

REGULATION TO AMEND REGULATION 41-101 RESPECTING GENERAL PROSPECTUS REQUIREMENTS

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (6) and (34))

1. Section 1.1 of Regulation 41-101 respecting General Prospectus Requirements is amended:

(1) by inserting, after the definition of “alternative credit support”, the following:

““applicable time” has the same meaning as in section 3 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;”;

(2) by replacing the definition of “equity investee” with the following:

““equity investee”

(a) for an issuer, other than a venture issuer, has the same meaning as in section 1.1 of Regulation 51-102 respecting Continuous Disclosure Obligations;

(b) for a venture issuer has the same meaning as in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;”;

(3) by replacing the definition of the term “information circular” with the following:

““information circular” has the same meaning as

(a) in section 1.1 of Regulation 51-102 respecting Continuous Disclosure Obligations for an issuer other than a venture issuer,

(b) in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers for a venture issuer;”;

(4) by replacing the definition of “interim period” with the following:

“interim period” has the same meaning as in

(a) section 1.1 of Regulation 51-102 respecting Continuous Disclosure Obligations for an issuer other than a venture issuer or an investment fund,

(b) section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers for a venture issuer,

(c) section 1.1 of Regulation 81-106 respecting Investment Fund Continuous Disclosure (c. v-1.1, r. 42) for an investment fund;

““interim report” has the same meaning as in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers for a venture issuer;”;

(5) by replacing the definition of the term “IPO venture issuer” with the following:

““IPO senior-unlisted issuer” means an issuer that

- (a) files a long form prospectus,
- (b) is not a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus,
- (c) does not have any of its securities listed or quoted on any of the marketplaces listed in paragraph 3(1)(b) of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, and
- (d) the only securities it has distributed by prospectus and the only securities it proposes to distribute by prospectus are any of the following:
 - (i) debt securities,
 - (ii) preferred shares,
 - (iii) securitized products;”;

““IPO venture issuer” means an issuer

- (a) that files a long form prospectus,
- (b) that is not a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus,
- (c) that at the date of the long form prospectus, does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on
 - (i) the Toronto Stock Exchange,
 - (ii) Alpha Main,
 - (iii) a U.S. marketplace, or
 - (iv) a marketplace outside of Canada or the United States, other than a venture market as defined in subsection 3(1) of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers,
- (d) to which, at the date of the long form prospectus, Regulation 51-105 respecting Issuers Quoted in the U.S. Over-the-Counter Market does not apply, and
- (e) that at the date of the long form prospectus, is not a senior-unlisted issuer or an IPO senior-unlisted issuer;”;

(6) by replacing the definition of the term “long form prospectus” with the following:

““long form prospectus” means a prospectus filed in the form of Form 41-101F1, Form 41-101F2 or Form 41-101F4;

““major acquisition” means, for an issuer that was not a reporting issuer in any jurisdiction on the acquisition date, an acquisition of a business or related business that would be a major acquisition under Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, if the issuer was a venture issuer on the acquisition date and for the purpose of that determination the references to “venture issuer” are to be read as “IPO venture issuer” as defined in this Regulation;”;

(7) by inserting, after the definition of the term “publicly accountable enterprise”, the following:

““published venture market” has the same meaning as in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;”;

(8) by inserting, after the definition of the term “related credit supporter”, the following:

““related entity” has the same meaning as in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;

““related entity transaction” has the same meaning as in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;”;

(9) by inserting, after the definition of the term “SEC issuer”, the following:

““securitized product” means any of the following:

(a) a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including, without limitation

(i) an asset-backed security,

(ii) a collateralized mortgage obligation,

(iii) a collateralized debt obligation,

(iv) a collateralized bond obligation,

(v) a collateralized debt obligation of asset-backed securities, or

(vi) a collateralized debt obligation of collateralized debt obligations;

(b) a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including, without limitation

(i) a synthetic asset-backed security,

(ii) a synthetic collateralized mortgage obligation,

(iii) a synthetic collateralized debt obligation,

(iv) a synthetic collateralized bond obligation,

(v) a synthetic collateralized debt obligation of asset-backed securities, or

(vi) a synthetic collateralized debt obligation of collateralized debt obligations;

““senior-unlisted issuer” has the same meaning as in section 1.1 of Regulation 51-102 respecting Continuous Disclosure Obligations;”;

(10) by replacing the definition of the term “venture issuer” with the following:

““venture issuer” has the same meaning as in section 1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;”.

2. Section 1.2 of the Regulation is amended by replacing, in paragraph (6), “Form 41-101F1 and Form 41-101F2” with “Form 41-101F1, Form 41-101F2 and Form 41-101F4”.

3. Section 3.1 of the Regulation is amended:

(1) by replacing paragraph (1) with the following:

“(1) Subject to subsections (2), (3) and (4) an issuer filing a prospectus must file the prospectus in the form of Form 41-101F1.”;

(2) by inserting, after paragraph (3), the following:

“(4) An issuer that is a venture issuer at the applicable time or an IPO venture issuer filing a prospectus must file a prospectus in the form of Form 41-101F4.”.

4. Section 4.2 of the Regulation is amended by inserting, after paragraph (2), the following:

“(3) Any financial statements included in a long form prospectus filed in the form of Form 41-101F4 must be audited in accordance with Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards unless an exception in section 31.5 or subsection 34.2(3) of Form 41-101F4 applies.”.

5. Section 5.1 of the Regulation is amended:

(1) by inserting, after subparagraph (ii) of paragraph (a), the following:

“(ii.1) section 36.2 of Form 41-101F4;”;

(2) by inserting, after subparagraph (ii) of paragraph (b), the following:

“(ii.1) section 36.3 of Form 41-101F4;”.

6. Section 17.1 of the Regulation is amended, in paragraph (2), by replacing “Form 41-101F1 or Form 41-101F2” with “Form 41-101F1, Form 41-101F2 or Form 41-101F4”.

7. Form 41-101F1 of the Regulation is amended:

(1) by replacing, in instruction 12, the words “*venture issuers*” with the words “*senior-unlisted issuers*”;

(2) by replacing, in paragraph (4) of item 1.9, the words “venture issuer” with the words “senior-unlisted issuer”;

(3) by replacing, in subparagraph (a) of paragraph (2) of item 8.1, the words “venture issuer” with the words “senior-unlisted issuer” and the words “IPO venture issuer” with the words “IPO senior-unlisted issuer”;

(4) by replacing paragraphs (1) and (2) of item 8.4 of the French text with the following:

“1) Indiquer la désignation et le nombre de titres ou le montant en capital des éléments suivants :

a) chaque catégorie et série de titres comportant droit de vote ou de titres de capitaux propres de l'émetteur qui sont en circulation;

b) chaque catégorie et série de titres de l'émetteur qui sont en circulation, si ces titres permettent d'obtenir, par voie de conversion, d'exercice ou d'échange, des titres comportant droit de vote ou des titres de capitaux propres émis par lui;

c) sous réserve du paragraphe 2, chaque catégorie et série de titres comportant droit de vote ou de titres de capitaux propres de l'émetteur qui peuvent être émis par voie de conversion, d'exercice ou d'échange de ses titres en circulation.

“2) Si le nombre exact ou le montant en capital des titres comportant droit de vote ou des titres de capitaux propres de l'émetteur qui peuvent être émis par voie de conversion, d'exercice ou d'échange de ses titres en circulation n'est pas déterminable, l'émetteur doit indiquer le nombre de titres maximal ou le montant en capital maximal de chaque catégorie et série de ses titres comportant droit de vote ou de ses titres de capitaux propres qui peuvent être émis par voie de conversion, d'exercice ou d'échange de ses titres en circulation et, s'il n'est pas possible de fixer ce nombre maximal ou ce montant en capital maximal, l'émetteur doit décrire les caractéristiques de l'échange ou de la conversion et la façon dont le nombre ou le montant en capital des titres comportant droit de vote ou des titres de capitaux propres sera fixé.”

(5) by replacing, in paragraph (1) of item 8.6, the words “or an IPO venture issuer” with “, an IPO senior-unlisted issuer or a senior-unlisted issuer”;

(6) in item 10.3:

a) by replacing, in subparagraph (ii) of subparagraphs (a) and (b) of paragraph (3), the words “venture issuer” with the words “senior-unlisted issuer”;

b) by replacing, in subparagraph (ii) of subparagraph (b) of paragraph (5), the words “venture issuer” with the words “senior-unlisted issuer”;

(7) by replacing, wherever they occur in paragraphs (1) and (2) of item 19.1, the words “venture issuer” with the words “senior-unlisted issuer”;

(8) by replacing, wherever they occur in paragraphs (1) and (2) of item 19.2, the words “venture issuer” with the words “senior-unlisted issuer”;

(9) in item 20.11:

a) by replacing, in the title, the words “**venture issuers**” with the words “**senior-unlisted issuers**”;

b) by replacing the words “venture issuer” with the words “senior-unlisted issuer”;

(10) by inserting, in paragraph (3) of item 22.1, after the word “means”, “any of the following, if in effect for a period of more than 30 consecutive days”;

(11) in item 32.2:

a) by replacing, in subparagraph (ii) of subparagraph (a) of paragraph (1), the words “venture issuer” with the words “senior-unlisted issuer”;

b) by replacing, in subparagraph (b) of paragraph (2), the words “venture issuer” with the words “senior-unlisted issuer”;

(c) by replacing, in subparagraph (ii) of subparagraph (c) of paragraph (6), the words “venture issuer” with the words “senior-unlisted issuer”;

(12) by replacing, in subparagraph (ii) of subparagraph (b) of paragraph (1) of item 32.3, the words “venture issuer” with the words “senior-unlisted issuer”;

(13) by replacing, in subparagraph (B) of subparagraph (ii) of paragraph (b) of item 32.4, the words “venture issuer” with the words “senior-unlisted issuer”;

(14) by replacing, in subparagraph (ii) of subparagraph (b) of paragraph (4) of item 35.1, the words “venture issuer” with the words “senior-unlisted issuer” and the words “IPO venture issuer” with the words “IPO senior-unlisted issuer”;

(15) by replacing, in subparagraph (c) of paragraph (2) of item 35.3, the words “venture issuer” with the words “senior-unlisted issuer” and the words “IPO venture issuer” with the words “IPO senior-unlisted issuer”;

(16) by replacing, in subparagraph (i) of paragraph (c) of item 35.7 of the French text, the word “partie” with the word “rubrique”;

(17) by replacing, in subparagraph (ii) of subparagraph (b) of paragraph (1) of item 38.1, the words “venture issuer” with the words “senior-unlisted issuer”;

(18) by replacing, in subparagraph (ii) of subparagraph (b) of paragraph (1) of item 38.2, the words “venture issuer” with the words “senior-unlisted issuer”.

8. The Regulation is amended by adding, after Form 41-101F3, the following:

**“FORM 41-101F4
INFORMATION REQUIRED IN A VENTURE ISSUER PROSPECTUS**

GENERAL INSTRUCTIONS

(1) *The objective of the prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this form.*

(2) *Terms used and not defined in this form that are defined or interpreted in the Regulation bear that definition or interpretation. Other definitions are set out in Regulation 14-101 respecting Definitions.*

(3) *In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item’s significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer’s securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect.*

(4) *Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out*

of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Policy Statement to Regulation 41-101 respecting General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.

(6) No reference need be made to inapplicable items and, unless otherwise required in this form, negative answers to items may be omitted.

(7) Where the term “issuer” is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons that the issuer is required, under the issuer’s GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including “subsidiaries” as that term is used in Canadian GAAP applicable to publicly accountable enterprises). If it is more likely than not that a person will become an entity that the issuer will be required, under the issuer’s GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person.

(8) An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.

(9) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(10) If an issuer discloses financial information in a preliminary prospectus or prospectus in a currency other than the Canadian dollar, prominently display the presentation currency.

(11) Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.

(12) Certain requirements in this form make reference to requirements in another regulation or form. Unless this form states otherwise, issuers must also follow the instruction or requirement in the other regulation or form. These references include references to Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers.

(13) Wherever this form uses the word “subsidiary”, the term includes companies and other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(14) Where requirements in this form make reference to, or are substantially similar to, requirements in Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, issuers may apply the general provision in section 2 of Form 51-103F1. However, issuers must supplement this disclosure if the supplemented disclosure is necessary to ensure that the prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 28 of this form.

(15) Forward-looking information, as defined in Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, included in a

prospectus must comply with section 39 of that regulation and must include the disclosure described in subsection 39(1) of that regulation. In addition to the foregoing, future oriented financial information or a financial outlook, each as defined in Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, included in a prospectus must comply with subsection 39(3) of that regulation. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer in any jurisdiction, section 39 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers applies as if the issuer or other entity were a venture issuer in at least one jurisdiction.

Item 1 Cover Page Disclosure

1.1. Required statement

State in italics at the top of the cover page the following:

“No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.”.

1.2. Preliminary prospectus disclosure

Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required under section 1.1 the following, with the bracketed information completed:

“A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies).”.

INSTRUCTION

Issuers must complete the bracketed information by

(a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the prospectus,

(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada, or

(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).

1.3. Basic disclosure about the distribution

State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

“[PRELIMINARY] PROSPECTUS

[INITIAL PUBLIC OFFERING OF AN IPO VENTURE ISSUER OR NEW ISSUE AND/OR SECONDARY OFFERING OF A VENTURE ISSUER]

[(Date)]

[Name of Issuer]

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]”.

1.4. Distribution

(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security			
Total			

(2) If there may be an over allocation position,

- (a) describe the terms of the option, and
- (b) provide the following disclosure:

“A purchaser who acquires [insert type of securities qualified for distribution under the prospectus] forming part of the underwriters’ over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases.”

(3) If the distribution of the securities is to be on a best efforts basis and a minimum offering amount

- (a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or
- (b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

“There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.”

(4) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling securityholder and discounts granted. Set out in a note to the table

- (a) commissions or other consideration paid or payable by persons other than the issuer or selling securityholder,
- (b) consideration other than discounts granted and cash paid or payable by the issuer or selling securityholder, including warrants and options, and

- (c) any finder's fees or similar required payment.
- (8) If a security is being distributed for the account of a selling securityholder, state
- (a) the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided, and
 - (b) the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

INSTRUCTIONS

- (1) *Estimate amounts, if necessary.*
- (2) *For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.*
- (3) *If debt securities are being distributed, also express the information in the table as a percentage.*

1.5. Offering price in currency other than Canadian dollar

If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the currency.

1.6. Non-fixed price distributions

If the securities are being distributed at non-fixed prices, disclose

- (a) the discount allowed or commission payable to the underwriter,
- (b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder,
- (c) that the securities to be distributed under the prospectus will be distributed, as applicable, at
 - (i) prices determined by reference to the prevailing price of a specified security in a specified market,
 - (ii) market prices prevailing at the time of sale, or
 - (iii) prices to be negotiated with purchasers,
- (d) that prices may vary from purchaser to purchaser and during the period of distribution,
- (e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date,
- (f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date, and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling securityholder.

1.7. Pricing disclosure

If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

1.8. Reduced price distributions

If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

1.9. Market for securities

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class or series as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market and provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

“There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See ‘**Risk Factors**’.”

(4) Include a statement, in substantially the following form, with bracketed information completed:

“The issuer [is/will be] a venture issuer subject to the governance and disclosure regime applicable to venture issuers under Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers. Consequently, it [is not/will not be] required to provide certain disclosure applicable to issuers that are not venture issuers, such as management’s discussion and analysis for interim periods. Further, although management is responsible for ensuring processes are in place to provide them with the information they need to comply with disclosure obligations on a timely basis, the issuer [is not/will not be] required to establish and maintain disclosure controls and procedures and internal control over financial reporting. The issuer [is/will be] also subject to certain other obligations not applicable to issuers that are not venture issuers.

The disclosure provided by the issuer will not necessarily be comparable in some ways to that provided by issuers that are not venture issuers.”

1.10. Risk factors

Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided.

1.11. Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of Regulation 33-105 respecting Underwriting Conflicts for front page prospectus disclosure.

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter’s obligations are subject to conditions, state the following, with bracketed information completed:

“We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution”.

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

(6) Provide the following tabular information

Underwriter’s Position	Maximum size or number of securities available	Exercise period or Acquisition date	Exercise price or average acquisition price
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

1.12. Enforcement of judgments against foreign persons

If the issuer, a director of the issuer, a selling securityholder, or any other person that is signing or providing a certificate under Part 5 of the Regulation or other securities legislation, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

“The [issuer, director of the issuer, selling securityholder, or any other person signing or providing a certificate under Part 5 of the Regulation or other securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the person described above] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of

process in [list jurisdictions] it may not be possible for investors to enforce judgments obtained in Canada against [the person described above].”.

1.13. Restricted securities

(1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

(2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

1.14. Earnings coverage

If any of the earnings coverage ratios required to be disclosed under Item 9 is less than one-to-one, disclose this fact in boldface type.

Item 2 Table of Contents

2.1. Table of contents

Include a table of contents.

Item 3 Summary of Prospectus

3.1. General

(1) Briefly summarize, near the beginning of the prospectus, information appearing elsewhere in the prospectus that, in the opinion of the issuer or selling securityholder, would be most likely to influence the investor’s decision to purchase the securities being distributed, including a description of each of the following

- (a) the principal business of the issuer and its subsidiaries,
- (b) the securities to be distributed, including the offering price and expected net proceeds,
- (c) use of proceeds,
- (d) risk factors,
- (e) financial information,
- (f) if restricted securities, subject securities or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, are to be distributed under the prospectus
 - (i) include a summary of the information required by section 9.5, and
 - (ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have, if the holders do not have all of the rights referred to in section 9.5.

(2) For the financial information provided under paragraph (1)(e),

- (a) describe the type of information appearing elsewhere in the prospectus on which the financial information is based,

(b) disclose whether the information appearing elsewhere in the prospectus on which the financial information is based has been audited,

(c) disclose whether the financial information has been audited, and

(d) if neither the information appearing elsewhere in the prospectus on which the financial information is based nor the financial information has been audited, prominently disclose that fact.

(3) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

3.2. Cautionary language

At the beginning of the summary, include a statement in italics in substantially the following form:

“The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.”

Item 4 Corporate Structure

4.1. Name, address and incorporation

(1) State the issuer’s full corporate name or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of the issuer’s head and registered office.

(2) State the statute under which the issuer is incorporated, continued or organized or, if the issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists.

(3) Describe the substance of any material amendments to the articles or other constituting or establishing documents of the issuer.

4.2. Intercorporate relationships

(1) Disclose the relationship between the issuer and each subsidiary and each party with whom the issuer participates in a joint venture or partnership, if it would be useful to a reasonable investor in understanding the relationship, include a diagram.

(2) For each subsidiary disclose each of the following:

(a) the percentage of votes that the issuer beneficially owns, or directly or indirectly controls or directs;

(b) the percentage of each class of restricted securities that the issuer beneficially owns, or directly or indirectly controls or directs, if any;

(c) the laws under which it was incorporated, continued or otherwise created.

(3) For each joint venture or partnership disclose the following:

(a) a description of the voting control over the joint venture or partnership and the material decisions relating to management, operation and continuation of the joint venture or partnership that the issuer may directly or indirectly control or direct;

(b) for a joint venture, the nature of the joint venture, the agreement or agreements under which it operates and, if applicable, the laws under which it was incorporated, continued or otherwise created;

(c) for a partnership, the agreement or agreements under which it operates and the laws under which it was created.

(4) If the securities distributed under the prospectus are being issued in connection with a transaction specified in subsection 32(6) of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, describe by way of a diagram or otherwise the relationships both before and after the completion of the proposed transaction.

Item 5 Describe the Business

5.1. Describe the business

(1) (a) State the issuer's industry and describe its current business and its operating segments that are reportable segments as those terms are described in the issuer's GAAP.

(b) Disclose the number of employees and the number of consultants retained on an on-going basis, of the issuer.

(c) Disclose the principal location(s) of the issuer's business.

(2) Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the issuer or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the issuer or any of its subsidiaries, within the three most recently completed financial years or completed during or proposed for the current financial year.

(3) Disclose the nature and results of any transaction specified in subsection 32(6) of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers of the issuer or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

INSTRUCTION

Some examples of aspects of an issuer's current business to disclose under paragraph 5.1(1)(a) include:

- *the actual or proposed method of production or the actual or proposed method of providing services;*
- *any specialized skill and knowledge requirements and the extent to which the skill and knowledge are available to the issuer;*
- *the competitive conditions in the issuer's principal markets and geographic areas, including, an assessment of the issuer's competitive position;*
- *the status of any new product that has been announced;*
- *the sources, pricing and availability of raw materials, component parts or finished products;*
- *the existence and importance of brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, to the issuer and its industry;*

- *the extent to which the business of a reportable segment of the issuer's business is cyclical or seasonal;*
- *contracts upon which the issuer's business is substantially dependent, (refer to the guidance following subsection 36(2) of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers);*
- *any reasonably anticipated changes in the business as a result of renegotiation or termination of contracts or sub-contracts, and the likely effect;*
- *financial and operational effects of environmental protection requirements on the capital expenditures, profit or loss and competitive position of the issuer in the current financial year and those expected in future years;*
- *dependence on foreign operations;*
- *investment policies and lending and investment restrictions.*

5.2. Issuers with mineral projects

If the issuer has a mineral project, disclose information for the issuer in accordance with subsection 17(2) of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers.

5.3. Issuers with oil and gas operations.

(1) If the issuer is engaged in oil and gas activities as defined in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities and any of the oil and gas information is material as contemplated under Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities in respect of the issuer, disclose that information in accordance with Form 51-101F1 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities

(a) as at the end of, and for, the most recent financial year for which the prospectus includes an audited statement of financial position of the issuer,

(b) in the absence of a completed financial year referred to in paragraph (a), as at the most recent date for which the prospectus includes an audited statement of financial position of the issuer, and for the most recent financial period for which the prospectus includes an audited statement of comprehensive income of the issuer, or

(c) if the issuer was not engaged in oil and gas activities at the date set out in paragraphs (a) or (b), as of a date subsequent to the date the issuer first engaged in oil and gas activities as defined in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities and prior to the date of the preliminary prospectus.

(2) Include with the disclosure under subsection (1) a report in the form of Form 51-101F2 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities, on the reserves data included in the disclosure required under subsection (1).

(3) Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities that refers to the information disclosed under subsection (1).

(4) To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities in respect of material changes that occurred after the applicable statement of financial position referred to in subsection (1).

INSTRUCTION

Issuers with oil and gas activities must comply with Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities and disclose reserves and resources using the appropriate terminology and categories as prescribed by the “COGE Handbook” (as defined in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities).

5.4. Products and Services

Describe each product or service, produced, distributed or provided by the issuer.

INSTRUCTION

Securities regulatory authorities are of the view that disclosure of products and services would include the following:

- *principal markets;*
- *distribution methods;*
- *the revenue for each category of product or service as percentage of total consolidated revenues, and the extent to which revenues are derived from sales or transfers to related entities;*
- *the stage of development of the product or service and, if applicable, steps needed to reach commercial production, and an estimate of costs and timing.*

5.5. Research and Development

Describe each of the issuer’s products or services that are in the research or development phase and are expected to form a significant part of the issuer’s business, including:

- (a) the stage of research or development;
- (b) who is conducting the research or development;
- (c) the estimated timeline and cost to completion;
- (d) the proposed markets and distribution channels;
- (e) the anticipated sources of competition; and
- (f) whether contracts exist with major suppliers or customers.

5.6. Two year history and MD&A

(1) ***Development of Business*** – Describe how the issuer’s business has developed over the last two completed financial years, including acquisitions and dispositions for which the prospectus includes annual financial statements and any subsequent period to the date of the prospectus and a discussion of changes and industry and economic conditions that have influenced the general development of the business, whether favourably or unfavourably.

(2) ***Contemplated Changes*** – Disclose any changes in the issuer’s business that the issuer expects will occur during the current financial year.

(3) ***Management’s Assessment of Performance*** – Disclose management’s assessment of how the issuer performed during the most recently completed financial year for which the prospectus includes annual financial statements and how it compares to the prior

financial year. Discuss why the issuer performed as it did by reference to the principal influencing factors:

(a) using financial measures from the issuer's GAAP, such as profit or loss, cash flows from operating activities, net assets and earnings per share, discuss the issuer's financial condition, changes in financial condition and financial performance in the last financial year, comparing it to the previous financial year;

(b) include in the discussion

(i) significant elements of profit or loss that do not arise from the issuer's continuing operations and the effect on current or future operations,

(ii) causes for any significant changes from period to period in one or more line items of the issuer's annual financial statements, and

(iii) the effect of changes in accounting policies;

(c) include a discussion of key operating statistics and performance measures that management and industry typically use to assess performance of the issuer's business and similar businesses.

(4) ***Liquidity and Capital Resources*** – Disclose each of the following:

(a) internal and external sources of liquidity, including

(i) financing resources reasonably anticipated to be available to the issuer, including debt, equity and other financing resources,

(ii) working capital requirements and, if a working capital deficiency exists or is reasonably anticipated, the impact of that deficiency on the operations of the issuer and how the deficiency is anticipated to be remedied, and

(iii) whether the issuer reasonably expects to have sufficient funds to maintain activities and fund planned growth or development activities;

(b) the amount, nature and purpose of material commitments for capital expenditures, including any exploration and development or research and development expenditures or contractual payments necessary to maintain properties or agreements in good standing and the expected sources of funds for such expenditures;

(c) defaults or arrears or anticipated defaults or arrears on debt covenants or payments required under contractual commitments such as lease payments and debt and how the issuer intends to cure the defaults or arrears or address the risk of anticipated defaults or arrears;

(d) any known trends, events or uncertainties that are reasonably likely to have a material impact on the issuer's

(i) short term or long-term liquidity,

(ii) revenue or profit or loss from continuing operations, and

(iii) debt, equity or other available financing resources.

(5) ***Quarterly Highlights for Interim Periods*** – Provide the disclosure required by section 39 of Form 51-103F1 for the most recent interim financial report of the issuer included in the prospectus under Item 31.

(6) ***Off-Balance Sheet Arrangements***

(a) If the issuer has any off-balance sheet arrangement that has or is reasonably likely to have, a current or future effect on the issuer's financial performance or financial condition, including, without limitation, liquidity and capital resources then provide the disclosure required for off-balance sheet arrangements under item 1.8 of Form 51-102F1 of Regulation 51-102 respecting Continuous Disclosure Obligations as if the issuer were a "senior-unlisted issuer", as defined in Regulation 51-102 respecting Continuous Disclosure Obligations to which Form 51-102F1 applies.

(b) For the purpose of this section, an off-balance sheet arrangement includes any contractual arrangement that is not reported on a consolidated basis by the issuer under which the issuer has any of the following:

(i) any obligation under certain guarantee contracts;

(ii) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;

(iii) any obligation under certain derivative instruments;

(iv) any obligation held by the venture issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the venture issuer, or engages in leasing, hedging activities or, research and development services with the Venture Issuer.

(7) ***SEC Issuer MD&A*** – An SEC issuer satisfies the requirements of subsections 5.6(3), 5.6(4), 5.6(5) and 5.6(6) if it provides management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act for the most recent interim financial report and annual financial statements of the issuer included in the prospectus.

5.7. More recent financial information

If the issuer is required to include more recent historical financial information in the prospectus under subsection 31.6(1), the issuer is not required to update the MD&A already included in the prospectus under this Item.

5.8. Additional disclosure

(1) If the issuer has not had significant revenue from operations, disclose in a table format a breakdown of significant components of

(a) exploration and evaluation assets or expenditures,

(b) expensed research and development costs,

(c) intangible assets arising from development,

(d) general and administrative expenses, and

(e) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (d).

(2) Present the analysis of exploration and evaluation assets or expenditures required by subsection (1) on a property-by-property basis, if the issuer's business primarily involves mining exploration and development.

(3) Provide the disclosure in subsection (1) for the following periods:

(a) the two most recently completed financial years for which annual financial statements are included in the prospectus;

(b) the most recent year-to-date interim period and the comparative year-to-date period for which interim financial reports are included in the prospectus, if any.

(4) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements included in the prospectus.

(5) For an issuer in the exploration, research or development stage, provide a comparison of the amount spent on executive compensation and general and administrative expenses, whether expensed or capitalized, to, as applicable,

(a) exploration and evaluation expenditures or assets, whether expensed or capitalized, and

(b) research and development costs, whether expensed or capitalized.

5.9. Additional disclosure for issuers with negative cash flows

(1) For an issuer that had negative cash flow from operating activities in its most recently completed financial year for which financial statements have been included in the prospectus, disclose each of the following:

(a) the period of time the proceeds raised under the prospectus are expected to fund operations;

(b) the estimated total operating costs necessary for the issuer to achieve its stated business objectives during that period of time;

(c) the estimated amount of other material capital expenditures during that period of time.

(2) In determining cash flow from operating activities, the issuer must include cash payments related to dividends and borrowing costs.

5.10. Significant Equity Investees

(1) An issuer that has a significant equity investee must disclose

(a) summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss, and

(b) the issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the issuer's share of profit or loss.

(2) Provide the disclosure in subsection (1) for the following periods:

(a) the two most recently completed financial years;

(b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.

(3) Subsection (1) does not apply if

(a) the information required under that subsection has been disclosed in the financial statements included in the prospectus, or

(b) the issuer includes in the prospectus separate financial statements of the equity investee for the periods referred to in subsection (2).

Item 6 Use of Proceeds

6.1. Proceeds

(1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.

(2) State the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

6.2. Funds Available

Disclose

(a) the total funds available, and

(b) the following breakdown of those funds:

(i) the estimated net proceeds from the sale of the securities offered under the prospectus;

(ii) the estimated consolidated working capital (deficiency) as at the most recent month end before filing the prospectus;

(iii) the total other funds available to be used to achieve the principal purposes identified pursuant to this Item.

6.3. Principal purposes – Generally

(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available as disclosed under section 6.2, will be used by the issuer.

(2) If the closing of the distribution is subject to a minimum offering amount, provide disclosure of the use of proceeds for the minimum and maximum offering amounts.

(3) If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;

(b) the distribution of the securities is to be on a best efforts basis; and

(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

- (4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

INSTRUCTIONS

If the issuer is required to disclose the use of proceeds at various thresholds under subsections 6.3(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.

6.4. Principal purposes – Indebtedness

- (1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.
- (2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer, and disclose the outstanding amount owed.

6.5. Principal purposes – asset acquisition

- (1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.
- (2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.
- (3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.
- (4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.
- (5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

6.6. Principal purposes – Insiders, etc.

If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

6.7. Principal purposes – Research and development

If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe

- (a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds,
- (b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs,
- (c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(d) the additional steps required to reach commercial production and an estimate of costs and timing.

6.8. Business objectives and milestones

(1) State the business objectives that the issuer expects to accomplish using the funds available described under section 6.2.

(2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

6.9. Unallocated funds in trust or escrow

(1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.

(2) Give details of the arrangements made for, and the persons responsible for,

(a) the supervision of the trust or escrow account or the investment of unallocated funds, and

(b) the investment policy to be followed.

6.10. Other sources of funding

If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

6.11. Financing by special warrants, etc.

(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

Item 7 Dividends or Distributions

7.1. Dividends or distributions

(1) Disclose the amount of cash dividends or distributions declared per security for each class of the issuer's securities for each of the three most recently completed financial years and its current financial year.

(2) Describe any restrictions that could prevent the issuer from paying dividends or distributions.

(3) Disclose the issuer's dividend or distribution policy and any intended change in dividend or distribution policy.

Item 8 Earnings Coverage Ratios

8.1. Earnings coverage ratios

(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

(a) the earnings coverage ratio based on the most recent 12-month period included in the issuer's annual financial statements included in the prospectus,

(b) if there has been a change in year end and the issuer's most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year, and

(c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which an interim financial report of the issuer has been included in the prospectus.

(2) Adjust the ratios referred to in subsection (1) to reflect

(a) the issuance of the securities being distributed under the prospectus, based on the price at which these securities are expected to be distributed,

(b) in the case of a distribution of preferred shares,

(i) the issuance of all preferred shares since the date of the annual financial statements or interim financial report, and

(ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual financial statements or interim financial report and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the prospectus,

(c) the issuance of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report, and

(d) the repayment, redemption or other retirement of all financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual financial statements or interim financial report and all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the prospectus.

(3) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the numerator required to achieve a ratio of one-to-one.

(4) If the prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratios for the periods of the pro forma income statement, and disclose them in the prospectus.

INSTRUCTIONS

(1) *Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.*

(2) *Earnings coverage is calculated by dividing an entity's profit or loss attributable to owners of the parent (the numerator) by its borrowing costs and dividend obligations (the denominator).*

(3) *For the earnings coverage calculation*

(a) *the numerator should be calculated using consolidated profit or loss attributable to owners of the parent before borrowing costs and income taxes;*

(b) *imputed interest income from the proceeds of a distribution should not be added to the numerator;*

(c) *for distributions of debt securities, the appropriate denominator is borrowing costs, after giving effect to the new debt securities issue and any retirement of obligations, plus the borrowing costs that have been capitalized during the period;*

(d) *for distributions of preferred shares*

(i) *the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual borrowing cost requirements, including the borrowing costs that have been capitalized during the period, less any retirement of obligations, and*

(ii) *dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and*

(e) *for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt securities being offered pursuant to the prospectus.*

(4) *The denominator represents a pro forma calculation of the aggregate of an issuer's borrowing cost obligations on all financial liabilities and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect each of the following:*

(a) *the issuance of all financial liabilities and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual financial statements or interim financial report;*

(b) *the issuance of the securities that are to be distributed under the prospectus, based on a reasonable estimate of the price at which these securities will be distributed;*

(c) *the repayment or redemption of all financial liabilities since the date of the annual financial statements or interim financial report, all financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual financial statements or interim financial report and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus.*

(5) *For debt securities, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:*

“[Name of the issuer]’s borrowing cost requirements, after giving effect to the issue of [the debt securities to be distributed under the prospectus], amounted to \$• for the 12 months ended •. [Name of the issuer]’s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months then ended was \$•, which is • times [name of the issuer]’s borrowing cost requirements for this period.”.

(6) *For preferred share issues, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:*

“[Name of the issuer]’s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to \$• for the 12 months ended •. [Name of the issuer]’s borrowing cost requirements for the 12 months then ended amounted to \$•. [Name of the issuer]’s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended • was \$•, which is • times [name of the issuer]’s aggregate dividend and borrowing cost requirements for this period.”.

(7) *Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.*

Item 9 Description of the Securities Distributed

9.1. Equity securities

If equity securities are being distributed, provide a description or the designation of the class of the equity securities and describe all material attributes and characteristics, including

- (a) dividend rights,
- (b) voting rights,
- (c) rights upon dissolution or winding-up,
- (d) pre-emptive rights,
- (e) conversion or exchange rights,
- (f) redemption, retraction, purchase for cancellation or surrender provisions,
- (g) sinking or purchase fund provisions,
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and
- (i) provisions requiring a securityholder to contribute additional capital.

9.2. Debt securities

If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

- (a) provisions for interest rate, maturity and premium, if any,
- (b) conversion or exchange rights,
- (c) redemption, retraction, purchase for cancellation or surrender provisions,
- (d) sinking or purchase fund provisions,
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge,
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities,
- (g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates, and

(h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

9.3. Derivatives

If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

- (a) the calculation of the value or payment obligations under the derivatives,
- (b) the exercise of the derivatives,
- (c) settlements that are the result of the exercise of the derivatives,
- (d) the underlying interest of the derivatives,
- (e) the role of a calculation expert in connection with the derivatives,
- (f) the role of any credit supporter of the derivatives, and
- (g) the risk factors associated with the derivatives.

9.4. Special warrants, etc.

If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, provide the following disclosure in the prospectus to indicate that holders of such securities have been provided with a contractual right of rescission:

“The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder’s exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.”.

INSTRUCTION

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term “special warrant” with the type of the security being distributed.

9.5. Restricted securities

(1) If the issuer has outstanding, or proposes to distribute under a prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or

exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly

or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the issuer complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Regulation.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

9.6. Other securities

If securities other than equity securities, debt securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

9.7. Modification of terms

(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

9.8. Ratings

(1) If the issuer has asked for and received a credit rating, or if the issuer is aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of the issuer that are outstanding, or will become outstanding, being distributed and the rating or ratings continue in effect, disclose

(a) each rating received from a credit rating organization;

(b) for each rating disclosed under paragraph (a), the name of each approved rating organization that has assigned the rating;

(c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

(2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in subsection (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to the issuer by the credit rating organization during the last two years.

INSTRUCTIONS

1) *There may be factors relating to a security that are not addressed by a credit rating organization when they give a rating. For example, in the case of cash settled derivative instruments, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by a credit rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.*

2) *A provisional rating received before the issuer's most recently completed financial year is not required to be disclosed under this section.*

9.9. Other attributes

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.

Item 10 Consolidated Capitalization and Outstanding and Fully-Diluted Securities

10.1. Consolidated capitalization

Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

10.2. Outstanding and fully-diluted securities

- (1) Disclose in tabular form the designation and number or principal amount of
 - (a) each class and series of voting or equity securities of the issuer for which there are securities outstanding,
 - (b) each class and series of securities of the issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the issuer, and
 - (c) subject to subsection (2), each class and series of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer.
- (2) If the exact number or principal amount of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer is not determinable, the issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer and, if that maximum number or principal amount is not determinable, the issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.
- (3) Describe the material terms of voting or equity securities required to be disclosed under subsections (1) and (2), such as special voting rights, preference to dividends, retraction or redemption rights, conversion rights, option and warrant exercise prices, and expiry dates.
- (4) The disclosure under subsections (1) and (2) must be both
 - (a) prepared as of the latest practicable date, and
 - (b) prepared as if the minimum and maximum offering, as applicable, were completed.

Item 11 Options to Purchase Securities

11.1. Options to purchase securities

- (1) For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the prospectus, state, in tabular form, as at a specified date within 30 days before the date of the prospectus, information about options to purchase securities of the issuer, or a subsidiary of the issuer, that are held or will be held upon completion of the distribution by
 - (a) all executive officers and past executive officers of the issuer, as a group, and all directors and past directors of the issuer who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(b) all executive officers and past executive officers of all subsidiaries of the issuer, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(c) all other employees and past employees of the issuer as a group,

(d) all other employees and past employees of subsidiaries of the issuer as a group,

(e) all consultants of the issuer as a group, and

(f) any other person, other than the underwriter(s), naming each person.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) *Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:*

(a) *the designation and number of the securities under option;*

(b) *the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;*

(c) *if reasonably ascertainable, the market value of the securities under option on the date of grant;*

(d) *if reasonably ascertainable, the market value of the securities under option on the specified date; and*

(e) *with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.*

(2) *For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.*

Item 12 Escrowed Securities

12.1. Escrowed Securities

(1) State as of a specified date within 30 days before the date of the prospectus, using substantially the following table format, all of the following information about voting or equity securities of the issuer (including securities that may be converted into, exercised into, or exchanged for voting or equity securities):

(a) the name and municipality of residence of each securityholder that has any securities held in escrow;

(b) the type and number of each security outstanding;

(c) the type and number of each outstanding security subject to escrow, pooling, lock-up or similar agreement or arrangement and the percentage that number represents of the total number of such securities outstanding;

(d) the type and number of each security that is reasonably anticipated to be subject to escrow, pooling, lock-up or similar agreement or arrangement after giving effect to the minimum and maximum offerings and the percentage those numbers represent of the total number of such securities that would then be outstanding;

Securityholder name and municipality of residence	Type of security	Number outstanding as at latest practicable date	Number and percentage subject to escrow, lock-up, pooling etc. immediately prior the offering	Number and percentage subject to escrow, lock-up, pooling etc. after giving effect to the offering (min/max)

(2) Disclose the date at which the information in the table is provided.

(3) Add notes to the table to describe the material terms of any escrow, lock-up, pooling or similar arrangement or agreement, including the name of any trustee or escrow agent and the release terms and release date(s).

(4) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION

For the purpose of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.

Item 13 Prior Sales

13.1. Prior sales

For each class or series of securities of the issuer distributed under the prospectus and for securities that are convertible or exchangeable into those classes or series of securities, state, for the 12-month period before the date of the prospectus,

(a) the price at which the securities have been issued or are to be issued by the issuer or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

13.2. Trading price and volume

(1) For each class of securities of the issuer that is traded or quoted on a published market,

(a) identify the market on which the largest volume of trading or quotation for the securities generally occurs, and

(b) provide each of the following for the most recently completed financial year

(i) the price ranges (high and low) at which the securities traded,

(ii) the volume traded or quoted on that market.

(2) If the securities do not trade on a market that has a published market disclose that fact and indicate how the securities are publicly traded.

(3) Provide the information required under subsection (1) on an annual basis for each year.

Item 14 Principal Securityholders and Selling Securityholders

14.1. Principal securityholders and selling securityholders

(1) Provide the following information for each principal securityholder of the issuer and, if any securities are being distributed for the account of a securityholder, for each selling securityholder:

(a) the name;

(b) the number or amount of securities owned, controlled or directed of the class being distributed;

(c) the number or amount of securities of the class being distributed for the account of the securityholder;

(d) the number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding;

(e) whether the securities referred to in paragraph (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a transaction specified in subsection 32(6) of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers as at the date of the prospectus, indicate, to the extent known, the holdings of each person described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, more than 10% of any class of voting securities of the issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known

(a) the designation of the securities,

(b) the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement,

(c) the names and addresses of the voting trustees, and

(d) a brief outline of their voting rights and other powers under the agreement.

(5) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the issuer held by the person other than the holding of voting securities of the issuer.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

(8) If a company, partnership, trust or other unincorporated entity is a principal securityholder of an issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

Item 15 Directors and Executive Officers

15.1. Name, occupation and security holding

(1) Provide information for directors and executive officers of the issuer in accordance with section 30 of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers as at the date of the prospectus.

(2) If information similar to the information required under subsection (1) is provided for any director or executive officer, who is not serving in such capacity as at the date of the prospectus, clearly indicate this fact and explain whether the issuer believes that this director or executive officer is liable under the prospectus.

15.2. Conflicts of interest

Disclose particulars of existing or potential material conflicts of interest between the issuer or a subsidiary of the issuer and a director or officer of the issuer or of a subsidiary of the issuer.

15.3. Management

In addition to the disclosure required by subsection 15.1(1) and to the extent not already provided, an issuer must provide the following information for each director, officer, employee and contractor whose expertise is critical to providing the issuer, its subsidiaries and proposed subsidiaries with a reasonable opportunity to achieve its stated business objectives:

(a) the individual's name, age, position and responsibilities with the issuer and relevant educational background;

(b) whether the individual works full time for the issuer or what proportion of the individual's time will be devoted to the issuer;

(c) whether the individual is an employee or independent contractor of the issuer;

(d) with respect to the individual's principal occupations or employment during the five years before the date of the prospectus and with respect to each organization that the individual was employed with as at the time such occupation or employment was carried on:

(i) its name and principal business;

(ii) whether the organization was an affiliate of the issuer;

(iii) positions held by the individual; and

- (iv) whether it is still carrying on business, if known to the individual;
- (e) the individual's experience in the issuer's industry;
- (f) whether the individual has entered into a non-competition or non-disclosure agreement with the issuer.

Item 16 Director and Executive Officer Compensation

16.1. Disclosure

Include in the prospectus disclosure in accordance with each of the following sections of Part 5 of Form 51-103F4 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers and describe any intention to make any changes to that compensation:

- (a) section 15;
- (b) section 16;
- (c) section 17;
- (d) section 18.

Item 17 Related Entity Transactions and Indebtedness

17.1. Related entity transactions and indebtedness

Provide information for the issuer in accordance with section 31 of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, modified to also include information to the date of the prospectus.

17.2. Other related entity transactions

Provide information for the issuer for the two most recently completed financial years and interim periods for which financial statements are included in the prospectus, in accordance with section 32 of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers as if the references to Part 4 and section 31 of Form 51-103F1 referred to Item 15 and section 17.1 of this form.

Item 18 Audit Committees and Corporate Governance

18.1. Audit committees and corporate governance

Include in the prospectus the disclosure for the issuer in accordance with Part 7 of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, as applicable.

Item 19 Plan of Distribution

19.1. Name of underwriters

- (1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter's obligation to take up and pay for the securities.
- (2) Disclose the date by which the underwriter is obligated to purchase the securities.

19.2. Disclosure of conditions to underwriters' obligations

If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

“Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security shareholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.”, and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

19.3. Best efforts offering

Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 19.2.

19.4. Minimum distribution

If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

19.5. Determination of price

Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

19.6. Stabilization

If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

19.7. Approvals

If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of

the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that

(a) the issuer will appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licences, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final prospectus, the trustee will return the funds to subscribers.

19.8. Reduced price distributions

If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Regulation, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.

19.9. Listing application

If an application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with bracketed information completed:

“The issuer has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market].”.

19.10. Conditional listing approval

If an application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

“[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of issuer]’s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders].”.

19.11. IPO venture issuer and venture issuer notice

Include a statement in substantially the following form, with bracketed information completed:

“The issuer [is/will be] a venture issuer subject to the governance and disclosure regime applicable to venture issuers under Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers. Consequently, it [is not/will not be] required to provide certain disclosure applicable to issuers that are not venture issuers, such as management’s discussion and analysis for interim periods. Further, although management is responsible for ensuring processes are in place to provide them with the information they need to comply with disclosure obligations on a timely basis, the issuer [is not/will not be] required to establish and maintain disclosure controls and procedures and internal control over financial reporting. The issuer [is/will be] also subject to certain other obligations not applicable to issuers that are not venture issuers.

The disclosure provided by the issuer will not necessarily be comparable in some ways to that provided by issuers that are not venture issuers.”.

19.12. Constraints

If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

19.13. Special warrants acquired by underwriters or agents

Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

Item 20 Risk Factors

20.1. Risk factors

(1) Disclose the risk factors of the venture issuer that would be likely to influence an investor’s decision to purchase securities of the issuer, by first identifying the risks that are most significant to the venture issuer.

(2) If there is a risk that securityholders of the issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

INSTRUCTIONS:

(1) *Disclose risks in the order of seriousness from the most serious to the least serious.*

(2) *A risk factor must not be de-emphasized by including excessive caveats or conditions.*

(3) *Refer to the guidance after item 23 of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers for examples of possible risk factors.*

Item 21 Promoters

21.1. Promoters

(1) For a person that is, or has been within the two years immediately preceding the date of the prospectus, a promoter of the issuer or subsidiary of the issuer, state

(a) the person’s name,

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return, and

(d) for an asset that was acquired within the two years before the date of the preliminary prospectus, or that is to be acquired, by the issuer or by a subsidiary of the issuer from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person making the determination referred to in subparagraph (i) and the person's relationship with the issuer or the promoter, or an affiliate of the issuer or the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) Disclose the order and describe the basis on which the order was made and whether the order is still in effect if a promoter referred to in subsection (1) is, as at the date of the preliminary prospectus, or was within 10 years before the date of the preliminary prospectus, a director, chief executive officer, or chief financial officer of any person, that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer.

(3) For the purposes of subsection (2), "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant person access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(4) State whether a promoter referred to in subsection (1)

(a) is, as at the date of the preliminary prospectus, or has been within the 10 years before the date of the preliminary prospectus, a director or executive officer of any person that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or

(b) has, within the 10 years before the date of the preliminary prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

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

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) *The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).*

(2) *A management cease trade order which applies to a promoter referred to in subsection (1) is an “order” for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

(3) *For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a “penalty or sanction”.*

(4) *The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.*

Item 22 Legal Proceedings and Regulatory Actions

22.1. Legal proceedings

Disclose any legal proceedings involving the issuer or any of its properties that are known to exist, are reasonably contemplated, or existed during the most recently completed financial year for which financial statements of the issuer are included in the prospectus, and include the nature of the claim, the principal parties involved, the court, agency or regulatory authority to hear the claim, the date of filing of the claim, the amount of the claim and the status of the claim.

INSTRUCTION

Information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of the issuer may be omitted. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, include the amount involved in the other proceedings in computing the percentage.

22.2. Regulatory actions

Disclose all of the following:

(a) penalties or sanctions relating to securities legislation imposed against the issuer by a court or securities regulatory authority within the three years immediately preceding the date of the prospectus;

(b) any other penalties or sanctions imposed by a court, regulatory body or SRO against the issuer during the most recently completed financial year that would likely be considered important to a reasonable investor in making an investment decision;

(c) settlement agreements relating to securities legislation entered into by the issuer with a court or securities regulatory authority within the three years immediately preceding the date of the prospectus.

Item 23 Underwriting Discounts

23.1. Underwriting discounts

Disclose any material underwriting discounts or commissions upon the sale of securities by the issuer if any related entity, as that term is defined in Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers were or are to be an underwriter or are associates, affiliates or partners of a person that was or is to be an underwriter.

Item 24 Relationship Between Issuer or Selling Securityholder and Underwriter

24.1. Relationship between issuer or selling securityholder and underwriter

(1) If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of Regulation 33-105 respecting Underwriting Conflicts.

(2) For the purposes of subsection (1), “connected issuer” and “related issuer” have the same meanings as in Regulation 33-105 respecting Underwriting Conflicts.

Item 25 Auditors, Transfer Agents and Registrars

25.1. Auditors

State the name and address of the auditor of the issuer.

25.2. Transfer agents, registrars, trustees or other agents

For each class of securities,

(a) state the name of any transfer agent, registrar, trustee, or other agent appointed by the issuer to maintain the securities register and the register of transfers for such securities, and

(b) indicate the location (by municipality) of each of the offices of the issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

Item 26 Material Contracts

26.1. Material contracts

1

(1) Give particulars of all material contracts

(a) required to be filed under section 9.3 of the Regulation, or

(b) that would be required to be filed under section 9.3 of the Regulation but for the fact that it was previously filed.

(2) For the purpose of subsection (1), particulars of the contracts must include the dates of, parties to, consideration provided, general nature and key terms.

INSTRUCTION

Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars

need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.

GUIDANCE

The CSA considers the material contracts required to be filed under 9.3 of the Instrument to be the same as those required to be filed under section 36 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers.

Item 27 Experts

27.1. Names of experts

Name each person

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus, and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person.

27.2. Interest of experts

For each person referred to in section 27.1, provide the disclosure in accordance with section 34 of Form 51-103F1 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers.

Item 28 Other Material Facts

28.1. Other material facts

Give particulars of any material facts about the securities being distributed that are not disclosed under any other Items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 29 Rights of Withdrawal and Rescission

29.1. General

Include a statement in substantially the following form, with the bracketed information completed:

“Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission[, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province [or territory] for the particulars of these rights or consult with a legal adviser.”

29.2. Non-fixed price offerings

In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the prospectus is filed, the second sentence in the legend in section 30.1 with a statement in substantially the following form:

“This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed.”.

29.3. Convertible, exchangeable or exercisable securities

In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

“In an offering of [state name of convertible, exchangeable or exercisable securities], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [state name of convertible, exchangeable or exercisable securities] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser’s province [or territory] for the particulars of this right of action for damages or consult with a legal adviser.”.

Item 30 List of Exemptions from Regulation

30.1. List of exemptions from Regulation

List all exemptions from the provisions of the Regulation, including this form, granted to the issuer applicable to the distribution or the prospectus, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Regulation.

Item 31 Financial Statement Disclosure for Issuers

31.1. Interpretation of “issuer”

(1) The financial statements of an issuer that are required under this Item to be included in a prospectus must include

(a) the financial statements of any predecessor entity that formed, or will form, the basis of the business of the issuer, even though the predecessor entity is, or may have been, a different legal entity, if the issuer has not existed for two years,

(b) the financial statements of a business or businesses acquired by the issuer within two years before the date of the prospectus or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business of the issuer to be the business or businesses acquired, or proposed to be acquired, by the issuer, and

(c) the restated combined financial statements of the issuer and any other entity with which the issuer completed a transaction within two years before the date of the prospectus or with which the issuer proposes to complete a transaction, if the issuer accounted for or will account for the transaction as a combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not temporary.

(2) A reporting issuer is not required to include the financial statements for an acquisition to which paragraph (1)(a) or (b) applies if

- (a) the issuer was a reporting issuer in any jurisdiction of Canada
 - (i) on the date of the acquisition, in the case of a completed acquisition; or
 - (ii) immediately before the filing of the prospectus, in the case of a proposed acquisition;
- (b) the issuer's principal asset is not cash, cash equivalents, or its exchange listing; and
- (c) the issuer provides disclosure in respect of the proposed or completed acquisition in accordance with Item 34.

INSTRUCTIONS

(1) A reasonable investor would generally regard the primary business of the issuer to be the acquired business or related businesses when the acquisition was a major acquisition.

(2) A reasonable investor might regard the primary business of the issuer to include businesses acquired or proposed to be acquired regardless of whether one or more of those businesses is considered a major acquisition.

31.2. Annual financial statements

- (1) Subject to section 31.4, include annual financial statements of the issuer consisting of
 - (a) a statement of financial position, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for each of the two most recently completed financial years ended more than
 - (i) 90 days before the date of the prospectus, if the issuer is an IPO venture issuer, or
 - (ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,
 - (b) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that
 - (i) discloses in its annual financial statements an unreserved statement of compliance with IFRS, and
 - (ii) does any of the following
 - (A) applies an accounting policy retrospectively in its annual financial statements;
 - (B) makes a retrospective restatement of items in its annual financial statements; or
 - (C) reclassifies items in its annual financial statements;
 - (c) in the case of an issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS;
 - (d) notes to the annual financial statements.

(2) If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).

(3) If the issuer has not completed two financial years, include the financial statements described under subsection (1) for each completed financial year ended more than

(a) 90 days before the date of the prospectus, if the issuer is an IPO venture issuer, or

(b) 120 days before the date of the prospectus, if the issuer is a venture issuer.

(4) If the issuer has not included in the prospectus financial statements for a completed financial year, include the financial statements described under subsection (1) or (3) for a period from the date the issuer was formed to a date not more than 90 days before the date of the prospectus.

(5) If an issuer changed its financial year end during any of the financial years referred to in this section and the transition year is less than nine months, the transition year is deemed not to be a financial year for the purposes of the requirement to provide financial statements for a specified number of financial years in this section.

(6) Despite subsection (5), all financial statements of the issuer for a transition year referred to in subsection (5) must be included in the prospectus.

(7) Subject to section 31.4, if financial statements of any predecessor entity, business or businesses acquired by the issuer, or of any other entity are required under this section, then include

(a) statements of financial position, statements of comprehensive income, statements of changes in equity, and statements of cash flow for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's statements of comprehensive income, statements of changes in equity, and statements of cash flow are included in the prospectus, the results of the entities or businesses, either separately or on a consolidated basis, total two years;

(b) if the entities or businesses have not completed two financial years, the financial statements described under paragraphs (a) and (b) for each completed financial year of the entities or businesses for which the issuer's financial statements in the prospectus do not include the financial statements of the entities or businesses, either separately or on a consolidated basis, and ended more than

(i) 90 days before the date of the prospectus, if the issuer is an IPO venture issuer, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer;

(c) if an entity's or business's first IFRS financial statements are included under paragraphs (a) or (b), the opening IFRS statement of financial position at the date of transition to IFRS;

(d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that

(i) discloses in its annual financial statements an unreserved statement of compliance with IFRS, and

- (ii) does any of the following
 - (A) applies an accounting policy retrospectively in its financial statements;
 - (B) makes a retrospective restatement of items in its financial statements;
 - (C) reclassifies items in its financial statements, and
- (e) notes to the annual financial statements.

31.3. Interim financial reports

(1) Include a comparative interim financial report of the issuer for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus, and

(b) more than

(i) 45 days before the date of the prospectus, if the issuer is an IPO venture issuer, or

(ii) 60 days before the date of the prospectus, if the issuer is a venture issuer.

(2) The interim financial report referred to in subsection (1) must include

(a) a statement of financial position as at the end of interim period and a statement of financial position as at the end of the immediately preceding financial year, if any;

(b) a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;

(c) for interim periods other than the first interim period in an issuer's financial year, a statement of comprehensive income for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any;

(d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the prospectus comply with IFRS in the case of an issuer that

(i) discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting, and

(ii) does any of the following:

(A) applies an accounting policy retrospectively in its interim financial report;

(B) makes a retrospective restatement of items in its interim financial report; or

(C) reclassifies items in its interim financial report;

(e) in the case of the first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS; and

(f) notes to the interim financial report.

(3) If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (2).

(4) If the issuer includes in the prospectus a comparative interim financial report for an interim period in the year of adopting IFRS that is not the issuer's first interim financial report in the year of adopting IFRS, include

(a) the issuer's first interim financial report in the year of adopting IFRS, or

(b) both

(i) the opening IFRS statement of financial position at the date of transition to IFRS, and

(ii) the annual and date of transition to IFRS reconciliations required by IFRS 1 First-time Adoption of International Financial Reporting Standards to explain how the transition from previous GAAP to IFRS affected the issuer's reported financial position, financial performance and cash flows.

(5) Subsection (4) does not apply to an issuer that was a reporting issuer in at least one jurisdiction immediately before filing the prospectus.

31.4. Exceptions to financial statement requirement

(1) Despite section 31.2, an issuer is not required to include the following financial statements in a prospectus

(a) financial statements for the second most recently completed financial year, if the issuer includes financial statements for a financial year ended less than

(i) 90 days before the date of the prospectus, if the issuer is an IPO venture issuer; or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer;

(b) the financial statements for the second most recently completed financial year, if

(i) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 31.2;

(ii) the business of the issuer is not seasonal; and

(iii) none of the financial statements required under section 31.2 are for a financial year that is less than nine months;

(c) the separate financial statements of the issuer and the other entity for periods prior to the date of the transaction, if the restated combined financial statements of the issuer and the other entity are included in the prospectus under paragraph 31.1(c).

- (2) Paragraphs (1)(a) and (b) do not apply to an issuer
- (a) whose principal asset is cash, cash equivalents or its exchange listing, or
 - (b) in respect of financial statements of a reverse takeover acquirer for a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover.

31.5. Exceptions to audit requirement

(1) The audit requirement in section 4.2 of the Regulation does not apply to each of the following financial statements

(a) financial statements for the second most recently completed financial year required under section 31.2, if

(i) those financial statements were previously included in a final prospectus without an auditor's report pursuant to an exemption under applicable securities legislation; and

(ii) an auditor has not issued an auditor's report on those financial statements;

(b) financial statements for the second most recently completed financial year required under section 31.2, if

(i) the issuer meets the conditions in subsection (2);

(ii) an auditor has not issued an auditor's report on those financial statements, and

(iii) the financial statements for the most recently completed financial year required under section 31.2 is not less than 12 months in length;

(c) each interim financial report required under section 31.3;

(d) each other interim financial report that is voluntarily included in the prospectus.

(2) The issuer

(a) files a preliminary prospectus;

(b) is not a reporting issuer in any jurisdiction;

(c) has total consolidated assets of less than \$10,000,00 as at the date of the most recent statement of financial position of the issuer included in the preliminary prospectus;

(d) has consolidated revenue of less than \$10,000,000 in the most recent annual statement of comprehensive income of the issuer included in the preliminary prospectus, and

(e) has equity of less than \$10,000,000 as at the date of the most recent statement of financial position of the issuer included in the preliminary prospectus.

(3) For purposes of paragraphs (2)(c), (d) and (e), the issuer must take into account all adjustments to asset, revenue and equity calculations necessary to reflect each of the following:

(a) each proposed major acquisition that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high;

(b) each completed major acquisition.

(4) For purposes of paragraph (3), include proposed major acquisitions and completed major acquisitions that occurred before the date of the preliminary prospectus and after the date of the issuer's most recent statement of financial position included in the preliminary prospectus as if each acquisition had taken place as at the date of the issuer's most recent statement of financial position included in the preliminary prospectus.

5) For purposes of paragraph (3), include proposed major acquisitions and completed major acquisitions that occurred after the last day of the most recent annual statement of comprehensive income of the issuer included in the preliminary prospectus as if each acquisition had taken place at the beginning of the issuer's most recently completed financial year for which a statement of comprehensive income is included in the preliminary prospectus.

31.6. Additional financial statements or financial information filed or released

(1) If the issuer files financial statements for a more recent period than required under section 31.2 or 31.3 before the prospectus is filed, the issuer must include in the prospectus those more recent financial statements.

(2) If historical financial information about the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under section 31.2 or 31.3, the issuer must include the content of the news release or public communication in the prospectus.

31.7. Pro forma financial statements for an acquisition

(1) Include the pro forma financial statements prescribed in subsection (2) in respect of a completed or proposed acquisition for which financial statement disclosure is required under section 31.1 if

(a) less than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; and

(b) the inclusion of the pro forma financial statements is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(2) For the purposes of subsection (1), include the following:

(a) a pro forma statement of financial position of the issuer, as at the date of the issuer's most recent statement of financial position included in the prospectus, that gives effect, as if it had taken place as at the date of the pro forma statement of financial position, to the acquisition that has been completed, or that will be completed, but is not reflected in the issuer's most recent statement of financial position for an annual or interim period;

(b) a pro forma income statement of the issuer that gives effect to the acquisition completed, or that will be completed, since the beginning of the issuer's most recently completed financial year for which it has included financial statements in its prospectus, as if it had taken place at the beginning of that financial year, for each of the following periods:

(i) the most recently completed financial year for which the issuer has included financial statements in its prospectus; and

(ii) the interim period for which the issuer has included an interim financial report in its prospectus, that started after the financial year referred to in subparagraph (i) and ended

(A) in the case of a completed acquisition, immediately before the acquisition date or, in the issuer's discretion, after the acquisition date; and

(B) in the case of a proposed acquisition, immediately before the date of the filing of the prospectus, as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus; and

(c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).

(3) If an issuer is required to include pro forma financial statements in its prospectus under subsections (1) and (2),

(a) the issuer must identify in the pro forma financial statements each acquisition, if the pro forma financial statements give effect to more than one acquisition;

(b) the issuer must include in the pro forma financial statements

(i) adjustments attributable to the acquisition for which there are firm commitments and for which the complete financial effects are objectively determinable;

(ii) adjustments to conform amounts for the business to the issuer's accounting policies; and

(iii) a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;

(c) if the financial year-end of the business differs from the issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement of the issuer's most recently completed financial year, the issuer must construct an income statement of the business for a period of 12 consecutive months ending no more than 93 days before or after the issuer's year-end, by adding the results for a subsequent interim period to a completed financial year of the business and deducting the comparable interim results for the immediately preceding year;

(d) if a constructed income statement is required under paragraph (c), the pro forma financial statements must disclose the period covered by the constructed income statement on the face of the pro forma financial statements and must include a note stating that the financial statements of the business used to prepare the pro forma financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for the business included elsewhere in the prospectus;

(e) if an issuer is required to prepare a pro forma income statement for an interim period required by paragraph (2)(b), and the pro forma income statement for the most recently completed financial year includes results of the business which are also included in the pro forma income statement for the interim period, the issuer must disclose in a note to the pro forma financial statements the revenue, expenses, and profit or loss from continuing operations included in each pro forma income statement for the overlapping period; and

(f) a constructed period referred to in paragraph (c) does not have to be audited.

31.8. Pro forma financial statements for multiple acquisitions

Despite subsection 31.7(1), an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that

(a) reflects the results of each acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus, and

(b) is prepared as if each acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus.

31.9. Exemption from financial statement disclosure for oil & gas acquisitions

(1) The issuer is exempt from sections 31.2, 31.3 and 31.7 that apply to a completed or proposed acquisition by operation of section 31.1 if

(a) the acquisition is an acquisition of a business which is an interest in an oil and gas property;

(b) the acquisition is an acquisition to which section 31.1 applies;

(c) the acquisition is not an acquisition of securities of another issuer, unless the vendor transferred the business referenced in paragraph (1)(a) to such other issuer which

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history;

(d) the issuer is unable to provide the financial statements in respect of the acquisition otherwise required under sections 31.2 and 31.3 because those financial statements do not exist or because the issuer does not have access to those financial statements;

(e) the acquisition does not constitute a reverse takeover;

(f) subject to subsections (2) and (3), in respect of the business for each of the financial periods for which financial statements would, but for this section, be required under sections 31.2 and 31.3, the prospectus includes

(i) an operating statement for the business prepared in accordance with section 3.17 of Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards;

(ii) a pro forma operating statement of the issuer that gives effect to the acquisition completed or to be completed since the beginning of the issuer's most recently completed financial year for which financial statements are required to have been filed, as if the acquisition had taken place at the beginning of that financial year, for each of the financial periods referred to in paragraph 31.7(2)(b), unless

(A) more than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; or

(B) the inclusion of the pro forma financial statements is not necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed;

(iii) a description of the property or properties and the interest acquired by the issuer; and

(iv) disclosure of the annual oil and gas production volumes from the business;

(g) the operating statement for the two most recently completed financial years has been audited;

(h) the prospectus discloses

(i) the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the vendor of the person who prepared the estimates; and

(ii) the estimated oil and gas production volumes from the business for the first year reflected in the estimated disclosure under subparagraph (i).

(2) An issuer is exempted from subparagraphs (1)(f)(i), (ii) and (iv) if

(a) production, gross revenue, royalty expenses, production costs and operating income were nil, or are reasonably expected to be nil for the business for each financial period; and

(b) the prospectus discloses the applicable facts referred to in paragraph (a).

(3) An issuer is exempted from subparagraphs (1)(f) and (g) in respect of the second most recently completed financial year if the issuer has completed the acquisition and has included in the prospectus the following:

(a) information in accordance with Form 51-101F1 as of a date commencing on or after the acquisition date and within 6 months of the date of the preliminary prospectus;

(b) a report in the form of Form 51-101F2 on the reserves data included in the disclosure required under paragraph (a);

(c) a report in the form of Form 51-101F3 that refers to the information disclosed under paragraph (a).

Item 32 Credit Supporter Disclosure, Including Financial Statements

32.1. Credit supporter disclosure, including financial statements-

If a credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed, include statements by the credit supporter providing disclosure about the credit supporter that would be required under Items 4, 5, 8, 15, 17, 20, 22, 24, 25, and 31, if the credit supporter were the issuer of the securities to be distributed and such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 33 Exemptions for Certain Issues of Guaranteed Securities

33.1. Issuer is wholly-owned subsidiary of parent credit supporter

An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 17, 20, 22, 24, 25, and 31, if it complies with Item 34.2 of Form 41-101F1.

33.2. Issuer is wholly-owned subsidiary of, and one or more subsidiary credit supporters controlled by, parent credit supporter

An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 17, 20, 22, 24, 25, and 31, or the credit supporter disclosure of one or more subsidiary credit supporters required by Item 33, if it complies with Item 34.3 of Form 41-101F1.

33.3. One or more credit supporters controlled by issuer

An issuer is not required to include the credit supporter disclosure for one or more credit supporters required by Item 32, if it complies with Item 34.4 of Form 41-101F1.

Item 34 Major Acquisitions

34.1. Definitions

For purposes of this Item, the definitions of "business" and "related business" in Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers apply.

34.2. Application

(1) This Item does not apply to

(a) a completed or proposed transaction by the issuer that was or will be a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high;

(b) a completed or proposed acquisition

(i) by the issuer if

(A) the issuer's principal asset is cash, cash equivalents or its exchange listing, or

(B) the issuer was not a reporting issuer in any jurisdiction

(I) on the acquisition date, in the case of a completed acquisition, and

(II) immediately before filing the prospectus, in the case of a proposed acquisition, and

(ii) to which Item 31 applies by operation of section 31.1.

(2) The audit requirement in section 4.2 of the Regulation does not apply to any financial statements or other information included in the prospectus under this Item, other than the financial statements or other information for the most recently completed financial year of a business or related businesses acquired, or proposed to be acquired, by the issuer.

34.3. Completed acquisitions for which a report under Regulation 51-103 or Regulation 51-102 has been filed

If since the beginning of an issuer's most recently completed financial year for which financial statements are included in the prospectus, the issuer has completed an acquisition of a business or related businesses that is a major acquisition and it has filed either a report under Part 5 and Part 6 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers or under Part 8 of Regulation 51-102 respecting Continuous Disclosure Obligations for the transaction, include all of the disclosure included in, or incorporated by reference into, that report.

34.4. Completed acquisitions for which issuer has not filed a report under Regulation 51-103 or Regulation 51-102 because issuer was not reporting issuer on acquisition date

- (1) An issuer must include the disclosure required under subsection (2), if
 - (a) the issuer completed an acquisition of a business or related businesses since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus;
 - (b) the issuer was not a reporting issuer in any jurisdiction on the acquisition date,
 - (c) the acquisition is a major acquisition, and
 - (d) the acquisition date was more than
 - (i) 90 days before the date of the prospectus, if the financial year of the acquired business ended 45 days or less before the acquisition, or
 - (ii) 75 days before the date of the prospectus.
- (2) For a major acquisition to which subsection (1) applies, include all the disclosure that would be required to be included in, or incorporated by reference into, a report filed under Parts 5 and 6 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, as if
 - (a) the issuer was a venture issuer on the acquisition date;
 - (b) the report was filed as at the date of the prospectus, and
 - (c) references to financial statements filed or required to be filed meant financial statements included in the prospectus.

34.5. Financial performance consolidated in financial statements of issuer

Despite section 34.3 and subsection 34.4(1), an issuer may omit the financial statements or other information of a business required to be included in the prospectus, if at least nine months of the acquired business or related businesses financial performance have been reflected in the issuer's most recent audited financial statements included in the prospectus.

34.6. Recently completed acquisitions

- (1) Include the information required under subsection (2) for any acquisition of a business or related businesses that is a major acquisition that was completed by the issuer
 - (a) since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus, and

(b) for which the issuer has not included any disclosure under section 34.3 or 34.4.

(2) For a major acquisition to which subsection (1) applies, include the following

(a) the information required by, included in, or incorporated by reference into, a report filed under Parts 5 and 6 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers or Part 8 of Regulation 51-102 respecting Continuous Disclosure Obligations; and

(b) the financial statements of or other information about the major acquisition under subsection (3) for the acquired business or related businesses, if

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) The requirement to include financial statements or other information under paragraph (2)(b) must be satisfied by including

(a) if the issuer was a reporting issuer in at least one jurisdiction on the acquisition date, the financial statements or other information that will be required to be included in, or incorporated by reference into, a report filed under Parts 5 and 6 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers;

(b) if the issuer was not a reporting issuer in any jurisdiction on the acquisition date, the financial statements or other information that would be required by section 34.4, or

(c) satisfactory alternative financial statements or other information.

34.7. Probable acquisitions

(1) Include the information required under subsection (2) for any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, and that, if completed by the issuer at the date of the prospectus, would be a major acquisition.

(2) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (1) applies, include

(a) the information required to be included in, or incorporated by reference into, a report filed under Parts 5 and 6 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, modified as necessary to convey that the acquisition has not been completed, and

(b) the financial statements or other information of the probable acquisition under subsection (3) for the acquired business or related businesses, if

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (2) applies, the requirement to include financial statements or other information under subsection (2)(b) must be satisfied by including

(a) if the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included in, or incorporated by reference into, a report filed under Parts 5 and 6 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, as if the acquisition date were the date of the prospectus,

(b) if the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included by section 34.4, as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus, or

(c) satisfactory alternative financial statements or other information.

34.8. Pro forma financial statements for multiple acquisitions

If the issuer was required to file a business acquisition report under Part 8 of Regulation 51-102 respecting Continuous Disclosure Obligations, despite sections 34.3 and 34.6, an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that

(a) reflects the results of each major acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus;

(b) is prepared as if each major acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus; and

(c) is prepared in accordance with the section in this Item that applies to the most recently completed acquisition.

34.9. Additional financial statements or financial information of business filed or released

(1) An issuer must include in its prospectus annual financial statements and an interim financial report of a business or related businesses for a financial period that ended before the acquisition date and is more recent than the periods for which financial statements are required under section 34.6 or 34.7 if, before the prospectus is filed, the financial statements of the business for the more recent period have been filed.

(2) If, before the prospectus is filed, historical financial information of a business or related businesses for a period more recent than the period for which financial statements are required under section 35.6 or 35.7, is publicly disseminated by news release or otherwise by or on behalf of the issuer, the issuer shall include in the prospectus the content of the news release or public communication.

Item 35 Probable Reverse Takeovers

35.1. Probable reverse takeovers

If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, include statements by the reverse takeover acquirer providing disclosure about the reverse takeover acquirer that would be required under this form, as applicable, if the reverse takeover acquirer were the issuer of the securities to be distributed, and such other information about the reverse takeover acquirer as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed, including the disclosure required by Items 4, 5, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 26, 27, 28 and 31.

Item 36 Certificates

36.1. Certificates

Include the certificates required by Part 5 of the Regulation or by securities legislation.

36.2. Issuer certificate form

An issuer certificate form must include a statement, in the following form, with the bracketed information completed:

“This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].”.

36.3. Underwriter certificate form

An underwriter certificate form must include a statement, in the following form, with the bracketed information completed:

“To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].”.

36.4. Amendments

(1) For an amendment to a prospectus that does not restate the prospectus, change “prospectus” to “prospectus dated [insert date] as amended by this amendment” wherever it appears in the statements in sections 36.2 and 36.3.

(2) For an amended and restated prospectus, change “prospectus” to “amended and restated prospectus” wherever it appears in the statements in sections 36.2 and 36.3.

36.5. Non-offering prospectuses

For a non-offering prospectus, change “securities offered by this prospectus” to “securities previously issued by the issuer” wherever it appears in the statements in sections 36.2 and 36.3.”.

9. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.