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PART II/PARTIE II

REVISED REGULATIONS OF SASKATCHEWAN/ RÈGLEMENTS RÉVISÉS DE LA SASKATCHEWAN

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REVISED REGULATIONS OF SASKATCHEWAN

SASKATCHEWAN REGULATIONS 43/2003*The Securities Act, 1988*

Section 154

Commission Order, dated May 8, 2003

(Filed May 20, 2003)

Title

1 These regulations may be cited as *The Securities Commission (Adoption of National Instruments) Amendment Regulations, 2003 (No. 2)*.

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 **Section 2 is amended by adding the following clause after clause (bb):**

“(cc) Multilateral Instrument 45-103, entitled Capital Raising Exemptions, as set out in Part XXIX of the Appendix”.

Appendix amended

4 **The following Part is added after Part XXVIII of the Appendix:**

“Part XXIX
“[*clause 2 (cc)*]

“MULTILATERAL INSTRUMENT 45-103
“CAPITAL RAISING EXEMPTIONS

“PART I DEFINITIONS**“1.1 Definitions**

(1) In this Instrument:

‘accredited investor’ means:

- (a) a Canadian financial institution or an authorized foreign bank listed in Schedule III of the *Bank Act* (Canada);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) an association under the *Cooperative Credit Associations Act* (Canada) located in Canada or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act;
- (d) a subsidiary of any person or company referred to in paragraphs (a) to (c), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;

- (e) a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a limited market dealer registered under the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- (f) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person or company referred to in paragraph (e);
- (g) the government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly owned entity of the government of Canada or a jurisdiction of Canada;
- (h) a municipality, public board or commission in Canada;
- (i) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction or any agency of that government;
- (j) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (k) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- (l) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent years and who, in either case, reasonably expects to exceed that net income level in the current year;
- (m) a person or company, other than a mutual fund or non-redeemable investment fund, that, either alone or with a spouse, has net assets of at least \$5,000,000, and unless the person or company is an individual, that amount is shown on its most recently prepared financial statements;
- (n) a mutual fund or non-redeemable investment fund that, in the local jurisdiction, distributes its securities only to persons or companies that are accredited investors;
- (o) a mutual fund or non-redeemable investment fund that, in the local jurisdiction, is distributing or has distributed its securities under one or more prospectuses for which the regulator has issued receipts;
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, trading as a trustee or agent on behalf of a fully managed account;

(q) a person or company trading as agent on behalf of a fully managed account if that person or company is registered or authorized to carry on business under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction as a portfolio manager or under an equivalent category of adviser or is exempt from registration as a portfolio manager or the equivalent category of adviser;

(r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or other adviser registered to provide advice on the securities being traded;

(s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) through (e) and paragraph (j) in form and function; or

(t) a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, except the voting securities required by law to be owned by directors, are persons or companies that are accredited investors;

'control person' has the meaning ascribed to that term in securities legislation except in Manitoba, Northwest Territories, Nova Scotia, Nunavut and Prince Edward Island, where "control person" means any person or company that holds or is one of a combination of persons or companies that holds:

(a) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer; or

(b) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of that issuer;

'designated securities' means:

(a) voting securities;

(b) securities that are not debt securities and that carry a residual right to participate in the earnings of the issuer or, on the liquidation or winding up of the issuer, in its assets; or

(c) securities convertible, directly or indirectly, into securities described in paragraph (a) or (b);

'eligible investor' means:

(a) a person or company whose:

(i) net assets, alone or with a spouse, exceed \$400,000;

(ii) net income before taxes exceeded \$75,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year; or

(iii) net income before taxes combined with that of a spouse exceeded \$125,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year;

- (b) a person or company of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors;
- (c) a general partnership of which all of the partners are eligible investors;
- (d) a limited partnership of which the majority of the general partners are eligible investors;
- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees are eligible investors;
- (f) an accredited investor;
- (g) a person or company described in section 3.1; or
- (h) a person or company that has obtained advice regarding the suitability of the investment and, if the person or company is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser;

'eligibility adviser' means:

- (a) an investment dealer or equivalent category of registration, registered under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed; and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practising member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or management accountants in a jurisdiction of Canada provided that the lawyer or public accountant:
 - (i) does not have a professional, business or personal relationship with the issuer, or any of its directors, senior officers, founders or control persons; and
 - (ii) has not acted for or been retained personally or otherwise as an employee, senior officer, director, associate or partner of a person or company that has acted for or been retained by the issuer or any of its directors, senior officers, founders or control persons within the previous year;

'financial assets' means cash and securities;

'founder', in respect of an issuer, means a person or company who:

- (a) acting alone, in conjunction or in concert with one or more other persons or companies, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
- (b) at the time of the proposed trade, is actively involved in the business of the issuer;

'fully managed account' means an account for which a person or company makes the investment decisions if that person or company has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

'MI 45-102' means Multilateral Instrument 45-102 *Resale of Securities*;

'non-redeemable investment fund' means an issuer:

- (a) whose primary purpose is to invest money provided by its security holders;
- (b) that does not invest for the purpose of exercising effective control, seeking to exercise effective control or being actively involved in the management of the issuers in which it invests, other than mutual funds or other non-redeemable investment funds; and
- (c) that is not a mutual fund;

'private issuer' means an issuer:

- (a) that is not a reporting issuer, a mutual fund or a non-redeemable investment fund;
- (b) whose designated securities:
 - (i) are subject to restrictions on transfer that are contained in the issuer's constating documents or security holders' agreements; and
 - (ii) are beneficially owned, directly or indirectly, by not more than 50 persons or companies, counting any 2 or more joint registered owners as one beneficial owner, and not counting employees and former employees of the issuer or its affiliates; and
- (c) that has distributed designated securities only to persons or companies described in section 2.1(1);

'qualifying issuer' means a qualifying issuer as defined in MI 45-102;

'related liabilities' means:

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets; and

'reporting issuer' in Northwest Territories, Nunavut and Prince Edward Island means a reporting issuer in a jurisdiction of Canada.

“1.2 Persons or companies deemed to be purchasing as principal

(1) Subject to subsection (2), a trust company or trust corporation described in paragraph (p) of the definition of “accredited investor” is deemed to be purchasing as principal.

(2) Subsection (1) does not apply to a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada.

(3) A person or company described in paragraph (q) of the definition of accredited investor is deemed to be purchasing as principal.

“PART 2 PRIVATE ISSUER EXEMPTION**“2.1 Private issuer exemption**

(1) The dealer registration requirement does not apply to a person or company with respect to a trade in a security of a private issuer if the purchaser purchases the security as principal and is:

- (a) a director, officer, employee, founder or control person of the issuer;
- (b) a spouse, parent, grandparent, brother, sister or child of a director, senior officer, founder or control person of the issuer;
- (c) a parent, grandparent, brother, sister or child of the spouse of a director, senior officer, founder or control person of the issuer;
- (d) a close personal friend of a director, senior officer, founder or control person of the issuer;
- (e) a close business associate of a director, senior officer, founder or control person of the issuer;
- (f) a spouse, parent, grandparent, brother, sister or child of the selling security holder or of the selling security holder’s spouse;
- (g) a current holder of designated securities of the issuer;
- (h) an accredited investor;
- (i) a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (a) to (h);
- (j) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in paragraphs (a) to (h); or
- (k) a person or company that is not the public.

(2) The prospectus requirement does not apply to a distribution of a security in the circumstances referred to in subsection (1).

“2.2 Restrictions on commissions

No commission or finder's fee may be paid to any director, officer, founder or control person of an issuer in connection with a trade under section 2.1 except a trade to an accredited investor.

“PART 3 FAMILY, FRIENDS AND BUSINESS ASSOCIATES**“3.1 Family, friends and business associates exemption**

(1) Subject to section 3.3, the dealer registration requirement does not apply to a person or company with respect to a trade in a security of an issuer if the purchaser purchases the security as principal and is:

- (a) a director, senior officer or control person of the issuer, or of an affiliate of the issuer;
- (b) a spouse, parent, grandparent, brother, sister or child of a director, senior officer or control person of the issuer, or of an affiliate of the issuer;
- (c) a parent, grandparent, brother, sister or child of the spouse of a director, senior officer or control person of the issuer or of an affiliate of the issuer;
- (d) a close personal friend of a director, senior officer or control person of the issuer, or of an affiliate of the issuer;
- (e) a close business associate of a director, senior officer or control person of the issuer, or of an affiliate of the issuer;
- (f) a founder of the issuer or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the issuer;
- (g) a parent, grandparent, brother, sister or child of the spouse of a founder of the issuer;
- (h) a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (a) to (g); or
- (i) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in paragraphs (a) to (g).

(2) The prospectus requirement does not apply to a distribution of a security in the circumstances referred to in subsection (1).

“3.2 Restrictions on commissions

(1) No commission or finder's fee may be paid to any director, officer, founder or control person of an issuer in connection with a trade under section 3.1.

(2) In Saskatchewan, no commission or finder's fee may be paid to any person or company, in connection with a trade to a purchaser in Saskatchewan under section 3.1.

“3.3 Saskatchewan risk acknowledgement

(1) In Saskatchewan, the exemptions in section 3.1 are not available in relation to a trade to:

- (a) a person or company described in paragraph 3.1(1)(d) or (e);
- (b) a close personal friend or close business associate of a founder of the issuer; or
- (c) a person or company described in paragraph 3.1(1)(h) or (i) if the exempt trade is based in whole or in part on a close personal friendship or close business association;

unless the seller obtains from each close personal friend and close business associate a signed risk acknowledgement in the required form.

(2) The seller must retain the signed risk acknowledgement for 8 years after the distribution.

“PART 4 OFFERING MEMORANDUM EXEMPTION**“4.1 Offering memorandum exemption**

(1) In British Columbia and Nova Scotia, the dealer registration requirement does not apply to a person or company with respect to a trade by an issuer in a security of its own issue if the purchaser purchases the security as principal and, at the same time or before the purchaser signs the agreement to purchase the security, the issuer:

- (a) delivers an offering memorandum to the purchaser in compliance with sections 4.2 to 4.4; and
- (b) obtains a signed risk acknowledgement from the purchaser in compliance with section 4.5(1).

(2) In British Columbia and Nova Scotia, the prospectus requirement does not apply to a distribution of a security in the circumstances referred to in subsection (1).

(3) In Alberta, Manitoba, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Saskatchewan, the dealer registration requirement does not apply to a person or company with respect to a trade by an issuer in a security of its own issue if:

- (a) the purchaser purchases the security as principal;
- (b) at the same time or before the purchaser signs the agreement to purchase the security, the issuer:
 - (i) delivers an offering memorandum to the purchaser in compliance with sections 4.2 to 4.4; and
 - (ii) obtains a signed risk acknowledgement form from the purchaser in compliance with section 4.5(1);

- (c) either:
 - (i) the purchaser is an eligible investor; or
 - (ii) the aggregate acquisition cost to the purchaser does not exceed \$10,000; and
 - (d) in the case of an issuer that is a mutual fund, it is one referred to in section 1.3 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.
- (4) In Alberta, Manitoba, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Saskatchewan, the prospectus requirement does not apply to a distribution of a security in the circumstances referred to in subsection (3).
- (5) In Northwest Territories, Nunavut and Saskatchewan, no commission or finder's fee may be paid to any person or company, other than a registered dealer, in connection with a trade to a purchaser in that jurisdiction under subsections (3) and (4).

“4.2 Required form of offering memorandum

An offering memorandum delivered under section 4.1 must be in the required form.

“4.3 Purchasers' rights

- (1) If securities legislation where the purchaser is resident does not provide a comparable right, an offering memorandum delivered under section 4.1 must provide the purchaser with a contractual right to cancel the agreement to purchase the security by delivering a notice to the issuer not later than midnight on the 2nd business day after the purchaser signs the agreement to purchase the security.
- (2) If securities legislation where the purchaser is resident does not provide statutory rights of action in the event of a misrepresentation in an offering memorandum delivered under section 4.1, the offering memorandum must contain a contractual right of action against the issuer for rescission or damages that:
- (a) is available to the purchaser if the offering memorandum, or any record incorporated or deemed to be incorporated by reference into the offering memorandum, contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation;
 - (b) is enforceable by the purchaser delivering a notice to the issuer:
 - (i) in the case of an action for rescission, within 180 days after the purchaser signs the agreement to purchase the security; or
 - (ii) in the case of an action for damages, before the earlier of:
 - (A) 180 days after the purchaser first has knowledge of the facts giving rise to the cause of action; or
 - (B) 3 years after the date the purchaser signs the agreement to purchase the security;

- (c) is subject to the defence that the purchaser had knowledge of the misrepresentation;
- (d) in the case of an action for damages, provides that the amount recoverable:
 - (i) must not exceed the price at which the security was offered; and
 - (ii) does not include all or any part of the damages that the issuer proves does not represent the depreciation in value of the security resulting from the misrepresentation; and
- (e) is in addition to and does not detract from any other right of the purchaser.

“4.4 Certificate

- (1) An offering memorandum delivered under section 4.1 must contain a certificate that states the following:

“This offering memorandum does not contain a misrepresentation.”
- (2) A certificate under subsection (1) must be signed:
 - (a) by the issuer’s chief executive officer and chief financial officer or, if the issuer does not have a chief executive officer or a chief financial officer, a person acting in that capacity;
 - (b) on behalf of the directors of the issuer;
 - (i) by any 2 directors who are authorized to sign, other than the persons referred to in paragraph (a); or
 - (ii) by all the directors of the issuer; and
 - (c) by each promoter of the issuer.
- (3) A certificate under subsection (1) must be true:
 - (a) at the date the certificate is signed; and
 - (b) at the date the offering memorandum is delivered to the purchaser.
- (4) If a certificate under subsection (1) ceases to be true after it is delivered to the purchaser, the issuer cannot accept an agreement to purchase the security from the purchaser unless:
 - (a) the purchaser receives an update of the offering memorandum;
 - (b) the update of the offering memorandum contains a newly dated certificate signed in compliance with subsection (2); and
 - (c) the purchaser re-signs the agreement to purchase the security.

“4.5 Risk acknowledgement

- (1) A risk acknowledgement under section 4.1 must be in the required form.
- (2) An issuer relying on section 4.1 must retain the signed risk acknowledgement for 8 years after the distribution.

“4.6 Consideration to be held in trust

- (1) The issuer must hold in trust all consideration received from the purchaser in connection with a trade in a security under section 4.1 until midnight on the 2nd business day after the purchaser signs the agreement to purchase the security.
- (2) The issuer must return all consideration to the purchaser promptly if the purchaser exercises the right to cancel the agreement to purchase the security described under section 4.3(1).

“4.7 Filing of offering memorandum

The issuer must file a copy of an offering memorandum delivered under section 4.1 and any update of a previously filed offering memorandum with the securities regulatory authority on or before the 10th day after each distribution under the offering memorandum or update of the offering memorandum.

“4.8 Exemption for filing of technical reports for mineral projects

If a qualifying issuer uses a form of offering memorandum that allows the qualifying issuer to incorporate previously filed information into the offering memorandum by reference, the qualifying issuer is exempt from the requirement under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* to file a technical report to support scientific or technical information about the qualifying issuer's mineral project in the offering memorandum or incorporated by reference into the offering memorandum if the information about the mineral project is contained in:

- (a) an annual information form, prospectus, material change report or annual financial statement filed under securities legislation with a securities regulatory authority before February 1, 2001;
- (b) a previously filed technical report under NI 43-101; or
- (c) a report prepared in accordance with former National Policy 2-A, *Guide for Mining Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators* and filed with a securities regulatory authority before February 1, 2001.

“PART 5 ACCREDITED INVESTOR EXEMPTION**“5.1 Accredited investor exemption**

- (1) The dealer registration requirement does not apply to a person or company with respect to a trade in a security of an issuer if the purchaser purchases the security as principal and is an accredited investor.
- (2) The prospectus requirement does not apply to a distribution of a security in the circumstances referred to in subsection (1).

“PART 6 RESALE OF SECURITIES**“6.1 Private issuer exemption**

Except in Manitoba, the first trade of a security distributed under the exemption in subsection 2.1(2) is subject to section 2.6 of MI 45-102.

“6.2 Other exemptions

Except in Manitoba, the first trade of a security distributed under an exemption in subsection 3.1(2), 4.1(2), 4.1(4) or 5.1(2) is subject to section 2.5 of MI 45-102.

“6.3 Convertible securities

Except in Manitoba, the first trade of a security distributed through the exercise of a right to acquire, purchase, convert or exchange previously acquired under an exemption in:

- (a) subsection 2.1(2) is subject to section 2.6 of MI 45-102; or
- (b) subsection 3.1(2), 4.1(2), 4.1(4) or 5.1(2) is subject to section 2.5 of MI 45-102.

“6.4 Manitoba resale restrictions

(1) In Manitoba, a security acquired under an exemption in subsection 3.1(2), 4.1(4) or 5.1(2) or through the exercise of a right to acquire, purchase, convert or exchange previously acquired under one of those exemptions must not be traded without the prior written consent of the regulator, unless:

- (a) at the time the security was acquired the issuer was a reporting issuer in a jurisdiction listed in Appendix B of MI 45-102;
- (b) the issuer of the security subsequently has filed a prospectus with the securities regulatory authority in Manitoba with respect to the security and has obtained a receipt for that prospectus;
- (c) if the issuer was not a reporting issuer in Manitoba at the time the security was acquired, the security has been held for at least 12 months; or
- (d) the trade is made under an exemption from the prospectus and dealer registration requirements.

(2) The regulator will consent to a trade referred to in subsection (1) if the regulator is of the opinion that it would not be prejudicial to the public interest to do so.

“PART 7 REPORTING REQUIREMENTS**“7.1 Report of exempt distribution**

(1) Subject to subsections (2) and (3), if an issuer distributes a security of its own issue under an exemption in subsection 3.1(2), 4.1(2), 4.1(4), or 5.1(2), the issuer must file a report in the local jurisdiction in which the distribution takes place on or before the 10th day after the distribution.

(2) An issuer is not required to file the report under subsection (1) for a distribution under subsection 5.1(2) of an evidence of indebtedness to a Canadian financial institution as security for a loan made by the Canadian financial institution to the person or company.

(3) A mutual fund or non-redeemable investment fund is not required to file the report under subsection (1) for a distribution under subsection 5.1(2) provided the report is filed not later than 30 days after the financial year end of the mutual fund or non-redeemable investment fund.

“7.2 Required form of report

A report filed under section 7.1 must be in the required form.

“PART 8 REQUIRED FORMS**“8.1 Required forms of offering memorandum**

(1) Except in British Columbia, the required form of offering memorandum under section 4.2 is Form 45-103F1.

(2) Despite subsection (1), a qualifying issuer may prepare an offering memorandum in accordance with Form 45-103F2.

“8.2 Required forms of risk acknowledgement

(1) Except in British Columbia, the required form of risk acknowledgement under section 4.5 is Form 45-103F3.

(2) In Saskatchewan, the required form of risk acknowledgement under section 3.3 is Form 45-103F5.

“8.3 Required form of report of exempt distribution

(1) Except in British Columbia, the required form of report of exempt distribution is Form 45-103F4.

(2) An issuer or vendor that makes a distribution under an exemption from a prospectus requirement not contained in this rule, is exempt from the requirement in securities legislation to prepare a report of exempt trade or exempt distribution in the form required, provided the issuer or vendor files a report of exempt distribution in accordance with Form 45-103F4.

“8.4 Required forms in British Columbia

In British Columbia, the required forms are the forms specified by the British Columbia regulator under section 182 of the *Securities Act* (British Columbia).

“PART 9 EXEMPTION FROM INSTRUMENT**“9.1 Grant of exemptions**

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.

“MULTILATERAL INSTRUMENT 45-103
“FORM 45-103F1
“OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

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

The Issuer

Name:

Head office: Address:

Phone #:

E-mail address:

Fax #:

Currently listed or quoted? [Yes/No. If yes, state where, e.g., TSX/TSX Venture Exchange.]

Reporting issuer? [Yes/No. If yes, state where.]

SEDAR filer? [Yes/No]

The Offering

Securities offered:

Price per security:

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

Payment terms:

Proposed closing date(s):

Tax consequences: “There are important tax consequences to these securities. See item 6.”

[If tax consequences are not material, delete this item.]

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

Resale restrictions

State:

“You will be restricted from selling your securities for [4 months/12 months/an indefinite period]. See item 10.”

Purchaser’s rights

State:

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

State in bold type:

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

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

“Item 1 Use of Net Proceeds

“1.1 Net Proceeds – Using the following table, disclose the net proceeds of the offering. If there is no minimum offering, state “\$0” as the minimum.

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$	\$
B	Selling commissions and fees	\$	\$
C	Estimated offering costs (e.g., legal, accounting, audit.)	\$	\$
D	Net proceeds: $D = A - (B+C)$	\$	\$

“1.2 Use of Net Proceeds – Using the following table, provide a detailed breakdown of how the issuer will use the net proceeds. If any of the net proceeds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the net proceeds to be applied to the working capital deficiency.

Description of intended use of net proceeds listed in order of priority	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$

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

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

“1.4 Working Capital Deficiency – State the amount of any working capital deficiency of the issuer as at a date not more than 30 days prior to the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of net proceeds, state how the issuer intends to eliminate or manage the deficiency.

“Item 2 Business of [name of issuer or other term used to refer to issuer]

“2.1 Structure – State the business structure (e.g., partnership, corporation or trust), the statute and the province, state or other jurisdiction under which the issuer is incorporated, continued or organized, and the date of incorporation, continuance or organization.

“2.2 Our Business – Describe the issuer’s business. For a non-resource issuer this may include principal products or services, operations, market and marketing plans and strategies. For a resource issuer this will require a description of principal properties (including interest held) and may include disclosure of the stage of development, reserves, geology, operations, production and mineral or resource being explored or developed. Generally, this description should not exceed 2 pages.

“2.3 Development of Business – Describe (generally, in one or two paragraphs) the general development of the issuer’s business over at least its two most recently completed financial years and any subsequent period. Include the major events that have occurred or conditions that have influenced (favourably or unfavourably) the development of the issuer.

“2.4 Long Term Objectives – Disclose the issuer’s long term objectives.

“2.5 Short Term Objectives and How We Intend to Achieve Them

- (a) Disclose the issuer’s objectives for the next 12 months;
- (b) Using the following table, disclose how the issuer intends to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
		\$
		\$
		\$

“2.6 Insufficient Proceeds

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

“2.7 Material Agreements – Disclose the key terms of all material agreements:

- (a) to which the issuer is currently a party; or
- (b) with a related party;

including the following information:

- (i) if the agreement is with a related party, the name of the related party and the relationship;
- (ii) a description of any asset or property or interest acquired, disposed of, leased, under option, etc.;
- (iii) purchase price and payment terms (e.g., paid in instalments, cash, securities or work commitments);
- (iv) the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate;
- (v) the date of the agreement;
- (vi) the amount of any finder's fee or commission paid or payable to a related party in connection with the agreement; and
- (vii) any material outstanding obligations under the agreement.

“Item 3 Directors, Management, Promoters and Principal Holders

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

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer in the most recently completed financial year (or, if the issuer has not completed a financial year, since inception) and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering

“3.2 Management Experience – Using the following table, disclose the principal occupations of the directors and senior officers over the past five years. In addition, for each individual, describe any relevant experience in a business similar to the issuer's.

Name	Principal occupation and related experience

“3.3 Penalties, Sanctions and Bankruptcy

(a) Disclose any penalty or sanction (including the reason for it and whether it is currently in effect) that has been in effect during the last 10 years against:

- (i) a director, senior officer or control person of the issuer; or
- (ii) an issuer of which a person or company referred to in (i) above was a director, senior officer or control person at the time.

(b) Disclose any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any:

- (i) director, senior officer or control person of the issuer; or
- (ii) issuer of which a person or company referred to in (i) above was a director, senior officer or control person at that time.

“Item 4 Capital Structure

“4.1 Share Capital – Using the following table, provide the required information about outstanding securities of the issuer (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.

Description of Security	Number authorized to be issued	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering

4.2 Long Term Debt – Using the following table, provide the required information about outstanding long term debt of the issuer. If the securities being offered are debt securities, add a column to the table disclosing the amount of debt that will be outstanding after both the minimum and maximum offering. If the debt is owed to a related party, indicate that in a note to the table and identify the related party.

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at [a date not more than 30 days prior to the offering memorandum date]
			\$
			\$

“4.3 Prior Sales – If the issuer has issued any securities of the class being offered under the offering memorandum (or convertible or exchangeable into the class being offered under the offering memorandum) within the last 12 months, use the following table to provide the information specified. If securities were issued for assets or services, describe in a note to the table the assets or services that were provided.

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
			\$	\$
			\$	\$
			\$	\$

“Item 5 Securities Offered

“5.1 Terms of Securities – Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting;
- (b) conversion or exercise price and date of expiry;
- (c) rights of redemption or retraction; and
- (d) interest rates or dividend rates.

“5.2 Subscription Procedure

- (a) describe how a purchaser can subscribe for the securities and the method of payment;
- (b) state that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two day period);
- (c) disclose any conditions to closing, e.g., receipt of additional funds from other sources. If there is a minimum offering, disclose when consideration will be returned to purchasers if the minimum is not met.

“Item 6 Income Tax Consequences and RRSP Eligibility

“6.1 State:

“You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.”

“6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide:

- (a) a summary of the significant income tax consequences to Canadian residents; and
- (b) the name of the person or company providing the tax disclosure in (a).

“6.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person or company providing the advice or state:

“Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.”

“Item 7 Compensation Paid to Sellers and Finders

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

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

“Item 8 Risk Factors

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

Risk factors will generally fall into the following three categories:

- (a) Investment Risk – risks that are specific to the securities being offered. Some examples include:
 - arbitrary determination of price;
 - no market or an illiquid market for the securities;
 - resale restrictions; and
 - subordination of debt securities.
- (b) Issuer Risk – risks that are specific to the issuer. Some examples include:
 - insufficient funds to accomplish the issuer’s business objectives;
 - no history or a limited history of sales or profits;
 - lack of specific management or technical expertise;
 - management’s regulatory and business track record;
 - dependence on key employees, suppliers or agreements;
 - litigation; and
 - political risk factors.

(c) Industry Risk – risks faced by the issuer because of the industry in which it operates. Some examples include:

- environmental and industry regulation;
- product obsolescence; and
- competition.

Item 9 Reporting Obligations

“9.1 Disclose the documents that will be sent to purchasers on an annual or on-going basis.

“9.2 If corporate or securities information about the issuer is available from a government, regulatory authority, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

“Item 10 Resale Restrictions

“10.1 General Statement – For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan, state:

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

“10.2 Restricted Period – For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan, state one of the following, as applicable:

- (a) if, at the distribution date, the issuer is not:
- (i) a reporting issuer in the Canadian province or territory in which the purchaser resides; and
 - (ii) a SEDAR filer and a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan;

state:

“Unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is 12 months and a day after the date [name of issuer or other term used to refer to the issuer]:

1. becomes a reporting issuer in the Canadian province or territory in which you reside; or
2. first becomes a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan, and a SEDAR filer.”

(b) if, at the distribution date, the issuer is not a “qualifying issuer” (as defined under Multilateral Instrument 45-102 *Resale of Securities*) but is a SEDAR filer and a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan, state:

“Unless permitted under securities legislation, you cannot trade the securities before the date that is 12 months and a day after the distribution date.”

(c) if, at the distribution date, the issuer is not a “qualifying issuer” and is a reporting issuer in the Canadian province or territory in which the purchaser resides, state:

“Unless permitted under securities legislation, you cannot trade the securities before the date that is 12 months and a day after the distribution date.”

(d) if, at the distribution date the issuer is a “qualifying issuer”, state:

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

“10.3 Manitoba Resale Restrictions – For trades in Manitoba, if the issuer will not be a reporting issuer in a jurisdiction listed in Appendix A of MI 45-102 at the time the security is acquired by the purchaser state:

“You must not trade the securities without the prior written consent of the regulator in Manitoba unless:

(a) [name of issuer or other term used to refer to issuer] has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.”

“Item 11 Purchasers’ Rights

State the following:

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

1. **Two Day Cancellation Right** – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.
2. **Statutory Rights of Action in the Event of a Misrepresentation** – [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:
 - (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities; or
 - (b) for damages against [state the name of issuer or other term used to refer to issuer and the title of any other person or company against whom the rights are available].

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

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

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

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer or other term used to refer to issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

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

“Item 12 Financial Statements

Include all financial statements required in the offering memorandum immediately before the certificate page of the offering memorandum.

“Item 13 Date and Certificate

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

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

This offering memorandum does not contain a misrepresentation.”

The certificate must be signed by:

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

“MULTILATERAL INSTRUMENT 45-103

**“INSTRUCTIONS FOR COMPLETING
“FORM 45-103F1**

“OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

A. General Instructions

1. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
2. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
3. The issuer may include additional information in the offering memorandum other than that specifically required by the form. However, the offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus.

4. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.
5. It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to additional information that is provided.
6. If the issuer is a limited partnership or trust, where the offering memorandum form requires disclosure about “directors”, provide disclosure for the general partner(s) of the limited partnership and the trustee(s) and manager of the trust. If a general partner, trustee or manager is a corporation, provide disclosure of the directors and senior officers of the general partner or manager and trustee. If the issuer is a limited partnership, the general partner must sign as promoter of the issuer and, if the general partner is a corporation, the chief executive officer, chief financial officer and directors of the general partner must sign as the chief executive officer, chief financial officer and directors of the issuer. If the issuer is a trust, each trustee and the manager of the trust must sign as promoters of the issuer. If any trustee is a corporation, the signing officers of the trustee must also sign as promoters. If the manager of the trust is a corporation, the chief executive officer, chief financial officer and directors of the manager must sign as the chief executive officer, chief financial officer and directors of the issuer.
7. When the term “related party” is used in this form, it refers to:
 - (a) a director, officer, promoter or control person of the issuer;
 - (b) in regard to a person referred to in (a), a child, parent, grandparent or sibling, or other relative living in the same residence;
 - (c) in regard to a person referred to in (a) or (b), his or her spouse or a person with whom he or she is living in a marriage-like relationship;
 - (d) an insider of the issuer;
 - (e) a company controlled by one or more individuals referred to in (a) to (d); and
 - (f) in the case of an insider, promoter or control person that is not an individual, any person or company that controls that insider.

(If the issuer is not a reporting issuer, the reference to “insider” includes persons or companies who would be insiders of the issuer if that issuer were a reporting issuer.)

8. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.
9. Securities legislation restricts what can be told to investors about the issuer's intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.
10. If an issuer uses this form in connection with a distribution under an exemption other than section 4.1 of Multilateral Instrument 45-103 *Capital Raising Exemptions*, the issuer must modify the disclosure in item 11 to correctly describe the purchaser's rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

B. Financial Statements – General

1. Any financial statements included in the offering memorandum must be prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). Differential reporting, as discussed in section 1300 of the CICA Handbook, is not acceptable for financial statements of either the issuer or of a business for which financial statements are required in the offering memorandum.
2. Include all financial statements required in the offering memorandum immediately prior to the certificate page of the offering memorandum.
3. If the issuer has not completed one financial year, include the following financial statements of the issuer in the offering memorandum:
 - (a) statements of income, retained earnings and cash flows for the period from inception to a date not more than 60 days before the date of the offering memorandum; and
 - (b) a balance sheet dated as at the ending date of the statements required by B.3(a).
4. If the issuer has completed one or more financial years, include the following financial statements of the issuer in the offering memorandum:
 - (a) statements of income, retained earnings and cash flows for the most recently completed financial year that ended more than 120 days before the date of the offering memorandum;
 - (b) a balance sheet as at the last day of the most recently completed financial year that ended more than 120 days before the date of the offering memorandum;
 - (c) statements of income, retained earnings and cash flows for the most recently completed 3, 6 or 9 month interim period that ended more than 60 days before the date of the offering memorandum, and ended after the date of the financial statements required under B.4(a); and
 - (d) a balance sheet dated as at the ending date of the statements required by B.4(c).

5. If financial statements of the issuer for a more recent annual or interim period than those required by B.3 or B.4 have been prepared, include those more recent financial statements in the offering memorandum.
6. If the issuer has changed its year end, refer to National Policy 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* for guidance concerning interim periods in a transition year. Financial statements for the most recently completed interim period in a transition year should be provided to satisfy B.4(c).
7. If the issuer has completed two or more financial years that ended more than 120 days from the date of the offering memorandum, the annual financial statements required under B.4(a) and (b) must include comparatives for the prior year. The interim financial statements required under B.4(c) and (d) may exclude comparatives if financial statements for the comparative periods were not previously prepared.
8. The annual financial statements required under B.4(a) and (b) must be audited in accordance with Canadian generally accepted auditing standards (Canadian GAAS) and the audit report must be included in the offering memorandum. The financial statements required under B.3, B.4(c) and (d) and B.5 and the comparatives required by B.6 may be unaudited; however, if any of those financial statements have been audited, the audit report on them must be included in the offering memorandum.
9. Each page of any unaudited financial statements must indicate in bold that the financial statements have not been audited.
10. If the offering memorandum does not contain audited financial statements for the issuer's most recently completed financial year, update the offering memorandum to include the annual audited financial statements and the audit report as soon as the issuer has approved the audited financial statements, but in any event no later than the 120th day following the financial year end.
11. The offering memorandum does not have to be updated to include interim financial statements for periods completed after the date 60 days prior to the date of the offering memorandum. However, it may be necessary to include the interim financial statements in the offering memorandum to prevent the offering memorandum from containing a misrepresentation.
12. Refer to National Policy 48 *Future Oriented Financial Information* if future oriented financial information is included in the offering memorandum.
13. If the issuer is a limited partnership, include in the offering memorandum the financial statements required by Part B of the general partner and, if the limited partnership has active operations, of the limited partnership.

C. Financial Statements – Business Acquisitions

1. If the issuer:
 - (a) has acquired a business during the past two years and the audited and/or unaudited consolidated financial statements of the issuer included in the offering memorandum do not include the results of the acquired business for 12 consecutive months; or
 - (b) is proposing to acquire a business and either:
 - (i) is obligated to complete the acquisition; or
 - (ii) has the right to acquire the business and has decided to complete the acquisition;

include the financial statements for the business if the test in C.2 is met, irrespective of how the issuer accounts for the acquisition.
2. Include the financial statements for a business referred to in C.1 if either:
 - (a) the issuer's proportionate share of the consolidated assets of the business exceeds 50% of the consolidated assets of the issuer calculated using the most recent annual financial statements of each of the issuer and the business before the date of the acquisition or proposed date of acquisition; or
 - (b) the issuer's consolidated investments in and advances to the business as at the date of the acquisition or the proposed date of acquisition exceeds 50% of the consolidated assets of the issuer as at the end of the issuer's most recently completed financial year that ended before the date of the acquisition or proposed date of acquisition.
3. Where an issuer or a business referred to in C.1 has not yet completed a financial year or has completed its first financial year that ended within 120 days of the offering memorandum date and financial statements for that year are not yet available, use the financial statements referred to in B.3(b) or B.4(d) to make the calculations in C.2.
4. If a business referred to in C.1 meets either of the threshold tests in C.2, include in the offering memorandum the following financial statements of the business:
 - (a) If the business has not completed one financial year include:
 - (i) statements of income, retained earnings and cash flows for the period from inception to a date not more than 60 days before the date of the offering memorandum; and
 - (ii) a balance sheet dated as at the ending date of the statements required by C.4(a)(i).

However, if the date of acquisition for a business precedes the ending date of the period referred to in C.4(a)(i), then provide financial statements for the period from inception to the date of acquisition or a date not more than 30 days before the date of acquisition.

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- (b) If the business has completed one or more financial years include:
- (i) statements of income, retained earnings and cash flows for the most recently completed financial year that ended before the date of acquisition and more than 120 days before the date of the offering memorandum;
 - (ii) a balance sheet dated as at the ending date of the statements required by C.4(b)(i);
 - (iii) statements of income, retained earnings and cash flows for either:
 - A. the most recently completed 3, 6 or 9 month interim period that ended before the date of acquisition and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under C.4(b)(i); or
 - B. the period from the first day after the financial year referred to in C.4(b)(i) to the date of acquisition or a date not more than 30 days before the date of acquisition; and
 - (iv) a balance sheet dated as at the ending date of the statements required by C.4(b)(iii).
5. The annual financial statements required under C.4(b)(i) and (ii) must be audited in accordance with Canadian GAAS and the audit report must be included in the offering memorandum. The financial statements required under C.4(a) and C.4(b)(iii) and (iv) may be unaudited; however, if any of those financial statements have been audited, the audit report must be included in the offering memorandum.
6. If the offering memorandum does not contain audited financial statements for a business referred to in C.1 for the business' most recently completed financial year that ended before the date of acquisition, update the offering memorandum to include those financial statements and the audit report when they are available, but in any event no later than the date 120 days following the year end.
7. The term "business" should be evaluated in light of the facts and circumstances involved. Generally, a separate entity or a subsidiary or division of an entity is a business and, in certain circumstances, a lesser component of an entity may also constitute a business, whether or not the subject of the acquisition previously prepared financial statements. The subject of an acquisition should be considered a business where there is, or the issuer expects there will be, continuity of operations. The issuer should consider:
- (a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition; and
 - (b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the issuer instead of remaining with the vendor after the acquisition.

8. If an acquisition or a proposed acquisition has been or will be accounted for as a reverse take-over, include financial statements for the legal subsidiary in the offering memorandum in accordance with Part B. The legal parent, as that term is defined in the CICA Handbook, is considered to be the business acquired. C.1 may require financial statements of the legal parent.

D. Financial Statement – Exemptions

1. An issuer will satisfy the financial statement requirements of this form if it includes the financial statements required by securities legislation for a prospectus.
2. An audit report on financial statements contained in an offering memorandum may contain a reservation relating to opening inventory unless the issuer previously filed an audit report on financial statements for the same entity for a prior year in which there was a reservation relating to inventory.
3. The financial statements of a person or company incorporated or organized in a jurisdiction outside of Canada that are included in an offering memorandum, may be prepared in accordance with a body of generally accepted accounting principles, other than Canadian GAAP, if those accounting principles are as comprehensive as Canadian GAAP (e.g., U.S. GAAP) and cover substantially the same core subject matter as Canadian GAAP, including recognition and measurement principles and disclosure requirements (“foreign GAAP”), if the notes to the financial statements:
 - (a) explain and quantify the effect of material differences between Canadian GAAP and foreign GAAP that relate to measurements and those differences are not so pervasive as to render the financial statements misleading; and
 - (b) provide disclosure consistent with Canadian GAAP requirements to the extent not already reflected in the financial statements.
4. The financial statements of a person or company incorporated or organized in a jurisdiction outside of Canada that are included in an offering memorandum, may be audited in accordance with a body of generally accepted auditing standards, other than Canadian GAAS, provided that:
 - (a) those auditing standards are substantially equivalent to Canadian GAAS, requiring audit work that is comparable in scope, nature and timing to the work required in connection with an audit in accordance with Canadian GAAS; and
 - (b) the auditor’s report is accompanied by a statement of the auditor:
 - (i) disclosing any material differences in the form and content of the foreign auditor’s report as compared to a Canadian auditor’s report; and
 - (ii) unless the auditing standards are U.S. GAAS, confirming that the auditing standards applied are substantially equivalent to Canadian GAAS.

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5. If an acquisition is, or will be, an investment accounted for using the equity method, as that term is defined in the CICA Handbook, financial statements for a business required by C.4 are not required to be included in the offering memorandum if:
- (a) the offering memorandum includes disclosure for the periods for which financial statements are required under Part C 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;
 - (b) the financial information provided under D.5(a) for any completed financial year has been audited, or has been derived from audited financial statements of the business; and
 - (c) the offering memorandum discloses that:
 - (i) the financial information provided under D.5(a) for any completed financial year has been audited, or identifies the financial statements from which the financial information provided under D.5(a) has been derived; and
 - (ii) the audit opinion with respect to the financial information or financial statements referred to in D.5(c)(i) was issued without a reservation of opinion.

If the financial information included in an offering memorandum under D.5(a) has been derived from financial statements of a business incorporated or organized in a foreign jurisdiction that have been prepared in accordance with foreign GAAP, the information must be accompanied by a note that explains and quantifies the effect of material differences between Canadian GAAP and the foreign GAAP.

6. Financial statements relating to the acquisition or proposed acquisition of a business that is an interest in an oil and gas property are not required to be included in an offering memorandum if:
- (a) the required financial statements do not exist;
 - (b) the acquisition was not or will not be accounted for as a "reverse take-over" as defined in the CICA Handbook;
 - (c) the property did not or does not constitute a "reportable segment" of the seller, as defined in section 1701 of the CICA Handbook, at the time of acquisition; and
 - (d) the offering memorandum contains alternative disclosure for the property which includes at least an operating statement (which must be accompanied by an audit report if it is prepared as an alternative to audited annual financial statements) presenting, at a minimum, the following line items:
 - (i) gross revenue;
 - (ii) royalty expenses;

- (iii) production costs;
 - (iv) operating income; and
 - (v) if a material fact;
 - A. information with respect to reserve estimates and estimates of future net revenue and production volumes and other relevant information regarding the property;
 - B. actual production volumes of the property for the most recently completed year; and
 - C. estimated production volumes of the property for the next year, based on information in the reserve report.
7. Financial statements for a business that is an interest in an oil and gas property or for the acquisition or proposed acquisition by an issuer of a property are not required to be audited if:
- (a) the property was acquired prior to December 31, 2000, and the offering memorandum states that, despite making reasonable efforts, the issuer was unable to obtain audited operating statements because the seller refused to provide such audited statements or to permit access to the information necessary to audit the statements; or
 - (b) during the 12 months preceding the date of the acquisition or the proposed date of an acquisition, the daily average production of the property on a barrel of oil equivalent basis (with gas converted to oil in the ratio of six thousand cubic feet of gas being the equivalent of one barrel of oil) is less than 20 per cent of the total daily average production of the seller for the same or similar periods and:
 - (i) despite reasonable efforts during the purchase negotiations, the issuer was prohibited from including in the purchase agreement the rights to obtain an audited operating statement of the property;
 - (ii) the purchase agreement includes representations and warranties by the seller that the amounts presented in the operating statement agree to the seller's books and records; and
 - (iii) the offering memorandum discloses:
 - A. that the issuer was unable to obtain an audited operating statement;
 - B. the reasons for that inability;
 - C. the fact that the purchase agreement includes the representations and warranties referred to in D.7(b)(ii); and
 - D. that the results presented in the operating statements may have been materially different if the statements had been audited.

“MULTILATERAL INSTRUMENT 45-103
“FORM 45-103F2
“OFFERING MEMORANDUM FOR QUALIFYING ISSUERS

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

The Issuer

Name:

Head office: Address:

Phone #:

E-mail address:

Fax #:

Where currently listed or quoted? [e.g., TSX/TSX Venture Exchange]

The Offering

Securities offered:

Price per security:

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

Payment terms:

Proposed closing date(s):

Tax consequences: “There are important tax consequences to these securities. See item 6.”

[If tax consequences are not material, delete this item.]

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

Resale restrictions

State:

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

Purchaser’s rights

State:

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

State in bold type:

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

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

“Item 1 Use of Net Proceeds

“1.1 Net Proceeds – Using the following table, disclose the net proceeds of the offering. If there is no minimum offering, state “\$0” as the minimum.

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$	\$
B	Selling commissions and fees	\$	\$
C	Estimated offering costs (e.g., legal, accounting, audit.)	\$	\$
D	Net proceeds: $D = A - (B+C)$	\$	\$

“1.2 Use of Net Proceeds – Using the following table, provide a detailed breakdown of how the issuer will use the net proceeds. If any of the net proceeds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the net proceeds to be applied to the working capital deficiency.

Description of intended use of net proceeds listed in order of priority.	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$

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

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

“1.4 Working Capital Deficiency – State the amount of any working capital deficiency of the issuer as at a date not more than 30 days prior to the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of net proceeds, state how the issuer intends to eliminate or manage the deficiency.

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

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

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

“2.2 Existing Documents Incorporated by Reference – State:

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

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

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

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

“2.3 Existing Documents Not Incorporated by Reference – State:

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

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

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

“2.5 Future Documents Not Incorporated by Reference – State:

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

“Item 3 Directors, Officers, Promoters and Principal Holders

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

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

“3.2 State:

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

“3.3 State:

“Current information regarding the securities held by directors, senior officers and principal holders can be obtained from [refer to the SEDI website at www.sedi.ca or, if information cannot be obtained from the SEDI website, refer to the securities regulatory authority(ies) from which the information can be obtained, including any website(s)]. [Name of issuer or other term used to refer to issuer] can not guarantee the accuracy of this information.”

“Item 4 Capital Structure

Using the following table, provide the required information about outstanding securities of the issuer (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.

Description of Security	Number authorized to be issued	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering

“Item 5 Securities Offered

“5.1 Terms of Securities – Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting;
- (b) conversion or exercise price and date of expiry;
- (c) rights of redemption or retraction; and
- (d) interest rates or dividend rates.

“5.2 Subscription Procedure

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

“Item 6 Income Tax Consequences and RRSP Eligibility

“6.1 State:

“You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.”

“6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide:

- (a) a summary of the significant income tax consequences to Canadian residents; and
- (b) the name of the person or company providing the tax disclosure in (a).

“6.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person or company providing the advice or state:

“Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.”

“Item 7 Compensation Paid to Sellers and Finders

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

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

“Item 8 Risk Factors

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

Risk factors will generally fall into the following three categories:

- (a) Investment Risk – risks that are specific to the securities being offered. Some examples include:
 - arbitrary determination of price;
 - no market or an illiquid market for the securities;
 - resale restrictions; and
 - subordination of debt securities.
- (b) Issuer Risk – risks that are specific to the issuer. Some examples include:
 - insufficient funds to accomplish the issuer’s business objectives;
 - no history or a limited history of sales or profits;
 - lack of specific management or technical expertise;
 - management’s regulatory and business track record;
 - dependence on key employees, suppliers or agreements;
 - litigation; and
 - political risk factors.

(c) Industry Risk – risks faced by the issuer because of the industry in which it operates. Some examples include:

- environmental and industry regulation;
- product obsolescence; and
- competition.

“Item 9 Reporting Obligations

“9.1 Disclose the documents that will be sent to purchasers on an annual or on-going basis.

“9.2 If corporate or securities information about the issuer is available from a government, regulatory authority, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

“Item 10 Resale Restrictions

For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan state:

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

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

“Item 11 Purchasers’ Rights

State the following:

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

- 1. Two Day Cancellation Right** – You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.
- 2. Statutory Rights of Action in the Event of a Misrepresentation** – [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

(a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities; or

(b) for damages against [state the name of issuer or other term used to refer to issuer and the title of any other person or company against whom the rights are available].

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

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

3. Contractual Rights of Action in the Event of a Misrepresentation

– [Insert this section only if the securities legislation of the jurisdiction in which the purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum.] If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name of issuer or other term used to refer to issuer]:

- (a) to cancel your agreement to buy these securities; or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer or other term used to refer to issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

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

“Item 12 Date and Certificate

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

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

This offering memorandum does not contain a misrepresentation.”

The certificate must be signed by:

- (a) the chief executive officer and the chief financial officer of the issuer (or, if the issuer does not have a chief executive officer or a chief financial officer, a person acting in that capacity);

- (b) on behalf of the directors of the issuer:
 - (i) by any two directors who are authorized to sign other than the persons referred to in paragraph (a); or
 - (ii) by all the directors of the issuer; and
- (c) by each promoter of the issuer.

**“MULTILATERAL INSTRUMENT 45-103
“INSTRUCTIONS FOR COMPLETING
“FORM 45-103F2
“OFFERING MEMORANDUM FOR QUALIFYING ISSUERS**

A. General Instructions

1. Only a “qualifying issuer” as defined in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102) may use this form.
2. An issuer using this form to draft an offering memorandum must incorporate by reference certain parts of its existing continuous disclosure base. An issuer that does not want to do this must use Offering Memorandum Form 45-103F1.
3. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
4. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
5. The issuer may include additional information in the offering memorandum other than that specifically required by the form. However, the offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus.
6. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.
7. It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to additional information that is provided.

8. If the issuer is a limited partnership or trust, where the offering memorandum form requires disclosure about “directors”, provide disclosure for the general partner(s) of the limited partnership and the trustee(s) and manager of the trust. If a general partner, trustee or manager is a corporation, provide disclosure of the directors and senior officers of the general partner or manager and trustee. If the issuer is a limited partnership, the general partner must sign as promoter of the issuer and, if the general partner is a corporation, the chief executive officer, chief financial officer and directors of the general partner must sign as the chief executive officer, chief financial officer and directors of the issuer. If the issuer is a trust, each trustee and the manager of the trust must sign as promoters of the issuer. If any trustee is a corporation, the signing officers of the trustee must also sign as promoters. If the manager of the trust is a corporation, the chief executive officer, chief financial officer and directors of the manager must sign as the chief executive officer, chief financial officer and directors of the issuer.
9. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.
10. Securities legislation restricts what can be told to investors about the issuer’s intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.
11. If an issuer uses this form in connection with a distribution under an exemption other than section 4.1 of Multilateral Instrument 45-103 *Capital Raising Exemptions*, the issuer must modify the disclosure in item 11 to correctly describe the purchaser’s rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

B. Financial Statements

1. Any financial statements incorporated by reference into the offering memorandum must be prepared in accordance with Canadian generally accepted accounting principles. Any audit must be conducted in accordance with Canadian generally accepted auditing standards.
2. Refer to National Policy 48 *Future Oriented Financial Information* if future oriented financial information is included in the offering memorandum.

C. Required Updates to the Offering Memorandum

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

D. Specific Instructions

Item 2: Information about the Issuer

2.2 Existing Documents Incorporated by Reference – In addition to any other document that an issuer may choose to incorporate by reference, the issuer must incorporate the following documents:

- (a) the issuer's current AIF (as defined in MI 45-102);
- (b) material change reports, except confidential material change reports, filed after the commencement of the issuer's current financial year;
- (c) the interim financial statements for the issuer's most recently completed financial period for which the issuer prepares interim financial statements that are required to be filed;
- (d) the financial statements, together with the accompanying report of the auditor, for the issuer's most recently completed financial year for which annual financial statements are required to be filed;
- (e) if, before the offering memorandum is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under 2.2(c) and (d) is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication;
- (f) management's discussion and analysis (MD&A) for the annual comparative financial statements referred to in 2.2(d);
- (g) MD&A for the issuer's interim financial statements, to the extent that the issuer is required to file interim MD&A with a Canadian securities regulatory authority;
- (h) except as provided in D.2.4, information circulars or, if the issuer is not required under securities legislation to prepare information circulars, annual filings that, in each case, are required to be filed after the commencement of the issuer's current financial year;
- (i) if the issuer has a mineral project, technical reports, certificates and consents required to be filed under NI 43-101 that, in each case, are required to be filed after the commencement of the issuer's current financial year; and
- (j) on implementation of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, technical reports, certificates, consents and other documents that, in each case, are required under that instrument to be filed after the commencement of the issuer's current financial year.

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

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

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

“MULTILATERAL INSTRUMENT 45-103

“FORM 45-103F3

“RISK ACKNOWLEDGEMENT

W A R N I N G

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority and has no duty to tell me whether this investment is suitable for me. [*Instruction: Delete if sold by registrant.*]
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities. [*Instruction: Delete if issuer is reporting.*]
- I will not be able to sell these securities for [4 or 12] months. [*Instruction: Delete if issuer is not reporting.*]
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future. _____ [name of issuer] will pay \$ _____ [amount of fee or commission] of this to _____ [name of person or company selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

You have 2 business days to cancel your purchase [*Instruction: The issuer must complete this section before giving the form to the purchaser.*]

To do so, send a notice to [name of issuer] stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to [name of issuer] at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

Fax:

E-mail:

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections); and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum – Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice [*Instruction: Delete if sold by registrant*]

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or investment dealer. In Alberta, Manitoba, Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Saskatchewan, to qualify as an eligible investor, you may be required to obtain that advice. Contact the Investment Dealers Association of Canada (website at www.ida.ca) for a list of registered investment dealers in your area.

The securities you are buying are not listed [*Instruction: Delete if securities are listed or quoted*] The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer [*Instruction: Delete if issuer is reporting*]

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the *exempt market*, call your local securities regulatory authority. [*Instruction: Insert the name, telephone number and website address of the securities regulatory authority in the jurisdiction in which you are selling these securities.*]

[*Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.*]

**“MULTILATERAL INSTRUMENT 45-103
“FORM 45-103F4
“REPORT OF EXEMPT DISTRIBUTION**

Issuer information

1. State the full name, address and telephone number of the issuer of the security distributed. Include former name if name has changed since last report. If this report is filed by a vendor, other than the issuer, also state the full name and address of the vendor.
2. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

Details of distribution

3. State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.
4. For each security distributed:
 - (a) describe the type of security; and
 - (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date.
5. Provide details of the distribution by completing the attached schedule.
6. Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Provide a total dollar value of all securities distributed in all jurisdictions. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 7, below.

Each jurisdiction where purchasers reside	Price per security (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Total dollar value of distribution in all jurisdictions (Canadian \$)		

Commissions and finder's fees

7. Provide the following information for each person who is being compensated in connection with the distribution(s). When disclosing compensation paid or to be paid, include discounts, commissions or other fees or payments of a similar nature directly related to the distribution. Do not include payments for services incidental to the trade, such as clerical, printing, legal or accounting services.

Full name and address of person being compensated	Compensation paid (in Canadian \$ and, if applicable, number and type of securities)	Exemption relied on and date of distribution (if applicable)	Price per share (Canadian \$)

CERTIFICATE

On behalf of the issuer (or vendor), I certify that the statements made in this report and in each schedule to this report are true.

Date: _____

Name of issuer or vendor (*please print*)

Print name and position of person signing

Signature

**“MULTILATERAL INSTRUMENT 45-103
“FORM 45-103F4
“REPORT OF EXEMPT DISTRIBUTION
“SCHEDULE**

Provide the following information on a separate page attached to this report for each type of security distributed. **The information in this schedule will not be placed on the public file of any securities regulatory authority.**

If the report is being filed for securities distributed on more than one distribution date, add a column to identify the dates the securities were distributed.

In British Columbia, for distributions under the exemptions in Part 4 of Multilateral Instrument 45-103 *Capital Raising Exemptions*, non-reporting issuers must also give the telephone number and e-mail address of the purchaser. If the purchaser has refused to provide this information, the issuer must include a statement to this effect in the report.

Do not include in this table, securities issued as payment of commissions or finder's fees disclosed under item 7 of the form.

Full name and residential address of purchaser	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Instruction:

1. File this report and the applicable fee with the securities regulatory authority in each jurisdiction in which the issuer has distributed securities on or before the 10th day after the distribution of the security.
2. If distributions have not occurred within 10 days of each other, separate reports must be filed.
3. In order to determine the fee payable, consult the securities legislation of each jurisdiction. In some jurisdictions, the fee is calculated as a percentage of the proceeds realized by the issuer from, or total dollar value of, the securities distributed in that jurisdiction, as set out in item 5 of this report.

Notice – Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities for the purposes of the administration and enforcement of the securities legislation. Freedom of information legislation in certain jurisdictions may require the securities regulatory authority to make this information available if requested. As a result, the public may be able to obtain access to the information.

If you have any questions about the collection and use of this information, contact the securities regulatory authorities in the jurisdictions where the form is filed, at the address(es) set out below.

Alberta Securities Commission

4th Floor, 300 – 5th Avenue SW
Calgary, AB T2P 3C4
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Telephone: (604) 899-6854
Toll free in British Columbia
and Alberta 1-800-373-6393
Facsimile: (604) 899-6506

The Manitoba Securities Commission

1130 – 405 Broadway Avenue
Winnipeg, MB R3C 3L6
Telephone: (204) 945-2548
Facsimile: (204) 945-0330

Securities Commission of Newfoundland

P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NFLD A1B 4J6
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of the Northwest Territories

Department of Justice
Securities Registry
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NT X1A 2L9
Telephone: (867) 920-3318
Facsimile: (867) 873-0243

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, NS B3J 3J9
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Government of Nunavut

Department of Justice
Legal Registries Division
P.O. Box 1000 – Station 570
1st Floor, Brown Building
Iqaluit NU X0A 0H0
Telephone: (867) 975-6190
Facsimile: (867) 975-6194

Prince Edward Island Securities Office

95 Rochford Street, P.O. Box 2000
Charlottetown, PE C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Saskatchewan Financial Services Commission

6th Floor
1919 Saskatchewan Drive
Regina, SK S4P 3V7
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

“MULTILATERAL INSTRUMENT 45-103
“FORM 45-103F5
“REPORT ACKNOWLEDGEMENT
“SASKATCHEWAN CLOSE PERSONAL FRIENDS
AND CLOSE BUSINESS ASSOCIATES

W A R N I N G

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities.
- The person selling me these securities is not registered with a securities regulatory authority and has no duty to tell me whether this investment is suitable for me. [*Instruction: Delete if sold by registrant.*]
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities. [*Instruction: Delete if issuer is reporting.*]
- I will not be able to sell these securities for [4 or 12] months. [*Instruction: Delete if issuer is not reporting.*]
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a **close** personal friend or close business associate of _____ [state name], who is a _____ [state title – founder, director, senior officer or control person] of _____ [state name of issuer or its affiliate – if an affiliate state “an affiliate of the issuer” and give the issuer’s name].

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, senior officer or control person] whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections); and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You may not receive any written information about the issuer or its business

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

You will not receive advice [*Instruction: Delete if sold by registrant*]

Unless you consult your own professional advisers, you will not get professional advice about whether the investment is suitable for you.

The issuer of your securities is a non-reporting issuer [*Instruction: Delete if issuer is reporting*]

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

The securities you are buying are not listed [*Instruction: Delete if securities are listed or quoted*]

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the *exempt market*, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>

[*Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.*]."

Coming into force

5(1) Subject to subsection (2), these regulations come into force on June 16, 2003.

(2) If these regulations are filed with the Registrar of Regulations after June 16, 2003, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

SASKATCHEWAN REGULATIONS 44/2003*The Milk Control Act, 1992*

Section 10

Board Order, dated May 22, 2003

(Filed May 23, 2003)

Title

1 These regulations may be cited as *The Milk Control Amendment Regulations, 2003 (No. 5)*.

R.R.S. c.M-15 Reg 1, Appendix amended

2 **Subsection 3(1) of Part II of the Appendix to *The Milk Control Regulations* is amended by repealing clauses (m) and (n) and substituting the following:**

“(m) in the case of class 5a milk:

- (i) \$3.6987 per kilogram of butterfat;
- (ii) \$5.4664 per kilogram of protein; and
- (iii) \$0.0001 per kilogram of other solids;

“(n) in the case of class 5b milk:

- (i) \$3.6987 per kilogram of butterfat;
- (ii) \$2.1106 per kilogram of protein; and
- (iii) \$2.1106 per kilogram of other solids”.

Coming into force

3 These regulations come into force on June 1, 2003.

