any other significant components of revenue or expense necessary to understand the results of operations.

(2) Describe any known trends or uncertainties that have had or that the issuer reasonably expects will have a favourable or unfavourable effect on net sales or revenues or income or loss from continuing operations. If the issuer knows of factors that are expected to cause a change in the relationship between costs and revenues, disclose the expected change in the relationship and the cause.

“INSTRUCTIONS *Examples of such events include known future changes in costs of labour or materials or price changes or inventory adjustments.*

- (3) Provide a discussion of the extent to which any changes in net sales or revenues are attributable to changes in selling prices, to changes in the volume or quantity of goods or services being sold, or to the introduction of new products or services.
- (4) Discuss briefly any effect of inflation and specific price changes on the issuer's net sales and revenues and on income or loss from continuing operations. For purposes of the discussion, no specific numerical financial data need be presented.
- (5) If the issuer's business is still in the development stage, include the analysis of the issuer's results of operation a discussion of the issuer's material expenditures.

**“NATIONAL INSTRUMENT 44-101  
SHORT FORM PROSPECTUS DISTRIBUTIONS**

**“FORM 44-101F3  
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 National Instrument 44-101 Short Form Prospectus Distributions shall bear that definition or interpretation. Other definitions are set out in National Instrument 14-101 Definitions.*
- (3) *In determining the degree of detail required a standard of materiality should be applied. Materiality is a matter of judgement in the particular circumstance, and should generally be 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 should 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 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 10.2 and 10.3 of National Instrument 44-101 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 any easy to read format. The presentation of information should comply with the plain language principles listed in section 9.2 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 the issuer'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.*

(9) *An issuer that is a special purpose vehicle 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.*

#### **"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).'*



“INSTRUCTIONS *Issuers shall complete the bracketed information by:*

- (i) *inserting the names of each jurisdiction in which the issuer intends to offer securities under the short form prospectus;*
- (ii) *stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories; or*
- (iii) *identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdiction]).*

“**1.3 Basic Disclosure about the Distribution** - State the following immediately below the disclosure required under Items 1.1 and 1.2, 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]

“INSTRUCTIONS

- (1) *The description of the number and type of securities being distributed shall include the restricted share terms, if any, prescribed by securities legislation.*
- (2) *If the offering price is in a currency other than the Canadian dollar or the U.S. dollar, comply with the exchange rate disclosure requirements of National Policy Statement No. 14 Acceptability of Currencies in Material Filed with Securities Regulatory Authorities, or any successor instrument.*

“**1.4 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:

	<b>Price to public</b> <b>(a)</b>	<b>Underwriting discounts or commissions</b> <b>(b)</b>	<b>Proceeds to issuer or selling security holders</b> <b>(c)</b>
Per security			
Total			

- (2) If there is an over-allotment option, describe the terms of the option and the fact that the short form prospectus qualifies both the grant of the option and the issuance or transfer of securities that will be issued or transferred if the option is exercised.

- (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.
- (4) If debt securities are distributed at a premium or a discount, state in **bold 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 security holder 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 security holder;
  - (b) consideration other than discounts granted and cash paid or payable by the issuer or selling security holder, including warrants and options; and
  - (c) any finder's fees or similar required payment.
- (7) If a security is being distributed for the account of a selling security holder, state the name of the selling security holder and a cross-reference to the applicable section in the short form prospectus where further information about the selling security holder is provided. State the portion of expenses of the distribution to be borne by the selling security holder and, if none of the expenses of the distribution are being borne by the selling security holder, include a statement to that effect and discuss the reasons why this is the case.
- (8) If the underwriter has been granted a compensation option, state whether the short form prospectus qualifies the grant of all or part of the compensation option and provide a cross-reference to the applicable section in the short form prospectus where further information about the compensation option is provided.

#### “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, express the information as a percentage.*

#### “1.5 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 security holder;

- (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 as between purchasers 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 security holder.

**“1.6 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 **bold type** a cross-reference to the section in the short form prospectus where disclosure concerning the possible price decrease is provided.

**“1.7 Market for Securities**

- (1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer 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 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 to exist after the distribution, state the following in **bold type**:

**‘There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus.’**

**“1.8 Underwriter(s)**

- (1) State the name of each underwriter.
- (2) If applicable:
  - (a) until Multilateral Instrument 33-105 Underwriting Conflicts comes into force, provide the disclosure required by Item 15 of Appendix B of National Policy Statement No. 47 Prompt Offering Qualification System as that National Policy read immediately before it was revoked; and

(b) after Multilateral Instrument 33-105 comes into force, comply with the requirements of Multilateral Instrument 33-105 for cover 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 **bold 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.

**"1.9 International Issuers** - If the issuer, a selling security holder, a credit supporter of the securities being distributed under the short form prospectus or a promoter of the issuer is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, comply with National Instrument 41-101 Prospectus Disclosure Requirements by stating the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

'The [issuer, selling security holder, credit supporter and/or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the issuer, selling security holder, credit supporter and/or promoter] 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 collect from the issuer, selling security holder, credit supporter or promoter, judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation.'

**"Item 2: Name of Issuer and Intercorporate Relationships**

**"2.1 Name 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.

**"2.2 Intercorporate Relationships** - Describe, by way of a diagram or otherwise, the intercorporate relationships among the issuer and the issuer's subsidiaries as of the most recent financial year end of the issuer. For each subsidiary state:

(a) the percentage of the votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the issuer;

(b) the percentage of each class of non-voting securities beneficially owned, or over which control or direction is exercised, by the issuer; and

(c) the place of incorporation or continuance.

“INSTRUCTIONS *A particular subsidiary may be omitted if:*

*(a) the total assets of the subsidiary do not constitute more than 10 per cent of the consolidated assets of the issuer at the most recent financial year end;*

*(b) the sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues of the issuer at the most recent financial year end; 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 per cent in those paragraphs were changed to 20 per cent.*

**“Item 3: Summary Description of Business**

**“3.1 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 4: Consolidated Capitalization and Financial Information Released**

**“4.1 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 comparative financial statements for the issuer’s most recently completed financial year filed with the securities regulatory authority.

**“4.2 Financial Information of the Issuer Released** - If before the short form prospectus is filed, financial information about the issuer for a period for which financial statements are required to be filed is publicly disseminated by or on behalf of the issuer through news release or otherwise, the short form prospectus shall include the content of the news release or public communication.

**“Item 5: Use of Proceeds**

**“5.1 Proceeds** - State the estimated net proceeds to be received by the issuer or selling security holder 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 security holder from the sale of the securities distributed. 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.

**“5.2 Principal Purposes** - 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.

**“Item 6: Plan of Distribution**

**“6.1 Disclosure of Market Out** - 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, 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 security holder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security holder] 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 security holder] 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.’

**“6.2 Best Efforts Offering** - Outline briefly the plan of distribution of any securities being distributed other than on the basis described in Item 6.1.

**“6.3 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.

**“6.4 Over-Allotments** - If the issuer, a selling security holder 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, disclose this information.

**“6.5 Minimum Distribution** - If a minimum amount of funds is required under the issue and the securities are to be distributed on a best efforts basis, state the minimum amount required to be raised and the maximum that could be raised. Also indicate that the distribution will not continue for a period of more than 90 days after the date of the receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless each of the persons and companies who subscribed within that period has consented to the continuation.

**“6.6 Reduced Price Distributions** - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial public offering price disclosed in the short form prospectus and thereafter change, from time to time, the price at which securities are distributed under the short form prospectus in accordance with the procedures permitted by National Instrument 44-101, disclose that, after the underwriter has made a reasonable effort to sell all of the securities at the initial public offering price disclosed in the short form prospectus, the offering price may be decreased, and further changed from time to time, to an amount not greater than the initial offering price disclosed in the short form prospectus and that the compensation realized 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 security holder.

**“6.7 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].’

**“6.8 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 security holders.]’

## **“Item 7: Earnings Coverage Ratios**

### **“7.1 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 paragraph (2):

1. The earnings coverage ratio based on the 12 month period ended on the last day of the most recently completed period for which audited annual financial statements of the issuer have been, or are required to have been, filed with any Canadian securities regulatory authority.

2. The earnings coverage ratio based on the 12 month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been, or are required to have been, filed with any Canadian securities regulatory authority, if the period is subsequent to the last day of the most recently completed period for which audited annual financial statements of the issuer have been, or are required to have been, filed with any Canadian securities regulatory authority.

(2) Adjust the ratios referred to in paragraph (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) all preferred shares issued since the date of the annual or interim financial statements; and
    - (ii) all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual or interim financial statements and 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 long-term financial liabilities, as defined in the Handbook;
  - (d) the repayment, redemption or other retirement of all long-term financial liabilities, as defined in the Handbook, since the date of the annual or interim financial statements and all long-term financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the short form prospectus; and
  - (e) the servicing costs that were incurred, or are expected to be incurred, in relation to the adjustments.
- (3) If the issuer is distributing, or has outstanding, debt securities that are accounted for, in whole or in part, as equity under Canadian GAAP, disclose in notes to the ratios required under paragraph (1):
- (a) that the ratios have been calculated excluding the carrying charges for those securities that have been reflected in equity in the calculation of the issuer's interest and dividend obligations;
  - (b) that if those securities had been accounted for in their entirety as debt for the purpose of calculating the ratios required under paragraph (1), the entire amount of the annual carrying charges for those securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and
  - (c) the earnings coverage ratios for the periods referred to in paragraph (1), calculated as though those securities had been accounted for as debt.

#### “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. Earnings coverage is calculated by dividing an entity's earnings (the numerator) by its interest and dividend obligations (the denominator).*
- (2) *For the earnings coverage calculation:*
  - (a) *the numerator should be calculated using consolidated net income before interest and income taxes;*
  - (b) *imputed interest income from the proceeds of a distribution should not be added to the numerator;*
  - (c) *an issuer may also present, as supplementary disclosure, a coverage calculation based on earnings before discontinued operations and extraordinary items;*



(d) for distributions of debt securities, the appropriate denominator is interest expense determined in accordance with generally accepted accounting principles, after giving effect to the new debt issue and any retirement of obligations plus the amount of interest that has 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 interest requirements, including the amount of interest that has been capitalized during the period, less any retirement obligations;

(ii) the coverage calculation should gross up dividends to a before-tax equivalent (the 'prior deduction method') using the issuer's effective income tax rate (the rate that is reconciled to the basic income tax rate in the issuer's financial statement notes); and

(iii) the combined interest and dividend method (the 'combined method'), and not the prior deduction method, should be used to calculate earnings coverage; 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 being offered pursuant to the short form prospectus.

(3) The prior deduction method referred to in Instruction 2(e)(ii) reflects the net coverage for preferred dividends after meeting interest obligations and results in a higher ratio than the combined method. As investors may falsely interpret the higher ratio as indicating less risk, without appreciating the fact that debtholders rank before preferred shareholders, the combined method should be used, although disclosure of a supplementary coverage ratio calculated using the prior deduction method is permitted.

(4) The denominator represents a pro forma calculation of the aggregate of an issuer's interest obligations on all long-term debt 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 long-term debt and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual or interim financial statements;

(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;

(c) *the repayment or redemption of all long-term debt since the date of the annual or interim financial statements, all long-term debt 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 or interim financial statements 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; and*

(d) *the servicing costs that were incurred, or will be incurred, in relation to the above adjustments.*

(5) *If meaningful in the circumstances, the earnings coverage ratio must be calculated and disclosed based on a pro forma income statement that is included in a short form prospectus.*

(6) *For debt securities, disclosure of earnings coverage shall include language similar to the following:*

*'The Company's interest 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 •. The Company's earnings before interest and income tax for the 12 months then ended was \$•, which is • times the Company's interest requirements for this period.'*

(7) *For preferred share issues, disclosure of earnings coverage shall include language similar to the following:*

*'The Company'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 •. The Company's interest requirements for the 12 months then ended amounted to \$•. The Company's earnings before interest and income tax for the 12 months ended • was \$•, which is • times the Company's aggregate dividend and interest requirements for this period.'*

(8) *If the issuer is a wholly-owned subsidiary of a credit supporter, has no operations or only minimal operations, that are independent of the credit supporter and is an entity that functions essentially as a special purpose vehicle, disclose the earnings coverage of the credit supporter. If this disclosure is included, the earnings coverage of the issuer may not be material and, if not material, may be omitted. If the issuer is a wholly-owned subsidiary of the credit supporter but has more than minimal operations that are independent of the credit supporter, or if the issuer is not a wholly-owned subsidiary of the credit supporter, the earnings coverage of both the credit supporter and the issuer shall be disclosed.*

(9) *If the earnings coverage is less than one-to-one, disclose this fact in bold-face on the cover page of the short form prospectus. While the actual coverage ratio should not be disclosed in these circumstances, the dollar amount of the coverage deficiency (i.e., the dollar amount of earnings required to attain a ratio of one-to-one) should be disclosed in the body of the short form prospectus.*

*(10) 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 8: Description of Securities Being Distributed**

**“8.1 Shares** - If shares are being distributed, state the description or the designation of the class of the shares 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 shareholder to contribute additional capital.

**“8.2 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 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.

**“8.3 Asset-backed Securities** - If asset-backed securities are being distributed, describe:

- (a) the material attributes and characteristics of the asset-backed securities, including:
  - (i) the rate of interest or stipulated yield and any premium;
  - (ii) 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;
  - (iii) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital;
  - (iv) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer;
  - (v) 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
  - (vi) 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;
- (b) information on 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:
  - (i) the composition of the pool as of the end of the period;
  - (ii) income and losses from the pool for the period, presented on an at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets; and
  - (iii) 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;
- (c) the type or types of the 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;

- 
- (d) any person or company who:
- (i) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so;
  - (ii) 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;
  - (iii) 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:
    - (A) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely;
    - (B) a replacement provider of the services is likely to achieve materially worse results than the current provider;
    - (C) the current provider of the services is likely to default in its service obligations because of its current financial condition; or
    - (D) the disclosure is otherwise material;
  - (iv) 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
  - (v) 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;
- (e) the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in paragraph (d);
- (f) the terms of any material relationships between:
- (i) any of the persons or companies referred to in paragraph (d) or any of their respective affiliates; and
  - (ii) the issuer;
- (g) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in paragraph (d) and the terms on which a replacement may be appointed; and
- (h) 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 paragraph (b) 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 clause (a)(vi) have occurred, are being satisfied or may be satisfied.*

(2) *If the information required under paragraph (b) 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 such that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with paragraph (b) by providing the information 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 paragraph (d) and the contractual arrangements underlying the asset-backed securities is encouraged.*

**“8.4 Specified Derivatives** - If specified derivatives are being distributed, describe fully the material attributes and characteristics of the specified derivatives, including:

- (a) the calculation of the value or payment obligations under the derivatives;
- (b) the exercise of the derivatives;
- (c) the settlement of exercises 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.

**“8.5 Other Securities** - If securities other than shares, debt securities, asset-backed securities or specified derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

**“8.6 Modification of Terms** - Describe provisions as to 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.

**“8.7 Ratings** - If one or more ratings, including provisional ratings, have been received 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, 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 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 to be made by, an approved rating organization that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this paragraph.

**“8.8 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.

**“8.9 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.

**“INSTRUCTIONS**

- (1) *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 prospectus.*
- (2) *No information need be given as to any class of securities that is to be redeemed or otherwise retired if appropriate steps to assure redemption or retirement have been or will be taken before or contemporaneously with the delivery of the securities being distributed.*

**“Item 9: Selling Security Holder**

**“9.1 Selling Security Holder** - If any of the securities being distributed are to be distributed for the account of a security holder, state the following:

1. The name of the security holder.
2. The number or amount of securities owned by the security holder of the class being distributed.
3. The number or amount of securities of the class being distributed for the account of the security holder.
4. The number or amount of securities of the issuer of any class to be owned by the security holder 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.
6. The date or dates the security holder acquired the securities.
7. If the security holder in the 12 months preceding the date of the preliminary short form prospectus acquired any securities of the same class as the securities being distributed, the cost to the security holder in the aggregate and on a per security basis.

**“Item 10: Resource Property**

**“10.1 Resource Property** - If a material part of the proceeds of a distribution is to be expended on a particular resource property and if the current AIF does not contain the disclosure required under Item 4.3 or 4.4, as appropriate, of Form 44-101F1 for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under Item 4.3 or 4.4, as appropriate.

**“Item 11: Significant Acquisitions and Significant Dispositions****“11.1 Significant Acquisitions and Significant Dispositions**

- (1) Disclose:
  - (a) any significant acquisition completed by the issuer or any significant probable acquisition proposed by the issuer, for which financial statements are required under Part 4 or 5 of the National Instrument; and
  - (b) any significant disposition completed by the issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements are required under Part 6 of the National Instrument.
- (2) Include particulars of:
  - (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;



- (b) the actual or proposed date of each significant acquisition or significant disposition;
  - (c) the consideration, both monetary and non-monetary, paid or to be paid to or by the issuer;
  - (d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;
  - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the issuer;
  - (f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation or Canadian securities directions of a Canadian securities regulatory authority or a requirement of a Canadian stock exchange to support the value of the consideration received or paid by the issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
  - (g) whether the transaction is with an insider, associate, or affiliate of the issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the issuer.
- (3) Include the financial statements required under Part 4 of National Instrument 44-101.

## **“Item 12: Documents Incorporated by Reference**

### **“12.1 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. Material change reports, except confidential material change reports, filed after the commencement of the issuer’s current financial year.
  3. The comparative interim financial statements for the issuer’s most recently completed financial period for which the issuer prepares interim financial statements that have been filed.
  4. The comparative financial statements, together with the accompanying report of the auditor, for the issuer’s most recently completed financial year for which annual financial statements have been filed.
  5. If, before the prospectus is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under paragraphs 3 or 4 is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication.

6. MD&A for the annual comparative financial statements referred to in paragraph 4.
  7. MD&A for the issuer's interim financial statements included in the short form prospectus, to the extent that the issuer is required to file interim MD&A with a Canadian securities regulatory authority.
  8. Except as provided in Item 12.5, information circulars or, if the issuer is not required under securities legislation to prepare information circulars, annual filings that, in each case, have been filed after the commencement of the issuer's current financial year.
- (2) In the statement incorporating the documents listed in paragraph (1) by reference in a short form prospectus, clarify that 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) If the issuer:
- (a) has filed an AIF in a form of a current annual report on Form 10-K or Form 20-F under the 1934 Act, as permitted under section 3.4 of National Instrument 44-101;
  - (b) is incorporated, organized or continued under the laws of Canada or a jurisdiction; and
  - (c) has based the discussion in the MD&A that forms part of the AIF on financial statements prepared other than in accordance with Canadian GAAP;

the issuer shall incorporate by reference a supplement which shall restate, based on financial statements of the issuer prepared in accordance with Canadian GAAP, those parts of the annual MD&A that are based on financial statements prepared in accordance with foreign GAAP which would read differently if they were based on financial statements prepared in accordance with Canadian GAAP.

#### “INSTRUCTIONS

- (1) Paragraph 3 of subsection (1), requires issuers to include interim financial statements for only the most recently completed three, six or nine month period. (See the definition of ‘interim period’ in National Instrument 44-101.) Issuers that choose to incorporate additional interim financial statements are reminded that subsection 10.3 of National Instrument 44-101 requires a comfort letter from an auditor to be delivered, commenting on any unaudited financial statement included in the short form prospectus.*
- (2) Paragraph 5 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.*
- (3) Paragraph 6 of subsection (1) is a document that forms part of or is incorporated by reference in an issuer's AIF.*

(4) *Any material incorporated by reference in a short form prospectus is required under sections 10.2 and 10.3 of National Instrument 44-101 to be filed with the short form prospectus unless it has been previously filed.*

**“12.2 Mandatory Incorporation by Reference of Future Documents** - State that the following documents, 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:

1. Material change reports, except confidential material change reports.
2. Comparative interim financial statements.
3. Comparative financial statements for the issuer's most recently completed financial year, together with the accompanying report of the auditor.
4. Except as provided in Item 12.5, information circulars or, if the issuer is not required under securities legislation to prepare information circulars, annual filings.

**“12.3 Exception for Guaranteed Securities** - Despite Items 12.1 and 12.2, paragraphs 3 and 4 of Item 12.1(1) do not apply to an issuer to which paragraph 1 or 2 of Item 13.1 applies.

**“12.4 Required Language** - State the following, with the first sentence in **bold 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]. [Insert if the offering is made in Quebec - 'For the purpose of the Province of Quebec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the secretary of the issuer at the above-mentioned address and telephone number'].’

**“12.5 Exception for Certain Filings**

(1) An issuer is not required to incorporate by reference in a short form prospectus the disclosure required under securities legislation in an information circular or annual filing of:

- (a) the repricing downward of options or freestanding stock appreciation rights;
- (b) the composition of the compensation committee of the board of directors of an issuer and its report on executive compensation; and
- (c) 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 or a published industry or line-of-business index or other issuers.

(2) An issuer is not required to incorporate by reference in a short form prospectus disclosure in an information circular of an issuer's corporate governance practices, if that disclosure is in the information circular in order to comply with disclosure requirements of an exchange or other market on which the issuer's securities trade.

**“12.6 List of Material Change Reports** - List the material change reports filed by the issuer since the commencement of the issuer’s current financial year. In each case, provide the date of filing and a brief description of the material change.

**“12.7 Reverse Take-Overs** - If an issuer has been involved in a business combination accounted for as a reverse take-over bid, financial statements of the legal subsidiary, as that term is used in the Handbook, shall be incorporated by reference in the short form prospectus.

### **“Item 13: Issues of Guaranteed Securities**

#### **“13.1 Issuer Disclosure**

(1) If a credit supporter has provided a guarantee or alternative credit support to the issuer for all or substantially all of the payments to be made under the securities to be distributed, provide the following disclosure about the issuer:

1. If the issuer is a wholly owned subsidiary of the credit supporter, has no operations or only minimal operations that are independent of the credit supporter and is an entity that functions essentially as a special purpose division of the credit supporter, a statement that the financial results of the issuer are included in the consolidated financial results of the credit supporter.

2. If the issuer is a wholly owned subsidiary of the credit supporter but has more than minimal operations that are independent of the credit supporter, a summary of financial information relating to the issuer’s operations in a note to the most recent audited annual financial statements of the credit supporter included in the short form prospectus.

3. If the issuer is not a wholly owned subsidiary of the credit supporter, a full narrative description of the business of the issuer.

(2) If paragraph 3 of paragraph (1) applies to an issuer and the issuer does not have a current AIF that is incorporated by reference into the short form prospectus, include the required description either:

(a) directly; or

(b) by incorporating by reference:

(i) if the issuer is a reporting issuer and has an annual information form that has been prepared in compliance with and filed under Canadian securities legislation of a jurisdiction and would be a current AIF if that annual information form had been filed under National Instrument 44-101, the issuer’s annual information form and all other documents required to be incorporated by reference in a short form prospectus under Item 12; or

(ii) if clause (i) is not applicable and the issuer 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, the issuer's latest annual report on Form 10-K or Form 20-F filed with the SEC under the 1934 Act or any other document 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 issuer were registering on Form S-3 or Form F-3 the securities distributed under the short form prospectus.

**“INSTRUCTIONS** *For purposes of Item 13.1, an issuer is considered to be a wholly owned subsidiary of the credit supporter, if the credit supporter owns voting securities representing 96 per cent or more of the votes attached to the outstanding voting securities of the issuer.*

**“13.2 Credit Supporter Disclosure** - 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 by complying with the following:

1. If the credit supporter is a reporting issuer and has a current AIF or an annual information form that has been prepared in compliance with and filed under Canadian securities legislation of a jurisdiction and would be a current AIF if that annual information form had been filed under National Instrument 44-101, incorporating by reference into the short form prospectus the credit supporter's annual information form and all other documents that would be required to be incorporated by reference under Item 12 if the credit supporter were the issuer of the securities.
2. If paragraph 1 is not applicable and the credit supporter 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 documents 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 12.1 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.

**“INSTRUCTIONS** *Documents incorporated by reference are required under sections 8.1 and 8.2 of National Instrument 44-101 to be filed with the short form prospectus unless they have been previously filed.*

**“Item 14: Relationship between Issuer or Selling Security holder and Underwriter**

**“14.1 Relationship between Issuer or Selling Security holder and Underwriter**

- If the issuer or selling security holder is a connected issuer of an underwriter of the distribution, or if the issuer or selling security holder is also an underwriter:

- (a) until Multilateral Instrument 33-105 Underwriting Conflicts comes into force, provide the disclosure required by Item 15 of Appendix B of National Policy Statement No. 47 Prompt Offering Qualification System as that National Policy read immediately before it was revoked; and
- (b) after Multilateral Instrument 33-105 comes into force, comply with the requirements of that Multilateral Instrument.

**“Item 15: Interest of Experts**

**“15.1 Interest of Experts**

- (1) Disclose all direct or indirect interests in the property of the issuer or of an associated party or affiliate of the issuer 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 in a short form prospectus or a document specifically incorporated by reference in a short form prospectus as having prepared or certified a part of that document or a report or valuation described in a short form prospectus or in a document specifically incorporated by reference into a short form prospectus.
- (2) Disclose the beneficial ownership, direct or indirect, by a person or company referred to in paragraph (1) of any securities of the issuer or any associated party or affiliate of the issuer.
- (3) For the purposes of paragraph (2), if ownership is less than one per cent, a general statement to that effect shall be sufficient.
- (4) If a person, or a director, officer or employee of a person or company, referred to in paragraph (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the issuer or of any associated party or affiliate of the issuer, disclose the fact or expectation.

**“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 preliminary short form prospectus, a promoter of the issuer or of a subsidiary of the issuer state:
  - (a) the person or company’s name;
  - (b) the number and percentage of each class of voting securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised 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 or a subsidiary of 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 therefor received or to be received by the issuer or a subsidiary of the issuer; and
- (d) for an asset acquired within the two years before the date of the preliminary short form prospectus or thereafter, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter or a subsidiary of 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, the promoter, or an affiliate of the issuer 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 or past promoter referred to in paragraph (1) has been a director, officer or promoter of any person or company during the 10 years ending on the date of the preliminary short form prospectus that:
- (a) was the subject of a cease trade or similar order, or an order that denied the person or company access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
  - (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been 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.
- (3) 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 or past promoter referred to in paragraph (1) has:
- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
  - (b) 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 making an investment decision.
- (4) Despite paragraph (3), no disclosure is required of a settlement agreement entered into before the date National Instrument 44-101 came into force unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

(5) If a promoter or past promoter referred to in paragraph (1) 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 was 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.

**“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.

**“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 the preceding 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: Statutory Rights of Withdrawal and Rescission**

**“19.1 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,] damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [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.’

**“19.2 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 Item 19.1 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 20: Reconciliation to Canadian GAAP**

**“20.1 Reconciliation to Canadian GAAP** - If financial statements prepared in accordance with foreign GAAP are included in the short form prospectus and a reconciliation to Canadian GAAP has not been incorporated by reference in the short form prospectus, include in the short form prospectus the reconciliation to Canadian GAAP required under paragraph (b) of subsection 7.1(2) of the National Instrument.

**“Item 21: Certificates**

**“21.1 Officers, Directors and Promoters** - Include a certificate in the following form signed by:

- (a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;
- (b) on behalf of the board of directors of the issuer, any two directors of the issuer duly authorized to sign, other than the persons referred to in paragraph (a); and
- (c) any person or company who is a promoter of the issuer:

‘This short form 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 name of each jurisdiction in which qualified]. [Insert if offering made in Quebec - ‘For the purpose of the Province of Quebec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.’]’

**“21.2 Underwriters** - If there is an underwriter, include a certificate in the following form signed by the underwriter or underwriters who, with respect to the securities being distributed, are in a contractual relationship with the issuer or selling security holders:

‘To the best of our knowledge, information and belief, this short form 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 name of each jurisdiction in which qualified]. [Insert if offering made in Quebec - ‘For the purpose of the Province of Quebec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.’]’

**“21.3 Related Credit Supporters** - If disclosure concerning a credit supporter is prescribed by Item 13.2 and the credit supporter is a related credit supporter, an issuer shall include a certificate of the related credit supporter in the form required in Item 21.1 signed by:

(a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the related credit supporter in a capacity similar to a chief executive officer and a person acting on behalf of the related credit supporter in a capacity similar to that of a chief financial officer; and

(b) on behalf of the board of directors of the related credit supporter, any two directors of the related credit supporter duly authorized to sign, other than the persons referred to in paragraph (a).

**“21.4 Amendments**

(6) Include in an amendment to a short form prospectus that does not restate the short form prospectus the certificates required under Items 21.1, 21.2 and, if applicable, Item 21.3 with the reference in each certificate to ‘this short form prospectus’ omitted and replaced by ‘the short form prospectus dated [insert date] as amended by this amendment’.

(7) Include in an amended and restated short form prospectus the certificates required under Items 21.1, 21.2 and, if applicable, Item 21.3 with the reference in each certificate to ‘this short form prospectus’ omitted and replaced by ‘this amended and restated short form prospectus’.

“PART XIV  
[Clause 2(n)]

“NATIONAL INSTRUMENT 44-102  
SHELF DISTRIBUTIONS

“PART 1 DEFINITIONS AND INTERPRETATION

“1.1 Definitions

(1) In this Instrument:

**‘acting jointly or in concert’** has the meaning ascribed to that phrase in securities legislation;

**‘at-the-market distribution’** means a non-fixed price distribution of equity securities under the shelf procedures into a pre-existing trading market in which securities of the same class are traded;

**‘base shelf prospectus’** means a short form prospectus that is prepared in the form required under National Instrument 44-101 Short Form Prospectus Distributions, as varied in accordance with this Instrument;

**‘clearing corporation’** has the meaning ascribed to that term in National Instrument 81-102 Mutual Funds;

**'conventional convertible security'** means a security of an issuer that is, according to its terms, convertible into, or exchangeable for, other securities of the issuer, or of an affiliate of the issuer;

**'conventional warrant or right'** means a security of an issuer, other than a clearing corporation, that gives the holder the right to purchase securities of the issuer or of an affiliate of the issuer;

**'index participation unit'** means a security traded on a stock exchange in Canada or the United States and issued by an issuer the only purpose of which is to:

- (a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in the index; or
- (b) invest in a manner that causes the issuer to replicate the performance of that index;

**'method 1'** means the method described in Appendix A of providing forward looking prospectus certificates in a base shelf prospectus or in a shelf prospectus supplement that establishes an MTN program or continuous distribution;

**'method 2'** means the method described in Appendix B of providing non-forward looking prospectus certificates in a base shelf prospectus and a shelf prospectus supplement;

**'MTN program'** means a continuous distribution of debt securities in which the specific variable terms of the individual debt securities and the method of distribution of those securities are determined at the time of the distribution;

**'novel'** means:

- (a) for a specified derivative proposed to be distributed using the shelf procedures:
  - (i) a derivative of a type that has not been distributed by way of prospectus in at least one jurisdiction before the proposed distribution, or;
  - (ii) a derivative of a type that has been distributed by way of prospectus in at least one jurisdiction before the proposed distribution, but:
    - (A) the attributes of the derivative differ materially from the attributes of derivatives of the same type previously distributed by way of prospectus;
    - (B) the structure and contractual arrangements underlying the derivative differ materially from the structure and contractual arrangements underlying derivatives of the same type previously distributed by way of prospectus; or
    - (C) the type of the underlying interest for the derivative differs materially from the type of underlying interest for derivatives of the same type previously distributed by way of prospectus; and

(b) for an asset-backed security proposed to be distributed using the shelf procedures:

(i) a security of a type that has not been distributed by way of prospectus in at least one jurisdiction before the proposed distribution; or

(ii) a security of a type that has been distributed by way of prospectus in at least one jurisdiction before the proposed distribution, but:

(A) the attributes of the security differ materially from the attributes of securities of the same type previously distributed by way of prospectus;

(B) the structure and contractual arrangements underlying the security differ materially from the structure and contractual arrangements underlying securities of the same type previously distributed by way of prospectus; or

(C) the type of financial assets servicing the security differ materially from the type of financial assets servicing securities of the same type previously distributed by way of prospectus;

**'pricing supplement'** means a shelf prospectus supplement that contains the price of securities distributed under an MTN program or other continuous distribution using the shelf procedures;

**'shelf information'** means the information permitted by this Instrument to be omitted from a base shelf prospectus;

**'shelf procedures'** means the requirements in this Instrument for the distribution of securities under a base shelf prospectus and a shelf prospectus supplement;

**'shelf prospectus supplement'** means a supplement to a base shelf prospectus, containing some or all of the information omitted from the base shelf prospectus as permitted by this Instrument;

**'special warrant'** means a security that, by its terms or the terms of an accompanying contractual obligation, entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of the special warrant or the other security to undertake efforts to file a prospectus to qualify the distribution of the other security;

**'specified derivative'** means an instrument, agreement or security, the market price, value or payment obligations of which are derived from, referenced to, or based on an underlying interest, other than one that is also:

(a) a conventional convertible security;

(b) a specified asset-backed security;

(c) an index participation unit;

(d) a government or corporate strip bond;

(e) a capital, equity dividend or income share of a subdivided equity or fixed income security;

- (f) a conventional warrant or right; or
- (g) a special warrant; and

**'stabilization provisions'** means those provisions of securities legislation that prohibit an issuer, selling securityholder, underwriter or dealer, or an affiliate of any of the foregoing persons or companies, or any person or company acting jointly or in concert with any of them from trading in securities being distributed by way of prospectus during the period of distribution.

(2) All terms defined in National Instrument 44-101 and used, but not defined, in this Instrument have the respective meanings ascribed to them in National Instrument 44-101.

**"1.2 Amendments** - References in this Instrument, other than in Appendix A and Appendix B, to an amendment to a prospectus include both an amendment that does not fully restate the text of a prospectus and an amended and restated prospectus.

**"1.3 Market Value Calculation** - For the purposes of this Instrument, the aggregate market value of an issuer's equity securities on a date shall be calculated in accordance with section 2.9 of National Instrument 44-101.

## **"PART 2 SHELF QUALIFICATION AND PERIOD OF RECEIPT EFFECTIVENESS**

**"2.1 General** - An issuer shall not file a short form prospectus that is a base shelf prospectus, unless the issuer is qualified to do so under this Instrument or has been exempted from this section under section 11.1.

**"2.2 Shelf Qualification for Distributions Qualified under Section 2.2 (Basic Qualification) or 2.8 (Following a Reorganization) of National Instrument 44-101**

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus if, at the time of filing, the issuer is qualified under section 2.2 or 2.8 of National Instrument 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of:

- (a) the date 25 months from the date of its issue;
- (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time:
  - (i) the issuer does not have a current AIF; or
  - (ii) the aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, has not been \$75,000,000 or more on a date within 60 days before the date of the agreement; and

- (c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

**“2.3 Shelf Qualification for Distributions Qualified under Section 2.3 of National Instrument 44-101 (Substantial Issuers)**

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus if, at the time of filing, the issuer is qualified under section 2.3 of National Instrument 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of:

- (a) the date 25 months from the date of its issue;
- (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time:
  - (i) the issuer does not have a current AIF; or
  - (ii) the aggregate market value of the issuer’s equity securities, listed and posted for trading on an exchange in Canada, has not been \$300,000,000 or more on a date within 60 days before the date of the agreement; and

- (c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

**“2.4 Shelf Qualification for Distributions Qualified under Section 2.4 of National Instrument 44-101 (Approved Rating Non-Convertible Securities)**

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus for approved rating non-convertible securities if, at the time of filing, the issuer has reasonable grounds for believing that, if it were to distribute securities under the base shelf prospectus, the securities distributed would receive an approved rating and would not receive a rating lower than an approved rating from any approved rating organization.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that, if it were to distribute non-convertible securities under the base shelf prospectus, the securities distributed would receive an approved rating and would not receive a rating lower than an approved rating from any approved rating organization.

- (3) A receipt issued for a base shelf prospectus of an issuer filed under subsection (2) is effective until the earliest of:
- (a) the date 25 months from the date of its issue;
  - (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time:
    - (i) the issuer does not have a current AIF;
    - (ii) the securities to which the agreement relates:
      - (A) have not received a final approved rating;
      - (B) are the subject of an announcement by an approved rating organization of which the issuer is or ought 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; or
      - (C) have received a provisional or final rating lower than an approved rating from any approved rating organization; and
  - (c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

**“2.5 Shelf Qualification for Distributions made under Section 2.5 of National Instrument 44-101 (Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives)**

- (1) An issuer is qualified to file a short form prospectus that is a preliminary base shelf prospectus for non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives if, at the time of filing, the issuer is qualified under section 2.5 of National Instrument 44-101 to file a prospectus in the form of a short form prospectus.
- (2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.
- (3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of:
- (a) the date 25 months from the date of its issue;
  - (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time:
    - (i) a person or company has not provided a guarantee or alternative credit support for the securities to which the shelf prospectus supplement relates that satisfies the criteria in paragraph 1 of subsection 2.5(1) of National Instrument 44-101;

- (ii) the credit supporter referred to in subparagraph (i):
  - (A) is not a reporting issuer; or
  - (B) does not have a current AIF; or
- (iii) the aggregate market value of the equity securities of the credit supporter referred to in subparagraph (i), listed and posted for trading on an exchange in Canada has not been \$75,000,000 or more on a date within 60 days before the date of the agreement, and either of the following are true:
  - 1. The credit supporter does not have issued and 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 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.
  - 2. The securities to which the agreement relates:
    - (A) have not received a final approved rating;
    - (B) have been the subject of an announcement by an approved rating organization of which the issuer is or ought 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 received a provisional or final rating lower than an approved rating from any approved rating organization; and
- (c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

**“2.6 Shelf Qualification for Distributions made under Section 2.6 of National Instrument 44-101 (Guaranteed Convertible Debt Securities or Preferred Shares)**

- (1) An issuer is qualified to file a short form prospectus that is a preliminary base shelf prospectus for convertible debt securities and convertible preferred shares if, at the time of filing, the issuer is qualified under section 2.6 of National Instrument 44-101 to file a prospectus in the form of a short form prospectus.
- (2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.



- (3) A receipt issued for a base shelf prospectus qualified under subsection (2) is effective until the earliest of:
- (a) the date 25 months from the date of its issue;
  - (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time:
    - (i) the issuer of the securities into which the securities to which the agreement relates are convertible has not provided a guarantee or alternative credit support that satisfies the criteria in subsection 2.6(1) of National Instrument 44-101;
    - (ii) the credit supporter referred to in subparagraph (i):
      - (A) is not a reporting issuer;
      - (B) does not have a current AIF; or
      - (C) does not have equity securities listed and posted for trading on an exchange in Canada, the aggregate market value of which has been \$75,000,000 or more on a date within 60 days before the date of the agreement; and
  - (c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

**“2.7 Shelf Qualification for Distributions made under Section 2.7 of National Instrument 44-101 (Asset-Backed Securities)”**

- (1) An issuer qualified under section 2.7 of National Instrument 44-101 to file a prospectus in the form of a short form prospectus may file a preliminary base shelf prospectus for asset-backed securities if, at the time of filing, the issuer has reasonable grounds for believing that:
- (a) all asset-backed securities that it may distribute under the base shelf prospectus will receive an approved rating; and
  - (b) no asset-backed securities that it may distribute under the base shelf prospectus will receive a rating lower than an approved rating from any approved rating organization.
- (2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in section 2.7 of National Instrument 44-101 may file the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that:
- (a) all asset-backed securities that it may distribute under the base shelf prospectus will receive an approved rating; and
  - (b) no asset-backed securities that it may distribute under the base shelf prospectus will receive a rating lower than an approved rating from any approved rating organization.

(3) A receipt issued for a base shelf prospectus qualified under subsection (2) is effective for a distribution of asset-backed securities until the earliest of:

- (a) the date 25 months from the date of its issue;
- (b) the time immediately before the entering into of an agreement of purchase and sale for an asset-backed security to be sold under the base shelf prospectus, unless at that time the asset-backed securities to which the agreement relates:
  - (i) have not received a final approved rating;
  - (ii) have 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; or
  - (iii) have received a provisional or final rating lower than an approved rating from any approved rating organization; and
- (c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

**“2.8 Lapse Date - Ontario** - In Ontario, the lapse date prescribed by securities legislation for a receipt issued for a base shelf prospectus is extended to the date 25 months from the date of issuance of the receipt.

**“2.9 Lapse Date - Alberta** - In Alberta, the lapse date prescribed by securities legislation for a receipt issued for a base shelf prospectus is the date 25 months from the date of the issuance of the receipt.

**“2.10 Prohibited Offerings** - Despite any provision in this Instrument, the shelf procedures shall not be used for a distribution of rights under a rights offering.

### **“PART 3 UNALLOCATED SHELF**

**“3.1 Unallocated Shelf Permitted** - A base shelf prospectus may pertain to more than one type of security for which the issuer is qualified to file a prospectus in the form of a short form prospectus.

**“3.2 Distributions of Equity Securities Under Unallocated Shelf** - An issuer or selling security holder that forms a reasonable expectation that a distribution of a tranche of equity securities will proceed under a base shelf prospectus that is not specifically restricted to equity securities shall immediately issue a news release that announces the intention to proceed with the distribution.

**“PART 4 DISTRIBUTIONS OF NOVEL DERIVATIVES OR  
ASSET-BACKED SECURITIES UNDER SHELF**

**“4.1 Distributions of Novel Derivatives or Asset-Backed Securities Under Shelf**

(1) If a base shelf prospectus pertains to specified derivatives or asset-backed securities, the issuer or the selling security holder, as the case may be, shall file before or concurrently with the base shelf prospectus an undertaking that it will not distribute under the base shelf prospectus specified derivatives or asset-backed securities, as the case may be, in the local jurisdiction that, at the time of distribution, are novel without pre-clearing with the regulator in accordance with subsection (2) the disclosure to be contained in a shelf prospectus supplement pertaining to the distribution of the novel specified derivatives or asset-backed securities.

(2) The undertaking referred to in subsection (1) shall state that the issuer or the selling security holder, as the case may be, shall not distribute specified derivatives or asset-backed securities in the local jurisdiction that, at the time of distribution, are novel, unless:

(a) the draft shelf prospectus supplement or, if more than one shelf prospectus supplement is to be used, the draft shelf prospectus supplements, pertaining to the distribution of the novel specified derivatives or asset-backed securities have been delivered to the regulator in substantially final form; and

(b) either:

(i) the regulator has confirmed his or her acceptance of each draft shelf prospectus supplement in substantially final form or each shelf prospectus supplement in final form; or

(ii) 21 days have elapsed since the date of delivery to the regulator of each draft shelf prospectus supplement in substantially final form and the regulator has not provided written comments on the draft shelf prospectus supplement.

**“PART 5 BASE SHELF PROSPECTUSES**

**“5.1 Opting out of the Shelf Procedures After a Preliminary Prospectus has been Received** - An issuer that has filed a preliminary base shelf prospectus shall not file a short form prospectus that is not a base shelf prospectus unless the issuer files:

(a) either:

(i) an amended preliminary short form prospectus in accordance with National Instrument 44-101 that is not a preliminary base shelf prospectus; or

(ii) a new preliminary short form prospectus that is not a preliminary base shelf prospectus; and

(b) a covering letter stating that the issuer or the selling security holder, as the case may be, has decided not to use the shelf procedures for the distribution.

**“5.2 Opting into the Shelf Procedures After a Preliminary Prospectus has been Received** - An issuer that has filed a preliminary short form prospectus that is not a preliminary base shelf prospectus shall not file a base shelf prospectus for the distribution unless the issuer files:

(a) either:

(i) an amended preliminary base shelf prospectus in accordance with this Instrument; or

(ii) a new preliminary short form prospectus that is a preliminary base shelf prospectus in accordance with this Instrument; and

(b) a covering letter stating that the issuer or the selling securityholder, as the case may be, has decided to use the shelf procedures for the distribution.

**“5.3 Form of Base Shelf Prospectus** - Despite National Instrument 44-101, a short form prospectus that is a base shelf prospectus may vary from Form 44-101F3 to the extent required or permitted by this Instrument.

**“5.4 Dollar Value of Securities** - A base shelf prospectus shall pertain to no more than the dollar value of securities that the person or company proposing to distribute securities under the base shelf prospectus reasonably expects, at the time the base shelf prospectus is filed, to distribute within 25 months after the date of the receipt for the base shelf prospectus.

**“5.5 Required Disclosure** - A base shelf prospectus shall contain the following:

1. A statement at the top of the cover page identifying the short form prospectus as a base shelf prospectus.

2. The following statement in red ink in *italics* on the cover page:

*‘This short form prospectus has been filed under legislation in [insert name[s] of the jurisdiction[s] where qualified] that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.’*

3. A statement that all shelf information omitted from the base shelf prospectus will be contained in one or more shelf prospectus supplements that will be delivered to purchasers together with the base shelf prospectus.

4. A statement that each shelf prospectus supplement will be incorporated by reference into the base shelf prospectus for the purposes of securities legislation as of the date of the shelf prospectus supplement and only for the purposes of the distribution of the securities to which the shelf prospectus supplement pertains.

5. A statement of the aggregate dollar amount of securities that may be raised under the base shelf prospectus.
6. Disclosure of the types of securities that may be distributed under the base shelf prospectus.
7. If an undertaking is required to be filed under subsection 4.1(1), a statement that the issuer or the selling security holder, as the case may be, has filed an undertaking that it will not distribute specified derivatives or asset-backed securities, as the case may be, that, at the time of distribution, are novel without pre-clearing with the regulator the disclosure to be contained in the shelf prospectus supplement pertaining to the distribution of the novel specified derivatives or asset-backed securities.
8. The prospectus certificates prescribed by:
  - (a) method 1, if:
    - (i) the base shelf prospectus is being used to establish an MTN program or other continuous distribution; or
    - (ii) method 2 has not been elected; or
  - (b) method 2, if method 2 has been elected.

**“5.6 Disclosure that may be Omitted** - If the specified circumstances exist, a base shelf prospectus may omit the following information:

1. The variable terms of the securities that may be distributed under the base shelf prospectus, if not known on the date the base shelf prospectus is filed.
2. The dollar amount, size and other specific terms of each tranche of securities that may be distributed under the base shelf prospectus, if not known on the date the base shelf prospectus is filed.
3. The variable terms of the plans of distribution for the securities that may be distributed under the base shelf prospectus, if not known on the date the base shelf prospectus is filed.
4. The name and prospectus certificate of an underwriter if, at the time of the filing of the base shelf prospectus, no underwriter is, and it is not known to the issuer that a particular underwriter will be, in a contractual relationship with the issuer or selling security holder requiring the underwriter to distribute under the base shelf prospectus.
5. If one or more underwriters have agreed to purchase the securities to be distributed under the base shelf prospectus at a specified price, the statement required under Form 44-101F3 that the securities are to be taken up by the underwriters, if at all, on or before a specified date.
6. If the securities to be distributed under the base shelf prospectus are underwritten on a best efforts basis for which a minimum amount of funds are required by an issuer, the disclosure required under Form 44-101F3 concerning the maximum length of time for which the distribution may continue and concerning the disposition of subscription funds.

7. Any other information that pertains only to a specific distribution of securities under the base shelf prospectus, if not known on the date the base shelf prospectus is filed.

8. Any other information required under National Instrument 44-101 or other securities legislation that is not known and cannot be ascertained at the time of filing of the base shelf prospectus.

**“5.7 Issue of Receipt** - Despite the omission of shelf information, the regulator may issue a receipt for a base shelf prospectus.

**“5.8 Amendments** - If a material change occurs at a time when no securities are being distributed under a base shelf prospectus, the provisions of securities legislation that require the filing of an amendment to a prospectus if a material change occurs are satisfied by:

- (a) the filing of a material change report; and
- (b) the incorporation by reference in the base shelf prospectus of the material change report.

## **“PART 6 SHELF PROSPECTUS SUPPLEMENTS**

**“6.1 Requirement to Use Shelf Prospectus Supplements** - An issuer or selling security holder that distributes securities under a base shelf prospectus shall supplement the disclosure in the base shelf prospectus with a shelf prospectus supplement, or more than one shelf prospectus supplement, in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities distributed under the prospectus.

### **“6.2 Incorporation by Reference**

(1) An issuer shall incorporate by reference in the corresponding base shelf prospectus by means of a statement in the base shelf prospectus each shelf prospectus supplement referred to in section 6.1 as of the date of the shelf prospectus supplement and only for purposes of the distribution to which the shelf prospectus supplement pertains.

(2) If an issuer does not incorporate by reference in a base shelf prospectus a shelf prospectus supplement required to be incorporated by reference under subsection (1), the shelf prospectus supplement is conclusively deemed for purposes of securities legislation to be incorporated by reference in the issuer's base shelf prospectus as of the date of the shelf prospectus supplement and only for purposes of the distribution to which the shelf prospectus supplement pertains.

### **“6.3 Shelf Prospectus Supplement Disclosure**

- (1) A shelf prospectus supplement shall contain the following:
  1. The name of the issuer on the cover page.
  2. The dates of the corresponding base shelf prospectus and of each previously filed shelf prospectus supplement corresponding to the same base shelf prospectus and pertaining to the same distribution, on the cover page.

3. The prospectus certificates prescribed by:
  - (a) method 1, if the shelf prospectus supplement establishes an MTN program or other continuous distribution; or
  - (b) method 2, if the prospectus certificates prescribed by method 1 have not been included in the corresponding base shelf prospectus and if method 1 is not mandatory under paragraph (a).
4. A list of each document that is incorporated by reference into the corresponding base shelf prospectus as of the date of the shelf prospectus supplement and provides disclosure pertaining to the securities being distributed under the shelf prospectus supplement.

(2) If only one shelf prospectus supplement is used to supplement the disclosure in the corresponding base shelf prospectus pertaining to a distribution of securities, that shelf prospectus supplement shall contain the following, and if more than one shelf prospectus supplement is used to supplement the disclosure in the corresponding base shelf prospectus pertaining to a distribution of securities, the shelf prospectus supplements used shall, together, contain the following:

1. All of the shelf information pertaining to the distribution of securities that was not disclosed in the corresponding base shelf prospectus.
2. All material facts relating to the securities to be distributed and all other information required under securities legislation to be disclosed in a short form prospectus that is not disclosed, either directly or through incorporation by reference, in the corresponding base shelf prospectus.

#### **“6.4 Filing Requirement For Shelf Prospectus Supplements**

- (1) A shelf prospectus supplement shall be filed in the local jurisdiction if a base shelf prospectus to which the shelf prospectus supplement pertains was filed in the local jurisdiction.
- (2) A shelf prospectus supplement that is required to be filed under subsection (1) shall be filed:
  - (a) if the shelf prospectus supplement pertains to a distribution of securities, other than an MTN program or other continuous distribution, on or before the earlier of:
    - (i) the date the shelf prospectus supplement was first sent or delivered to a purchaser or a prospective purchaser; and
    - (ii) the date two business days after the offering price of the securities to which it pertains is determined; or
  - (b) in all other circumstances, on or before the date two business days after the date the shelf prospectus supplement was first sent or delivered to a purchaser or a prospective purchaser.

**“6.5 Underwriters’ Conflicts of Interest** - For a distribution of securities under a base shelf prospectus, the provisions of securities legislation that regulate conflicts of interest in connection with a distribution of securities of a registrant, a connected issuer of a registrant or a related issuer of a registrant:

(a) concerning the participation of independent underwriters shall be satisfied:

(i) on a tranche-by-tranche basis for a distribution other than an MTN program or other continuous distribution; or

(ii) on the basis of the total dollar amount of securities that, at any given time, have been or are being distributed under the program or distribution for a distribution of securities under an MTN program or other continuous distribution; and

(b) concerning disclosure, to the extent not previously satisfied in the base shelf prospectus, shall be satisfied by including the prescribed disclosure in a shelf prospectus supplement pertaining to the distribution.

**“6.6 Market Stabilization** - The stabilization provisions shall be satisfied on a tranche-by-tranche basis for a non-continuous distribution of securities under a base shelf prospectus.

**“6.7 Delivery Requirement** - The shelf prospectus supplement or supplements that, together with the corresponding base shelf prospectus, contain full, true and plain disclosure of all material facts relating to the securities being distributed shall be sent by prepaid mail or delivered to a purchaser of the securities with the base shelf prospectus.

## **“PART 7 SHELF SUPPORTING DOCUMENTS**

**“7.1 General** - The provisions of National Instrument 44-101 requiring the filing of supporting documents with a preliminary short form prospectus, a short form prospectus or a prospectus amendment do not apply to a filing of a preliminary base shelf prospectus, a base shelf prospectus or an amendment to a preliminary base shelf prospectus or to a base shelf prospectus, except to the extent varied in this Part.

### **“7.2 Consents**

(1) If any solicitor, auditor, accountant, engineer or appraiser, or any other person or company whose profession gives authority to a statement made by that person or company, is:

(a) named in a document that is:

(i) incorporated by reference into a base shelf prospectus; and

(ii) filed after the date of filing of the base shelf prospectus; and



- (b) named in the document as having prepared or certified:
  - (i) any part of the base shelf prospectus, amendment or shelf prospectus supplement; or
  - (ii) a report or valuation referred to in the base shelf prospectus or shelf prospectus supplement, either directly or in a document incorporated by reference;

the issuer shall file the written consent of the person or company to being named and to that use of the report or valuation in accordance with subsection (2).

(2) A consent of an expert required under subsection (1) shall be filed in accordance with the following:

1. If the document in which the expert is named is incorporated by reference into the base shelf prospectus by means of a statement to that effect in the base shelf prospectus, the consent shall be filed:
  - (a) no later than the time the document is filed, if the base shelf prospectus establishes an MTN program or other continuous distribution; and
  - (b) in all other circumstances, no later than the time of the next filing of a shelf prospectus supplement corresponding to the base shelf prospectus.
2. If the document in which the expert is named is incorporated by reference into a shelf prospectus supplement by means of a statement to that effect in the shelf prospectus supplement and filed before or concurrently with the shelf prospectus supplement, the consent shall be filed no later than the time the shelf prospectus supplement is filed.
3. If the document in which the expert is named is incorporated by reference into a shelf prospectus supplement by means of a statement to that effect in the shelf prospectus supplement and filed after the shelf prospectus supplement is filed, the consent shall be filed no later than the time the document is filed.

**“7.3 Auditor’s Comfort Letters** - An auditor’s comfort letter for unaudited financial statements incorporated by reference into a base shelf prospectus but filed after the date of filing of the base shelf prospectus shall be filed:

- (a) concurrently with the unaudited financial statements, if the base shelf prospectus establishes an MTN program or other continuous distribution; and
- (b) in all other circumstances, no later than the time of the next filing of a shelf prospectus supplement corresponding to the base shelf prospectus.

**“7.4 Underwriting Agreements**

(1) If, at the time an issuer files a base shelf prospectus, no underwriter is in a contractual relationship with the issuer or selling security holder requiring the underwriter to distribute securities under the base shelf prospectus, the issuer is not required to file a copy of an underwriting agreement with the base shelf prospectus.

(2) If an underwriter enters into a contractual relationship with an issuer or selling security holder requiring the underwriter to distribute securities under a base shelf prospectus after the base shelf prospectus is filed, the issuer shall file a copy of the underwriting agreement pertaining to the distribution concurrently with the next shelf prospectus supplement filed pertaining to that distribution.

**“PART 8 MEDIUM TERM NOTE PROGRAMS AND OTHER CONTINUOUS DISTRIBUTIONS UNDER SHELF**

**“8.1 General** - An issuer that is qualified under Part 2 to file a base shelf prospectus for securities may distribute those securities by way of an MTN program or other continuous distribution, if it files:

(a) a base shelf prospectus or a shelf prospectus supplement that establishes the program or distribution; and

(b) a pricing supplement.

**“8.2 Additional Disclosure Requirements**

(1) Despite section 5.5, a base shelf prospectus or shelf prospectus supplement that establishes an MTN program or other continuous distribution shall contain the following:

1. A description of the method of distribution, including the name of any underwriter involved in the distribution and the amount of any underwriting fee, discount or commission.

2. A description of the intended parameters of the terms of the MTN program or other continuous distribution.

3. At the option of the issuer or selling security holder proposing to distribute securities under the MTN program or other continuous distribution, a statement that the issuer or selling security holder, as the case may be, reserves the right to issue securities under the MTN program or other continuous distribution on terms outside the intended parameters disclosed under paragraph 2.

(2) A pricing supplement for an MTN program or other continuous distribution under the shelf procedures shall contain the following:

1. The terms of the securities distributed that are not disclosed in the base shelf prospectus or shelf prospectus supplement establishing the MTN program or other continuous distribution.

2. A list of each document that is incorporated by reference into the corresponding base shelf prospectus as of the date of the pricing supplement and that provides disclosure pertaining to the securities being distributed under the MTN program or other continuous distribution.

**“8.3 Filing Requirement** - If an issuer sends or delivers to a purchaser or a prospective purchaser in the local jurisdiction a pricing supplement in a particular month, the issuer shall, despite section 6.4, file within seven days after the end of the month:

(a) a copy of each pricing supplement sent or delivered to a purchaser or prospective purchaser during the month, if the pricing supplement had not previously been sent or delivered to any purchaser or prospective purchaser; or

(b) a summary of the information contained in each pricing supplement sent or delivered to a purchaser or prospective purchaser during the month, including:

(i) a list of the pricing supplements referred to in paragraph (a);

(ii) the terms of the securities distributed under each pricing supplement sent or delivered to a purchaser or a prospective purchaser during the month; and

(iii) the aggregate amount of securities distributed under each pricing supplement sent or delivered to a purchaser or a prospective purchaser during the month.

**“8.4 Requirement to Update Earnings Coverage Ratios** - An issuer distributing securities by way of an MTN program or other continuous distribution using the shelf procedures shall:

(a) calculate updated earnings coverage ratios for the ratios contained in its base shelf prospectus each time the issuer prepares interim or audited annual financial statements, using the 12 month period that ended on the last day of the most recently completed financial period; and

(b) file the updated earnings coverage ratios, concurrently with the filing of its financial statements, either:

(i) as an exhibit to the financial statements; or

(ii) as a shelf prospectus supplement corresponding to the base shelf prospectus.

**“PART 9 AT-THE-MARKET DISTRIBUTIONS OF EQUITY  
SECURITIES UNDER SHELF**

**“9.1 At-the-Market Distributions of Equity Securities Under Shelf**

(1) Despite section 11.1 of National Instrument 44-101, equity securities may be distributed by way of an at-the-market distribution using the shelf procedures if the market value of equity securities distributed does not exceed 10 percent of the aggregate market value of the issuer’s outstanding equity securities of the same class as the class of securities distributed, calculated in accordance with section 2.9 of National Instrument 44-101, as at the last trading day of the month before the month in which the first trade under the at-the-market distribution is made.

(2) No underwriter or dealer distributing equity securities by way of an at-the-market distribution, or any affiliate of such an underwriter or dealer, or any person or company acting jointly or in concert with such an underwriter or dealer, shall, in connection with the distribution, over-allot the securities or effect a transaction that is intended to stabilize or maintain the market price of the securities.

(3) An issuer shall include in a base shelf prospectus or shelf prospectus supplement pertaining to an at-the-market distribution a statement that no underwriter or dealer involved in the distribution, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer has over-allotted, or will over-allot, securities in connection with the distribution or effect any other transactions that are intended to stabilize or maintain the market price of the securities.

**“PART 10 TRANSITIONAL SHELF PROCEDURES**

**“10.1 Transitional Shelf Procedures**

(1) A receipt issued for a shelf prospectus filed under National Policy Statement No. 44 is a receipt for the purposes of a base shelf prospectus under this Instrument.

(2) A preliminary shelf prospectus filed under National Policy Statement No. 44 is a preliminary base shelf prospectus under this Instrument.

(3) A receipt issued for a shelf prospectus filed under National Policy Statement No. 44 before National Instrument 44-101 came into force shall expire:

(a) if the issuer relied on section 4.1 or 4.4 of National Policy Statement No. 47 or section 164 or 168 of the Regulation Concerning Securities (Québec) to be qualified to file the shelf prospectus, at the time specified in section 2.2 of this Instrument;

(b) if the issuer relied on section 4.2 of National Policy Statement No. 47 or an exemption granted under the Securities Act (Québec) to be qualified to file the shelf prospectus, at the time specified in section 2.3 of this Instrument;

- (c) if the issuer relied on paragraph 4.3(1)(a) of National Policy Statement No. 47 or section 165 of the Regulation Concerning Securities (Québec) to be qualified to file the shelf prospectus, at the time specified in section 2.4 of this Instrument;
- (d) if the issuer relied on paragraph 4.3(1)(b) of National Policy Statement No. 47 or section 166 of the Regulation Concerning Securities (Québec) to be qualified to file the shelf prospectus, at the time specified in section 2.5 of this Instrument; and
- (e) if the issuer relied on subsection 4.3(2) of National Policy Statement No. 47 or an exemption granted under the Securities Act (Québec) to be qualified to file the shelf prospectus, at the time specified in section 2.6 of this Instrument.

## **“PART 11 EXEMPTIONS**

### **“11.1 Exemption**

- (1) The regulator or the 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 and Alberta, only the regulator may grant such an exemption.
- (3) An application made to the securities regulatory authority or regulator for an exemption from 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.

### **“11.2 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 base shelf prospectus or an amendment to a base shelf prospectus.
- (2) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if:
  - (a) the person or company that sought the exemption:
    - (i) sent to the regulator the letter or memorandum referred to in subsection 11.1(3) on or before the date of filing of the preliminary base shelf prospectus; or
    - (ii) sent to the regulator the letter or memorandum referred to in subsection 11.1(3) after the date of filing of the preliminary base shelf 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 to the person or company that sought the exemption notice that the exemption sought can not be evidenced in the manner set out in subsection (1).

**“NATIONAL INSTRUMENT 44-102  
SHELF DISTRIBUTIONS**

**APPENDIX A**

**METHOD 1 FOR SHELF PROSPECTUS CERTIFICATES**

**“METHOD 1: FORWARD LOOKING CERTIFICATES TO BE INCLUDED IN  
BASE SHELF PROSPECTUSES OR SUPPLEMENTS  
ESTABLISHING AN MTN PROGRAM OR OTHER  
CONTINUOUS DISTRIBUTION**

**“PART 1 Base Shelf Prospectuses**

**“1.1 Certificate of Issuer and Promoter** - If a base shelf prospectus establishes an MTN program or other continuous distribution, or if method 2 has not been elected by an issuer, the preliminary base shelf prospectus and the base shelf prospectus shall contain a certificate in the following form signed by:

- (a) the chief executive officer and the chief financial officer of the issuer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to that of a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;
- (b) on behalf of the board of directors of the issuer, any two directors of the issuer, other than the persons referred to in paragraph (a), duly authorized to sign; and
- (c) any person or company who is a promoter of the issuer:

‘This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of [insert name of each jurisdiction in which qualified] [insert if distribution made in Quebec-----]’ and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed’.

**“1.2 Underwriters’ Certificates** - A preliminary base shelf prospectus and a base shelf prospectus shall contain an underwriter’s certificate in the following form signed by each underwriter who, at the time of filing, is, or it is known will be, in a contractual relationship with the issuer for the securities to be distributed under the base shelf prospectus, if:

- (a) the base shelf prospectus establishes an MTN program or other continuous distribution; or

- (b) method 2 has not been elected by the underwriter:

'To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of [insert name of each jurisdiction in which qualified] [insert if distribution made in Quebec ----- 'and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed'] '

**“1.3 Credit Supporter’s Certificate** - A preliminary base shelf prospectus and a base shelf prospectus shall contain a certificate in the form described in section 1.1 signed by a credit supporter of the securities to be distributed under the base shelf prospectus, if:

- (a) National Instrument 44-101 requires a prospectus certificate of the credit supporter; and
- (b) either:
- (i) the base shelf prospectus establishes an MTN program or other continuous distribution; or
- (ii) method 2 has not been elected by the credit supporter.

#### **“1.4 Amendments**

- (1) An amendment to a base shelf prospectus or an amended and restated base shelf prospectus shall, subject to subsection (2), contain:
- (a) the certificates required under section 1.1 to be included in a base shelf prospectus, if the base shelf prospectus contains an issuer’s certificate in the form described in section 1.1;
- (b) the certificates required under section 1.2 to be included in a base shelf prospectus, if the base shelf prospectus contains an underwriter’s certificate in the form described in section 1.2; and
- (c) the certificate required under section 1.3 to be included in a base shelf prospectus, if the base shelf prospectus contains a credit supporter’s certificate in the form described in section 1.3.
- (2) In each certificate required under subsection (1), the reference to ‘this short form prospectus’ shall be omitted and replaced by:
- (a) in the case of an amendment to a base shelf prospectus, ‘the short form prospectus dated [insert date] as amended by this amendment’; and
- (b) in the case of an amended and restated base shelf prospectus, ‘this amended and restated short form prospectus’.

**“PART 2 Shelf Prospectus Supplements establishing an MTN Program**

**“2.1 Certificate of Issuer and Promoter** - If an issuer’s certificate in the form described in section 1.1 was not included in the corresponding base shelf prospectus, a shelf prospectus supplement that establishes an MTN program or other continuous distribution shall contain a certificate in the following form signed by:

(a) the chief executive officer and the chief financial officer of the issuer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to that of a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;

(b) on behalf of the board of directors of the issuer, any two directors of the issuer, other than the persons referred to in paragraph (a), duly authorized to sign; and

(c) any person or company who is a promoter of the issuer:

‘The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s) as required by the securities legislation of [insert name of each jurisdiction in which qualified] [insert if distribution made in Quebec -----] and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed’.

**“2.2 Underwriters’ Certificates** - A shelf prospectus supplement that establishes an MTN program or other continuous distribution shall contain a certificate in the following form signed by each underwriter who:

(a) is in a contractual relationship with the issuer for the securities being distributed under the shelf prospectus supplement; and

(b) did not sign and include in the corresponding base shelf prospectus a certificate in the form described in section 1.2:

‘To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of [insert name of jurisdiction in which qualified] [insert if distribution made in Quebec -----] and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed’



**“2.3 Credit Supporter’s Certificate** - A shelf prospectus supplement that establishes an MTN program or other continuous distribution shall contain a certificate in the form described in section 2.1 signed by a credit supporter of the securities being distributed under the shelf prospectus supplement, if:

- (a) National Instrument 44-101 requires a prospectus certificate of the credit supporter; and
- (b) a prospectus certificate of the credit supporter in the form described in section 1.3 was not included in the corresponding base shelf prospectus.

**“2.4 Amendments**

(1) An amendment to a shelf prospectus supplement or an amended and restated shelf prospectus supplement that establishes an MTN program or other continuous distribution shall, subject to subsection (2), contain:

- (a) the certificates required under section 2.1 to be included in a shelf prospectus supplement, if the shelf prospectus supplement contains an issuer’s certificate in the form described in section 2.1;
- (b) the certificates required under section 2.2 to be included in a shelf prospectus supplement, if the shelf prospectus supplement contains an underwriter’s certificate in the form described in section 2.2; and
- (c) the certificate required under section 2.3 to be included in a shelf prospectus supplement, if the shelf prospectus supplement contains a credit supporter’s certificate in the form described in section 2.3.

(2) In each certificate required under subsection (1), the reference to ‘this shelf prospectus supplement’ shall be omitted and replaced by:

- (a) in the case of an amendment to a shelf prospectus supplement, ‘the shelf prospectus supplement dated [insert date] as amended by this amendment’; and
- (b) in the case of an amended and restated shelf prospectus supplement, ‘this amended and restated shelf prospectus supplement’.

**“NATIONAL INSTRUMENT 44-102  
SHELF DISTRIBUTIONS**

**APPENDIX B**

**METHOD 2 FOR SHELF PROSPECTUS CERTIFICATES**

**“METHOD 2: NON-FORWARD LOOKING PROSPECTUS CERTIFICATES  
TO BE INCLUDED IN BOTH BASE SHELF PROSPECTUSES  
AND SUPPLEMENTS**

**“PART 1 Base Shelf Prospectus**

**“1.1 Certificate of Issuer and Promoter** - If method 2 is elected by an issuer, a preliminary base shelf prospectus and a base shelf prospectus shall contain a certificate in the following form signed by:

- (a) the chief executive officer and the chief financial officer of the issuer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to that of a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;
- (b) on behalf of the board of directors of the issuer, any two directors of the issuer, other than the persons referred to in paragraph (a), duly authorized to sign; and
- (c) any person or company who is a promoter of the issuer:

‘This short form prospectus, together with the documents incorporated in this prospectus 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 name of each jurisdiction in which qualified] [insert if distribution made in Quebec ---- ’and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed’].

**“1.2 Underwriters’ Certificates** - A preliminary base shelf prospectus and a base shelf prospectus shall contain an underwriter’s certificate in the following form signed by each underwriter who:

- (a) at the time of filing, is, or it is known will be, in a contractual relationship with the issuer for the securities to be distributed under the base shelf prospectus; and
- (b) elects method 2:

‘To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus 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 name of each jurisdiction in which qualified] [insert if distribution made in Quebec ----- ’and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed’].

**“1.3 Credit Supporter’s Certificate** - A base shelf prospectus shall contain a certificate in the form described in section 1.1 signed by a credit supporter of the securities to be distributed under the base shelf prospectus, if:

- (a) National Instrument 44-101 requires a prospectus certificate of the credit supporter; and
- (b) method 2 is elected by the credit supporter.

**“1.4 Amendments**

(1) An amendment to a base shelf prospectus or an amended and restated base shelf prospectus shall, subject to subsection (2), contain:

- (a) the certificates required under section 1.1 to be included in a base shelf prospectus, if the issuer has elected method 2;
- (b) the certificate described in section 1.2 signed by each underwriter who:
  - (i) at the time of filing the amendment or the amended and restated base shelf prospectus, is, or it is known will be, in a contractual relationship with the issuer for the securities to be distributed under the base shelf prospectus; and
  - (ii) has elected method 2; and
- (c) the certificate required under section 1.3 to be included in a base shelf prospectus, if the base shelf prospectus contains a credit supporter’s certificate in the form described in section 1.3.

(2) In each certificate required under subsection (1), the reference to ‘this short form prospectus’ shall be omitted and replaced by:

- (a) in the case of an amendment to a base shelf prospectus, ‘the short form prospectus dated [insert date] as amended by this amendment’; and
- (b) in the case of an amended and restated base shelf prospectus, ‘this amended and restated short form prospectus’.

**“PART 2 Shelf Prospectus Supplement**

**“2.1 Certificate of Issuer and Promoter** - If method 2 is elected by an issuer, each shelf prospectus supplement shall contain a certificate in the following form signed by:

- (a) the chief executive officer and the chief financial officer of the issuer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to that of a chief executive officer and a person acting in a capacity similar to that of a chief financial officer;
- (b) on behalf of the board of directors of the issuer, any two directors of the issuer, other than the persons referred to in paragraph (a) duly authorized to sign; and

- (c) any person or company who is a promoter of the issuer:

'The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of [insert name of each jurisdiction in which qualified] [insert if distribution made in Quebec -----]' and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed' .

**"2.2 Underwriters' Certificates** - Each shelf prospectus supplement shall contain a certificate in the following form signed by each underwriter who:

- (a) is in a contractual relationship with the issuer for the securities being distributed under the supplement; and
- (b) has elected method 2:

'To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of [insert name of each jurisdiction in which qualified] [insert if distribution made in Quebec -----]' and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed' .

**"2.3 Credit Supporter's Certificate** - Each shelf prospectus supplement shall contain a certificate in the form described in section 2.1 signed by a credit supporter of the securities being distributed under the shelf prospectus supplement, if:

- (a) National Instrument 44-101 requires a prospectus certificate of the credit supporter; and
- (b) method 2 is elected by the credit supporter.

**"2.4 Amendments**

(1) An amendment to a shelf prospectus supplement or an amended and restated shelf prospectus supplement shall, subject to subsection (2), contain:

- (a) the certificates required under section 2.1 to be included in a shelf prospectus supplement, if the shelf prospectus supplement contains an issuer's certificate in the form described in section 2.1;
- (b) the certificate described in section 2.2 signed by each underwriter who:
- (i) at the time of filing the amendment or the amended and restated shelf prospectus supplement, is in a contractual relationship with the issuer for the securities being distributed under the shelf prospectus supplement; and
- (ii) has elected method 2; and

- (c) the certificate required under section 2.3 to be included in a shelf prospectus supplement, if the shelf prospectus supplement contains a credit supporter's certificate in the form described in section 2.3.
- (2) In each certificate required under subsection (1), the reference to 'this shelf prospectus supplement' shall be omitted and replaced by:
- (a) in the case of an amendment to a shelf prospectus supplement, 'the shelf prospectus supplement dated [insert date] as amended by this amendment'; and
- (b) in the case of an amended and restated shelf prospectus supplement, 'this amended and restated shelf prospectus supplement'.

"PART XV  
[Clause 2(o)]

**"NATIONAL INSTRUMENT 44-103  
POST-RECEIPT PRICING**

**"PART 1 DEFINITIONS AND INTERPRETATION**

**"1.1 Definitions**

- (1) In this Instrument:

**'base PREP prospectus'** means a prospectus that at the time of issuance of a receipt for the prospectus omits some or all of the PREP information as permitted by this Instrument;

**'PREP information'** means the information permitted by this Instrument to be omitted from a base PREP prospectus;

**'PREP procedures'** means the requirements in this Instrument for the distribution under a base PREP prospectus and a supplemented PREP prospectus of securities, the price of which is determined after a receipt has been obtained for the base PREP prospectus; and

**'supplemented PREP prospectus'** means a prospectus filed under the PREP procedures containing PREP information.

- (2) All terms defined in National Instrument 44-101 Short Form Prospectus Distributions and used, but not defined, in this Instrument have the respective meanings ascribed to them in National Instrument 44-101.

**"1.2 Amendments** - References in this Instrument to an amendment to a prospectus include both an amendment that does not fully restate the text of a prospectus and an amended and restated prospectus.

**“PART 2 USE OF THE PREP PROCEDURES**

**“2.1 Prohibited Offerings** - Despite the other provisions of this Instrument, the PREP procedures shall not be used for a distribution of rights under a rights offering.

**“2.2 Opting out of the PREP Procedures After a Preliminary Prospectus has been Received and before a Prospectus has been Received** - An issuer that has obtained a receipt for a preliminary base PREP prospectus for a distribution of securities shall not file a prospectus for the distribution that is not a base PREP prospectus, unless the issuer files a covering letter, before or concurrently with the filing of the prospectus, stating that the issuer or the selling security holder, as the case may be, has decided not to use the PREP procedures for the distribution.

**“2.3 Opting into the PREP Procedures After a Preliminary Prospectus has been Received and before the Prospectus has been Received** - An issuer that has obtained a receipt for a preliminary prospectus that is not a preliminary base PREP prospectus for a distribution of securities shall not file a base PREP prospectus for the distribution, unless the issuer files a covering letter, before or concurrently with the base PREP prospectus, stating that the issuer or the selling security holder, as the case may be, has decided to use the PREP procedures for the distribution.

**“2.4 Opting out of the PREP Procedures After a Prospectus has been Received** - If a receipt has been issued for a base PREP prospectus for a distribution of securities and the issuer or the selling security holder decides, before a supplemented PREP prospectus is filed, no longer to use the PREP procedures for the distribution, the issuer shall file:

(a) either:

(i) an amended prospectus that is not a base PREP prospectus or a supplemented PREP prospectus; or

(ii) a new preliminary prospectus that is not a preliminary base PREP prospectus; and

(b) a covering letter stating that the issuer or the selling security holder, as the case may be, has decided not to use the PREP procedures for the distribution.

**“PART 3 BASE PREP PROSPECTUSES**

**“3.1 Form of Base PREP Prospectus** - The required form of prospectus under securities legislation may be varied for a PREP prospectus to the extent provided for in this Instrument.

**“3.2 Required Disclosure**

- (1) A base PREP prospectus of an issuer shall contain the following:
  1. A statement at the top of the cover page identifying the prospectus as a base PREP prospectus.
  2. The following statement in red ink and in *italics* on the cover page:

*‘This [insert throughout, if applicable, ‘short form’] prospectus has been filed under procedures in [insert names of each jurisdiction where qualified] that permit certain information about these securities to be determined after the prospectus has become final and that permit the omission of that information from this prospectus. The procedures require the delivery to purchasers of a supplemented PREP prospectus containing the omitted information within a specified period of time after agreeing to purchase any of these securities.’*
  3. A statement that all disclosure contained in a supplemented PREP prospectus that is not contained in the base PREP prospectus will be incorporated by reference into the base PREP prospectus as of the date of the supplemented PREP prospectus.
  4. If securities other than shares are being distributed, a statement of the aggregate dollar amount of securities to which the base PREP prospectus pertains.
  5. If shares are being distributed:
    - (a) the aggregate dollar amount of the shares to which the base PREP prospectus pertains, if:
      - (i) the proceeds of the offering are to be applied to a specific purpose identified in the prospectus and a minimum amount must be raised through the offering in order to accomplish the purpose; and
      - (ii) there is no pre-existing trading market in which securities of the same class as the securities to be distributed under the prospectus are traded; and
    - (b) otherwise, either the aggregate number, or the aggregate dollar amount, of the shares to which the base PREP prospectus pertains.

6. Any earnings coverage ratios required under securities legislation, which may be expressed as ranges based on a reasonable estimate of the PREP information.

7. A certificate in the following form signed by:

(a) the chief executive officer and the chief financial officer, or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;

(b) on behalf of the board of directors of the issuer, any two directors of the issuer, duly authorized to sign, other than the persons referred to in paragraph (a); and

(c) any person or company who is a promoter of the issuer:

‘This [insert, if applicable, ‘short form’] prospectus, together with the documents and information incorporated herein by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - ‘For the purpose of the Province of Québec, this [describe document], [insert in the case of short form prospectus distributions - ‘simplified prospectus, as supplemented by the permanent information record,] will as of the date of the supplemented prospectus contain no misrepresentation likely to affect the value or the market price of the securities to be distributed.’]

8. A certificate in the following form signed by each underwriter, if any, who for the securities to be distributed under the prospectus, is in a contractual relationship with the issuer or selling security holder:

‘To the best of our knowledge, information and belief, this [insert, if applicable, ‘short form’] prospectus, together with the documents incorporated herein by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - ‘For the purpose of the Province of Québec, to our knowledge, this [describe document], [insert in the case of short form prospectus distributions - ‘simplified prospectus, as supplemented by the permanent information record,] will as of the date of the supplemented prospectus contain no misrepresentation likely to affect the value or the market price of the securities to be distributed.’]



9. If securities legislation requires a prospectus certificate of a credit supporter, a certificate in the form described in paragraph 7 signed by the credit supporter and if the credit supporter is a corporation signed by:

(a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the credit supporter in a capacity similar to a chief executive officer and a person acting on behalf of the credit supporter in a capacity similar to that of a chief financial officer; and

(b) on behalf of the board of directors, of the credit supporter, any two directors of the credit supporter duly authorized to sign, other than the persons referred to in paragraph (a).

(2) Despite subsection (1), a preliminary base PREP prospectus is not required to contain the information required in paragraphs 4, 5 and 6 of subsection (1), if the information is not known at the time of filing the preliminary base PREP prospectus.

**“3.3 Disclosure that may be Omitted** - A base PREP prospectus may omit the following:

1. The public offering price of the securities to be distributed.
2. The amount of cash underwriting fees, discounts and commissions for the distribution of the securities.
3. The net proceeds of the distribution.
4. If shares are being distributed and only the aggregate number of securities to be distributed is disclosed and the aggregate dollar amount of shares is not required to be disclosed under paragraph 5 of subsection 3.2(1), the gross proceeds of the distribution.
5. Any dividend or interest rate of the securities to be distributed.
6. Any dividend or interest payment dates, record dates and any dates from which dividends or interest accrue for the securities to be distributed.
7. Any redemption, purchase for cancellation, conversion and exchange prices of the securities.
8. The identity of the members of the underwriting syndicate, other than the lead underwriter and any co-lead underwriter and the disclosure required under Item 14 of Form 44-101F3 Short Form Prospectus.
9. The delivery dates of securities to be purchased under the distribution.
10. If one or more underwriters have agreed to purchase the securities to be distributed at a specified price, the statement required under securities legislation that the securities are to be taken up by the underwriters, if at all, on or before a specified date.

11. If the securities to be distributed are underwritten on a best efforts basis for which a minimum amount of funds are required by an issuer, disclosure required under securities legislation concerning the maximum length of time for which the distribution may continue and concerning the disposition of subscription funds.

12. Other terms of the securities to be distributed that are mathematically derivable from any of the information referred to in paragraphs 1 through 11.

**“3.4 Issuance of Receipt** - Despite the omission of PREP information, the regulator may issue a receipt for a base PREP prospectus.

**“3.5 Expiry of Receipt**

(1) Subject to subsection (2), a receipt issued for a base PREP prospectus expires 90 days after issuance unless a supplemented PREP prospectus is filed within the 90 day period.

(2) If a supplemented PREP prospectus is not filed within 20 days of the filing of a base PREP prospectus, the receipt issued for the base PREP prospectus expires at the time immediately before the entering into of the first agreement of purchase and sale for a security to which the base PREP prospectus pertains, unless a receipt has been issued within the preceding 20 days for an amended base PREP prospectus that updates to the date of the filing of the amended base PREP prospectus all of the disclosure contained in the base PREP prospectus.

**“3.6 Amendment to a Base PREP Prospectus** - An amendment to a base PREP prospectus, other than an amendment filed under section 2.4 to opt out of the PREP procedures, shall contain the certificates required under subsection 3.2(1) to be included in a base PREP prospectus with the following changes:

1. If the amendment is not a restatement of the base PREP prospectus, insert the phrase ‘as amended by this amendment’ after the reference in each certificate to the base PREP prospectus.

2. If the amendment is an amended and restated base PREP prospectus, preface the reference in each certificate to the document with the phrase ‘this amended and restated’.

**“PART 4 SUPPLEMENTED PREP PROSPECTUSES**

**“4.1 Requirement to Use a Supplemented PREP Prospectus** - An issuer or selling security holder that distributes securities under a base PREP prospectus shall supplement the disclosure in the base PREP prospectus with a supplemented PREP prospectus in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities distributed under the prospectus.

**“4.2 Incorporation by Reference** - The content of a supplemented PREP prospectus that is not also contained in the corresponding base PREP prospectus is incorporated by reference in the base PREP prospectus as of the date of the supplemented PREP prospectus.

**“4.3 Restriction on Changes** - A supplemented PREP prospectus shall be identical to the corresponding base PREP prospectus, except for the changes permitted or required under this Part.

**“4.4 Changes in the Size of Distribution**

- (1) The size of the distribution as disclosed in the base PREP prospectus under paragraph 4 or 5 of subsection 3.2(1) may be increased or decreased by up to 20 percent in a supplemented PREP prospectus.
- (2) If the size of the distribution as disclosed in the base PREP prospectus under paragraph 4 or 5 of subsection 3.2(1) is increased or decreased by up to 20 percent in a supplemented PREP prospectus and that increase or decrease is a material change, the provisions of securities legislation that require the filing of an amendment to a prospectus if a material change occurs are satisfied by the filing of the supplemented PREP prospectus.
- (3) Despite the provisions of securities legislation regarding the prescribed form of certificates for prospectus amendments, a supplemented PREP prospectus filed in order to satisfy provisions of securities legislation that require the filing of an amendment to a prospectus if a material change occurs shall contain the certificates required in subsection 4.5(2).

**“4.5 Required Disclosure**

- (1) A supplemented PREP prospectus shall be dated the date that the public offering price of the securities is determined.
- (2) A supplemented PREP prospectus shall contain the following:
  1. All of the PREP information omitted from the base PREP prospectus.
  2. Instead of the earnings coverage ratios expressed as ranges based on a reasonable estimate of the PREP information as permitted under paragraph 6 of subsection 3.2(1), the earnings coverage ratios required under securities legislation.
  3. Instead of the prospectus certificate required under paragraph 7 of subsection 3.2(1), a certificate in the following form signed by:
    - (a) the chief executive officer and the chief financial officer, or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;
    - (b) on behalf of the board of directors of the issuer, any two directors of the issuer, duly authorized to sign, other than the persons referred to in paragraph (a); and

- (c) any person or company who is a promoter of the issuer:

‘This [insert, if applicable, ‘short form’] prospectus, together with the documents information incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - ‘For the purpose of the Province of Québec, this [describe document], [insert in the case of short form prospectus distributions - ‘simplified prospectus, as supplemented by the permanent information record,] contains no misrepresentation likely to affect the value or the market price of the securities to be distributed.’]’

4. Instead of the prospectus certificate required under paragraph 8 of subsection 3.2(1), a certificate in the following form signed by the each underwriter, if any, who for the securities to be distributed under the prospectus, is in a contractual relationship with the issuer or selling security holder:

‘To the best of our knowledge, information and belief, this [insert throughout in the case of short form prospectus distributions - ‘short form’] [insert in the case of short form prospectus distributions - ‘; 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 under the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - ‘For the purpose of the Province of Québec, this [insert in the case of short form prospectus distributions - ‘simplified prospectus, as supplemented by the permanent information record,] contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.’]’

5. Instead of the prospectus certificate required under paragraph 9 of subsection 3.2(1), a certificate signed by a credit supporter in the form described in paragraph 3 if securities legislation requires a prospectus certificate of a credit supporter.

6. A list and brief description of each document that has been incorporated by reference in the base PREP prospectus since the issuance of a receipt for the base PREP prospectus.

**“4.6 Legend to be Omitted** - A supplemented PREP prospectus shall omit the legend required under paragraph 2 of subsection 3.2(1).

**“4.7 Amendment to a Supplemented PREP Prospectus** - An amendment to a supplemented PREP prospectus shall contain the certificates required under subsection 4.5(2) to be included in a supplemented PREP prospectus with the following changes:

1. If the amendment is not a restatement of the supplemented PREP prospectus, the phrase ‘as amended by this amendment’ inserted after the reference in each certificate to the supplemented PREP prospectus.
2. If the amendment is an amended and restated supplemented PREP prospectus, the reference in each certificate to the document prefaced by the phrase ‘this amended and restated’.

**“4.8 Timing of Filing of Supplemented PREP Prospectus** - If securities are distributed using the PREP procedures in the local jurisdiction, a supplemented PREP prospectus prepared in accordance with this Instrument shall be filed in the local jurisdiction by the second business day following the date of the determination of the information omitted from the base PREP prospectus.

**“4.9 Delivery Requirement** - If securities are being distributed using the PREP procedures, the requirement under securities legislation to deliver a prospectus to a purchaser of securities shall be satisfied by the delivery of a supplemented PREP prospectus.

**“4.10 Underwriting Agreements** - Despite the provisions of securities legislation, an underwriting agreement or other material contract that relates to a distribution of securities that cannot be completed until the distribution is priced and that is required under securities legislation to be filed or delivered to the regulator with a prospectus:

- (a) shall be filed or delivered, as the case may be, with the base PREP prospectus in draft form and may omit PREP information; and
- (b) shall be refiled or redelivered, as the case may be, in final form, together with the supplemented PREP prospectus or base PREP prospectus amendment containing the PREP information and a copy of the agreement, blacklined against the draft form filed under paragraph (a).

## **“PART 5 TRANSITIONAL PREP PROCEDURES**

### **“5.1 Transitional PREP Procedures**

- (1) An issuer that has filed and obtained a receipt for a PREP prospectus under National Policy Statement No. 44, or pursuant to securities legislation in the Province of Quebec, before this Instrument came into force is considered to have filed and obtained a receipt for a base PREP prospectus under this Instrument.
- (2) An issuer that has filed a preliminary PREP prospectus under National Policy Statement No. 44, or pursuant to securities legislation in the Province of Quebec, is considered to have filed a preliminary base PREP prospectus under this Instrument.

**“PART 6 EXEMPTIONS****“6.1 Exemption**

- (1) The regulator or the 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 and Alberta, only the regulator may grant such an exemption.
- (3) An application made to the securities regulatory authority or regulator for an exemption from 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.

**“6.2 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 of an exemption under this Part may be evidenced by the issuance of a receipt for a base PREP prospectus or an amendment to a base PREP prospectus.
- (2) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if:
  - (a) the person or company that sought the exemption:
    - (i) sent to the regulator the letter or memorandum referred to in subsection 6.1(3) on or before the date of the filing of the preliminary base PREP prospectus; or
    - (ii) sent to the regulator the letter or memorandum referred to in subsection 6.1(3) after the date of the filing of the preliminary base PREP 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 XVI  
[*Clause 2(p)*]

“NATIONAL INSTRUMENT 43-101  
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

“PART 1 APPLICATION, DEFINITIONS AND INTERPRETATION

“1.1 Application

This Instrument applies to all oral statements and written disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, made by or on behalf of an issuer in respect of a mineral project of the issuer.

“1.2 Definitions

In this Instrument:

**‘adjacent property’** means a property:

- (a) in which the issuer does not have an interest;
- (b) that has a boundary reasonably proximate to the closest boundary of the property being reported on; and
- (c) that has geological characteristics similar to those of the property being reported on;

**‘data verification’** means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

**‘development property’** means a property that is being prepared for mineral production and for which economic viability has been demonstrated by a feasibility study;

**‘disclosure’** means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a Canadian jurisdiction, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

**‘disclosure document’** means an annual information form, prospectus, material change report or annual financial statement filed with a regulator pursuant to a requirement of securities legislation;

**‘exploration information’** means geological, geophysical, geochemical, sampling, drilling, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit;

**'feasibility study'** means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

**'IMM system'** means the classification system and definitions for mineral resources and mineral reserves approved from time to time by The Institution of Mining and Metallurgy in the United Kingdom;

**'JORC Code'** means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia as amended or supplemented;

**'mineral project'** means any exploration, development or production activity in respect of natural, solid, inorganic or fossilized organic, material including base and precious metals, coal and industrial minerals;

**'preliminary assessment'** means a preliminary assessment permitted to be disclosed pursuant to subsection 2.3(3);

**'preliminary feasibility study'** and **'pre-feasibility study'** each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

**'producing issuer'** means an issuer the annual audited financial statements of which disclose:

- (a) gross revenues, derived from mining operations, of at least \$30 million for the issuer's most recently completed financial year; and
- (b) gross revenues, derived from mining operations, of at least \$90 million in the aggregate for the issuer's three most recently completed financial years;

**'professional association'** means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that:

- (a) has been given authority or recognition by statute;
- (b) admits members primarily on the basis of their academic qualifications and experience;
- (c) requires compliance with the professional standards of competence and ethics established by the organization; and
- (d) has disciplinary powers, including the power to suspend or expel a member;



and until February 1, 2002 includes an association of geoscientists in Ontario and until February 1, 2003 includes an association of geoscientists in a Canadian jurisdiction other than Ontario that does not have a statutorily recognized self-regulatory association;

**‘qualified person’** means an individual who:

- (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;
- (b) has experience relevant to the subject matter of the mineral project and the technical report; and
- (c) is a member in good standing of a professional association;

**‘quantity’** means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

**‘technical report’** means a report prepared, filed and certified in accordance with this Instrument and Form 43-101F1 Technical Report;

**‘USGS Circular 831’** means the circular published by the United States Bureau of Mines/United States Geological Survey entitled ‘Principles of a Resource/Reserve Classification for Minerals’, as amended or supplemented;

**‘written disclosure’** includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically.

### **“1.3 Mineral Resource**

In this Instrument, the terms ‘mineral resource’, ‘inferred mineral resource’, ‘indicated mineral resource’ and ‘measured mineral resource’ have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

### **“1.4 Mineral Reserve**

In this Instrument, the terms ‘mineral reserve’, ‘probable mineral reserve’ and ‘proven mineral reserve’ have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

### **“1.5 Interpretation**

(1) In this Instrument, a person or company is considered to be an affiliated entity of another person or company if:

- (a) one is a subsidiary of the other;
- (b) both are subsidiaries of the same person or company; or
- (c) each is controlled by the same person or company.

(2) In this Instrument, a person or company is considered to be controlled by a second person or company if:

(a) in the case of a company:

- (i) voting securities of the company carrying 50 percent or more of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the second person or company; and
- (ii) the votes carried by such securities entitle the second person or company to elect a majority of the directors of the company;

(b) in the case of a partnership, other than a limited partnership, the second person or company holds an interest of 50 percent or more in the partnership; or

(c) in the case of a limited partnership, the general partner is the second person or company.

(3) In this Instrument, a person or company is considered to be a subsidiary entity of a second person or company, if:

(a) the person or company is controlled by:

- (i) the second person or company; or
- (ii) the second person or company and one or more other persons or companies, each of which is controlled by the second person or company; or
- (iii) one or more other persons or companies, each of which is controlled by the second person or company; or

(b) the person or company is a subsidiary entity of a person or company that is itself a subsidiary entity of the second person or company.

(4) In this Instrument, a qualified person involved in the preparation of a technical report is not considered to be independent of the issuer in respect of the technical report; if:

(a) the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, an insider, associate, affiliated entity or employee of:

- (i) the issuer;
- (ii) an insider of the issuer; or
- (iii) an affiliated entity of the issuer;

(b) the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, a partner of any person or company mentioned in clause (a);

(c) the qualified person, or any affiliated entity of the qualified person, owns, or by reason of an agreement, arrangement or understanding expects to receive, any securities of the issuer or of an affiliated entity of the issuer or an ownership or royalty interest in the property that is the subject of the technical report;

- (d) the qualified person, or any affiliated entity of the qualified person, has received the majority of his or her income in the three years preceding the date of the technical report from one or more of the issuer and insiders and affiliated entities of the issuer; or
- (e) the qualified person, or any affiliated entity of the qualified person:
  - (i) is, or by reason of an agreement, arrangement or understanding expects to become, an insider, affiliate or partner of the person or company which has an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on; or
  - (ii) has, or by reason of an agreement, arrangement or understanding expects to obtain, an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on.

## **“PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE**

### **“2.1 Requirements Applicable to All Disclosure**

An issuer shall ensure that all disclosure of a scientific or technical nature, including disclosure of a mineral resource or mineral reserve, concerning mineral projects on a property material to the issuer is based upon a technical report or other information prepared by or under the supervision of a qualified person.

### **“2.2 All Disclosure of Mineral Resources or Mineral Reserves**

An issuer shall ensure that any disclosure of a mineral resource or mineral reserve, including disclosure in a technical report filed by an issuer:

- (a) utilizes only the applicable mineral resource and mineral reserve categories set out in sections 1.3 and 1.4;
- (b) reports each category of mineral resources and mineral reserves separately, and if both mineral resources and mineral reserves are disclosed, states the extent, if any, to which mineral reserves are included in total mineral resources; and
- (c) does not add inferred mineral resources to the other categories of mineral resources.

### **“2.3 Prohibited Disclosure**

- (1) An issuer shall not make any disclosure of:
  - (a) quantity or grade of a deposit which has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve or a proven mineral reserve; or
  - (b) results of an economic evaluation which uses inferred mineral resources.

(2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a possible mineral deposit that is to be the target of further exploration, provided that the disclosure includes:

(a) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource on the property and that it is uncertain if further exploration will result in discovery of a mineral resource on the property; and

(b) the basis on which the disclosed potential quantity and grade has been determined.

(3) Despite paragraph (1)(b), an issuer may disclose a preliminary assessment that includes an economic evaluation which uses inferred mineral resources, provided:

(a) the preliminary assessment is a material change in the affairs of the issuer or a material fact;

(b) the disclosure includes:

(i) a proximate statement that the preliminary assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized; and

(ii) the basis for the preliminary assessment and any qualifications and assumptions made by the qualified person; and

(c) in Ontario, if the issuer is a reporting issuer in Ontario, the issuer shall deliver to the regulator in Ontario the disclosure it proposes to make together with the preliminary assessment and the technical report required pursuant to section 4.2 at least five business days prior to making the disclosure and the regulator in Ontario shall not have advised the issuer that it objects to the disclosure.

(4) An issuer shall not use the terms preliminary feasibility study, pre-feasibility study or feasibility study when referring to a study unless the study satisfies the criteria set out in the definitions of the applicable terms in section 1.2.

#### **“2.4 Disclosure of Historical Estimates**

Despite section 2.2 an issuer may disclose an estimate of mineral resources or mineral reserves made before this Instrument came into force if:

(a) the estimate is an estimate of mineral resources or mineral reserves prepared by or on behalf of a person or company other than the issuer; or

(b) the estimate accompanies disclosure of an estimate of mineral resources and mineral reserves made in accordance with section 2.2;

and provided that the disclosure:

- (i) identifies the source of the historical estimate;
- (ii) confirms that the historical estimate is relevant;
- (iii) comments on the reliability of the historical estimate;
- (iv) states whether the historical estimate uses categories other than the ones stipulated in sections 1.3 and 1.4 and, if so, includes an explanation of the differences; and
- (v) includes any more recent estimates or data available to the issuer.

### **“PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE**

#### **“3.1 Written Disclosure to Include Name of Qualified Person**

An issuer shall ensure that all written disclosure of a scientific or technical nature, other than a news release, concerning a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written disclosure.

#### **“3.2 Written Disclosure to Include Data Verification**

An issuer shall ensure that all written disclosure of a scientific or technical nature concerning mineral projects on a property material to the issuer:

- (a) states whether a qualified person has verified the data disclosed, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure;
- (b) describes the nature of, and any limitations on, the verification of data disclosed; and
- (c) explains any failure to verify the data disclosed.

#### **“3.3 Requirements Applicable to Written Disclosure of Exploration Information**

(1) An issuer shall ensure that all written disclosure containing scientific or technical exploration information concerning a property material to the issuer includes:

- (a) to the extent not previously disclosed in writing and filed by the issuer, the results, or a summary of the material results, of surveys and investigations regarding the property;
- (b) a summary of the interpretation of the exploration information to the extent that such interpretation has not been previously disclosed in writing and filed by the issuer; and
- (c) a description of the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) An issuer shall ensure that all written disclosure containing sample or analytical or testing results on a property material to the issuer includes:

- (a) to the extent not previously disclosed in writing and filed by the issuer, a summary description of the geology, mineral occurrences and nature of mineralization found;
- (b) to the extent not previously disclosed in writing and filed by the issuer, a summary description of rock types, geological controls and widths of mineralized zones, and the identification of any significantly higher grade intervals within a lower grade intersection;
- (c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;
- (d) identification of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data mentioned in this subsection;
- (e) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, the certification of each laboratory, if known to the issuer, and any relationship of the laboratory to the issuer; and
- (f) a listing of the lengths of individual samples or sample composites with analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.

#### **“3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves**

An issuer shall ensure that all written disclosure of mineral resources or mineral reserves on a property material to the issuer includes:

- (a) the effective date of each estimate of mineral resources and mineral reserves;
- (b) details of quantity and grade or quality of each category of mineral resources and mineral reserves;
- (c) details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;
- (d) a general discussion of the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; and
- (e) a statement that mineral resources which are not mineral reserves do not have demonstrated economic viability.

#### **“3.5 Exception for Written Disclosure Already Filed**

The requirements of sections 3.3 and 3.4 are satisfied by reference, in written disclosure, to a previously filed disclosure document that complies with those requirements.

**“PART 4 OBLIGATION TO FILE A TECHNICAL REPORT****“4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer**

(1) On first becoming a reporting issuer in a Canadian jurisdiction an issuer shall file with the regulator in that Canadian jurisdiction a current technical report for each property material to the issuer.

(2) An issuer may satisfy the requirement of subsection (1) by filing a technical report or a report prepared and filed in accordance with National Policy Statement No. 2-A before February 1, 2001 that it has previously filed in another Canadian jurisdiction in which it is a reporting issuer, amended or supplemented, if necessary, to reflect material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.

**“4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure Concerning Mineral Projects on Material Properties**

(1) An issuer shall file a current technical report to support information in the following documents filed or made available to the public in a Canadian jurisdiction describing mineral projects on a property material to the issuer:

1. a preliminary prospectus, other than a preliminary short form prospectus filed in accordance with National Instrument 44-101;
2. a preliminary short form prospectus filed in accordance with National Instrument 44-101 that includes material information concerning mining projects on material properties not contained in:
  - (a) a disclosure document filed before February 1, 2001;
  - (b) a previously filed technical report; or
  - (c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001;
3. an information or proxy circular concerning a direct or indirect acquisition of a mineral property, including an acquisition of control of a person or company with an interest in the property, that upon completion of the acquisition would be material to the issuer if the consideration includes securities of the issuer or the person or company which continues to hold an interest in the property upon completion of the acquisition;
4. an offering memorandum;
5. a rights offering circular;
6. an annual information form or annual report that includes material information concerning mining projects on material properties not contained in:
  - (a) a disclosure document filed before February 1, 2001;
  - (b) a previously filed technical report; or
  - (c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001;

7. a valuation required to be prepared and filed under securities legislation;
  8. a directors' circular that discloses for the first time a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer, or discloses any change in a preliminary assessment or in mineral resources or mineral reserves, from the most recently filed technical report of the issuer, that constitutes a material change in respect of the affairs of the issuer;
  9. a take-over bid circular that discloses a preliminary assessment or mineral resources or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid;
  10. any written disclosure, made other than in a document mentioned in paragraphs 1 to 9 above, which is either:
    - (i) first time disclosure of a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or
    - (ii) disclosure of any change in a preliminary assessment or in mineral resources and mineral reserves from the most recently filed technical report, that constitutes a material change in respect of the affairs of the issuer.
- (2) If there has been a material change to the information in the technical report filed under paragraph 1 or 2 of subsection (1) before the filing of the final version of a prospectus or short form prospectus, the issuer shall file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.
- (3) Subject to subsections (4), (5), and (6), the technical report required to be filed under subsection (1) shall be filed not later than the time of the filing of the document listed in subsection (4) that it supports.
- (4) Despite subsection (3), a technical report concerning mineral reserves and mineral resources that supports disclosure described in paragraph 10 of subsection (1) shall:
- (a) be filed not later than 30 days after the disclosure; and
  - (b) if filed subsequent to the disclosure, be accompanied by a contemporaneous disclosure that reconciles any material differences between the technical report filed and the previous disclosure in connection with which the technical report was prepared.
- (5) Despite subsection (3), if a property mentioned in a document described in paragraph 6 of subsection (1) first becomes material to the issuer less than 30 days before the filing deadline for the document, the issuer shall file the technical report required by subsection (1) within 30 days of the date that the property first became material to the issuer.
- (6) Despite subsection (3), a technical report that supports a directors' circular shall be filed not less than 3 business days prior to the expiry of the take-over bid.



**“4.3 Required Form of Technical Report**

A technical report that is required to be filed under this Part shall be in accordance with Form 43-101F1.

**“PART 5 AUTHOR OF TECHNICAL REPORT****“5.1 Prepared by a Qualified Person**

A technical report shall be prepared by or under the supervision of one or more qualified persons.

**“5.2 Execution of Technical Report**

A technical report shall be dated, signed and, if the qualified person has a seal, sealed, by the qualified person who prepared it or supervised its preparation, or if an individual is an employee, officer, director or associate of a person or company the principal business of which is the provision of engineering or geoscientific services, by that person or company.

**“5.3 Independent Technical Report**

(1) Subject to subsection (2), a technical report required under any of the following provisions of this Instrument shall be prepared by a qualified person that is, at the date of the technical report, independent of the issuer:

1. First-time Reporting Issuer - Subsection 4.1(1);
2. Long Form Prospectus and Valuation - Paragraphs 4.2(1) 1 and 7;
3. Other - Paragraphs 4.2(1)2, 3, 4, 5, 6, 8, 9 and 10 if the document discloses a preliminary assessment, or mineral resources or mineral reserves on a property material to the issuer for the first time, or discloses a 100 percent or greater change, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in mineral resources or mineral reserves on a property material to the issuer;
4. Reporting Issuer in an Additional Canadian Jurisdiction - Subsection 4.1(2).

(2) A technical report required to be filed by a producing issuer under paragraphs 3 and 4 of subsection (1) is not required to be prepared by an independent qualified person.

(3) A technical report required to be filed by an issuer that is or has contracted to become a joint venture participant, concerning a property which is or will be the subject of the joint venture's activities, is not required to be prepared by an independent qualified person if the qualified person preparing the report is an employee of, or retained by, another participant in the joint venture that is a producing issuer.

**“PART 6 PREPARATION OF TECHNICAL REPORT****“6.1 Nature of the Technical Report**

A technical report shall be prepared on the basis of all available factual data that is relevant to the disclosure which it supports.

**“6.2 Personal Inspection**

At least one qualified person preparing or supervising the preparation of the technical report shall inspect the property that is the subject of the technical report.

**“6.3 Maintenance of Records**

The issuer shall keep copies of assay and other analytical certificates, drill logs and other information referenced in the technical report or used as a basis for the technical report for 7 years.

**“PART 7 USE OF FOREIGN CODE****“7.1 Use of Foreign Code**

(1) An issuer that is incorporated or organized in a foreign jurisdiction may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or the IMM system provided that a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 is filed with the technical report and certified by a qualified person. The reconciliation shall address the confidence levels required for the categorization of mineral resources and mineral reserves.

(2) An issuer that is incorporated or organized under the laws of Canada or a province or territory of Canada may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or the IMM system for properties located in a foreign jurisdiction, provided that a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4, which reconciliation addresses the confidence levels required for the categorization of mineral resources and mineral reserves, is certified by a qualified person and is filed with the technical report.

**“PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS****“8.1 Certificates of Qualified Persons**

(1) An issuer shall, when filing a technical report, also file a certificate of each of the individuals who are qualified persons and who have been primarily responsible for the technical report, or a portion of the technical report, dated, signed and, if the signatory has a seal, sealed, by the signatory.

- (2) The certificate of each qualified person shall state:
- (a) the name, address and occupation of the qualified person;
  - (b) the qualified person's qualifications, including relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a 'qualified person' for purposes of this Instrument;
  - (c) the date and duration of the qualified person's most recent visits to each applicable site;
  - (d) the section or sections of the technical report for which the qualified person is responsible;
  - (e) that the qualified person is not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;
  - (f) if the qualified person is independent of the issuer applying the tests set out in section 1.5;
  - (g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report; and
  - (h) that the qualified person has read this Instrument and Form 43-101F1, and the technical report has been prepared in compliance with this Instrument and Form 43-101F1.

#### **"8.2 Addressed to Issuer**

All technical reports shall be addressed to the issuer.

#### **"8.3 Consents of Qualified Persons**

All technical reports and addenda to technical reports that are required by this Instrument to be filed shall:

- (a) be accompanied by the written consent of the qualified person, addressed to the securities regulatory authorities, consenting to the filing of the technical report and to the written disclosure of the technical report and of extracts from or a summary of the technical report in the written disclosure being filed; and
- (b) be accompanied by a certificate confirming that the qualified person has read the written disclosure being filed and does not have any reason to believe that there are any misrepresentations in the information derived from the technical report or that the written disclosure contains any misrepresentation of the information contained in the technical report.

**“PART 9 EXEMPTION****“9.1 Exemption**

- (1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.
- (2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.
- (3) Despite subsection (1), in Alberta, only the regulator may grant an exemption.

**“FORM 43-101F1  
TECHNICAL REPORT****“INSTRUCTIONS:**

- (1) The objective of the technical report is to provide scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer. This Form sets out specific requirements for the preparation and contents of a technical report. Item 25 of this Form includes additional requirements for technical reports on development and production properties.*
- (2) Terms used and not defined in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the ‘Instrument’) shall bear that definition or interpretation. In particular, the terms ‘mineral resource’ and ‘mineral reserve’ and the categories of each are defined in the Instrument. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions which contains definitions of certain terms used in more than one national instrument. Readers of this Form shall review both these national instruments for defined terms.*
- (3) The author preparing the technical report shall use the headings of the Items in this Form. If unique or infrequently used technical terms are required, clear and concise explanations shall be included.*
- (4) No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.*
- (5) The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a report for the property being reported on, the previous report is mentioned in the technical report and there has not been any change in the information.*

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## CONTENTS OF THE TECHNICAL REPORT

### **“Item 1: Title Page**

Include a title page setting out the title of the technical report, the general location of the mineral project, the name(s) and the professional designation(s) of the authors and the effective date of the technical report.

### **“Item 2: Table of Contents**

Provide a table of contents listing the contents of the technical report, including figures and tables.

### **“Item 3: Summary**

Provide a summary which briefly describes the property, its location, ownership, geology and mineralization, the exploration concept, the status of exploration, development and operations and the author’s conclusions and recommendations.

### **“Item 4: Introduction and Terms of Reference**

Include a description of:

- (a) the terms of reference;
- (b) the purpose for which the technical report was prepared;
- (c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and
- (d) the extent of field involvement of the qualified person.

### **“Item 5: Disclaimer**

If the author of all or a portion of the technical report has relied on a report, opinion or statement of legal or other experts who are not qualified persons for information concerning legal, environmental, political or other issues and factors relevant to the technical report, the author may include a disclaimer of responsibility in which the author identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies.

### **“Item 6: Property Description and Location**

To the extent applicable, with respect to each property reported on, describe:

- (a) the area of the property in hectares or other appropriate units;
- (b) the location, reported by section, township, range mining division or district, municipality, province, state, country and National Topographic System designation or Universal Transverse Mercator (UTM) system, as applicable, or by latitude and longitude;
- (c) the claim numbers or equivalent, whether they are patented or unpatented, or the applicable characterization in the jurisdiction in which they are situated, and whether the claims are contiguous;

- (d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, the obligations that must be met to retain the property, and the expiration date of claims, licences or other property tenure rights;
- (e) whether or not the property has been legally surveyed;
- (f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries by showing the same on a map;
- (g) to the extent known, the terms of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject;
- (h) to the extent known, all environmental liabilities to which the property is subject; and
- (i) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained.

**“Item 7: Accessibility, Climate, Local Resources, Infrastructure and Physiography**

With respect to each property reported on, describe:

- (a) topography, elevation and vegetation;
- (b) the means of access to the property;
- (c) the proximity of the property to a population centre, and the nature of transport;
- (d) to the extent relevant to the mineral project, the climate and the length of the operating season; and
- (e) to the extent relevant, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas and potential processing plant sites.

**“Item 8: History**

To the extent known, with respect to each property reported on, describe:

- (a) the prior ownership of the property and ownership changes;
- (b) the type, amount, quantity and results of exploration and/or development work undertaken by the owners and any previous owners;
- (c) historical mineral resource and mineral reserve estimates, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 1.3 and 1.4 of the Instrument; and
- (d) any production from the property.

*“INSTRUCTIONS: If a reporting system other than the one stipulated by the Instrument has been used, the author shall include an explanation of the differences and reliability.*

**“Item 9: Geological Setting**

Include a description of the regional, local and property geology.

**“Item 10: Deposit Types**

Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

**“Item 11: Mineralization**

Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.

**“Item 12: Exploration**

Describe the nature and extent of all relevant exploration work conducted by, or on behalf of, the issuer on each property being reported on, including:

- (a) results of surveys and investigations, and the procedures and parameters relating to the surveys and investigations;
- (b) an interpretation of the exploration information;
- (c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor; and
- (d) a discussion of the reliability or uncertainty of the data obtained in the program.

**“Item 13: Drilling**

Describe the type and extent of drilling including the procedures followed and a summary and interpretation of all results. The relationship between the sample length and the true thickness of the mineralization must be stated, if known, and if the orientation of the mineralization is unknown, state this.

**“Item 14: Sampling Method and Approach**

Include:

- (a) a description of sampling methods and details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;
- (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;
- (c) a discussion of the sample quality and of whether the samples are representative and of any factors that may have resulted in sample biases;

(d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification of any significantly higher grade intervals within a lower grade intersection; and

(e) a list of individual samples or sample composites with values and estimated true widths.

**“Item 15: Sample Preparation, Analyses and Security**

Describe sample preparation methods and quality control measures employed prior to dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken, including:

(a) if any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;

(b) details regarding sample preparation, assaying and analytical procedures used, including the sub-sample size, the name and location of the analytical or testing laboratories and whether the laboratories are certified by any standards association and the particulars of any certification;

(c) a summary of the nature and extent of all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken; and

(d) a statement of the author’s opinion on the adequacy of sampling, sample preparation, security and analytical procedures.

**“Item 16: Data Verification**

Include a discussion of:

(a) quality control measures and data verification procedures applied;

(b) whether the author has verified the data referred to or relied upon, referring to sampling and analytical data;

(c) the nature of and any limitations on such verification; and

(d) the reasons for any failure to verify the data.

**“Item 17: Adjacent Properties**

A technical report may include information concerning an adjacent property if:

(a) such information was publicly disclosed by the owner or operator of the adjacent property;

(b) the source of the information and any relationship of the author of the information on the adjacent property to the issuer is identified;

(c) the technical report states that its author has been unable to verify the information and, in bold face type, that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;



(d) the technical report clearly distinguishes between mineralization on the adjacent property and mineralization on the property being reported on; and

(e) if any historical estimates of mineral resources and mineral reserves are included in the technical report, they are disclosed in accordance with section 2.4 of the Instrument.

**“Item 18: Mineral Processing and Metallurgical Testing**

Where mineral processing and/or metallurgical testing analyses have been carried out, include the results of testing and details of sample selection representativity and testing and analytical procedures.

**“Item 19: Mineral Resource and Mineral Reserve Estimates**

Each technical report on mineral resources and mineral reserves shall:

(a) use only the applicable mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 of the Instrument;

(b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;

(c) not add inferred mineral resources to the other categories of mineral resources;

(d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;

(e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;

(f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;

(h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;

(i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic evaluation that is used in a preliminary feasibility study or a feasibility study of a mineral project;

(j) state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal is reported; and

(k) when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

**“INSTRUCTIONS:**

*(1) The methods and procedures to be used in estimating mineral resources and mineral reserves are the responsibility of the authors preparing the estimate.*

*(2) A statement of quantity and grade or quality is an estimate and shall be rounded to reflect the fact that it is an approximation.*

*(3) An issuer that is incorporated or organized in a foreign jurisdiction may file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or IMM system provided that a reconciliation to the mineral resource and mineral reserve categories mentioned in sections 1.3 and 1.4 of the Instrument is filed with the technical report and certified by the author. The reconciliation shall also address the confidence levels required for the categorizations of mineral resources and mineral reserves.*

**“Item 20: Other Relevant Data and Information**

Include any additional information or explanation necessary to make the technical report understandable and not misleading.

**“Item 21: Interpretation and Conclusions**

Include the results and reasonable interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertainty. A technical report concerning exploration information shall include the conclusions of the author. The author must discuss whether the completed project met its original objectives.

**“Item 22: Recommendations**

If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations shall not apply to more than two phases of work. The recommendations shall state whether advancing to a subsequent phase is contingent on positive results in the previous phase. Provide particulars of the recommended programs and a breakdown of costs for each phase. A technical report that contains recommendations for expenditures on exploration or development work on a property shall include a statement by a qualified person that, in the qualified person’s opinion, the character of the property is of sufficient merit to justify the program recommended.

**“Item 23: References**

Include a detailed list of all references cited in the technical report.

**“Item 24: Date**

Include the effective date of the technical report on both the title page and the page of the technical report that is signed. The date of signing must also be included on the signature page.

**“Item 25: Additional Requirements for Technical Reports on Development Properties and Production Properties**

Technical reports on development properties and production properties shall also include:

- (a) **Mining Operations** - information and assumptions concerning the mining method, metallurgical processes and production forecast;
- (b) **Recoverability** - information concerning results of all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;
- (c) **Markets** - information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;
- (d) **Contracts** - a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within market parameters;
- (e) **Environmental Considerations** - a discussion of bond posting, remediation and reclamation;
- (f) **Taxes** - a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;
- (g) **Capital and Operating Cost Estimates** - capital and operating cost estimates, with the major components being set out in tabular form;
- (h) **Economic Analysis** - an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;
- (i) **Payback** - a discussion of the payback period of capital with imputed or actual interest;
- (j) **Mine Life** - a discussion of the expected mine life and exploration potential.

**“Item 26: Illustrations**

(a) Technical reports shall be illustrated by legible maps, plans and sections. All technical reports shall be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports shall include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features shall be shown relative to property boundaries. Maps, drawings and diagrams that have been created by the author, in whole or in part, and that are based on the work that the author has done or supervised, shall be signed and dated by the author. Where information from other sources, either government or private, is used in preparing these maps or diagrams, the source of the information shall be named.

(b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location and any mineralized structures common to two or more such properties shall be shown on the maps.

(c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations shall be included in the technical report.

(d) Maps shall include a scale in bar form and an arrow indicating North. Information taken from government maps or from drawings of other engineers or geoscientists shall be acknowledged on the map”.

**Coming into force**

**5** These regulations come into force on the day on which they are filed with the Registrar of Regulations.