

REGULATION 51-103 RESPECTING ONGOING GOVERNANCE AND DISCLOSURE REQUIREMENTS FOR VENTURE ISSUERS

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (3), (8), (9), (11), (14), (19), (19.2), (19.5), (20), (32.2) and (34))

Guidance:

The grey shaded text marked “Guidance” found within this regulation is not legally binding and does not form part of the official version of the regulation. The guidance provides cross-references to certain other provisions and, in some cases, clarification as to the intention or expectation of the securities regulatory authority or regulator with respect to a particular legal requirement.

PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION

1. Definitions

(1) In this regulation,

“acquisition” includes an acquisition of an interest in a business that is consolidated for accounting purposes or accounted for by another method, such as the equity method, but excludes transactions that are accounted for by the cost method;

“acquisition date” has the same meaning as in the issuer’s GAAP.

“annual financial statements” means the financial statements required by section 8;

“annual report” means a completed Form 51-103F1, prepared as an annual report or, in the case of an SEC issuer that is a venture issuer, the alternative disclosure permitted by section 42 of this regulation;

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

“board” or “board of directors” includes, for a person that does not have a board of directors, an individual or group that acts in a capacity similar to a board of directors;

“business” when used in relation to a major acquisition has the same meaning ascribed to that term in the issuer’s GAAP and includes an interest in an oil and gas property to which reserves, as defined in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities, have specifically been attributed;

“capital pool company” has the same meaning as in the corporate finance manual of the TSX Venture Exchange;

“CEO” means the chief executive officer or the individual performing functions similar to a chief executive officer;

“CFO” means the chief financial officer or the individual performing functions similar to a chief financial officer;

“convert”, “converting” and “conversion” include exercising, converting or exchanging a convertible security;

“convertible security” means a security that is exercisable, convertible or exchangeable into another security;

"CPC" has the same meaning as in the corporate finance manual of the TSX Venture Exchange;

"credit support issuer" has the same meaning as in subsection 13.4(1) of Regulation 51-102 respecting Continuous Disclosure Obligations;

"equity investee" means an entity that the venture issuer has invested in and accounted for using the equity method;

"exchangeable security issuer" has the same meaning as in subsection 13.3(1) of Regulation 51-102 respecting Continuous Disclosure Obligations;

"executive officer" means in respect of an issuer, an individual to which any one or more of the following applies,

- (a) is the chair, vice-chair or president,
- (b) is a vice-president in charge of a principal business unit, division or function, including sales, finance or production,
- (c) is performing a policy-making function in respect of the issuer;

"founder" means a person that is a promoter that has been actively involved in the issuer's business at any time within either or both of

- (a) the 2 most recently completed financial years,
- (b) the current financial year;

"information circular" means a completed Form 51-103F4;

"interim period" means,

(a) in the case of a year other than a transition year, a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year;

(b) in the case of a transition year, a period commencing on the first day of the transition year and ending

(i) 3, 6, 9 or 12 months, if applicable, after the end of the old financial year,
or

(ii) 12, 9, 6 or 3 months, if applicable, before the end of the transition year;

"issuer's GAAP" has the same meaning as in Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards;

"major acquisition" means an acquisition of, including a lease of or option to acquire, by a venture issuer or one or more subsidiary entities of the venture issuer, directly or indirectly, a business or related business, if the value of the consideration transferred, determined in accordance with the issuer's GAAP without remeasuring previously held equity interests, for the business or related business equals 100% or more of the market capitalization of the venture issuer, but excludes an acquisition if the value of the consideration transferred for the business or related businesses is less than 100% of the optional market capitalization of the venture issuer;

Guidance:

IFRS 3 Business Combinations requires that when a business combination is achieved in stages, the acquirer's previously held equity interests in the acquiree is remeasured at its acquisition date fair value. However, for the purpose of determining whether an acquisition of a business is a major acquisition, previously held equity interests in the acquiree are not required to be remeasured.

“market capitalization” means the sum of the aggregate market value of each class of equity securities of an issuer, where the market value of each class of securities is calculated by multiplying

(a) if the class of equity securities is traded on a published market,
(i) the number of securities of that class that were outstanding immediately before the announcement of the acquisition

by

(ii) the 10 day volume weighted average closing price of those securities as reported by the published market on the trading day immediately before announcement of the acquisition,

(b) if the class of equity securities is not traded on a published market but the venture issuer has made application to have that class of securities listed or quoted on a published market,

(i) the number of securities of that class outstanding immediately before the announcement of the acquisition,

by,

(ii) if the venture issuer is conducting an initial public offering in connection with its application to list or quote that class of securities, the price per security at which the board of directors reasonably anticipates the securities will be issued on the initial public offering, or

(iii) if the venture issuer is not conducting an initial public offering in connection with its application to list or quote that class of securities, the price per security at which the board of directors reasonably anticipates the securities to commence trading on the published market;

(c) if the class of equity securities is not traded on a published market and no application to list or quote that class of securities on a published market has been made,

(i) the number of securities of that class that were outstanding immediately before the announcement of the acquisition,

by

(ii) the fair market value of the outstanding securities of that class immediately before the announcement of the acquisition;

“marketplace” means any one of the following:

(a) an exchange,

(b) a quotation and trade reporting system,

(c) a person not included in paragraph (a) or (b) that does each of the following:

- (i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,
- (ii) brings together the orders for securities of multiple buyers and sellers,
- (iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade,
- (d) a dealer, other than an inter-dealer bond broker, that executes a trade of an exchange-traded security outside of a marketplace;

“material contract” means each of the following:

- (a) a contract, other than a contract entered into in the ordinary course, to which the venture issuer or one or more of its subsidiary entities is a party if the contract is material to the venture issuer,
- (b) a contract, regardless of whether it was entered into in the ordinary course, if it is one or more of the following
 - (i) a contract with one or more directors, executive officers or founders of the venture issuer, other than an employment contract,
 - (ii) a continuing contract to sell the majority of the venture issuer’s products or services or to buy the majority of the venture issuer’s requirements of goods, services or raw materials,
 - (iii) a franchise or license or other agreement to use a patent, formula, trade secret, process or trade name,
 - (iv) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions of the venture issuer,
 - (v) an external management or external administration agreement,
 - (vi) a contract on which the continuation of the venture issuer’s business is substantially dependent;

Guidance:

Some examples of a contract on which the continuation of the venture issuer’s business might be substantially dependent include:

- (a) *financing or credit agreements that provide a majority of the venture issuer’s capital requirements if alternative financing on comparable terms is not readily available;*
- (b) *a contract calling for the purchase or sale of substantially all of the venture issuer’s property, plant and equipment, long-lived assets, or total assets;*
- (c) *an option, joint venture, purchase or other agreement relating to a mining or oil and gas property that represents a majority of the venture issuer’s business.*

“material related entity transaction” means one or more of the following, if it is material to the venture issuer:

- (a) a related party transaction as defined in the issuer’s GAAP,
- (b) an oral or written agreement, or a transaction, to which a venture issuer is directly or indirectly a party and to which a person that is a related entity of the venture issuer at the time the agreement is entered into or the transaction is agreed to is also a party,

(c) a material amendment to an agreement referred to in paragraph (b);

“MD&A” means management’s discussion and analysis;

“mid-year interim financial report” means the interim financial report required by section 10;

“mid-year period” means

(a) in the case of a year other than a transition year, a period commencing on the first day of the financial year and ending 6 months before the end of the financial year;

(b) in the case of a transition year, a period commencing on the first day of the transition year and ending

(i) 6 months and 12 months, if applicable, after the end of the old financial year, or

(ii) 6 months and 12 months, if applicable, before the end of the transition year;

“mid-year report” means a completed Form 51-103F1 completed in respect of a mid-year period or, in the case of an SEC issuer that is a venture issuer, the alternative disclosure permitted by section 42 of this regulation;

“optional interim period” means

(a) in the case of a year other than a transition year, a period commencing on the first day of the financial year and ending 9 or 3 months before the end of the financial year;

(b) in the case of a transition year, a period commencing on the first day of the transition year and ending

(i) 3 or 9 months, if applicable, after the end of the old financial year, or

(ii) 9 or 3 months, if applicable, before the end of the transition year;

“optional market capitalization” has the same meaning as market capitalization if the references in paragraph (c) of the definition of market capitalization to “before the announcement of the acquisition” are read as “before the acquisition date”.

“prescribed security” means in respect of a venture issuer, any of the following

(a) a security issued by the venture issuer,

(b) a put, call, option or other right or obligation to buy or sell a security of the venture issuer,

(c) an instrument, agreement, security or exchange contract, the value, market price or payment obligations of which are derived from, referenced to or based on the value, market price or payment obligations of a security of the venture issuer,

(d) any other instrument, agreement or understanding that affects, directly or indirectly, the economic interest of a person in respect of a security or an exchange contract of the venture issuer.

“principal holder” means a person, other than an underwriter in the course of a distribution, that holds securities of a venture issuer carrying more than 10% of the voting rights attached to any class of the venture issuer’s outstanding voting securities, where securities are considered to be “held” if the person holds the securities by way of either

(a) beneficial ownership, or direct or indirect control or direction,

(b) a combination of beneficial ownership and direct or indirect control or direction;

“proxy form” means a form of proxy prepared in accordance with Form 51-103F3 or as otherwise permitted by this regulation;

“publicly accountable enterprise” means a publicly accountable enterprise as defined in the handbook;

“published market” means a market that publishes closing prices for securities traded on that market;

“registered securityholder” means a registered holder of voting securities of a venture issuer as indicated on the register of shareholders maintained by the venture issuer or its registrar and transfer agent;

“related business” means a business which, in relation to a second business, one or more of the following apply

(a) it was under common control or management with the second business before the acquisitions,

(b) the acquisition of one was conditional upon the acquisition of the other,

(c) the acquisitions of both were contingent upon a single common event;

“related entity” of a venture issuer means a person that, at the relevant time, is one or more of the following

(a) a “related party” as that term is defined in the issuer’s GAAP,

(b) a founder or insider of the venture issuer or "close members of the family", as defined under Canadian GAAP applicable to publicly accountable enterprises, of a founder or insider,

(c) a person of which a director, executive officer, or founder of the venture issuer is a director, executive officer or founder,

(d) a director, executive officer or insider of the venture issuer or “close members of the family”, as defined under Canadian GAAP applicable to a publicly accountable enterprise, of a director, executive officer or insider,

(e) a director, executive officer or insider of any other person referred to in paragraphs (b) or (c),

(f) an affiliated entity of any person referred to in any of paragraphs (b), (c) or (d),

(g) a person of which one or more persons described in any paragraph of this definition beneficially own, in the aggregate more than 50% of the securities of any class of equity securities;

“restricted security” has the same meaning as in Regulation 51-102 respecting Continuous Disclosure Obligations;

“report of material change, material related entity transaction or major acquisition” means a completed Form 51-103F2;

“restructuring transaction” means:

(a) a reverse takeover;

(b) an amalgamation, merger, arrangement or reorganization;

(c) a transaction or series of transactions involving a venture issuer acquiring assets and issuing securities that results in

(i) new securityholders owning or controlling more than 50% of the venture issuer's outstanding voting securities, and

(ii) a new person, a new combination of persons acting together, the sellers of the assets, or new management either

(A) being able to materially affect the control of the venture issuer,

(B) holding more than 20% of the outstanding voting securities of the venture issuer, unless there is evidence showing that the holding of those securities does not materially affect the control of the venture issuer;

(d) any other transaction similar to the transactions listed in paragraphs (a) to (c),

but does not include a subdivision, consolidation, or other transaction that does not alter a securityholder's proportionate interest in the venture issuer and the venture issuer's proportionate interest in its assets;

Guidance:

The phrase "new securityholders" includes both beneficial owners who did not hold any of the venture issuer's securities before the restructuring transaction, and beneficial owners that held some securities in the venture issuer before the transaction, but who now, as a result of the transaction, own more than 50% of the outstanding voting securities.

"reverse takeover" means

(a) a reverse acquisition, which has the same meaning as in Canadian GAAP applicable to a publicly accountable enterprise, or

(b) a transaction where an issuer acquires a person by which the securityholders of the acquired person, at the time of the transaction, obtain control of the issuer, where for purposes of this paragraph, "control" has the same meaning as in Canadian GAAP applicable to a publicly accountable enterprise;

"reverse takeover acquiree" means the legal parent in a reverse takeover;

"reverse takeover acquirer" means the legal subsidiary in a reverse takeover;

"SEC issuer" means a venture issuer that meets both of the following:

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act,

(b) is not registered or required to be registered as an "investment company" under the Investment Company Act of 1940 of the United States of America, as amended;

"SEDAR" has the same meaning as in Regulation 13-101 respecting System for Electronic Document Analysis and Retrieval (SEDAR);

"senior unlisted issuer" has the same meaning as in Regulation 51-102 respecting Continuous Disclosure Obligations;

"solicit" or "solicitation" in connection with a proxy, includes

(a) requesting a proxy whether or not the request is accompanied by or included in a form of proxy,

- (b) requesting a securityholder to execute or not to execute a form of proxy or to revoke a proxy,
- (c) sending a form of proxy or other communication to a securityholder under circumstances that to a reasonable person will likely result in the giving, withholding or revocation of a proxy, or
- (d) sending a form of proxy to a securityholder by management of a venture issuer, but does not include
- (e) sending a form of proxy to a securityholder in response to an unsolicited request made by or on behalf of the securityholder,
- (f) performing ministerial acts or professional services on behalf of a person soliciting a proxy,
- (g) sending, by an intermediary as defined in Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer, of the documents referred to in Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer,
- (h) soliciting by a person in respect of securities of which the person is the beneficial owner,
- (i) publicly announcing, by a securityholder, how the securityholder intends to vote and the reasons for that decision, if that public announcement is made by
 - (i) a speech in a public forum, or
 - (ii) a press release, an opinion, a statement or an advertisement provided through a broadcast medium or by a telephonic, electronic or other communication facility, or appearing in a newspaper, a magazine or other publication generally available to the public;
- (j) communicating for the purposes of obtaining the number of securities required for a securityholder proposal under the laws under which the venture issuer is incorporated, organized or continued or under the venture issuer's constating or establishing documents; or
- (k) communicating, other than a solicitation by or on behalf of the management of the venture issuer, to securityholders in the following circumstances:
 - (i) by one or more securityholders concerning the business and affairs of the venture issuer, including its management or proposals contained in a management information circular, and no form of proxy is sent to those securityholders by the securityholder or securityholders making the communication or by a person acting on their behalf, unless the communication is made by
 - (A) a securityholder who is an officer or director of the venture issuer if the communication is financed directly or indirectly by the venture issuer,
 - (B) a securityholder who is a nominee or who proposes a nominee for election as a director, if the communication relates to the election of directors,
 - (C) a securityholder whose communication is in opposition to an amalgamation, arrangement, consolidation or other transaction recommended or approved by the board of directors of the venture issuer and who is proposing or intends to propose an alternative transaction to which the securityholder or an affiliate or associate of the securityholder is a party,
 - (D) a securityholder who, because of a material interest in the subject-matter to be voted on at a securityholders' meeting, is likely to receive a benefit from its approval or non-approval, which benefit would not be shared pro rata by all other holders of the same class of securities, unless the benefit arises from the securityholder's employment with the venture issuer, or

(E) any person acting on behalf of a securityholder described in any of clauses (A) to (D);

(ii) by one or more securityholders and concerns the organization of a dissident's proxy solicitation, and no form of proxy is sent to those securityholders by the securityholder or securityholders making the communication or by a person acting on their behalf;

(iii) as clients, by a person who gives financial, corporate governance or proxy voting advice in the ordinary course of business and concerns proxy voting advice if

(A) the person discloses to the securityholder any significant relationship with the venture issuer and any of its affiliates or with a securityholder who has submitted a matter to the venture issuer that the securityholder intends to raise at the meeting of securityholders and any material interests the person has in relation to a matter on which advice is given,

(B) the person receives any special commission or remuneration for giving the proxy voting advice only from the securityholder or securityholders receiving the advice, and

(C) the proxy voting advice is not given on behalf of any person soliciting proxies or on behalf of a nominee for election as a director, or

(iv) by a person who does not seek directly or indirectly the power to act as a proxyholder for a securityholder;

“SOX 302 rules” means U.S. federal securities laws implementing the annual periodic certification requirements in section 302(a) of the Sarbanes-Oxley Act of 2002 of the United States of America, as amended from time to time;

“transition year” means the financial year of a venture issuer or business in which the venture issuer or business changes its financial year-end;

“venture issuer” means an issuer in respect of which this regulation applies.

Guidance:

(1) *Securities statutes in local jurisdictions may provide definitions or meanings for “associate”, “control person”, “distribution”, “director”, “exchange contract”, “forward-looking information”, “insider”, “investment fund”, “issuer”, “material change”, “material fact”, “promoter”, “reporting issuer”, “security”, and “special relationship”.*

(2) *Refer to Regulation 14-101 respecting Definitions for the definitions of “1933 Act”, “1934 Act”, “Canadian GAAP”, “Canadian GAAS”, “handbook”, “IFRS”, “local jurisdiction”, “regulator”, “securities legislation”, and “securities regulatory authority”.*

(3) *Securities legislation defines the term “person” and in Alberta, Saskatchewan, Manitoba and Nova Scotia also defines the term “company”. Where the phrase “person” is used in this regulation, refer to Regulation 14-101 respecting Definitions for the meaning of that phrase in British Columbia and New Brunswick.*

(4) *This regulation uses accounting terms that are defined, or referred to, in Canadian GAAP applicable to publicly accountable enterprises. In certain cases, some of those terms are defined differently in securities legislation. In deciding which meaning applies, venture issuers should consider that Regulation 14-101 respecting Definitions provides that a term used in this regulation that is defined in the securities statute of a local jurisdiction has the meaning given to it in the statute unless: (a) the definition in that statute is restricted to a specific portion of the statute that does not govern continuous disclosure; or (b) the context otherwise requires.*

For example, the term “associate” is defined in both local securities statutes and Canadian GAAP applicable to publicly accountable enterprises. We are of the view that the references to the term “associate” in the regulation and its forms (e.g., item 12(2)(e) of Form

51-103F4 Information Circular) should be given the meaning of the term under local securities statutes since the context does not indicate that the accounting meaning of the term should be used.

If an issuer is permitted under Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards to file financial statements or interim financial reports prepared in accordance with acceptable accounting principles other than Canadian GAAP then the issuer should interpret any reference in this regulation to a term or provision defined, or referred to, in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in the other acceptable accounting principles.

(5) *Refer to Canadian GAAP applicable to publicly accountable enterprises for the definition of “interim financial report”.*

(6) *When this regulation requires disclosure of a “material” relationship, transaction, agreement, plan or other information, in determining whether or not a particular matter is material, consider whether disclosing, omitting or misstating the relationship, transaction, agreement, plan or other information would likely influence or change a reasonable investor’s decision as to whether or not to buy, sell or hold a security in the capital of the venture issuer.*

(2) For purpose of subsection (3), “core document definition” means the definition of “core document” set out in:

- (a) in Alberta, subsection 211.01(b) of the Securities Act (Alberta);
- (b) in British Columbia, section 140.1 of the Securities Act (British Columbia);
- (c) in Manitoba, subsection 174 of the Securities Act (Manitoba);
- (d) in New Brunswick, section 161.1 of the Securities Act (New Brunswick);
- (e) in Newfoundland and Labrador, section 138.1(b) of the *Securities Act* (Newfoundland and Labrador);
- (f) in the Northwest Territories, section 122 of the Securities Act (Northwest Territories);
- (g) in Nova Scotia, section 146A(b) of the Securities Act (Nova Scotia);
- (h) in Nunavut, section 122 of the Securities Act (Nunavut);
- (i) in Ontario, section 138.1 of the Securities Act (Ontario);
- (j) in Prince Edward Island, section 122 of the Securities Act (Prince Edward Island);
- (k) in Quebec, section 225.3 of the Securities Act (Quebec);
- (l) in Saskatchewan, section 136.01(b) of the Securities Act (Saskatchewan);
- (m) in the Yukon, section 122 of the Securities Act (Yukon).

(3) Each of the following documents is prescribed as a core document for the purpose of the core document definition:

- (a) an annual report;
- (b) a mid-year report;
- (c) a report of material change, material related entity transaction or major acquisition, except for financial statements associated with a major acquisition.

2. Interpretation

In this regulation

(a) an issuer is an “affiliated entity” of another issuer if one of them is the subsidiary entity of the other or if each of them is controlled by the same person,

(b) an issuer is considered “controlled” by another person if that person has or shares the power to govern the financial and operating policies of the venture issuer so as to obtain benefits from its activities,

(c) an issuer is a “subsidiary entity” of another issuer if it is controlled by that other issuer.

3. Application

(1) This regulation applies to a reporting issuer unless, as determined at the applicable time set out in subsection (2), any of the following apply:

(a) it is an investment fund;

(b) any of its securities are listed or quoted on one or more of the following

(i) the Toronto Stock Exchange,

(ii) an exchange registered as a “national securities exchange” under section 6 of the 1934 Act,

(iii) a marketplace outside of Canada or the United States, other than a designated venture market;

(c) except in Ontario, BC instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets*, as amended from time to time, applies to the issuer;

(d) the issuer is a senior unlisted issuer.

(2) For the purposes of subsection (1), the applicable time of the determination is

(a) the end of the venture issuer’s applicable financial year for the purpose of determining whether it is

(i) required to file an annual report under this regulation, or

(ii) required to file

(A) annual financial statements, associated management’s discussion and analysis and an annual information form, if applicable, under Regulation 51-102 respecting Continuous Disclosure Obligations,

(B) a certificate under Regulation 52-109 respecting Certification of Disclosure in Issuers’ Annual and Interim Filings in respect of its “annual filings” as that term is defined under that regulation;

(b) the end of the venture issuer’s applicable interim period for the purpose of determining whether it is required to file

(i) an interim financial report and associated management’s discussion and analysis under Regulation 51-102 respecting Continuous Disclosure Obligations,

(ii) a certificate under Regulation 52-109 respecting Certification of Disclosure in Issuers’ Annual and Interim Filings in respect of its “interim filings” as that term is defined under that regulation;

(c) the end of the venture issuer’s applicable mid-year period for the purpose of determining whether it is required to file a mid-year report under this regulation;

(d) the end of the most recently completed financial year for the purpose of determining whether it is required to file an information circular

(i) under this regulation, or

(ii) under Regulation 51-102 respecting Continuous Disclosure Obligations;

(e) the acquisition date for the purpose of determining whether it is required to file

(i) a report of material change, material related entity transaction or major acquisition under this regulation, or

(ii) a report in Form 51-102F4 under Regulation 51-102 respecting Continuous Disclosure Obligations;

(f) the date of the material change for the purpose of determining whether it is required to file

(i) a report of material change, material related entity transaction or major acquisition under this regulation, or

(ii) a report in Form 51-102F3 under Regulation 51-102 respecting Continuous Disclosure Obligations.

(3) Despite subsection (1), paragraph 35(1)(d) applies to an issuer that was a venture issuer but has ceased to be a venture issuer.

(4) In this section, “designated venture market” means the Alternative Investment Market of the London Stock Exchange, the PLUS-SX market operated by PLUS Markets Group, plc, the NZAX Market of the New Zealand Stock Exchange, the Risk Capital Segment of the Segmento de Capital de Riesgo de la Bolsa de Valores de Lima, the NASDAQ *OMX* First North, the Bolsa de Valores de Colombia or other exchange, quotation and trade reporting system or other market that has been recognized or designated by the securities regulatory authority or regulator for the purpose of this regulation.

Guidance:

(1) *The SEC website provides a list that identifies each exchange registered as a “national securities exchange”. See <http://www.sec.gov/divisions/marketreg/mrexchanges.shtml>*

(2) *In determining whether or not a venture issuer’s securities are listed or quoted on a “marketplace” outside of Canada or the United States, consider whether the securities are “listed or quoted”, as opposed to merely admitted for trading. Refer to the definition of “marketplace”.*

(3) *Subsection 3(4) authorizes securities regulatory authorities to designate a market as a designated venture market. Refer to CSA Notice ■ for a current list of such markets.*

PART 2 DISCLOSURE OBLIGATIONS

Guidance:

(1) *Generally, securities legislation in each of the jurisdictions prohibits a venture issuer from making a statement that is a misrepresentation or otherwise, in a material respect and at the time and in light of the circumstances, is false or misleading or fails to state a fact that is either required to be stated or that is necessary to make another statement not misleading. These*

prohibitions can apply in a number of circumstances and may differ somewhat among jurisdictions. Some examples include if the statement

(a) could reasonably be expected to have a significant effect on the market price or value of the securities,

(b) is made to securities regulatory authorities or is in a document provided to securities regulatory authorities, or

(c) is made in connection with activities or oral or written communications, by or on behalf of an issuer that promote or reasonably could be expected to promote the purchase or sale of securities of the issuer.

Breaching these provisions can lead to a variety of sanctions including, in some circumstances, fines and imprisonment.

(2) Directors and officers of a venture issuer can also be held liable for false or misleading statements if they authorize, acquiesce to or permit the statements. Directors and officers will therefore want to exercise diligence with respect to the accuracy and completeness of the disclosure made or authorized by the venture issuer.

PART 3 GOVERNANCE RESPONSIBILITIES

4. Conflicts of Interest and Material Related Entity Transactions

The board of directors of a venture issuer must take steps reasonably designed to ensure that they are made aware of and have an opportunity to discuss and consider in a timely fashion, having regard to the best interests of the venture issuer, the following:

(a) each conflict of interest between the venture issuer and any of its directors or executive officers;

(b) each proposed material related entity transaction and the consideration to be paid or received by the venture issuer.

Guidance:

The board of directors should develop the policies and processes that it thinks are appropriate to accomplish the purposes described in section 4.

Boards might wish to consider having policies and processes in place that:

(a) are implemented through written corporate policies or by way of conditions of employment or retention included as part of employment and consulting agreements;

(b) describe the circumstances under which directors and executive officers of the venture issuer would be expected to disclose conflicts of interest to the board of directors;

(c) describe the circumstances under which directors and executive officers would be expected to disclose proposed material related entity transactions to the board;

(d) assist the board in determining whether directors and executive officers are aware of the venture issuer's policies on conflicts of interest and material related entity transactions;

(e) describe what disclosure and reporting to the board is expected and when it is required in order to ensure the board of directors gets sufficient information and has an opportunity to consider the nature, effect and significance of the actual or perceived conflict of interest or material related entity transaction; and

(f) the process the board would use to review and assess the disclosure and reporting it has received.

5. Audit Committees

(1) The board of directors of a venture issuer must appoint an audit committee composed of at least three directors a majority of whom are not executive officers or employees of the venture issuer or an affiliated entity of the venture issuer.

(2) The audit committee of a venture issuer must do each of the following:

(a) oversee the selection and appointment of an auditor;

(b) oversee the performance of services provided to the venture issuer by the auditor and the auditor's relationship with the venture issuer's management, including by doing each of the following

(i) monitor the services provided by the auditor which are beyond the scope of the venture issuer's audit and the amount of fees charged for those services relative to the fees charged for the audit services,

(ii) meet annually with the auditors, independent of the executive officers of the venture issuer, before the board of directors review and approval of the annual financial statements, to determine whether there have been any disagreements or contentious issues between the auditor and the venture issuer's executive officers relating to the venture issuer's disclosure and whether those issues have been resolved to the satisfaction of the auditor,

(iii) meet with the auditor at such other times as reasonably necessary,

(iv) review and approve the hiring policies regarding employees, and consultants, previously employed by the venture issuer's auditor;

(c) before filing or disclosure, review the annual financial statements, the auditor's report relating to those annual financial statements and the associated MD&A contained in the annual report, and make a recommendation to the board of directors regarding whether to approve that disclosure;

(d) before filing or disclosure, review the mid-year interim financial report and associated MD&A contained in the mid-year report and either, if authorized to do so, approve that disclosure or make a recommendation to the board of directors regarding whether to approve that disclosure;

(e) before filing or disclosure, review each interim financial report prepared for an optional interim period and either, if authorized to do so, approve that disclosure or make a recommendation to the board of directors regarding whether to approve that disclosure;

(f) before filing or disclosure, review each news release if it contains financial information derived from annual financial statements, a mid-year interim financial report or an interim financial report for an optional interim period;

(g) establish procedures reasonably designed to ensure each of the following

(i) they receive, have an opportunity to consider and address and keep a record of each complaint or concern regarding questionable accounting, internal accounting controls and auditing matters,

(ii) complaints and concerns can be submitted to a non-management member of the audit committee or another individual designated by the audit committee who is not a member of management or a family member of management,

(iii) that employees and consultants of the venture issuer can submit such complaints or concerns on a confidential and no-names basis.

Guidance:

Subsection 7(3) requires that the board of directors approve the annual report. Subsection 9(3) requires that either the board of directors or the audit committee approve the mid-year report and subsection 13(2)(b) requires that either the board of directors or the audit committee approve an interim financial report prepared for an optional interim period.

6. Trading Policies

A venture issuer must take steps reasonably designed to become aware of and to deter or prevent each person that is in a special relationship with the venture issuer, when they have knowledge of a material fact or material change with respect to the venture issuer that has not been generally disclosed, from

(a) buying or selling or otherwise entering into a transaction with respect to a prescribed security,

(b) except as necessary in the course of business, informing (“tipping”) another person of the material fact or material change, and

(c) recommending or encouraging another person to buy, sell or otherwise enter into a transaction with respect to a prescribed security.

Guidance:

(1) Policies and procedures that could significantly assist the board of directors in complying with the obligation in section 6 include those that:

(a) are designed to ensure directors, executive officers, employees and consultants are aware of the venture issuer’s trading policies and the securities law prohibitions on insider trading, tipping and recommending, when a person is in possession of undisclosed material information;

(b) identify persons who typically have access to undisclosed material information;

(c) establish certain black-out periods during which trading by persons with access to undisclosed material information is prohibited, for example, during the preparation of and for some specified period (perhaps 2 trading days) after filing of the annual report, mid-year report or a news release containing material information;

(d) establish procedures for limiting the persons who have access to undisclosed material information before it is properly disclosed; and

(e) implement procedures to enable the board and management to become aware on a timely basis that undisclosed material information exists or is expected to become known within the venture issuer so that steps can be taken promptly to deal with it appropriately.

Policies and processes can be implemented in a variety of ways, for example, by formally adopting corporate policies or by including them as terms of employment and consulting agreements.

Part 5 of National Policy 51-201 Disclosure Standards provides guidance on establishing corporate disclosure policies and insider trading policies and other useful disclosure practices.

(2) Part 3 of National Policy 51-201 Disclosure Standards provides additional guidance on the meanings of the term “special relationship” and the phrase “necessary course of business”. Part 4 of that policy provides guidance on assessing materiality.

PART 4 PERIODIC DISCLOSURE

7. Approval and Filing of Annual Report

- (1) A venture issuer must file an annual report for each financial year ended after becoming a venture issuer.
- (2) A report referred to in subsection (1) must be filed on or before the 120th day after the end of its most recently completed financial year.
- (3) The board of directors of the venture issuer must approve the annual report before it is filed.

Guidance:

Under subsection 5(2)(c), the audit committee is required to first make a recommendation to the board of directors regarding whether to approve the annual financial statements, applicable auditor's report and associated MD&A forming part of the annual report.

8. Annual Report and Annual Financial Statements

- (1) A venture issuer must prepare an annual report in accordance with Form 51-103F1.
- (2) A venture issuer's annual report must contain financial statements that
 - (a) include a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for
 - (i) the most recently completed financial year, and
 - (ii) the financial year immediately preceding the most recently completed financial year, if any;
 - (b) if the venture issuer presents the components of profit or loss in a separate income statement, display the separate income statement immediately before the statement of comprehensive income filed under paragraph (a);
 - (c) include a statement of financial position as at the end of each of the periods referred to in paragraph (a);
 - (d) include a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year in the case of a venture issuer that discloses in its annual financial statements an unreserved statement of compliance with IFRS and that
 - (i) applies an accounting policy retrospectively in its annual financial statements,
 - (ii) makes a retrospective restatement of items in its annual financial statements, or
 - (iii) reclassifies items in its annual financial statements,
 - (e) in the case of a venture issuer's "first IFRS financial statements", as that phrase is defined in Canadian GAAP applicable to publicly accountable enterprises, include the opening IFRS statement of financial position at the "date of transition to IFRSs", as that phrase is defined in Canadian GAAP applicable to publicly accountable enterprises, and
 - (f) include notes to the annual financial statements.

- (3) The annual financial statements contained in the annual report must be audited.
- (4) The CEO and CFO of the venture issuer must certify the annual report as set out in Form 51-103F1.
- (5) If a venture issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, the venture issuer must comply with Part 10 of Regulation 51-102 respecting Continuous Disclosure Obligations as if it were a senior unlisted issuer to which that regulation applies and include the disclosure required by Part 10 of that regulation in the annual report.

Guidance:

- (1) *Form 51-103F1 Annual and Mid-Year Reports requires that the venture issuer's annual financial statements and the associated auditor's report be included in the annual report. The annual report must also be certified by the CEO and CFO.*
- (2) *Because the definition of annual financial statements in this regulation includes both the financial statements for the most recently completed financial year and the corresponding financial statements for the financial year immediately preceding the most recently completed financial year, a venture issuer will generally be required to include audited financial statements for the 2 most recently completed financial years.*
- (3) *Canadian GAAP applicable to publicly accountable enterprises provides an issuer 2 alternatives in presenting its income: (a) in one single statement of comprehensive income, or (b) in a statement of comprehensive income with a separate income statement. If an issuer presents its income using the second alternative, both statements must be filed to satisfy the requirements of paragraphs 8(2)(b) and 10(2)(b) of this regulation.*

9. Approval and Filing of Mid-Year Report

- (1) A venture issuer must file a mid-year report for each mid-year period ended after becoming a venture issuer.
- (2) A report referred to in subsection (1) must be filed on or before the 60th day after the end of its most recently completed mid-year period.
- (3) The board of directors or the audit committee of the venture issuer must approve the mid-year report before it is filed.

10. Mid-Year Report and Mid-Year Interim Financial Report

- (1) A venture issuer must prepare its mid-year report in accordance with Form 51-103F1.
- (2) A venture issuer's mid-year report must contain a mid-year interim financial report that
 - (a) includes a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for
 - (i) the most recent mid-year period, and
 - (ii) the mid-year period in the immediately preceding financial year, if any;
 - (b) if the venture issuer presents the components of profit or loss in a separate income statement, displays the separate income statement immediately before the statement of comprehensive income filed under paragraph (a);
 - (c) includes a statement of financial position as at the end of each of
 - (i) the period referred to in paragraph (a)(i), and

(ii) the immediately preceding financial year

(d) in the case of a venture issuer's mid-year interim financial report in the year of adopting IFRS, includes the opening IFRS statement of financial position at the "date of transition to IFRSs," as that phrase is defined in Canadian GAAP applicable to publicly accountable enterprises, and

(e) includes notes to the mid-year interim financial report.

(3) The CEO and CFO of the venture issuer must certify the mid-year report as set out in Form 51-103F1.

Guidance:

(1) *A mid-year report is required to be prepared in Form 51-103F1 Annual and Mid-Year Reports. It is required to include the venture issuer's mid-year interim financial report and certain additional information, including MD&A. It is required to be certified by the venture issuer's CEO and CFO.*

(2) *Mid-year interim financial reports are interim financial reports as that term is defined in Canadian GAAP applicable to publicly accountable enterprises. The term "interim financial report" is the term used under IFRS to refer to what was previously called "interim financial statements".*

11. First Annual Financial Statements and Mid-Year Interim Financial Reports After Becoming a Reporting Issuer

(1) Despite any other provision of this Part, a venture issuer must file annual financial statements and an interim financial report for each annual and mid-year period immediately following the periods covered by the financial statements and interim financial reports of the venture issuer in the document filed

(a) that resulted in the venture issuer becoming a reporting issuer, or

(b) in respect of a transaction that resulted in the venture issuer becoming a reporting issuer.

(2) If subsection (1) requires a venture issuer to file annual financial statements or an interim financial report for a period that ended on or before the date the venture issuer became a reporting issuer, those must be filed by the later of

(a) in the case of annual financial statements,

(i) the 20th day after the venture issuer became a reporting issuer,

(ii) the filing deadline in subsection 7(2).

(b) in the case of an interim financial report,

(i) the 10th day after the venture issuer became a reporting issuer,

(ii) the filing deadline in subsection 9(2).

(3) A venture issuer is not required to provide comparative financial information for mid-year periods that ended before the venture issuer became a reporting issuer if all of the following apply:

(a) the board of directors or audit committee, acting reasonably, determines that it is impracticable to present prior-period information on a basis consistent with the requirements for an interim financial report,

(b) the prior-period information that is available is presented,

(c) the notes to the interim financial report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial report.

(4) Annual financial statements filed under this Part must be audited.

Guidance:

(1) *Section 11 is intended to provide investors with access to the current financial history of the venture issuer by requiring venture issuers to file financial statements for all annual periods and interim financial reports for all mid-year periods that ended after the periods that are covered by the financial statements and interim financial reports which were included in the prospectus, information circular or other document that was filed in connection with the venture issuer becoming a reporting issuer.*

(2) *Securities regulatory authorities are of the view that it is only “impracticable to present prior-period information” if the venture issuer has made every reasonable effort to present prior-period information on a basis consistent with the interim financial report. We are of the view that an issuer should only rely on this exemption in unusual circumstances and generally not for reasons related solely to the cost or the time involved in preparing the interim financial report.*

12. Delivery Options for an Annual Report or Mid-Year Report

A venture issuer must send its annual report and mid-year report to each registered securityholder using one or any combination of the following methods:

(a) the method set out in section 4.6 of Regulation 51-102 respecting Continuous Disclosure Obligations as if the venture issuer were a senior unlisted issuer to which that regulation applies;

(b) a method to which the registered securityholder consents;

(c) a method that satisfies all of the following:

(i) the venture issuer must issue a news release disclosing the filing of each annual report and mid-year report as soon as reasonably practicable, and in any event within 3 business days of the filing,

(ii) the news release must do each of the following

(A) provide the address of the SEDAR website and the specific address and/or a link to the specific page on another website, at which the annual report or mid-year report, as applicable, can be viewed electronically,

(B) disclose that a registered securityholder may request from the venture issuer a copy of the most recently filed annual report or mid-year report, as applicable, free of charge,

(C) disclose contact details including at least a toll-free phone number, which may be a number that permits collect calls, through which the request can be made,

(iii) if a registered securityholder of the venture issuer requests a copy of an annual report or mid-year report, the venture issuer must send the most recently filed annual report or mid-year report, as applicable, to the registered securityholder, without charge, as soon as reasonably practicable following the request and, in any event, within three business days of the request by either

(A) sending a paper copy by pre-paid mail, courier or another method that provides delivery within an equivalent time period,

(B) any other method to which the registered securityholder consents.

Guidance:

(1) Section 12 of this regulation permits use of a notice and access system as an alternative to mailing the annual report or mid-year report. However, applicable corporate law or the legal documents creating or establishing the issuer may impose a requirement that the annual financial statements be placed before or sent to the securityholders.

(2) This regulation only addresses the notification and delivery requirements for registered securityholders. Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer addresses delivery obligations with respect to beneficial securityholders.

(3) References to “interim financial report” and “interim MD&A” as used in section 4.6 of Regulation 51-102 respecting Continuous Disclosure Obligations mean, in the context of this regulation, the mid-year report.

13. Interim Financial Reports for Optional Interim Periods

(1) If the board of directors of a venture issuer decides to file an interim financial report for an optional interim period, the venture issuer must, on or before the end of the first optional interim period for which they intend to file an interim financial report, issue and file a news release disclosing the decision and indicating the first optional interim period for which an interim financial report will be filed.

(2) If a venture issuer files an interim financial report for an optional interim period

(a) it must file it on or before the 60th day after the end of the optional interim period,

(b) the board of directors or the audit committee of the venture issuer must approve the interim financial report before it is filed,

(c) if an auditor has not performed a review of the interim financial report, the interim financial report must include a notice stating that fact,

(d) if an auditor was engaged to perform a review of the interim financial report and

(i) the auditor was unable to complete the review, a notice must be filed with the interim financial report disclosing that fact and the reasons for the inability to complete the review,

(ii) there was any reservation of opinion in the auditor’s interim review report, the interim review report must be filed with the interim financial report.

(3) If a venture issuer has filed an interim financial report for an optional interim period the venture issuer must file the following additional interim financial reports for each of the following optional interim periods:

(a) if the first interim financial report filed was for the period commencing on the first day of the financial year ending 9 months before the venture issuer’s financial year end, the next 3 optional interim periods;

(b) if the first interim financial report filed was for the period commencing on the first day of the financial year and ending 3 months before the venture issuer’s financial year end, the next 4 optional interim periods.

(4) If the board of directors of a venture issuer that has filed an interim financial report for an optional interim period decides to cease filing interim financial reports for optional interim periods then, on or before the last day of the financial year immediately preceding the financial year that the venture issuer will cease filing interim financial reports for optional interim periods, the venture issuer must issue and file a news release disclosing its intention to cease filing

interim financial reports for optional interim periods and indicating the last optional interim period for which an interim financial report will be filed.

(5) Subsections (1) through (4) do not apply to a venture issuer if the only interim financial reports for optional interim periods that were filed were filed with either a prospectus, or an information circular prepared in connection with a restructuring transaction or major acquisition.

Guidance:

(1) *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards requires that, subject to certain exceptions, all financial statements (which is defined in that regulation to include interim financial reports) “filed” be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and disclose*

(a) *in the case of annual financial statements, an unreserved statement of compliance with IFRS*

(b) *in the case of an interim financial report, an unreserved statement of compliance with International Accounting Standard 34 Interim Financial Reporting, as amended from time to time.*

Annual financial statements and interim financial reports (including those filed for an optional interim period) must comply with that regulation.

(2) *This regulation does not require that interim financial reports prepared for an optional interim period be mailed to shareholders.*

(3) *This regulation does not require that interim financial reports prepared for an optional interim period be accompanied by MD&A or a certificate of the CEO or CFO. However, the interim financial report and any accompanying discussion, analysis or other narrative are subject to the statutory prohibitions against misrepresentations.*

(4) *The purpose of subsection (4) is to ensure that venture issuers announce the decision to cease filing interim financial reports for optional interim periods prior to the end of the financial year in which the venture issuer will file its last interim financial report for an optional interim period.*

PART 5 PROXY SOLICITATION AND INFORMATION CIRCULARS

14. Requirements for Proxy Form and Information Circular

(1) If management of a venture issuer gives notice to registered securityholders of a meeting of securityholders, management must, at or before the time of giving that notice, send to each registered securityholder who is entitled to notice of the meeting

(a) a proxy form, and

(b) an information circular.

(2) If a person, other than management of a venture issuer, solicits proxies from registered securityholders of a venture issuer, the person must, at or before the time of solicitation, send to each registered securityholder of the venture issuer, other than itself, whose proxy is solicited, an information circular.

(3) A proxy form required to be filed or sent under this Part must comply with Form 51-103F3.

(4) An information circular required to be filed or sent under this Part must comply with Form 51-103F4.

(5) A person required to send a document under this Part, must promptly file

- (a) a copy of that document, and
- (b) all other material sent to registered securityholders in connection with the applicable meeting.

15. Delivery Options for Proxy Form

A person required to send a proxy form to a registered securityholder under this Part must use one or any combination of the following methods:

- (a) send paper copies by prepaid mail, courier or another method that provides for delivery in an equivalent time period,
- (b) any delivery method to which that registered securityholder consents.

16. Delivery Options for Information Circular and Proxy Related Material

(1) A person required to send an information circular or any other proxy related material to a registered securityholder under this Part must use one or any combination of the following methods:

- (a) send paper copies by prepaid mail, courier or another method that provides for delivery in an equivalent time period,
- (b) a method to which the registered securityholder consents,
- (c) a method that satisfies the following:

(i) at least 30 days before the date fixed for the meeting, send, at no cost to a registered securityholder, in one of the methods described in paragraphs (a) or (b), a document (the “access document”) containing all of the following information, and no other information:

A. the date, time and location of the venture issuer’s securityholder meeting,

B. a factual description of each matter or group of related matters identified in the form of proxy to be voted on,

C. the website address other than the address for SEDAR, where the proxy-related materials are located,

D. a reminder to review the information circular before voting,

E. an explanation of how to obtain a paper copy of the information circular from the person, and

F. a document in plain language that explains notice and access and includes the following information:

(I) why the venture issuer is using notice-and-access,

(II) if the venture issuer is using stratification, as defined in Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer, which registered holders or beneficial owners are receiving paper copies of the information circular,

(III) the date and time by which a request for a paper copy of the information circular should be received in order for the requester to receive the information circular in advance of any deadline for the submission of voting instructions and the date of the meeting,

(IV) an explanation of how to return voting instructions, including any deadline for return of such instructions,

(V) the page numbers of the information circular where disclosure regarding each matter or group of related matters identified in the notice in clause (i)B can be found,

(VI) a toll-free telephone number the beneficial owner can call to ask questions about notice-and-access,

(ii) in the case of a solicitation by or on behalf of management of the venture issuer, at least 30 days before the date fixed for the meeting, issue a news release containing all of the following:

A. the information required in the access document;

B. if management is using the procedures in this paragraph only in respect of certain registered securityholders, an explanation of this decision;

(iii) from the day the person soliciting proxies sends the documents required by paragraph (a) until at least the date of the meeting for which proxies are being solicited

A. provide public electronic access, to the extent reasonably practicable, through a website, other than SEDAR, to the information circular and all other proxy-related material in a format that permits a person with a reasonable level of computer skill and knowledge to access, read, search, download and print the document,

B. maintain a toll-free telephone number that can be used by registered securityholders to request a paper copy of the information circular and other proxy-related materials;

(iv) if a request is received by a registered securityholder for a paper copy of the information circular or other proxy-related materials, send the information circular or other proxy-related materials, as applicable, to the registered securityholder in a method described in paragraph (a) or (b) no later than three business days after the request is received;

(v) in the case of a solicitation by or on behalf of management of a venture issuer, where management sends paper copies of the information circular to other registered securityholders, send the paper copies to those other registered securityholders on the same day as they are sent under paragraph (a).

(2) A venture issuer that uses the notice and access procedures in subsection (1)(c) to send proxy-related materials to a registered securityholder must do the following not more than 6 months and not less than 3 months before the expected date for the first meeting for which proxy-related materials will be sent by notice and access:

(a) post on a website that is not SEDAR a document in plain language that explains the notice and access procedures,

(b) issue a news release stating that the venture issuer intends to use notice and access procedures to deliver proxy-related materials and providing the website address where the document in paragraph (i) is posted.

Guidance:

(1) Section 16 of this regulation permits use of a notice and access system as an alternative to mailing an information circular. However, applicable corporate law or constating documents may impose a mailing requirement.

(2) This regulation only addresses the notification and delivery requirements for registered securityholders. Regulation 54-101 respecting Communication with Beneficial Owners of

17. Dissident Proxy Solicitation Exemption

(1) Despite subsection 14(2), a person, other than management of a venture issuer or a person acting on behalf of management, may solicit proxies from registered securityholders of a venture issuer without sending an information circular if

(a) the solicitation is made to the public by broadcast, speech or publication, in a manner legally permitted by the laws under which the venture issuer is incorporated, organized or continued,

(b) in the case of a solicitation that occurs in connection with a restructuring transaction,

(i) the following information is contained in the broadcast, speech or publication:

A. the name and address of the venture issuer to which the solicitation relates,

B. the information required by sections 7 and 21(2) and (4) of Form 51-103F4,

C. whether the person giving a proxy has the right to revoke it and, if so, a description of any limitations on or conditions to the right to revoke,

D. a statement identifying the document referred to in paragraph (b)(ii)A and indicating that it is or will be available at www.sedar.com,

(ii) all of the following documents are filed:

(b)(i)A, B and C, A. a document containing the information required by subparagraphs

B. any information required to be disclosed or sent to securityholders by the laws under which the venture issuer is incorporated, organized or continued,

C. any communication to be published or sent to securityholders, or

(c) in the case of a solicitation that occurs in connection with the nomination of a director,

(i) a document containing the information required by Part 4 of Form 51-103F4 is filed,

(ii) the broadcast, speech or publication indicates that the solicitation is made in connection with the nomination of a director, identifies the document in paragraph (c)(i) and indicates that it is or will be available at www.sedar.com.

(2) A solicitation under section (1) will not be considered to be made to the public unless it is disseminated in a manner calculated to be reasonably effective in reaching the market for the venture issuer's voting securities by way of one or more of the following:

(a) a speech in a public forum that is generally accessible;

(b) a news release, statement or advertisement provided through a news wire, broadcast medium, magazine or newspaper of general and widespread circulation, telephone conference call, webcast or similar communication facility that is generally accessible.

(3) Subsection (1) does not apply to a person that is proposing, at the time of the solicitation, a transaction that would be a restructuring transaction or major acquisition, that would involve the venture issuer and the person or an affiliated entity of the person, if in relation to the transaction the securities of the person, or securities of an affiliated entity of the person, are to be changed, exchanged, issued or distributed unless

(a) the person has filed an information circular or other document containing the information required by Form 51-103F4 in respect of either or both of the transactions, and

(b) the solicitation refers to that information circular or other document and discloses that the information circular or other document is available on SEDAR.

(4) Subsection (1) does not apply to a person that is nominating or proposing to nominate, at the time of the solicitation, an individual, including him or herself, for election as a director of the venture issuer unless

(a) the person has filed an information circular or other document containing the information required by of Form 51-103F4 in respect of the proposed nominee, and

(b) the solicitation refers to that information circular or other document and discloses that the information circular or other document is available on SEDAR.

Guidance:

The definition of solicit and solicitation in this regulation may differ from applicable corporate law or the issuer's constating documents. For example, corporate law may impose additional obligations or restrictions on persons soliciting proxies in connection with a dissident information circular.

18. Other Solicitation Exemptions

(1) Section 14(2) does not apply if the total number of securityholders whose proxies are solicited is not more than 15 where joint registered securityholders are counted as a single registered securityholder.

(2) Sections 14 to 17 do not apply to a venture issuer, or a person that solicits proxies from registered securityholders if

(a) the venture issuer or other person complies with the requirements of the laws relating to solicitation of proxies under which the venture issuer is incorporated, organized or continued,

(b) those requirements are substantially similar to the requirements of this Part, and

(c) the venture issuer or other person promptly files a copy of each form of proxy, information circular or other document that contains substantially similar disclosure, sent by the person in connection with the meeting.

PART 6 MATERIAL CHANGES, MATERIAL RELATED ENTITY TRANSACTIONS AND MAJOR ACQUISITIONS

19. Disclosure of Material Changes, Material Related Entity Transactions and Major Acquisitions

A venture issuer must immediately issue and file a news release authorized by an executive officer disclosing any of the following

- (a) a material change,
- (b) a material related entity transaction,
- (c) a decision to implement a material related entity transaction made either
 - (i) by the board of directors of the venture issuer,
 - (ii) by senior management of the venture issuer who believe that confirmation of the decision by the board of directors is probable,
- (d) the closing of a major acquisition.

20. Contents of Report of Material Change, Material Related Entity Transaction or Major Acquisition

- (1) Upon the occurrence of any of the events referred to in section 19, a venture issuer must prepare and file a report either
 - (a) in accordance with Form 51-103F2, or
 - (b) as a news release that
 - (i) contains the information required by Form 51-103F2, other than that relating to a prior news release, and
 - (ii) in the title of the news release identifies whether the report is a report of a material change, material related entity transaction or major acquisition.

Guidance:

If a report of material change, material related entity transaction or major acquisition is prepared in the form of a news release under paragraph 20(1)(b) and filed in the SEDAR category for reports of material change, material related entity transaction or major acquisition, it does not need to also be filed as a news release. However, the reverse is not true. If a report of material change, material related entity transaction or major acquisition is prepared in the form of a news release it is not sufficient to file it only in the SEDAR category for news releases. The news release must also be filed in the SEDAR category for reports of material change, material related entity transaction or major acquisition.

- (2) A report filed pursuant to subsection (1) in respect of the closing of a major acquisition must include, or incorporate by reference, the financial statements and interim financial report for the business or related businesses required by section 22.

21. Filing Deadline for Report of Material Change, Material Related Entity Transaction or Major Acquisition

- (1) As soon as practicable but in any case by the 10th day after any of the events referred to in section 19, a venture issuer must file a report of material change, material related entity transaction or major acquisition, disclosing the event.
- (2) Despite subsection (1), the venture issuer may file the financial statements or interim financial report for a major acquisition either

(a) within 75 days after the acquisition date, or

(b) if the most recently completed financial year of the acquired business ended 45 days or less before the acquisition date, within 120 days after the acquisition date.

22. Financial Statement Requirements for a Major Acquisition

(1) A report filed under section 20 in respect of the closing of a major acquisition must include, or incorporate by reference, each of the following for each business or related business:

(a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the following periods

(i) if the business has completed one financial year

A. the most recently completed financial year ended on or before the acquisition date,

B. the financial year immediately preceding the most recently completed financial year, if any,

(ii) if the business has not completed one financial year, the financial period commencing on the date of formation and ending on a date not more than 45 days before the acquisition date;

(b) a statement of financial position as at the end of each of the periods specified in paragraph (a);

(c) notes to the financial statements.

(2) The most recently completed financial period referred to in subsection (1) must be audited.

(3) A report filed under section 20 in respect of the closing of a major acquisition must include, or incorporate by reference, interim financial reports for each business or related business for each of the following:

(a) the most recently completed mid-year period, or other period, that started the day after the date of the statement of financial position specified in paragraph (1)(b) and ended

(i) in the case of a mid-year period, before the acquisition date, or

(ii) in the case of a period other than a mid-year period, after the mid-year period referred to in subparagraph (i) and on or before the acquisition date; and

(b) a comparable period in the preceding financial year of the business.

(4) If a venture issuer relies on the exemption in subsection 21(2) to file annual financial statements required under subsection (1) or an interim financial report required under subsection (3), the financial statements and interim financial report, as applicable, must be accompanied by a notice that discloses each of the following

(a) a title stating “Addendum to Report of Material Change, Material Related Entity Transaction or Major Acquisition”;

(b) the fact that the annual financial statements or interim financial report relate to a major acquisition and the acquisition date;

(c) the date of the report of material change, material related entity transaction or major acquisition to which they relate.

(5) This section does not apply to a restructuring transaction.

Guidance:

Section 5 of Form 51-103F2 Report of Material Change, Material Related Entity Transaction or Major Acquisition requires that if information is incorporated by reference into a report that information must be filed by the venture issuer under its filer profile for SEDAR.

23. Contents of Mid-Year Interim Financial Report - Canadian GAAP Applicable to Private Enterprises

If a venture issuer is required under subsection 22(3) to include an interim financial report in a report of material change, material related entity transaction or major acquisition and the interim financial report for the business or related business acquired is prepared in accordance with Canadian GAAP applicable to private enterprises, as permitted under Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards, the interim financial report must include each of the following:

- (a) a balance sheet as at the end of the mid-year period and a balance sheet as at the end of the immediately preceding financial year, if any;
- (b) an income statement, a statement of retained earnings and a cash flow statement, all for the mid-year period, and comparative financial information for the corresponding mid-year period in the immediately preceding financial year, if any;
- (c) notes to the interim financial report.

24. Financial Statements for Related Businesses

If a venture issuer is required under section 22 to include financial statements for more than one business because a major acquisition involves an acquisition of related businesses, the financial statements required must be presented separately for each business, except for the periods during which the businesses have been under common control or management, in which case the venture issuer may present the financial statements of the businesses on a combined basis.

25. Exemption for Major Acquisitions Accounted for Using the Equity Method

A venture issuer is exempt from section 22 if

- (a) the acquisition is, or will be, of an equity investee;
- (b) the report of material change, material related entity transaction or major acquisition includes disclosure for the periods for which financial statements are otherwise required under subsection 22(1) that
 - (i) summarizes financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss; and
 - (ii) describes the venture issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the venture issuer's share of profit or loss;
- (c) the financial information provided under paragraph (b) for the most recently completed financial year
 - (i) has been derived from audited financial statements of the equity investee;or
 - (ii) has been audited; and
- (d) the report of material change, material related entity transaction or major acquisition

(i) identifies the financial statements referred to in subparagraph (c)(i) from which the disclosure provided under paragraph (b) has been derived; or

(ii) discloses that the financial information provided under paragraph (b), if not derived from audited financial statements, has been audited; and

(iii) discloses that the auditor expressed an unmodified opinion with respect to the financial statements referred to in subparagraph (i) or the financial information referred to in subparagraph (ii).

26. Exemption for Major Acquisitions if Financial Year End Changed

If under section 22 a venture issuer is required to provide financial statements for a business acquired and the business changed its financial year end during either of the financial years required to be included, the venture issuer may include financial statements for the transition year in satisfaction of the financial statements for one of the years, provided that the transition year is at least 9 months.

27. Exemption from Comparatives if Mid-Year Interim Financial Report Not Previously Prepared

A venture issuer is not required to provide comparative information for an interim financial report required under subsection 22(3) for a business acquired if

(a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with the most recently completed mid-year period of the acquired business;

(b) the prior-period information that is available is presented; and

(c) the notes to the interim financial report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent mid-year financial information.

Guidance:

Securities regulatory authorities are of the view that it is only “impracticable to present prior-period information” if the venture issuer has made every reasonable effort to present prior-period information on a basis consistent with the interim financial report. We are of the view that an issuer should only rely on this exemption in unusual circumstances and generally not for reasons related solely to the cost or the time involved in preparing the financial statements or interim financial report.

28. Exemption for Multiple Investments in the Same Business

Despite section 22, a venture issuer is exempt from the requirements to include, or incorporate by reference, financial statements and interim financial reports, as applicable, for an acquired business in a report of material change, material related entity transaction or major acquisition if the venture issuer has made multiple investments in the same business and the acquired business has been consolidated in the venture issuer’s most recent annual financial statements that have been filed.

29. Exemption for an Acquisition of an Interest in an Oil and Gas Property

(1) A venture issuer is exempt from the requirements in section 22 if

(a) the major acquisition is an acquisition of a business that is an oil and gas property or related businesses that are interests in oil and gas properties and that is not of securities of another issuer;

(b) the venture issuer is unable to provide the financial statements or interim financial reports in respect of the major acquisition required under section 22, or as otherwise permitted by sections 23, 25, 26, 27 or 28 because those financial statements or interim financial reports, as

applicable, do not exist or because the venture issuer does not have access to those financial statements or interim financial reports, as applicable;

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

(d) subject to subsection (2), in respect of the business or related businesses, for each of the financial periods for which financial statements or an interim financial report, as applicable, would, but for this section, be required under section 22, or as otherwise permitted by sections 23, 25, 26, 27 or 28, the report of material change, material related entity transaction or major acquisition includes each of the following

(i) an operating statement for the business or related businesses prepared in accordance with subsection 3.11(5) of Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards;

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

(iii) disclosure of the annual oil and gas production volumes from the business or related businesses;

(e) the operating statement for the most recently completed financial period referred to in subsection 22(1) is audited; and

(f) the report of material change, material related entity transaction or major acquisition discloses each of the following

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

(ii) the estimated oil and gas production volumes from the business or related businesses for the first year reflected in the estimates disclosed under subparagraph (i).

(2) A venture issuer is exempt from the requirements of subparagraphs (1)(d)(i) and (iii), if each of the following applies:

(a) production, gross revenue, royalty expenses, production costs and operating income were nil for the business or related businesses for each financial period;

(b) the report of material change, material related entity transaction or major acquisition discloses this fact.

30. Disclosure and Financial Statements for a Restructuring Transaction

(1) If a material change, material related entity transaction or major acquisition involves the closing of a restructuring transaction include, or incorporate by reference, in the report of material change, material related entity transaction or major acquisition information, including annual financial statements and interim financial reports, if applicable, as prescribed by section 17 of Form 51-103F4.

(2) If a venture issuer relies on the exemption in subsection 21(2) to file annual financial statements required under subsection 22(1) or an interim financial report required under subsection 22(3), the financial statements and interim financial report, as applicable, must be accompanied by a notice that discloses each of the following

- (a) a title stating “Addendum to Report of Material Change, Material Related Entity Transaction or Major Acquisition”;
- (b) the fact that they relate to a major acquisition and the acquisition date;
- (c) the date of the report of material change, material related entity transaction or major acquisition to which they relate.

(3) Despite subsection (1) if disclosure for the restructuring transaction has been included in an information circular, a prospectus, a securities exchange takeover bid circular or other filed document, a venture issuer may comply with the disclosure requirements of this section by stating the name and date of that other document and that it is available on SEDAR at www.sedar.com. The venture issuer must also include a statement that the applicable disclosure is incorporated by reference into the report of material change, material related entity transaction or major acquisition. If the other document is lengthy, the venture issuer must indicate the location of the relevant information in the other document.

Guidance:

Section 5 of Form 51-103F2 Report of Material Change, Material Related Entity Transaction or Major Acquisition requires that if information is incorporated by reference into a report that information must be filed by the venture issuer under its filer profile for SEDAR.

31. Confidential Report of Material Change

(1) Despite sections 19 and 20, a venture issuer may temporarily delay generally disclosing a material change that is not a material related entity transaction, if

(a) the venture issuer immediately delivers the report required under section 21 marked to indicate that it is confidential, and

(b) either,

(i) in the opinion of the venture issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required by section 19 would be unduly detrimental to the interests of the venture issuer, or

(ii) the material change consists of a decision to implement a change made by senior management of the venture issuer who believe that confirmation of the decision by the board of directors is probable, and senior management has no reason to believe that a person with knowledge of the material change has made use of that knowledge to buy or sell a prescribed security of the venture issuer.

(2) If a venture issuer has filed a report under paragraph (1)(a), and the venture issuer believes the report should continue to remain confidential, the venture issuer must advise the securities regulatory authority or, except in Ontario and Québec, the regulator, in writing of this within 10 days of the date of filing of the initial report and every 10 days after that until either of the following applies

(a) the material change is generally disclosed as required under paragraph 19(a),

(b) if the material change consists of a decision of the type referred to in subparagraph (1)(c)(ii), until that decision has been rejected by the board of directors of the venture issuer.

(3) If a report has been filed under paragraph (1)(a) and the venture issuer becomes aware of or has reasonable grounds to believe that a person with knowledge of the material change that has not been generally disclosed has bought or sold or is buying or selling a prescribed security of the venture issuer, the venture issuer must promptly generally disclose the material change as required by sections 19 and 21.

PART 7 OTHER REQUIRED DISCLOSURE

32. Disclosure Made in Other Jurisdictions or Sent to Securityholders

(1) A venture issuer must concurrently file any disclosure document, other than one filed in connection with a distribution, that contains material information that has not previously been filed if any one or more of the following applies:

- (a) it sends it to its securityholders,
- (b) it files it with a securities regulatory authority or regulator, in another province or territory,
- (c) in the case of an SEC issuer, it files it with or furnishes it to the SEC under the 1934 Act, including material information filed as an exhibit to another document, that has not been included in a document already filed by the SEC issuer in a jurisdiction, or
- (d) it files it with a foreign securities regulatory authority.

(2) Despite subsection (1) if a concurrent filing is not reasonably practicable, the venture issuer must file the disclosure document as soon as it is reasonably practicable.

Guidance:

Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards requires that, subject to certain exceptions, all financial statements and interim financial reports “filed” be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and, if required by securities legislation to be audited, must be audited in accordance with Canadian GAAS. Accordingly, if a financial statement, interim financial report and/or auditors’ report is required to be filed because of section 32 it must comply with Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards.

33. Change of Reporting Issuer Status or Name

(1) An issuer must file a notice after each of the following circumstances:

- (a) it becomes a reporting issuer, other than by filing a prospectus;
- (b) it changes its name;
- (c) it becomes a venture issuer;
- (d) it ceases to be a venture issuer.

(2) The notice required under subsection (1) must be filed as soon as practicable, and in any event not later than the deadline for the first filing required under this regulation following the change in circumstances referred to in subsection (1).

(3) The notice required under subsection (1) must disclose each of the following:

- (a) each of the circumstances under subsection (1) that apply to the issuer and any other party to a transaction that occurred in connection with the change of status or change of name;
- (b) the significant terms of any transaction that occurred in connection with the change of status or change of name, including the names of the parties and the effective date of the transaction;
- (c) if paragraph (1)(a) applies, each of the following,
 - (i) the date of the first financial year-end for the reporting issuer after becoming a reporting issuer,

(ii) the periods, including comparative periods, if any of the interim financial reports and annual financial statements required to be filed for the venture issuer's first financial year after becoming a reporting issuer,

(iii) the documents that were filed under this regulation describing the transaction and where those documents can be found on SEDAR.

(4) This section does not apply if the venture issuer has disclosed the change of status or change of name as a material change under Part 6 and files a copy of the report of material change, material related entity transaction or major acquisition in the SEDAR category for changes in status.

Guidance:

If an issuer ceases or intends to cease to be a reporting issuer refer to CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer. If an issuer fails to file the applicable notice, regulators will not receive notice to update their records and may continue to report the issuer on a list of defaulting issuers.

34. Securityholder Documents and Material Contracts

(1) A venture issuer must file each of the following documents and any material amendment to these documents:

(a) the constating documents establishing the venture issuer, including any articles or memorandum of incorporation, association, amalgamation or continuation;

(b) the venture issuer's existing by-laws or similar instruments;

(c) any material securityholder or voting trust agreement that the venture issuer has access to;

(d) any material securityholders' rights plan or similar plan or contract of the venture issuer or a subsidiary of the venture issuer that significantly affects the rights or obligations of securityholders;

(e) a material contract.

(2) A venture issuer may omit or make a provision of a material contract unreadable if

(a) an executive officer of the venture issuer reasonably believes that disclosure of the provision would be seriously prejudicial to the interests of the venture issuer or violate confidentiality provisions,

(b) the provision does not relate to

(i) debt covenants and ratios in a financing or credit agreement,

(ii) events of default or other terms relating to the termination of a material contract,

(iii) other terms necessary for understanding the impact of the material contract on the venture issuer's business; and

(c) the venture issuer includes a description of the type of information that has been omitted or made unreadable in the material contract, immediately below the omitted or unreadable provision.

(3) The documents required to be filed under (1) must be filed no later than the earlier of:

(a) when the venture issuer files a report in Form 51-103F2, if the making of a document is a material change for the issuer;

- (b) when the venture issuer's annual report is filed.

Guidance:

(1) *Venture issuers should consider their securities law disclosure obligations when negotiating material contracts. Securities regulatory authorities or regulators will only consider exemptions from section 34(2)(b) in limited circumstances such as where it is reasonable for an executive officer of the venture issuer to consider that the disclosure would be seriously prejudicial to the venture issuer and the contract was negotiated before the issuer was a reporting issuer.*

(2) *Disclosure that would violate applicable privacy legislation in Canada could be “seriously prejudicial”; however, generally when securities legislation requires disclosure of a particular type of information, applicable privacy legislation provides an exemption for the disclosure.*

35. Change of Auditor

(1) This section does not apply to a change of auditor required by legislation or resulting from a take-over, reorganization, merger or amalgamation unless one of the principal purposes of that transaction is to avoid making the disclosure required by this section.

(2) A venture issuer that changes its auditor must, as soon as practicable following the change, and in any event not later than the deadline for the first filing required under this regulation following the change of auditor,

(a) prepare and deliver to its former and successor auditors a report describing the reasons for and circumstances surrounding the change, including details of any disagreement or reason related to the content or presentation of the venture issuer’s annual financial statements or interim financial reports, any modified opinion or reservation of opinion related to the venture issuer’s annual financial statements or interim financial reports, and the nature and extent of discussions between the venture issuer’s former auditor and its audit committee or board of directors, and

(b) file a notice disclosing the change of auditor, including the report referred to in paragraph (a).

(3) If a former or successor auditor concludes that the venture issuer’s report fails to fairly and fully provide the information required by paragraph (2)(a), it must deliver a letter notifying the securities regulatory authority of the deficiency.

Guidance:

Form 51-103F4 Information Circular requires that the report referred to in paragraph 35(2)(a) be included in the next information circular that is sent and filed in connection with a meeting at which securityholders will be asked to appoint an auditor.

36. Financial News Release

If a venture issuer issues a news release disclosing information about its historical or prospective financial performance or financial condition, the venture issuer must promptly file that news release.

Guidance:

Subsection 5(2) requires that the news release be approved by the audit committee before it is issued.

37. Forward-Looking Information, FOFI and Financial Outlooks

(1) A venture issuer that discloses material forward-looking information, other than in oral statements, must have a reasonable basis for that forward-looking information, and must do each of the following, in connection with disclosing the material forward-looking information:

(a) identify the statements that contain the material forward-looking information;

(b) caution users of the material forward-looking information that actual results may vary from the material forward-looking information and identify material known and reasonably foreseeable risk factors that could cause actual results to differ materially from the material forward-looking information;

(c) state the material factors or assumptions used to develop the material forward-looking information;

(d) describe any policy of the venture issuer for updating material forward-looking information, beyond that which is required by section 21 of Form 51-103F1.

(2) A venture issuer may only disclose material forward-looking information about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action, (regardless of whether it is presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows, that is, as “future oriented financial information” or “FOFI”, or presented in some other manner as a “financial outlook”) if

(a) at the time of disclosure, the assumptions are reasonable in the circumstances,

(b) such information is limited to a period for which it can be reasonably estimated, and

(c) the venture issuer uses the accounting policies it expects to use to prepare its historical annual financial statements and interim financial reports for the period covered by such information.

(3) A venture issuer that discloses information described in subsection (2) must, in addition to making the disclosure required by paragraph (1),

(a) state the date management approved the information unless the document in which the information is disclosed is dated, and

(b) explain the purpose of the information and provide a caution to readers that the information may not be appropriate for other purposes.

(4) Subsections (2) and (3) do not apply to oral statements or to either of the following:

(a) disclosure subject to the requirements of either or both of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities and Regulation 43-101 respecting Standards of Disclosure for Mineral Projects;

(b) disclosure that has been made to comply with an exemption previously provided from the applicable requirements of paragraph (2)(a) if that exemption has not been removed.

Guidance:

(1) *The provisions dealing with forward-looking information in section 37 would apply not only to documents filed by a venture issuer with securities regulatory authorities but also to its news releases, website and marketing materials.*

(2) *In addition to the provisions in this regulation dealing with forward-looking information, the securities legislation in certain jurisdictions contains secondary market civil liability*

provisions which create a statutory right of action on the part of persons who relied on the forward-looking information if the forward-looking information contains a misrepresentation.

Securities legislation may provide a defence to liability where there was a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information and there is a statement proximate to the forward looking information which contains reasonable cautionary language identifying the forward-looking information and the material factors that could cause results to differ materially from it as well as a statement of material factors or assumptions that were applied in drawing the conclusion or making the forecast or project set out in the forward-looking information.

38. Change in Year End

(1) A venture issuer that decides to change its financial year-end must, as soon as practicable, and in any event not later than the deadline for the first filing required under this regulation following such decision, file a notice disclosing

- (a) that it has decided to change its year-end and the reason for the change,
- (b) its old financial year-end and new financial year-end,
- (c) the length and ending date of the periods and comparative periods of the mid-year interim financial report and annual financial statements to be filed for its transition year and new financial year, and
- (d) the filing deadlines, respectively, for the mid-year report and annual report for its transition year.

(2) For the purposes of this section,

- (a) a transition year must not exceed 15 months; and
- (b) the first mid-year period after an old financial year must not exceed 7 months.

(3) Despite section 10, a venture issuer is not required to file a mid-year report for:

- (a) any period in its transition year if the transition year is less than 9 months in length.
- (b) any period in its transition year that ends not more than 3 months
 - (i) after the last day of its old financial year; or
 - (ii) before the first day of its new financial year.

(4) If a transition year is less than 9 months in length, the venture issuer must include as comparative financial information to its annual financial statements for its new financial year

(a) a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements for its transition year,

(b) a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes to its financial statements for its old financial year,

(c) a statement of financial position as at the beginning of the old financial year, in the case of a venture issuer that discloses in its annual financial statements an unreserved statement of compliance with IFRS and that

(i) applies an accounting policy retrospectively in its annual financial statements,

(ii) makes a retrospective restatement of items in its annual financial statements, or

(iii) reclassifies items in its annual financial statements.

(5) If the mid-year period for the venture issuer's transition year ends 6 or 12 months after the end of its old financial year, the venture issuer must include as comparative financial information in its mid-year interim financial report

(a) during its transition year, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the corresponding mid-year period in the immediately preceding financial year, except if a mid-year period during the transition year is 12 months in length and the venture issuer's transition year is longer than 13 months, the comparative financial information must be the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows for the 12 month period that constitutes its old financial year; and

(b) during its new financial year

(i) a statement of financial position as at the end of its transition year, and

(ii) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the periods in its transition year or old financial year, for the same calendar months as, or as close as possible to, the calendar months in the mid-year period in the new financial year, and

(c) a statement of financial position as at the beginning of the earliest comparative period in the case of a venture issuer that discloses in its mid-year interim financial report a statement of compliance with International Accounting Standard 34 *Interim Financial Reporting* and that

(i) applies an accounting policy retrospectively in its annual financial statements,

(ii) makes a retrospective restatement of items in its annual financial statements, or

(iii) reclassifies items in its annual financial statements.

(6) If the mid-year period for a venture issuer's transition year ends 6 or 12 months before the end of the transition year, the venture issuer must include

(a) as comparative financial information in its interim financial reports during its transition year

(i) a statement of financial position as at the end of its old financial year, and

(ii) the statement of comprehensive income, statement of changes in equity and statement of cash flows for periods in its old financial year, for the same calendar months as, or as close as possible to, the calendar months in the mid-year period in the transition year; and

(b) as comparative financial information in its mid-year interim financial report during its new financial year

(i) a statement of financial position as at the end of its transition year, and

(ii) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows in its transition year or old financial year, or both, as appropriate, for the same calendar months as, or as close as possible to, the calendar months in the Mid-Year period in the new financial year;

(c) in the case of a venture issuer that discloses in its mid-year interim financial report a statement of compliance with International Accounting Standard 34 *Interim Financial*

Reporting, a statement of financial position as at the beginning of the earliest comparative period if the venture issuer

- (i) applies an accounting policy retrospectively in its mid-year interim financial report,
- (ii) makes a retrospective restatement of items in its mid-year interim financial report, or
- (iii) reclassifies items in its mid-year interim financial report.

39. Reverse Takeovers

(1) A venture issuer that completes a reverse takeover, must file the following financial statements and interim financial reports for the reverse takeover acquirer, unless the financial statements or interim financial reports have already been filed:

(a) audited annual financial statements for all financial years and interim financial reports for each mid-year period ending before the date of the reverse takeover and after the date of the financial statements and interim financial reports, as applicable, included in either of the following documents if the document was prepared in connection with the reverse takeover

- (i) an information circular or similar document;
- (ii) under section 11 of Form 51-103F2, or

(b) if the venture issuer did not file a document referred to in paragraph (a) or the document did not include the financial statements or interim financial reports of the reverse takeover acquirer that would be required to be included in a prospectus, the financial statements and each interim financial report that the reverse takeover acquirer would be required to provide in the prospectus the reverse takeover acquirer was eligible to file immediately before the reverse takeover.

(2) The annual financial statements required by subsection (1) must be filed by the later of

- (a) the 20th day after the date of the reverse takeover, and
- (b) the 120th day after the end of the financial year.

(3) The interim financial reports for mid-year periods required by subsection (1) must be filed by the later of

- (a) the 10th day after the date of the reverse takeover,
- (b) the 60th day after the end of the mid-year period, and
- (c) the filing deadline in subsection (2).

(4) A venture issuer is not required to provide comparative mid-year period financial information in the financial statements or interim financial reports of the reverse takeover acquirer for periods that ended before the date of a reverse takeover if it is impracticable. If applicable, the notes to the interim financial report must disclose that the prior period information was not prepared on the same basis as the most recent interim financial report.

Guidance:

(1) Following a reverse takeover, the venture issuer that legally acquired the business that is now its legal subsidiary remains the reporting issuer. From a legal perspective this issuer was the acquirer; however, for accounting purposes this issuer is referred to as the reverse takeover acquiree. The venture issuer's financial statements and interim financial reports for periods ended on or after the date of the reverse takeover will reflect the financial performance of the legal subsidiary, referred to, for accounting purposes, as the reverse takeover acquirer. Consequently, the venture issuer's financial statements for annual financial years and interim

financial reports for interim periods that end on or after the date of the reverse takeover must be prepared and filed as if the reverse takeover acquirer had always been the reporting issuer.

(2) The venture issuer must also file all annual reports and mid-year reports of the reverse takeover acquiree for each annual financial year and mid-year period ending before the date of the reverse takeover, even if the filing deadline for those financial statements and interim financial reports is after the date of the reverse takeover.

(3) See the guidance following section 11 of this regulation regarding the meaning of the word “impracticable”.

(4) If a venture issuer changes its year end in connection with a reverse takeover, section 38 requires that it file a notice.

40. Refiling of a Continuous Disclosure Document

A venture issuer must immediately issue and file a news release that describes the nature and substance of the change or proposed changes and that is authorized by an executive officer, if it makes a decision to re-file a document filed under either this regulation or Regulation 51-102 respecting Continuous Disclosure Obligations and the information in the re-filed document will differ materially from the information originally filed.

Guidance:

If any portion of an annual report or mid-year report differs materially from the information originally filed, the entire revised annual report or mid-year report must be re-filed and recertified.

PART 8 EXEMPTIONS

41. Discretionary Exemptions

(1) The securities regulatory authority or regulator may grant an exemption from this regulation, in whole or in part, subject to such conditions and restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) may be granted under the statute referred to in Appendix B of Regulation 14-101 respecting Definitions opposite the name of the local jurisdiction or as otherwise permitted in the local jurisdiction.

42. SEC Issuers

(1) A venture issuer that is an SEC issuer satisfies the requirements of section 8 with respect to the contents of an annual report for a financial year if it

(a) files an annual report or transition report prepared under the 1934 Act on Form 10-K or Form 20-F for that financial year,

(b) files concurrently with or as soon as reasonably practicable after the filing of the report referred to in (a), the information required by Item 402 “Executive Compensation” of Regulation S-K under the 1934 Act other than, as a foreign private issuer, by providing the information required by Items 6.B “Compensation” and 6.E.2 “Share Ownership” of Form 20-F under the 1934 Act, prepared for the financial year referred to in paragraph (a),

(c) is in compliance with the SOX 302 rules, and files the signed certificates required by the SOX 302 rules relating to the report referred to in paragraph (a) together or concurrently with the filing of that report,

(d) discloses in the report referred to in paragraph (a) or files together or concurrently with that report a document which includes the disclosure required by the following items of Form 51-103F1

(i) subsections 17(3) to (5) (MD&A disclosure for venture issuers without significant revenue),

(ii) section 18 Business Objectives, Performance Targets and Milestones,

(iii) section 20 Significant Equity Investees,

(iv) section 21 Forward-Looking Information, FOFI and Financial Outlooks,

(v) section 25 Outstanding, Escrowed and Fully-Diluted Securities,

(vi) section 28 Trading Price and Volume,

(vii) section 29 Directors' and Executive Officers' Biographical Information and Securityholdings, but only as it relates to securityholdings,

(e) if the disclosure required by either or both of paragraphs (b) and (d) is not included in the report referred to in (a), files together or concurrently with the report referred to in paragraph (a), the certificates required by subsection 8(4), modified as necessary to indicate that the certification applies to the disclosure required by paragraphs (b) and (d).

(2) A venture issuer that is an SEC issuer satisfies the requirements of section 10 with respect to a mid-year report for a mid-year period if it

(a) files each Form 6-K required under the 1934 Act that was prepared for an interim period ending during the mid-year period and containing the venture issuer's quarterly interim financial report and MD&A,

(b) is in compliance with the SOX 302 rules and files the signed certificates required by the SOX 302 rules relating to the report referred to in paragraph (a) together or concurrently with that report, and

(c) discloses in the report referred to in paragraph (a) prepared for an interim period ending at the end of the venture issuer's mid-year period, or files together with or concurrently with that report, a document which includes the disclosure required by the following items of Form 51-103F1

(i) subsections 17(3) to (5) (MD&A disclosure for venture issuers without significant revenue),

(ii) section 20 Significant Equity Investees,

(iii) section 21 Forward-Looking Information, FOFI and Financial Outlooks,

(iv) section 45 Mid-Year Interim Financial Report in Mid-Year Report,

(d) if the disclosure required by paragraph (c) is filed separately from the report referred to in (a), files together or concurrently with the report referred to in paragraph (a) prepared for an interim period ending at the end of the venture issuer's mid-year period, the certificates required by subsection 10(3), modified as necessary to indicate that the certification applies to the disclosure required by paragraph (c).

(3) Section 16(c) does not apply to an SEC issuer if it uses the procedures in Rule 14a-16 under the 1934 Act to deliver proxy-related materials to a registered securityholder.

(4) An SEC issuer satisfies the requirements of section 38 if:

(a) it complies with the requirements of U.S. federal securities laws relating to a change of fiscal year; and

(b) it files a copy of all materials required by U.S. laws relating to a change of fiscal year at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC and, in the case of annual and mid-year reports, no later than the filing deadlines prescribed under sections 7 and 9.

(5) Section 35 does not apply to an SEC issuer if it:

(a) complies with the requirements of U.S. laws relating to a change of auditor;

(b) files a copy of all materials required by U.S. laws relating to a change of auditor at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC; and

(c) includes the materials referred to in paragraph (b) with the next information circular that is sent and filed in connection with a meeting at which securityholders will be asked to appoint an auditor.

Guidance:

Paragraph 32(1)(c) of this regulation requires that the documents referred to in this section, if they are filed with or furnished to the SEC must be concurrently filed with the securities regulatory authority or regulator.

43. Exemptions for Exchangeable Security Issuers and Credit Support Issuers

(1) An exchangeable security issuer satisfies the requirements of this regulation and the insider reporting and insider profile filing requirements under Regulation 55-102 respecting System for Electronic Disclosure by Insiders if it qualifies under and complies with section 13.3 of Regulation 51-102 respecting Continuous Disclosure Obligations as if it were a senior unlisted issuer to which that regulation applies.

(2) A credit support issuer satisfies the requirements of this regulation and the insider reporting and insider profile filing requirements under Regulation 55-102 respecting System for Electronic Disclosure by Insiders if it qualifies under and complies with section 13.4 of Regulation 51-102 respecting Continuous Disclosure Obligations as if it were a senior unlisted issuer to which that regulation applies.

44. Existing Exemptions

(1) A venture issuer that was entitled to rely on an exemption, waiver or approval granted to it by a securities regulatory authority or regulator relating to continuous disclosure requirements of securities legislation or securities directions under one of the following regulations, is exempt from each substantially similar provision of this regulation to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval:

(a) Regulation 51-102 respecting Continuous Disclosure Obligations;

(b) Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings;

(c) Regulation 52-110 respecting Audit Committees; and

(d) Regulation 58-101 respecting Disclosure of Corporate Governance Practices.

(2) The venture issuer must deliver a notice to the regulator advising of its intent to rely on an exemption, waiver or approval referred to in subsection (1) together with a copy of such exemption, waiver or approval.

PART 9 EFFECTIVE DATE AND TRANSITION

45. Effective Date

This regulation comes into force [●].

46. Transition

Despite section 45, Parts 4, 5 and 7 of this regulation do not apply to a venture issuer until the last day of a venture issuer's most recently completed financial year end which is on or after [●].

PART 10 LANGUAGE OF DOCUMENTS

47. Language of Documents

- (1) A document required to be filed under this regulation must be filed in English or French.
- (2) Despite subsection (1) if a person files a document only in English or French but delivers to securityholders a version of the document in the other language, the person must file that other version not later than when it is first delivered to securityholders.
- (3) If a person files a document under this regulation that is a translation of a document prepared in a language other than English or French, the person must
 - (a) attach a certificate as to the accuracy of the translation to the filed document; and
 - (b) make a copy of the document in the original language available to a registered holder or beneficial owner of its securities, on request.

FORM 51-103F1
ANNUAL AND MID-YEAR REPORTS

PART 1 INSTRUCTIONS

1. Overview of Annual and Mid-Year Reports

Audited annual financial statements and associated MD&A are an integral part of a venture issuer's annual report. An annual report also describes the venture issuer's operations, prospects and risks and provides disclosure about its directors, executive officers, governance, executive compensation and material related entity transactions. A mid-year report consists primarily of the mid-year interim financial report, associated MD&A and disclosure of material related entity transactions. See Part 9 of this form.

The last part of this form includes a disclosure certificate that must be signed by the CEO and CFO and included in an annual report and a mid-year report. By signing the certificate, the CEO and CFO certify that there is no misrepresentation in the report and that the report as a whole fairly presents, in all material respects, the venture issuer's financial condition, financial performance and cash flows for the period covered.

2. Focus on Material Information

In preparing a report, focus the disclosure on information that is material. In determining whether or not a particular matter is material, consider whether disclosing, omitting or misstating the relationship, transaction, agreement, plan or other information would likely influence or change a reasonable investor's decision as to whether or not to buy, sell or hold a security in the capital of the venture issuer.

For purposes of item 16(2), venture issuers should refer to section 2.4 of Policy Statement to Regulation 43-101 respecting Standards of Disclosure for Mineral Projects for a discussion of "materiality" in the mining context.

3. Guidelines for MD&A

MD&A should provide an explanation of the venture issuer's financial performance during the most recently completed financial year and a comparison to the prior financial year. MD&A must not be merely a repetition of the information provided in the financial statements or interim financial report or a summary of the financial statement or interim financial report changes as compared to the prior financial year. MD&A must explain the reasons for changes in the venture issuer's financial performance and financial condition.

The purpose of MD&A is to explain how management views the venture issuer's prospects and explain the methods by which management evaluates the venture issuer's business, including the key indicators it uses and the analysis performed. It should discuss information that may not be clearly or fully reflected in the financial statements or interim financial report, for example, contingent liabilities, defaults under debt, off-balance sheet financing arrangements, and other contractual commitments.

If a venture issuer completed a reverse takeover in the last two completed financial years or subsequent to the completion of the most recently completed financial year, the disclosure required for the venture issuer by sections 16 to 20 should be based primarily on the reverse takeover acquirer's financial statements and interim financial reports.

4. Defined Terms

For terms used in this form that are not defined in the form, refer to the Regulation and if not defined in the Regulation, refer to securities legislation and Regulation 14-101 respecting Definitions.

This form also uses accounting terms that are defined, or referred to, in Canadian GAAP applicable to publicly accountable enterprises. See the Guidance following section 1 of the Regulation.

5. Repetition and Incorporating Information by Reference

A venture issuer must include all of the disclosure prescribed in this form within its annual and mid-year reports. Incorporation by reference is not permitted, unless expressly stated.

Despite the above restriction, a capital pool company or CPC may incorporate by reference the disclosure required by sections 15 and 16 of this form from its initial public offering prospectus if that disclosure continues to provide all material facts in respect of the corporate structure and description of business for the CPC. To refer to previously disclosed information, provide a cross-reference, stating the name and date of that other document and that it is available on SEDAR at www.sedar.com. Also include a statement that the applicable disclosure is incorporated by reference into this report. If the other disclosure document is lengthy, indicate the location of the relevant information in the other document.

Guidance:

The annual report, in particular, should provide a complete annual disclosure record for the venture issuer with very limited information incorporated by reference. The goal is to provide investors with one disclosure document that is as complete as possible.

6. Plain Language

Use plain, easy to understand language in preparing a report. Avoid technical terms but, if they are necessary, explain them in a clear and concise manner.

7. Format

Unless otherwise stated, the numbering, headings and ordering of the items included in this form are only guidelines and do not need to be used in the report. To make the report easier to understand, present information in tables and, where possible, state amounts in figures.

8. Omitting Information

Unless this form indicates otherwise, it is not necessary to respond to an item in this form if it does not apply to the venture issuer.

9. Date of Information

Unless this form indicates otherwise, present the information in the annual report as at the last day of the venture issuer's most recently completed financial year and the information in the mid-year report as at the last day of the most recently completed mid-year period.

If presenting information as at the end of the financial period creates a misleading picture of the venture issuer's business, operations or outstanding securities, the information must also be updated to the date it is filed. Section 49 of this form requires the certificate to be dated the date the report is filed.

10. Forward-Looking Information

Any forward-looking information provided in a report must comply with section 37 of the Regulation.

11. Available Prior Period Information

If comparative financial information is not presented in the venture issuer's annual financial statements or interim financial report, provide in the MD&A the prior period information relating to financial performance that is available.

12. Use of “Financial Condition”

This form uses the term “financial condition”. Financial condition reflects the overall health of the venture issuer and includes the venture issuer’s financial position (as shown on the statement of financial position) and other factors that may affect the venture issuer’s liquidity, capital resources and solvency.

13. Table of Contents

Include a table of contents with an annual report.

PART 2 DISCLOSURE OF BUSINESS

14. Cover Page

(1) On or near the front or back of the annual report, disclose the following:

(a) the venture issuer’s full legal name and any other name under which it carries on business;

(b) the laws under which the venture issuer is incorporated, continued or otherwise created;

(c) the venture issuer’s registered and head office address(es), and the venture issuer’s website address, if one exists;

(d) the name and title of an executive officer of the venture issuer who can be contacted for inquiries regarding the report, including a current telephone number and, if available, an email address for that person;

(e) the name of the venture issuer’s auditor;

(f) the name and address of the venture issuer’s registrar and transfer agent(s); and

(g) the name of each marketplace on which, to the knowledge of the executive officers of the venture issuer, any of the venture issuer’s securities trade or are listed or quoted and the stock or ticker symbol, if applicable, under which the securities trade on each such marketplace.

(2) Include the following statement in bold type on the cover page of the report:

“[Insert name of venture issuer] is a venture issuer subject to the governance and disclosure regime applicable to venture issuers under the Regulation. Consequently, it is not required to provide certain disclosure applicable to issuers that are not venture issuers, such as three and nine month interim financial reports and associated management’s discussion and analysis. 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, [insert name of venture issuer] is not required to establish and maintain disclosure controls and procedures and internal control over financial reporting. [Insert name of venture issuer] will also be subject to certain other obligations not applicable to issuers that are not venture issuers.

The disclosure provided by [insert name of venture issuer] will not necessarily be comparable in some ways to that provided by issuers that are not venture issuers.”

(3) If the board of directors of the venture issuer has decided to file an interim financial report for an optional interim period, also include the following statement in bold type on the cover page of the report:

“[Insert name of venture issuer] intends to file 3 and 9 month interim financial reports”.

(4) If the annual report or mid-year report, as applicable, is a revised report, identify it as a “Revised” report.

15. Corporate Structure

(1) Disclose the relationship between the venture issuer and each subsidiary entity and each party with whom the venture 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 entity disclose each of the following:

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

(b) the percentage of each class of restricted securities that the venture 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 venture 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, and;

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

16. Business Description

(1) **General**

(a) State the venture issuer's industry and describe its current business.

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

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

Guidance:

Some examples of aspects of a venture issuer's business to disclose 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 venture issuer;*
- *the competitive conditions in the venture issuer's principal markets and geographic areas, including an assessment of the venture 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 venture issuer and its industry;*

- *the extent to which the business of a reportable segment of the venture issuer's business is cyclical or seasonal;*
- *contracts upon which the venture issuer's business is substantially dependent (refer to the guidance following the definition of "material contract");*
- *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 venture issuer in the current financial year and those expected in future years;*
- *dependence on foreign operations; and*
- *investment policies and lending and investment restrictions.*

(2) ***Venture Issuers with Mineral Projects***

If the venture issuer had a mineral project, provide a summary of the following information for each project material to the venture issuer:

(a) **Current Technical Report** – The title, author or authors, and date of the most recent technical report on the property, if any, filed in accordance with Regulation 43-101 respecting Standards of Disclosure for Mineral Projects.

(b) **Project Description, Location, and Access**

(i) The location of the project and means of access.

(ii) The nature and extent of the venture issuer's title to or interest in the project, including surface rights, obligations that must be met to retain the project, and the expiration date of claims, licences, and other property tenure rights.

(iii) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject.

(iv) To the extent known, any significant factors or risks that may affect access, title or the right or ability to perform work on the property, including permitting and environmental liabilities to which the project is subject.

(c) **History**

(i) To the extent known, a summary of the prior exploration and development of the property, including the type, amount, and results of the exploration work undertaken by previous owners, any significant historical estimates, and any previous production on the property.

(ii) If the venture issuer acquired a project within the three most recently completed financial years or during the current financial year from, or intends to acquire a project from, a related entity, the name of the vendor, the relationship of the vendor to the venture issuer, and the consideration paid or intended to be paid to the vendor.

(iii) To the extent known, the name of every person that has received or is expected to receive a greater than 5% interest in the consideration received or to be received by the vendor referred to in paragraph (ii).

(d) **Geological Setting, Mineralization, and Deposit Types**

(i) The regional, local, and property geology.

(ii) The significant mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, and the length, width, depth, and

continuity of the mineralization, together with a description of the type, character, and distribution of the mineralization.

(iii) The mineral deposit type or geological model or concepts being applied.

(e) **Exploration** – The nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of the venture issuer, including a summary and interpretation of the relevant results.

(f) **Drilling** – The type and extent of drilling and a summary and interpretation of all relevant results.

(g) **Sampling, Analysis, and Data Verification** – The sampling and assaying including

(i) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory;

(ii) the security measures taken to ensure the validity and integrity of samples taken;

(iii) assaying and analytical procedures used and the relationship, if any, of the laboratory to the issuer; and

(iv) quality control measures and data verification procedures, and their results.

(h) **Mineral Processing and Metallurgical Testing** – If mineral processing or metallurgical testing analyses have been carried out, discuss the nature and extent of the testing and analytical procedures, and provide a summary of the relevant results and, to the extent known, any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

(i) **Mineral Resource and Mineral Reserve Estimates** – The mineral resources and mineral reserves, if any, including

(i) the effective date of the estimates;

(ii) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(iii) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves; and

(iv) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, and other relevant issues.

(j) **Mining Operations** – For advanced properties, the current or proposed mining methods, including a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods.

(k) **Processing and Recovery Operations** – For advanced properties, a summary of current or proposed processing methods and reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity.

(l) **Infrastructure, Permitting, and Compliance Activities** – For advanced properties,

(i) the infrastructure and logistic requirements for the project; and

(ii) the reasonably available information on environmental, permitting, and social or community factors related to the project.

(m) **Capital and Operating Costs** – For advanced properties,

(i) a summary of capital and operating cost estimates, with the major components set out in tabular form.

(ii) an economic analysis with forecasts of annual cash flow, net present value, internal rate of return, and payback period, unless exempted under Instruction (2) to Item 22 of Form 43-101F1 of Regulation 43-101 respecting Standards of Disclosure for Mineral Projects.

(n) **Exploration, Development, and Production** - A description of the venture issuer's current and contemplated exploration, development or production activities.

(3) To the extent a venture issuer has a technical report that supports the disclosure required under subsection 16(2), the venture issuer may satisfy the disclosure requirements in subsection 16(2) by reproducing the summary from the technical report on the material property, and incorporating the detailed disclosure in the technical report into the annual report by reference.

Guidance:

(1) *Disclosure regarding mineral exploration, development or production activities on material projects must comply with, and is subject to the limitations set out in, Regulation 43-101 respecting Standards of Disclosure for Mineral Projects. A venture issuer must use the appropriate terminology to describe mineral reserves and mineral resources. A venture issuer must base its disclosure on information prepared by, under the supervision of, or approved by, a qualified person.*

(2) *The disclosure required by this form will not trigger the filing of a technical report under Regulation 43-101 respecting Standards of Disclosure for Mineral Projects unless section 4.2(1)(j) of that regulation applies. However, if a technical report has not been prepared, the disclosure must still be prepared by or under the supervision of a "qualified person", as defined in that regulation.*

(3) *If a venture issuer intends to use the annual report as a base disclosure document for accessing the short form prospectus system under Regulation 44-101 respecting Short Form Prospectus Distributions then, subject to available exemptions in Regulation 43-101 respecting Standards of Disclosure for Mineral Projects, the filing of a preliminary short form prospectus under Regulation 44-101 respecting Short Form Prospectus Distributions will trigger a requirement to file a technical report.*

(4) **Oil and Gas Activities** – If the venture issuer is engaged in oil and gas activities, or has entered an agreement to acquire an interest in a property that is reasonably expected to have oil and gas activities, disclose each of the following with respect to each such property or interest:

(a) the resources that the venture issuer intends to explore for, develop or produce;

(b) whether the venture issuer is in the exploration, development or production phase;

(c) the nature of title or interest in the property (e.g., freehold, fee interest, leasehold, royalty) including each of the following,

○ the acquisition date,

○ method of acquisition,

○ party from whom title or interest acquired, and the nature of the relationship between the venture issuer such party and whether the other party is a related entity,

○ consideration paid or to be paid; and,

(d) any material restrictions or limitations on exploration, development or production.

(5) **Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities** – A venture issuer subject to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities must

(a) include in its annual report the disclosure required by section 2.1 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities,

(b) comply with Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities if any voluntary disclosure of resources is provided, and

(c) to the extent not reflected in the information required by section 2.1 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities, 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 venture issuer's most recently completed financial year end.

Guidance:

(1) *Venture 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.*

(2) *This form requires that the disclosure required by section 2.1 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities be contained in a venture issuer's annual report.*

(6) **Issuers with Products and Services** – Describe each product or service, produced, distributed or provided by the venture issuer.

Guidance:

Some examples of information to disclose about products and services are

- *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, and*
- *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.*

(7) **Issuers Engaged in Research and Development** – Describe each of the venture issuer's products or services that are in the research and development phase and are expected to form a significant part of the venture 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.

17. Two Year History and MD&A in an Annual Report

(1) **Development of business** – Describe how the venture issuer’s business has developed over the last two completed financial years, including a discussion of changes and industry and economic conditions that have influenced the general development of the business whether favourably or unfavourably.

(2) **Management’s Assessment of Performance** – Disclose management’s assessment of how the venture issuer performed during the most recently completed financial year and how it compares to the prior financial year. Discuss why the venture 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 venture 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 venture 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 venture issuer’s annual financial statements,

(iii) any seasonal aspects that had or are reasonably expected to have an effect on the venture issuer’s financial condition or financial performance,

(iv) 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 venture issuer’s business and similar businesses.

Guidance

Examples of statistics might include, depending on the industry, revenues, gross margin, EBITDA (earnings before interest, tax, depreciation and amortization), levels of production, average price per barrel, netbacks, finding costs, and operating costs per unit of production.

(d) To the extent that any of the statistics and performance measures required to be discussed in paragraph (c) are “non-GAAP financial measures” the venture issuer must comply with paragraph (e). For the purpose of this section, a “non-GAAP financial measure” is a numerical measure of an issuer’s historical or future financial performance, financial position or cash flow that is not required, or permitted, by the issuer's GAAP and that either excludes an amount that is included in the most directly comparable measure calculated and presented in accordance with the issuer's GAAP, or includes an amount that is excluded from the most directly comparable measure calculated and presented in accordance with the issuer's GAAP.

(e) A venture issuer disclosing a non-GAAP financial measure must do each of the following:

(i) disclose how the venture issuer defines the non-GAAP financial measure and, if there have been any changes to how the venture issuer has defined the measure, describe and explain those changes;

(ii) disclose that the non-GAAP financial measure does not have a standardized meaning under the issuer's GAAP and is unlikely to be comparable to financial measures presented by other issuers;

(iii) present together with the non-GAAP financial measure, with at least equal prominence, the most directly comparable measure calculated in accordance with the issuer's GAAP that is presented in its annual financial statements or an interim financial report;

(iv) explain the purpose for which the non-GAAP financial measure is used by management and why management thinks it provides useful information for investors;

(v) provide a quantitative reconciliation of the non-GAAP financial measure to the most directly comparable measure calculated in accordance with the issuer's GAAP that is presented in its annual financial statements or an interim financial report.

Guidance:

IFRS requires disclosure of certain line items and note disclosure beyond the minimum required line items for financial statements and interim financial reports if, for example, those are relevant to an understanding of an issuer's financial position and performance. Further, IFRS permits certain financial measures such as alternative earnings per share if certain conditions are met. The additional disclosures required or permitted by IFRS are not considered "non-GAAP financial measures" and consequently paragraph (e) would not apply. Refer to the CSA Staff Notice 52-306 Non-GAAP Financial Measures and Additional GAAP Measures for further guidance.

(3) **Issuers without Significant Operating Revenue** – If the venture issuer has not had significant revenue from operations,

(a) disclose in table format, for each of the two most recently completed financial years (unless already disclosed in the annual financial statements), a breakdown of the significant components of

(i) exploration and evaluation assets or expenditures,

(ii) expensed research and development costs,

(iii) intangible assets arising from development,

(iv) general and administration expenses, and

(v) any material costs, whether expensed or recognized as assets, not referred to above;

(b) for a venture issuer whose primary business is mining exploration and development, present the information required by paragraph (a) on a property-by-property basis;

(c) disclose all components that exceed the greater of \$25,000 and 20% of the total amount of the class for each of (a)(i) to (v); and

(d) for a venture 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,

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

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

(4) **Actual Use of Financing Proceeds** – Unless previously disclosed, include a table comparing disclosure previously made by the venture issuer about how it was going to use financing proceeds to actual use of such funds, an explanation of any variances and a discussion of the impact of the variances, if any, on the venture issuer's ability to achieve its business objectives and performance targets.

(5) **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 venture 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 and how the deficiency is anticipated to be remedied,
 - (iii) whether the venture issuer reasonably expects to have sufficient funds to maintain activities and meet planned growth or development;
- (b) 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;
- (d) any known trends, events or uncertainties that are reasonably likely to have a material impact on the venture issuer's
 - (i) short term or long-term liquidity,
 - (ii) revenue or profit or loss from continuing operations,
 - (iii) debt, equity or other available financing resources.

18. Business Objectives, Performance Targets and Milestones

- (1) Describe in table format, if practicable, the venture issuer's short-term (next 12 months) business objectives, key performance targets and milestones, as applicable, and how it plans to meet those objectives, performance targets and milestones including each of the following:
- (a) identification of each of the objectives, performance targets and milestones to be achieved;
 - (b) when the objective, performance target or milestone is anticipated to be achieved or, if not known, the estimated number of months to complete it;
 - (c) an estimate of the funds required to accomplish each objective, performance target or milestone;
 - (d) the anticipated source(s) of funds to accomplish the objective, performance target or milestone.

Guidance:

Examples of objectives, performance targets and milestones include the purchase or sale of significant property or equipment, as well as research, exploration or development work, expansion plans, productivity improvements and hiring of a significant number of new employees.

- (2) Despite subsection (1), a venture issuer must only disclose objectives, performance targets or milestones which are possible to achieve. If a venture issuer does not yet have achievable objectives, performance targets or milestones, the venture issuer must disclose this fact.

Guidance

Securities regulatory authorities are of the view that, in most instances, a venture issuer would have achievable objectives, performance targets or milestones.

- (3) If the venture issuer has not yet generated significant operating revenue and is developing a significant project or a product or service that, the development of which will extend beyond 12 months, describe
- (a) objectives, performance targets and milestones, as applicable, for development,
 - (b) the status of development,
 - (c) expenditures made to date relative to those objectives, performance targets and milestones, and
 - (d) further expenditures required to reach the next stage of the development plan.

If it would be useful to a reasonable investor, provide a graph or table to illustrate the performance targets or stages of development and the venture issuer's current status.

Guidance:

(1) *When providing forward-looking information in response to the requirements of this section, it is necessary to comply with the requirements of section 37 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers.*

(2) *Venture issuers should consider whether to include disclosure to investors advising of the risks and difficulties associated with providing forward-looking information and that despite the venture issuer's reasonable beliefs regarding its objectives, performance targets and milestones and its efforts to achieve those, there can be no assurance that it will achieve those objectives, performance targets or milestones in the time frames outlined, for the amounts estimated, or at all.*

(3) *In disclosing forward-looking information, venture issuers should consider that*

(a) *Securities legislation contains secondary market civil liability provisions which create a statutory right of action on the part of persons who relied on the forward-looking information if the forward-looking information contains a misrepresentation; and*

(b) *Securities legislation may provide a defence to liability where there was a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information and there is a statement proximate to the forward looking information which contains reasonable cautionary language identifying the forward-looking information and the material factors that could cause results to differ materially from it as well as a statement of material factors or assumptions that were applied in drawing the conclusion or making the forecast or project set out in the forward-looking information.*

(4) *In an effort to develop a potential defence to a secondary market civil liability claim, venture issuers complying with this section should*

- *confirm that there appears to be a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information,*
- *ensure that a statement proximate to the forward-looking information is made which contains reasonable cautionary language which*
 - *identifies the forward-looking information,*
 - *identifies the material factors that could cause actual results to differ materially from the forward-looking information,*

○ *states the material factors or assumptions that were applied in drawing the conclusion or making the forecast or projection in the forward-looking information.*

19. Off-Balance Sheet Arrangements

(1) If the venture issuer has any off-balance sheet arrangement that has or is reasonably likely to have, a current or future effect on the venture 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.

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

- (a) any obligation under certain guarantee contracts;
- (b) 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;
- (c) any obligation under certain derivative instruments;
- (d) 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.

20. Significant Equity Investee

If a venture issuer has a significant equity investee, the venture issuer must disclose, for each of the two most recently completed financial years, summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss unless

- (a) this has already been disclosed in the annual financial statements of the venture issuer, or
- (b) the venture issuer has filed annual financial statements of the equity investee providing the disclosure.

Guidance:

Securities regulators will generally consider an equity investee to be significant to a venture issuer if, using the financial statements of the equity investee and the venture issuer as at their respective most recently completed financial year ends, the venture issuer's

- (a) proportionate share of the consolidated assets of the equity investee exceeds 40% of the consolidated assets of the venture issuer, or*
- (b) consolidated investments in and advances to the equity investee exceeds 40% of the consolidated assets of the venture issuer.*

21. Forward-Looking Information, FOFI and Financial Outlooks

(1) If a venture issuer previously disclosed material forward-looking information to the public other than forward-looking information referred to in section 37(1) of the Regulation, it must update that disclosure either by

- (a) disclosing both
 - (i) all events or circumstances that have occurred in the period to which the annual report or mid-year report relates that are reasonably likely to cause actual results to differ

materially from the previously publicly disclosed material forward-looking information for a financial period that is not yet complete, and, if so, the expected differences of those events or circumstances,

(ii) if the forward-looking information was a financial outlook or FOFI (as defined in section 37 of the Regulation) any material differences from actual results for the period to which the annual report or mid-year report relates, or

(b) disclosing the date of a news release that has been filed that contains the information in paragraph (a), and stating that it is available at www.sedar.com.

(2) If during the period to which an annual report or mid-year report relates, a venture issuer decides to withdraw previously disclosed forward-looking information, it must either

(a) disclose in its annual report or mid-year report, as applicable, the withdrawal and explain the reasons for the withdrawal, including the assumptions for the forward-looking information that are no longer valid,

(b) disclose in its annual report or mid-year report the date of a news release that has been filed that contains the information in paragraph (a), and stating that it is available at www.sedar.com.

(3) For the purpose of subsection (1), disclosure will be considered to be made to the public if it is filed, made in a speech in a public forum, made in a press release or by broadcast medium or by a telephonic, electronic or other communication facility, in a newspaper, magazine or other publication generally available to the public or published on a website or in marketing material.

22. Risk Factors

Disclose the risk factors of the venture issuer. Identify first the risks that are most significant to the venture issuer and those that may not be common to other venture issuers in the same industry.

Guidance:

Examples of possible risk factors include:

- *lack of specific management, experience or technical knowledge required for the type of business,*
- *management's regulatory and business track record,*
- *environmental and health risks and related penalties, sanctions or required remediation,*
- *existing and anticipated litigation,*
- *legal issues or uncertainty with respect to property rights or ability to conduct business,*
- *need for regulatory or government permits or approvals and regulatory constraints,*
- *lack of or limited market for product or services or significant competition,*
- *economic or political conditions, including instability and uncertain political and legal regimes in area of operations,*
- *dependence on financial viability of a guarantor or principal suppliers, customers or other creditors,*
- *securityholders becoming liable to make additional contributions beyond the price of the security,*

- *cash flow and liquidity problems, including lack of or limited history of revenues or profits,*
- *need for additional financing and/or insufficiency of current funds to accomplish business objectives, and*
- *limited personnel and/or reliance on key personnel, suppliers, customers or agreements.*

23. Legal and Regulatory Proceedings

(1) Disclose any legal proceedings involving the venture issuer or any of its properties that are known to exist, are reasonably contemplated, or existed during the most recently completed financial year. 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.

(2) Disclose all of the following:

(a) penalties or sanctions relating to securities legislation imposed against the venture issuer by a court or securities regulatory authority during the most recently completed financial year;

(b) any other penalties or sanctions imposed by a court, regulatory body or SRO against the venture 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 venture issuer with a court or securities regulatory authority during the most recently completed financial year.

Guidance

The term "SRO" is defined in Regulation 14-101 respecting Definitions and includes self-regulatory organizations, self-regulatory bodies and exchanges.

24. Material Contracts

List each material contract to which either or both of the following apply:

(a) it was entered into by the venture issuer since the start of the most recently completed financial year;

(b) it is still in effect.

PART 3 OUTSTANDING SECURITIES AND TRADING INFORMATION

25. Outstanding, Escrowed and Fully-Diluted Securities

(1) Using the following table format, provide as at the latest practicable date, all of the following information about voting or equity securities of the venture issuer (including convertible securities that may be converted into voting or equity securities):

(a) the number of each type of security outstanding;

(b) the number and type 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;

(c) the number of equity and voting securities that would be outstanding on a fully-diluted basis if all convertible securities that may be converted into voting or equity securities were converted.

(d) If the number of voting or equity securities that are issuable on conversion, is not determinable, disclose the maximum number of each type of voting or equity securities that are issuable on the conversion and, if that maximum number is not determinable, describe the conversion features and the manner in which the number of voting or equity securities will be determined.

Type of security	Number outstanding as at latest practicable date	Number and percentage subject to escrow, lock-up, pooling etc.	Number of equity and voting securities outstanding on a fully-diluted basis

- (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 the securities, such as special voting rights, preference to dividends, retraction or redemption rights, conversion rights, option and warrant exercise prices, and expiry dates.
- (4) 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 escrow agent and the release terms and release date(s).
- (5) Despite paragraph (1)(b) and subsection (4), securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.
- (6) If the venture issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable into or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, provide the disclosure required by Part 10 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 that regulation applies.

26. Founders, Principal Holders and Control Persons

To the extent reasonably ascertainable, identify each founder who was a founder during the most recently completed financial year, each principal holder and each control person and disclose the number and type of securities of the venture issuer that are beneficially owned or directly or indirectly controlled by each.

27. Reporting Insiders

- (1) Identify each person, other than executive officers, that, to the venture issuer’s knowledge, is or was, during the most recently completed financial year a “reporting insider”, as that term is defined in Regulation 55-104 respecting Insider Reporting Requirements and Exemptions of the venture issuer.
- (2) If the “reporting insider” is a registered owner of the venture issuer’s securities but not the beneficial owner, disclose the beneficial owner if it is known to, or is reasonably ascertainable by, the venture issuer.

28. Trading Price and Volume

- (1) For each class of securities of the venture issuer that is traded or quoted on a published market:
 - (a) identify the market on which the largest volume of trading or quotation generally occurs,
 - (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 and indicate how the securities are publicly traded.

PART 4 BIOGRAPHICAL, SECURITYHOLDINGS AND CONFLICTS OF INTEREST INFORMATION FOR DIRECTORS AND EXECUTIVE OFFICERS

29. Directors’ and Executive Officers’ Biographical Information, Securityholdings and Conflicts of Interest

(1) Provide biographical and securityholdings information in the following tabular format for each director and executive officer.

Full name, municipality, province/state and country of residence	Principal position(s) held with venture issuer or subsidiary entity and date of first appointment or election	Principal occupation or business for last 5 years including name and description of business	Number and percentage of each type of security of the venture issuer beneficially owned or over which control or direction is directly or indirectly exercised	Director or executive officer positions in the last 5 years with other reporting issuers or issuers with reporting obligations in foreign jurisdictions	Orders, bankruptcies, penalties or sanctions
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(2) Use notes to the table above to:

- (a) identify whether securities are held directly, indirectly or whether control or direction is exercised,
- (b) for convertible securities, disclose the Conversion price, the expiry date and any vesting provisions, including the number that have already vested,
- (c) specify the circumstances surrounding each order, bankruptcy, penalty or sanction and to provide any material details including whether the order, bankruptcy, penalty or sanction is still in effect,
- (d) state the date at which information is provided.

(3) For the purpose of this section “order” means an order that was in effect for a period of more than 30 consecutive days and that is a cease trade order, an order similar to a cease trade order (including a management cease trade order) or an order that denied the relevant individual access to any exemption under securities legislation.

(4) Disclosure must be made of an order, bankruptcy, penalty or sanction if

- (a) a director or executive officer of the venture issuer is, as at the date of the annual report, or has been, within 10 years before the date of the annual report, a director, CEO or CFO of any entity (including the venture issuer) that
 - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity of director, CEO or CFO of the entity, or
 - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO of the entity that resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO, or
- (b) a director or executive officer of the venture issuer

(i) is, as of the date of the annual report, or has been, within 10 years before the date of the annual report, a director or executive officer of any entity (including the venture issuer) that while that person 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

(ii) has, within the 10 years before the date of the annual report, 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 director or executive officer, or

(c) a director or executive officer of the venture issuer has been subject to any penalties or sanctions, other than a late filing fee,

(i) imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or

(ii) imposed by a court, regulatory body or SRO that would likely be considered important to a reasonable investor in making an investment decision.

(5) Despite subsection (4) settlement agreements entered into before December 31, 2000 are not required to be disclosed unless the disclosure would likely be important to a reasonable investor in making an investment decision.

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

PART 5 COMPENSATION, OPTIONS AND INCENTIVE PLANS

30. Director and Executive Officer Compensation, excluding options

(1) Use the following table, to the extent reasonably practicable, disclose all compensation for each of the two most recently completed financial years, other than compensation disclosed under section 32, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the venture issuer or any subsidiary entity of the venture issuer, to each “named executive officer” and each director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the named executive officer or director for services provided or to be provided, directly or indirectly, to the venture issuer or any of its subsidiary entities.

Guidance:

Compensation includes payments, grants, awards, gifts and benefits and would generally include,

- *salaries,*
- *consulting fees,*
- *retainer fees,*
- *bonuses,*
- *committee and meeting fees,*
- *special assignment fees,*
- *pensions and employer paid RRSP contributions,*
- *perquisites such as*

- *car, car lease, car allowance or car loan,*
- *personal insurance,*
- *parking,*
- *accommodation, including use of vacation accommodation,*
- *financial assistance,*
- *club memberships,*
- *use of corporate motor vehicle or aircraft,*
- *reimbursement for tax on perquisites or other benefits,*
- *investment-related advice and expenses, and*
- *gifts.*

(2) For the purposes of this section a “named executive officer” or “NEO” means in respect of the venture issuer and its subsidiary entities each of the following individuals:

- (a) a CEO;
- (b) a CFO;

(c) each of the three most highly compensated executive officers other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection (3), for that financial year;

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the venture issuer, nor acting in a similar capacity, at the end of that financial year.

Guidance:

The \$150,000 threshold in paragraph (c) of the definition of NEO only applies when determining who is a NEO in a venture issuer’s most recently completed financial year. If an individual is a NEO in the most recently completed financial year, disclosure of compensation in prior years must be provided if otherwise required by this form even if total compensation in a prior year is less than \$150,000 in that year.

(3) To calculate total compensation awarded to, earned by, paid to, or payable to an individual under paragraph (2)(c),

(a) use the total compensation that would be reported for each executive officer using the summary compensation table below, as if that executive officer were a named executive officer for the venture issuer’s most recently completed financial year,

(b) exclude each of the following from the calculation,

(i) any pension benefit compensation,

(ii) any incremental payments, payables, and benefits to an executive officer that are triggered by, or result from, termination, severance, constructive dismissal or a change of control that occurred during the most recently completed financial year,

(iii) any cash compensation that relates to foreign assignments that is specifically intended to offset the impact of a higher cost of living in the foreign location, and is not otherwise related to the duties the executive officer performs for the venture issuer.

(4) Despite subsection (1), it is not necessary to disclose Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation that are generally available to all salaried employees.

Director and Executive Officer Compensation, excluding Stock Options, Compensation Securities and Instruments						
Name and position	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	Value of all other compensation	Total

(5) Use notes to the table to disclose:

(a) compensation paid by any person other than the venture issuer, including the identity of that other person;

(b) compensation paid indirectly to the director or named executive officer and, in such case, the amount of compensation, to whom it is paid and the relationship between the director or named executive officer and such other person;

(c) the nature of each perquisite paid, that is, any amount the board of directors considers to be not integrally and directly related to the performance of the director or named executive officer's duties, and how the value of the perquisite was calculated; and

(d) the nature of each form of other compensation paid and how the value of such other compensation was calculated, if it is not paid in cash; and

(e) the nature of each perquisite or other compensation paid or payable that equals or exceeds 25% of the total value of perquisites or other compensation, as applicable, paid or payable to that director or named executive officer.

(6) If non-cash compensation, other than stock options, was provided or is payable, disclose the fair market value of the compensation at the time it is earned. If it is not possible to calculate the fair market value, disclose that fact and the reasons why.

(7) If the venture issuer provides a pension to a director or a named executive officer provide for each such person the additional disclosure required by Item 5 of Form 51-102F6 of Regulation 51-102 respecting Continuous Disclosure Obligations. For details and guidance regarding pension disclosure, see Form 51-102F6.

(8) If a director or named executive officer has served in that capacity for only part of a year, indicate the number of months he or she has served. Do not annualize the compensation.

31. IFRS Compliance Exemption

(1) A venture issuer is exempt from section 30 if it prepares its annual financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises and complies with the requirements of this section.

(2) To rely on the exemption in subsection (1), a venture issuer must disclose each of the following:

(a) the compensation disclosure required by Canadian GAAP applicable to publicly accountable enterprises for “key management personnel” (as defined in Canadian GAAP applicable to publicly accountable enterprises) separately for each director and named executive officer;

(b) the amount of compensation paid for services provided by a director or named executive officer to the venture issuer, by any person other than the venture issuer, and identify the person providing the compensation;

(c) the amount of compensation paid indirectly to a director or named executive officer and, in such case, to whom it is paid and the relationship between the director or named executive officer and such other person;

(d) the nature of each perquisite paid to a director or named executive officer, that is, any amount the board of directors considers to be not integrally and directly related to the performance of the director’s or named executive officer’s duties, and how the value of the perquisite was calculated;

(e) the nature of each perquisite or other compensation paid or payable that equals or exceeds 25% of the total value of perquisites or other compensation, as applicable, paid or payable to that director or named executive officer.

Guidance:

The disclosure required by subsection 31(2) may be provided in the venture issuer’s annual financial statements.

32. Stock Options, Compensation Securities and Instruments

(1) Using the following table, modified as necessary, disclose all securities, convertible securities and similar instruments including stock appreciation rights (“SARs”), deferred share units (“DSUs”), restricted stock units (“RSUs”) and phantom securities granted or issued by the venture issuer or one of its subsidiary entities for services provided or to be provided, directly or indirectly, to the venture issuer or any of its subsidiary entities in the most recently completed financial year.

(a) Disclose on an individual basis, each grant or issuance made to a director or named executive officer.

(b) Disclose grants or issuances to persons other than directors and named executive officers. This disclosure may be aggregated.

(c) If disclosure is provided on an aggregate basis, disclose each issue or grant price (and for convertible securities the price at which they convert) and the number of securities, convertible securities or similar instruments issued or granted at each such price.

Stock Options, Compensation Securities and Instruments							
Name and position	Type of security or other instrument	Number of securities or instruments or for convertible securities, the number of underlying securities and percentage of class	Date of issue or grant	Issue or Conversion price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry date

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(2) Position the tables prescribed in (1) and (5) directly after the table prescribed in subsection 30(1).

(3) Use notes to the table to disclose:

(a) the material terms of the class of security, convertible security or instrument or a cross-reference to such description provided elsewhere in the annual report;

(b) vesting provisions; and

(c) restrictions or conditions with respect to converting convertible securities.

(4) Use notes to the table to disclose any security, convertible security or instrument that has been re-priced, cancelled and replaced, had its term extended or otherwise been materially modified in the most recently completed financial year, including, the original and modified terms, the effective date, the reason for the modification, and if the holder was a director or executive officer, the name of the holder.

(5) Using the following table, modified as necessary, disclose on an individual basis, all exercises by directors and named executive officers of securities referred to in subsection (1) during the most recently completed financial year.

Exercise of Securities by Directors and Named Executive Officers						
Name and position	Type of security or other instrument	Number of securities exercised	Exercise price per security	Date of exercise	Closing price per security on date of exercise	Difference between exercise price and closing price on date of exercise

33. Employment, Consulting and Management Agreements

(1) Disclose the terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the venture issuer or any of its subsidiary entities that were

(a) performed by a director or named executive officer,

(b) performed by any other party but are services typically provided by a director or a person who would typically be a named executive officer.

(2) For each agreement or arrangement referred to in subsection (1), disclose each of the following:

(a) the provisions, if any, with respect to change of control, severance, termination or constructive dismissal;

(b) the total compensation paid or provided in the most recently completed financial year or that is payable or to be provided by the venture issuer or any of its subsidiary entities,

(c) any relationship between the other party to the agreement and a director or named executive officer of the venture issuer or any of its subsidiary entities.

34. Oversight and Description of Director and Executive Officer Compensation

- (1) Disclose who determines director compensation and how and when it is determined.
- (2) Disclose who determines the compensation of the named executive officers and how and when it is determined.
- (3) For each named executive officer, all of the following must be disclosed:
 - (a) describe and explain all significant elements of compensation awarded to, earned by, paid or payable to the NEO for the most recently completed financial year, including at a minimum each element of compensation that accounts for 10% or more of the NEO's total compensation,
 - (b) disclose whether or not total compensation or any significant element of compensation is tied to one or more performance criteria or goals, including for example, milestones, agreements or transactions and, if so,
 - (i) describe the performance criterion or criteria and goals, and
 - (ii) indicate the weight assigned to each performance criterion or goal,
 - (c) disclose any significant events that have occurred during the most recently completed financial year that have significantly affected compensation including whether any performance criterion or goal was waived or changed and, if so, why,
 - (d) disclose how the venture issuer determines the amount to be paid for each significant element of compensation referred to in paragraph (a), including whether the process is based on objective, identifiable measures or a subjective decision,
 - (e) disclose whether a peer group is used to determine compensation and, if so, describe the peer group and why it is considered appropriate,
 - (f) disclose any significant changes to the venture issuer's compensation policies that were made during or after the most recently completed financial year that could or will have an effect on director or NEO compensation.
- (4) Despite subsection (3) if a reasonable person would consider disclosure of a previously undisclosed specific performance criterion or goal to seriously prejudice the venture issuer's interests, the venture issuer is not required to disclose it if the venture issuer does each of the following:
 - (a) discloses the percentage of the NEO's total compensation that relates to the undisclosed criterion or goal,
 - (b) discloses the anticipated difficulty in achieving the performance criterion or goal,
 - (c) states that it is relying on this exemption,
 - (d) explains why disclosing the performance criterion or goal would seriously prejudice its interests.

For the purposes of this exemption, a venture issuer's interests are not considered to be seriously prejudiced solely by disclosing performance goals or criteria if those criteria or goals are based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, and earnings before interest, taxes, depreciation and amortization (EBITDA).

35. Stock Option Plans and Other Incentive Plans

(1) Describe the material terms of each stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units, restricted stock units or phantom securities and any other incentive plan or portion of a plan under which awards are granted.

Guidance

Examples of material terms are: vesting provisions, maximum term of options granted, whether a stock option plan is a rolling plan, the maximum number or percentage of options that can be granted, method of settlement.

(2) Indicate for each such plan or agreement whether it has been approved by shareholders.

(3) Disclosure is not required of plans, such as shareholder rights plans, that involve issuance of securities to all securityholders.

PART 6 MATERIAL RELATED ENTITY TRANSACTIONS AND INDEBTEDNESS

36. Related Entity Indebtedness

(1) Use the following table, modified as necessary, to disclose each director, executive officer or other related entity of the venture issuer that

(a) during the most recently completed financial year, owed a debt to the venture issuer or any of its subsidiary entities, or

(b) was the beneficiary of a guarantee to a third party, a support agreement, letter of credit or similar arrangement or understanding provided by the venture issuer or any of its subsidiary entities to such person during the most recently completed financial year.

Name and position (e.g., title or description of related entity relationship)	Role of venture issuer (e.g., lender or guarantor)	Amount outstanding at financial year end / Largest amount outstanding in financial year	Interest rate	Secured debt?	Amount, if any, of debt forgiven in last financial year

(2) Add notes to the table to include material terms of the debt, agreement or other arrangement including,

- (a) the terms of repayment,
- (b) the date of the agreement or other arrangement,
- (c) the due date for repayment of the debt,
- (d) a description of any security provided for the debt,
- (e) the business purpose for the transaction, and
- (f) whether the debt was for the purpose of purchasing securities of the venture issuer.

37. Other Material Related Entity Transactions

(1) Except to the extent disclosed previously in Part 5 or section 36, disclose the terms of each material related entity transaction that has occurred during the most recently completed financial year and each material related entity transaction that senior management has proposed and that it is probable the board of directors will approve. Include the disclosure required by section 10 of Form 51-103F2 for each of the material related entity transactions required to be disclosed.

(2) If the disclosure required by this section in respect of any material related entity transaction will be disclosed in the notes to the financial statements or mid-year interim financial report of the venture issuer which form part of the annual report or mid-year report, it is not necessary to restate the disclosure here if the venture issuer states that and identifies the note or notes to where the disclosure is located.

Guidance:

A series of material related entity transactions might not be individually material but collectively might be considered material where they are all with the same related entity or with a related entity and other persons with whom the related entity has a family relationship or a significant business or other relationship.

PART 7 INTERESTS OF EXPERTS

38. Names of Experts

(1) Disclose the name of each person who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under the Regulation or Regulation 51-102 respecting Continuous Disclosure Obligations during, or relating to, the venture issuer's most recently completed financial year if that person's profession or business gives authority to the report, valuation, statement or opinion made by the person.

(2) Identify the report, valuation, statement or opinion and the filing or filings in which it was referred to.

(3) For the purpose of this Part, a person referred to in subsection (1) is an "expert".

(4) Despite subsection (1), disclosure is not required for the auditor of a business acquired by the venture issuer or one of its subsidiary entities if the auditors are not the auditors of the venture issuer and management of the venture issuer does not intend to recommend that they be appointed as auditors of the venture issuer.

39. Interests of Experts

(1) Disclose all securities, other than securities held through mutual funds, or other property of the venture issuer, its subsidiary entities or affiliates that

(a) were beneficially owned, or that were directly or indirectly controlled or directed by an expert required to be named in section 38 and, if the expert is not an individual, by the designated professionals of that expert,

(i) when that expert prepared the report, valuation, statement or opinion referred to in section 38,

(ii) at any time since the time specified in paragraph (i), or

(b) are to be directly or indirectly received by an expert named in section 38 and, if the expert is not an individual, by the "designated professionals" of that expert.

(2) For the purposes of subsection (1), a designated professional means, in relation to an expert named in section 38

(a) each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the report, valuation, statement or opinion referred to in section 38, and

(b) each partner, employee or consultant of the expert who was, at any time during the preparation of the report, valuation, statement or opinion referred to in section 38, in a position to directly influence the outcome of the preparation of the report, valuation, statement or opinion, including, without limitation,

(i) any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the report, valuation, statement or opinion referred to in section 38, including those at all successively senior levels through to the expert's chief executive officer,

(ii) any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the report, valuation, statement or opinion referred to in section 38, and

(iii) any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in section 38.

(3) For the purposes of subsection (1), if a person's interest in the securities of the venture issuer represents less than one per cent of the venture issuer's outstanding securities of the same class, a general statement to that effect is sufficient.

(4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or who has performed an audit in accordance with U.S. PCAOB GAAS or U.S. AICPA GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.

(5) If a person or a director, officer or employee of a person referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, executive officer or employee of the venture issuer, one of its subsidiary entities or an affiliate disclose the fact or expectation.

Guidance:

(1) *In some cases securities legislation requires that the consent of an expert be obtained before referring to the expert's report, valuation, statement or opinion. See for example Regulation 43-101 respecting Standards of Disclosure for Mineral Projects and Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities.*

(2) *A consent may also be required at a future date if the filing in which the expert's report, valuation, statement or opinion is included or referred to is incorporated by reference into a short form prospectus.*

PART 8 BOARD AND GOVERNANCE MATTERS

40. Board Committees

(1) Identify each of the committees of the venture issuer's board of directors and briefly describe the powers and responsibilities of each of the committees.

(2) Using the following table, modified as necessary,

(a) identify each director,

(b) disclose each of the board committees upon which the director serves, and

(c) identify each of the directors who are executive officers or employees of the venture issuer.

(3) In respect of the members of the audit committee, indicate whether or not the board of directors considers the director to be financially literate.

(4) In assessing financial literacy of an audit committee member, the board of directors must consider the individual's

(a) ability to understand the accounting principles used by the venture issuer to prepare its annual financial statements and interim financial reports,

(b) ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, and

(c) experience preparing, auditing, analyzing or evaluating annual financial statements and interim financial reports that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the venture issuer's annual financial statements and interim financial reports, or experience actively supervising one or more individuals engaged in such activities.

Name of director	Board committees on which director serves	Executive officer or employee?	Financially literate? (Audit committee only)

(5) Disclose each relationship of each of the directors that the board of directors considers could reasonably be expected to affect the director's ability to exercise independent judgement in a particular circumstance.

(6) Disclose the number of board meetings held since the date of the last annual report and indicate for each director the number of meetings attended.

(7) Disclose for each board committee, the number of meetings held since the date of the last annual report and indicate for each committee member, the number of meetings attended.

41. Governance and Ethical Conduct

(1) Disclose whether or not the venture issuer's directors and officers are subject to any statutory or contractual obligations that require them, in performing their services as directors and officers of the venture issuer, to

(a) act honestly and in good faith,

(b) exercise care, skill or diligence.

If any such requirements apply, briefly describe them.

Guidance:

It is not necessary to provide a lengthy description. If, for example, the issuer is subject to similar requirements under an incorporating statute it is sufficient to refer to the name of the statute, indicate to whom the obligations are owed, and quote the provisions of that statute. It is not necessary to summarize general common-law obligations.

(2) Disclose whether the board takes any steps to encourage and promote a culture of ethical business conduct and, if so, describe those steps.

(3) Disclose how the board of directors facilitates its exercise of independent supervision over management, including

(a) steps taken by the directors of the venture issuer to identify, prevent and address material conflicts of interest between the venture issuer, any of its subsidiary entities and the directors and executive officer of the venture issuer,

(b) the board of director's process for identifying Related Entities, material related entity transactions and for reviewing and approving material related entity transactions.

(4) Briefly describe the significant components of the venture issuer's review and approval process designed to ensure that disclosure contained in news releases, Annual Reports and Mid-Year Reports does not contain misrepresentations or misleading information as described in Part 2 of the Regulation.

Guidance:

When responding to subsection 41(4) focus on those aspects of the review and approval process in which the directors and executive officers are engaged, such as consultations with expert advisers or senior staff, meetings of directors and/or executive officers, and internal policies or procedures requiring reviews by various parties. It is not necessary to provide a lengthy review of the issuer's disclosure controls and procedures or internal controls over financial reporting.

(5) Describe any steps taken by the venture issuer (including, for example, educational efforts, confidentiality agreements and the adoption of policies or procedures) to deter persons with knowledge of an undisclosed material fact or material change in respect of the venture issuer from

(a) buying or selling a security of the venture issuer or exercising or issuing any option or other convertible security, the underlying security of which is a security the value of which is derived by reference to a security of the venture issuer,

(b) recommending or encouraging any other person to do anything referred to in paragraph (a), or

(c) informing, other than as necessary in the ordinary course of business, any other person of that undisclosed material fact or material change.

(6) Describe any steps taken to provide an orientation to new directors and to provide continuing education for directors.

(7) Disclose what steps, if any, the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

42. Auditor Independence

(1) If the auditor performed services during the most recently completed financial year, other than for audit fees, disclose whether those services were pre-approved by the audit committee. If not, state that in bold type. If they were pre-approved by a pre-approval policy, describe that policy.

(2) Disclose whether the audit committee recommended the appointment and compensation of the external auditor for the most recently completed financial year. If not or if the recommendations were not adopted, state that in bold type and explain why not.

(3) Using the following table, disclose the fees billed to the venture issuer or any of its subsidiary entities by its external auditor for professional services relating to each of the two most recently completed financial years. Add notes to the table to provide details of the services provided, if any, in each of the categories.

Category	[Most recently completed financial year] (\$)	[Preceding financial year] (\$)
Audit Fees		
Audit-Related Fees		
Tax Fees		
All Other Fees		

(4) For the purpose of this section:

(a) “Audit Fees” are the aggregate fees billed by the external auditor in respect of the financial year for audit services;

(b) “Audit-Related Fees” are the aggregate fees billed by the external auditor in respect of the financial year for assurance and related services that are reasonably related to the performance of the audit or review of the venture issuer’s annual financial statements and interim financial reports and are not reported as “Audit Fees”;

(c) “Tax Fees” are the aggregate fees billed by the external auditor in respect of the financial year for professional services for tax compliance, tax advice and tax planning.

(d) “All Other Fees” are the aggregate fees billed by the external auditors in respect of the financial year for products and services not described in one of the three other categories.

PART 9 CONTENTS OF A MID-YEAR REPORT

43. Mid-Year Report Contents

A mid-year report must include cover page disclosure as specified by paragraphs (1)(a) and (d) and subsections (2) and (3) of section 14 – Cover Page, and any other items referenced in section 14, if they have changed since the date of the last annual report.

44. Mid-Year Report MD&A

A mid-year report must include MD&A disclosure in accordance with each of the following provisions, modified as necessary to refer to the most recently completed mid-year period and mid-year interim financial report and where applicable for comparative purposes, the most recent prior mid-year period and prior mid-year interim financial report:

- (a) subsection 17(2) – Management’s Assessment of Performance;
- (b) subsection 17(3) – Issuers without Significant Operating Revenue;
- (c) subsection 17(4) – Actual Use of Financing Proceeds;
- (d) subsection 17(5) – Liquidity and Capital Resources;
- (e) section 19 – Off Balance Sheet Arrangements;
- (f) section 20 – Significant Equity Investees;
- (g) section 37 - Other Material Related Entity Transactions.

45. Mid-Year Interim Financial Report in Mid-Year Report

(1) A mid-year interim financial report must be included in and form part of a mid-year report.

(2) If an auditor was not engaged to review the mid-year interim financial report

- (a) state that fact;

(b) if the auditor was unable to complete a review, disclose that fact and the reasons for the inability to complete the review; and

(c) if there were any reservations in the review report, include the review report.

46. Certification of Mid-Year Report

A mid-year report must include the disclosure certificate required by Part 11.

PART 10 ANNUAL FINANCIAL STATEMENTS

47. Annual Financial Statements

The annual financial statements, including the accompanying auditor's report, must be included in and form part of the annual report.

Guidance:

Because the definition of annual financial statements in Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for venture issuers includes both the financial statements for the most recently completed financial year and the corresponding statements for the financial year immediately preceding the most recently completed financial year, a venture issuer will generally be required to include audited annual financial statements for the two most recently completed financial years.

PART 11 DISCLOSURE CERTIFICATE

48. Required Certificate

(1) The certificate in the form set out in section 50, must be attached to each annual report and mid-year report.

(2) Despite subsection (1), a venture issuer may provide a certificate in the following form:

(a) for an annual report, Form 52-109F1 of Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, as if each of the following applies:

- (i) the venture issuer is a senior unlisted issuer;
- (ii) references to "annual filings" are read as "annual report";
- (iii) the certificate is modified, as necessary, to refer to the annual report.

(b) for a mid-year report, Form 52-109F2 of Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, as if each of the following applies:

- (i) the venture issuer is a senior unlisted issuer;
- (ii) references to "interim filings" are read as "mid-year report";
- (iii) references to "interim period" are read as "mid-year period";
- (iv) the certificate is modified, as necessary, to refer to the mid-year report.

(3) A venture issuer providing a certificate in accordance with subsection (2) must comply with Part 3 of Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, as if the venture issuer is a senior unlisted issuer.

(4) The certificate must be dated and must be signed by the CEO and the CFO. If the individual signing in the capacity of CEO or CFO does not hold the title of CEO or CFO, indicate the individual's title.

(5) If an annual report or mid-year report is revised, the certificate must be redated and resigned by the CEO and the CFO.

49. Date of Certificate

The Disclosure Certificate must be signed and dated as of the date that the annual report, mid-year report, or revised report as applicable, is filed.

50. CEO and CFO Certificate

As [CEO / CFO],

(a) I acknowledge my responsibility for the disclosure of information in this [annual report/mid-year report] including the [annual financial statements/mid-year interim financial report] and management's discussion and analysis.

(b) I confirm I have reviewed the [annual report/mid-year report] to which this certificate is attached, and for greater certainty, all documents and information incorporated by reference into the [annual report/mid-year report] and, based on my knowledge, having exercised reasonable diligence, the [annual report/mid-year report]

(i) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the [annual report/mid-year report], and

(ii) fairly presents in all material respects the financial condition, financial performance and cash flows of [insert name of venture issuer] as of the date of and for the periods presented in the [annual report/mid-year report].

[print name and title of CEO]

[print name and title of CFO]

[signature of CEO]

[signature of CFO]

Date: _____

Note to Reader: [insert name of venture issuer], as a venture issuer, is not required to establish and maintain disclosure controls and internal control over financial reporting (as those terms are defined in Regulation 52-109 respecting Certification of Disclosure in Issuers Annual and Interim Filings). This may result in additional risks to the quality, reliability, transparency and timeliness of annual reports, mid-year reports and other disclosures provided by it under securities legislation.

Guidance:
If a venture issuer provides a certificate in the form of section 50, it is not required to discuss in its annual report or mid-year report the design or operating effectiveness of disclosure controls and procedures or internal control over financial reporting. If a venture issuer provides a certificate in the form of section 50, but chooses to discuss in its annual report, mid-year report or other regulatory filings the design or operation of one or more components of its disclosure controls and procedures or internal control over financial reporting, it should also consider disclosing in the same document that:

(a) the venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures and internal control over financial reporting and has not completed such an evaluation; and

(b) inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis disclosure controls and procedures and internal control over financial reporting for the venture issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

A selective discussion in a venture issuer's MD&A about one or more components of a venture issuer's disclosure controls and procedures or internal control over financial reporting without these accompanying statements will not provide transparent disclosure of the state of the venture issuer's disclosure controls and procedures or internal control over financial reporting.

With respect to the content of certificates, Part 11 requires the annual and mid-year certificates to be filed in the exact wording prescribed by the required form (including the form number and form title) without any amendment. Failure to do so will be a breach of the Regulation.

**FORM 51-103F2
REPORT OF MATERIAL CHANGE, MATERIAL RELATED ENTITY
TRANSACTION OR MAJOR ACQUISITION**

PART 1 INSTRUCTIONS

1. Title of Form

Modify the title of this form to indicate whether the report is being filed to report a material change, a material related entity transaction or a major acquisition. If the transaction falls in more than one of these categories, modify the title of the report to reflect each of the applicable categories.

2. Format

The numbering, headings and ordering of the items included in this form are guidelines only.

3. Defined Terms

Refer to the Regulation for the definition of terms that are used in this form that are not defined in the form. If terms are not defined in the Regulation, refer to securities legislation and Regulation 14-101 respecting Definitions.

4. Plain Language

Use plain, easy to understand language in preparing the report of material change, material related entity transaction or major acquisition. Avoid technical terms but, if they are necessary, explain them in a clear and concise manner.

5. Incorporating Material by Reference

If the disclosure required by this form has previously been provided in another document filed by the venture issuer, a venture issuer may comply with the disclosure requirements of this form by stating the name and date of that other document and that it is available in the venture issuer's profile on SEDAR at www.sedar.com. The venture issuer must also include a statement that the applicable disclosure is incorporated by reference into this report. If the other document is lengthy, indicate the location of the relevant information in the other document.

PART 2 CONTENTS OF REPORT

6. Name and Address

State the venture issuer's full name and the address of its head office.

7. Date of Material Change, Material Related Entity Transaction or Major Acquisition

Disclose the following, as applicable:

- (a) the date of the material change;
- (b) the date of the decision to implement a material related entity transaction;
- (c) the date of the material related entity transaction;
- (d) the acquisition date for a major acquisition.

8. News Release

State the date of the news release issued under section 20 of the Regulation and the news wire or service used to disseminate it.

9. Summary of Material Change, Material Related Entity Transaction or Major Acquisition

Briefly summarize the nature and substance of the material change, material related entity transaction or major acquisition being reported.

10. Full Description of Material Change, Material Related Entity Transaction or Major Acquisition

(1) Describe the material change, material related entity transaction or major acquisition so that a reader can appreciate management's assessment of the reasonably anticipated significance and impact of the material change, material related entity transaction or major acquisition on the venture issuer's business, operations, financial performance, financial position, risks and prospects, whether positive or negative.

Guidance:

Specific financial forecasts are not normally required in connection with disclosure of a material change, material related entity transaction or major acquisition.

(2) Disclose the purpose of and reasons for the material change, material related entity transaction or major acquisition.

(3) Disclose in respect of the material change, material related entity transaction or major acquisition, each of the following that are applicable, if material:

(a) the date(s) of each applicable agreement;

(b) in respect of an acquisition, the acquisition date or anticipated acquisition date, as determined in accordance with the issuer's GAAP and, in respect of a disposition, the closing date or anticipated closing date;

(c) the parties to the agreement or transaction and if the event or transaction is a material related entity transaction, the nature of the relationship that causes each applicable entity to be considered a related entity of the venture issuer;

(d) if the venture issuer is acquiring or has acquired an asset or business from a related entity, and the related entity acquired the asset or business within the prior three calendar years, the consideration paid by that related entity for the asset or business;

(e) for each asset, business, related business or liability acquired, disposed of or leased, a description, including its location;

(f) the consideration paid or to be paid for each asset, business or related business or liability acquired, disposed of or leased, including

(i) on-going commitments arising from the event or transaction,

(ii) an estimate of the aggregate consideration paid or received for all assets, businesses, related business or liabilities subject to the transaction (as reasonably anticipated to be recorded in the financial statements or interim financial reports of the venture issuer),

(iii) how the consideration was determined, including whether a valuation was obtained, and, if so, identify the valuator and summarize the material terms of the valuation,

(iv) how and when the consideration is to be paid, including a description of the number and type of securities that form all or part of the consideration,

(v) for acquisitions, where consideration includes a cash payment, the source of funds;

(g) risks related to the material change, material related entity transaction or major acquisition;

(h) any plans or proposals for a significant change in the venture issuer's business affairs or those of an acquired business or related business that may have a significant effect on its financial performance or financial position, for example, plans to liquidate, amalgamate or sell or lease all or substantially all of the assets of a business;

(i) the identity of each person that has or will become or who has ceased or will cease to be a director, executive officer, principal holder or control person in connection with the material change, material related entity transaction or major acquisition.

11. Additional Disclosure, Financial Statements or other information for a Major Acquisition or Restructuring Transaction

Include the additional disclosure, financial statements or other information required by Part 6 of the Regulation.

12. Additional Disclosure for Material Changes to Prior Oil and Gas Activity Disclosure

If the report relates to a material change to the disclosure made in the most recently filed Form 51-101F1 made by the venture issuer under Regulation 51-101 Standards of Disclosure for Oil and Gas Activities, the venture issuer must

(a) identify the original disclosure to which the material change relates, and

(b) discuss how the venture issuer reasonably expects the material change would have affected the most recently filed Form 51-101F1 if the material change had occurred before the effective date of such statement.

13. Confidential Reports of Material Change, Material Related Entity Transactions or Major Acquisitions

If this report is being delivered on a confidential basis in reliance on section 31 of the Regulation, state the reasons for such reliance.

Guidance

Refer to section 31 of Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers concerning continuing obligations about confidential reports of material change, material related entity transactions or major acquisitions.

14. Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

In a separate letter to the applicable regulator or securities regulatory authority marked "confidential" provide the reasons for your company's omission of confidential significant facts in the report in sufficient detail to permit the applicable regulator or securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

15. Contact Person

State the name, position and telephone number of an executive officer of the venture issuer who is knowledgeable about the material change, material related entity transaction or major acquisition reported and the contents of the report.

16. Date of Report

Date the report.

**FORM 51-103F3
PROXY FORM**

1. Definitions

Refer to the Regulation for terms used in this form that are not defined in the form. If terms are not defined in the Regulation, refer to securities legislation and Regulation 14-101 respecting Definitions.

2. General Requirements

(1) A proxy form must clearly identify the meeting in respect of which the proxy is solicited and each matter management (or other person making the solicitation) reasonably anticipates securityholders will be asked to vote upon at the meeting.

(2) A proxy form must indicate in bold-face type whether or not the proxy is solicited by or on behalf of management and if not, by whom the proxy is solicited.

(3) A proxy form must provide a specific blank space for each of the following:

(a) dating it,

(b) the printed name of the securityholder and any person authorized to sign on behalf of the securityholder,

(c) the signature of the securityholder or the securityholder's authorized signatory.

3. Authority of Securityholder

(1) A proxy form must indicate in bold-face type that the securityholder has the right to appoint a person to represent the securityholder at the meeting, other than a person designated in the proxy form and that the person appointed does not need to be a securityholder. The proxy form must also provide instructions regarding how this right can be exercised.

(2) A proxy form must provide an option for the securityholder to specify that the securities registered in the securityholder's name will be voted

(a) for or withheld from voting in respect of the appointment of an auditor or the election of directors, and

(b) for or against each other matter or group of related matters identified in the proxy form.

(3) A proxy form must state that

(a) the securities represented by the proxy form will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for, and

(b) if the securityholder specifies a choice under subsection (2) with respect to any matter to be acted upon, the securities will be voted accordingly.

(4) A proxy form must state whether the person giving the proxy has the right to revoke it and if there are any limitations on or conditions to the right to revoke, must describe those.

(5) A proxy form may confer discretionary authority but only by way of a specific statement conferring such authority and only if

(a) the proxy form states in bold-face type how the securities represented by the proxy form will be voted in respect of each such matter or group of related matters if a securityholder does not specify a choice with respect to a matter referred to in paragraph 2(b),

(b) with respect to amendments or variations to matters identified in the notice of meeting or other matters properly coming before the meeting, the person by whom or on whose behalf the solicitation is made is not aware within a reasonable time before the time the solicitation is made that any of these amendments or variations or other matters are to be presented for action at the meeting.

(6) Despite subsection (5) a proxy form must not confer discretionary authority to vote in either of the following two circumstances:

(a) for the election of any person as a director unless a *bona fide* proposed nominee for that election is named in the proxy form,

(b) at a meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting.

4. Access to Information Regarding Matters to be Voted Upon

(1) A proxy form must indicate in bold-face type that the information circular, annual report, mid-year report and any other disclosure relating to the matters to be acted upon at the meeting can be accessed electronically on the SEDAR website at www.sedar.com, and, if applicable, identify the specific location on another website where it can be accessed.

(2) A proxy form must state whether management of the venture issuer is using the notice and access system permitted by section 15 of the Regulation for all or only certain securityholders and if it is being used for only certain securityholders, provide an explanation for this decision.

5. Securityholder Request for Documents

The proxy form must disclose that a securityholder may request, free of charge, a copy of the most recent information circular, annual report and mid-year report and must identify how that request can be made, including identifying a contact person with an address, toll-free telephone number and, if applicable, an email address.

FORM 51-103F4
INFORMATION CIRCULAR

PART 1 INSTRUCTIONS

1. Defined Terms

Refer to the Regulation for terms that are used in this form that are not defined in this form. If not defined in the Regulation, refer to securities legislation and Regulation 14-101 respecting Definitions.

This form also uses accounting terms that are defined, or referred to, in Canadian GAAP applicable to publicly accountable enterprises. See the guidance at the end of Part 1 of the Regulation.

2. Incorporating Information by Reference

If the disclosure required by this form has previously been provided in another document filed by the venture issuer, the venture issuer may comply with the disclosure requirements of this form by stating the name and date of that other document and that it is available on the venture issuer's profile on SEDAR at www.sedar.com. The venture issuer must also include a statement that the applicable disclosure is incorporated by reference into the information circular. If the other document is lengthy, indicate the location of the relevant information in the other document.

3. Plain Language

Use plain, easy to understand language in drafting the information circular. Avoid technical terms but, if they are necessary, explain them in a clear and concise manner.

4. Format

The numbering, headings and ordering of the items included in this form are guidelines only. To make the information circular easier to understand, present information in tables, where possible. State all amounts in figures.

5. Omitting Information

It is not necessary to respond to an item in this form if it is not applicable to the venture issuer. Information may be omitted if (a) it is not known to the person on whose behalf the solicitation is made, (b) it is not reasonably within the power of such person to obtain, and (c) the information circular briefly states the circumstances that make the information unavailable.

PART 2 INTRODUCTORY CONTENTS OF INFORMATION CIRCULAR

6. Date

Date the information circular with a date that is not more than thirty days before the date the information circular is first sent to any securityholder of the venture issuer. Unless otherwise required by this form, all information in the information circular must be current to that date.

7. Solicitation

(1) Indicate who is making or on whose behalf the solicitation is being made. State who will pay the costs of solicitation.

(2) If the solicitation is to be made other than by mail, describe the method to be used. If specially engaged employees or soliciting agents will make the solicitation describe the material terms of the engagement including the parties and the cost.

8. Opposition by a Director

If a director has informed management that he or she intends to oppose any action intended to be taken by management at the meeting, state this and indicate the action that he or she has indicated an intention to oppose.

9. Record Date Establishing Securityholders Who Can Vote

- (1) State the record date for determining which securityholders of record are entitled to vote at the meeting or, if applicable, the particulars as to the closing of the security transfer register.
- (2) If the right to vote is not limited to securityholders of record as of a specified record date, state the conditions under which securityholders are entitled to vote.

10. Outstanding Voting Securities

- (1) For each class of voting securities of the venture issuer entitled to be voted at the meeting, state the number of securities outstanding and describe the voting rights.
- (2) If the venture issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable into or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, provide a cross-reference to the disclosure in the annual report that complies with Part 10 of Regulation 51-102 respecting Continuous Disclosure Obligations.

PART 3 ADDITIONAL INFORMATION

11. Availability of Information

- (1) State that additional information relating to the venture issuer is available on SEDAR at www.sedar.com
- (2) State that information regarding the venture issuer can be found in the annual report for its most recently completed financial year and in the most recently filed mid-year report.
- (3) Identify and disclose in bold-face type the most recently filed annual report or other document in which disclosure was provided relating to
 - (a) director and executive officer compensation,
 - (b) indebtedness of directors and executive officers,
 - (c) governance of the venture issuer by the board of directors, and
 - (d) fees paid to the auditor.

State that information relating to each of those matters can be found in the applicable document and that the document is available on the SEDAR website at www.sedar.com.

- (4) If a venture issuer has not filed, prior to the date of the information circular, an annual report for its most recently completed financial year, the information circular must include the disclosure required to be included in an annual report under Parts 2, 3, 4, 5, 6, 7 and 8 of Form 51-103F1.

- (5) Disclose how a securityholder may contact the venture issuer to request a copy of the venture issuer's most recent annual report and mid-year report.

PART 4 ELECTION OF DIRECTORS

12. Biographies of and Securities Held by Proposed Directors

This section only applies if directors are to be elected at the meeting.

(1) List each of the individuals who are to be nominated for election as a director and each other individual whose term as a director will continue following the meeting, including the expiry date of such individual's term.

(2) If an individual, who is not currently a director, is to be nominated for election as a director (a "proposed new director"), provide the following information in respect of that individual:

(a) name, municipality and country of residence;

(b) principal occupation, business or employment for the prior five years, including the name and principal business of any company in which any such employment is carried on;

(c) the number of securities of each class of the venture issuer and any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly;

(d) if an individual is or has been within the prior five years a director or executive officer of another reporting issuer or an entity that is subject to reporting obligations in a foreign jurisdiction, the name of that other reporting issuer or entity and the position held with that other reporting issuer or entity;

(e) if the proposed new director, alone or together with his or her associates or affiliated entities, is a principal holder of the venture issuer's securities,

(i) disclose the number of securities of each class beneficially owned, or controlled or directed, directly or indirectly, by the proposed new director and his or her associates or affiliated entities, and

(ii) state the name of each associate or affiliated entity of the proposed new director who is a principal holder; and

(f) if the proposed new director owes or since the start of the last completed financial year owed a debt to the venture issuer or a subsidiary entity of the venture issuer or is or was during the last completed financial year a beneficiary of a guarantee to a third party, a support agreement, letter of credit or similar arrangement or understanding provided by the venture issuer, provide the disclosure specified by section 36 of Form 51-103F1.

(3) For each proposed director who is not a proposed new director, comply with either of the following

(a) provide the disclosure for the proposed director that is required by subsection (2) for a proposed new director

(b) if disclosure comparable to that required by subsection (2) has been provided in the most recent annual report and the information has not changed materially since that date, provide a cross-reference to the disclosure in the most recent annual report and state that it is incorporated by reference into the information circular.

13. Special Voting Rights and Arrangements

(1) If directors are to be elected and any class of securityholder has the right to elect a specified number of directors or has cumulative or similar voting rights, describe those rights and how they may be exercised.

(2) If a proposed director is to be elected under any arrangement or understanding with any other person, name the other person and briefly describe the arrangement or understanding. It is not necessary to describe an arrangement with the directors or executive officers of the venture issuer acting on behalf of the venture issuer.

14. Cease Trade Orders, Penalties, Sanctions and Bankruptcies of Proposed New Directors

(1) If a proposed new director of the venture issuer is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director or executive officer of any entity (including the venture issuer) that, while that individual was acting in that capacity,

(a) was the subject of a cease trade or similar order, including a management cease trade, or an order that denied the relevant entity access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect,

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the entity being the subject of a cease trade or similar order, including a management cease trade, or an order that denied the relevant entity access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect, or

(c) within a year of that individual 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, state the fact.

(2) If a proposed new director or a personal holding company of the proposed new director has, within the 10 years before the date of the information circular, 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 proposed new director or personal holding company, as applicable, state the fact.

(3) If a proposed new director or a personal holding company of a proposed new director has been subject to a penalty or sanction, other than a late filing fee, describe the penalty or sanction imposed and the grounds on which it was imposed, if any of the following apply

(a) it was imposed by a court and relates to securities legislation,

(b) it was imposed by a securities regulatory authority,

(c) it was imposed by a court, regulatory body or SRO and would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed new director.

(4) If a proposed new director or a personal holding company of a proposed new director has entered into a settlement agreement with a securities regulatory authority, describe the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement.

(5) Despite subsection (4), disclosure of a settlement agreement entered into before December 31, 2000 is not required unless it would likely be considered important to a reasonable investor in making an investment decision.

(6) For each proposed director, other than a proposed new director, comply with either of the following:

(a) provide the disclosure required by this section for a proposed new director,

(b) if disclosure comparable to the disclosure required by this section was provided in the last annual report or another document filed in the prior 12 months and that disclosure continues to be accurate, provide a cross-reference to that disclosure and state that it is incorporated by reference into the information circular.

PART 5 APPOINTMENT OF AUDITOR

15. Current Auditor

- (1) Name the current auditor of the venture issuer and if the auditor was first appointed within the last five years, state the date when the auditor was first appointed.
- (2) Indicate who is recommending appointment of the auditor for the ensuing financial year.
- (3) If action is to be taken to replace an auditor, provide the information required under section 4.11 of Regulation 51-102 respecting Continuous Disclosure Obligations as if the issuer was a “senior unlisted issuer” as defined in Regulation 51-102 respecting Continuous Disclosure Obligations to which that regulation applies.

PART 6 PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

16. General Description

- (1) If securityholders will be asked to vote at the meeting on any matter other than the approval of financial statements, the election of directors or the appointment of the auditor, describe the matter they will be asked to vote on (and any related groups of matters) in sufficient detail to allow a reasonable securityholder to form a reasoned judgment on how to vote.

Guidance:

Examples of such matters include:

- *alterations of share capital, such as stock splits, consolidations and creation or amendment of classes of shares;*
- *amendments to constating documents and by-laws;*
- *adoption or amendment of equity compensation plans and shareholders’ rights plans;*
- *major acquisitions or restructuring transactions related to material property acquisitions or dispositions;*
- *reverse takeovers;*
- *amalgamations, mergers, arrangements or reorganizations; and*
- *other similar transactions.*

- (2) If the venture issuer is not legally required to obtain securityholder approval of the matter, explain why the venture issuer is asking securityholders to vote on it. Also state what management intends to do if securityholders vote against the matter.

17. Additional Disclosure for Restructuring Transactions

- (1) If securityholders are asked to vote on a restructuring transaction under which securities are to be changed, exchanged, issued or distributed, include disclosure for each of the following:
 - (a) the venture issuer if it has not filed all documents required under the Regulation,
 - (b) each entity, other than the venture issuer, whose securities are being changed, exchanged, issued or distributed, if the venture issuer’s current securityholders will have an interest in that entity after the restructuring transaction is completed,
 - (c) each entity that would result from the restructuring transaction, if the venture issuer’s securityholders will have an interest in that entity after the restructuring transaction is completed.
- (2) The disclosure required under subsection (1) for the venture issuer or entity must be the disclosure, including annual financial statements and interim financial reports, if any, prescribed

under securities legislation and described in the form of prospectus that the venture issuer or entity, respectively, would be eligible to use immediately prior to the sending and filing of the information circular in respect of the restructuring transaction for a distribution of securities in the jurisdiction.

18. Additional Disclosure for Major Acquisitions

(1) If securityholders are asked to vote on a major acquisition that is not a restructuring transaction, include in the information circular the disclosure, including annual financial statements and interim financial reports, if any, required by section 22 of the Regulation.

(2) If the acquisition date for the major acquisition has not occurred as at the date of the information circular, modify the disclosure required by subsection (1) to

(a) convey that the acquisition date has not occurred;

(b) provide annual financial statements and interim financial reports, if any, for the business or related business to be acquired as if the acquisition date were the date of the information circular.

19. Exemptions from Disclosure

(1) If a person, other than management of a venture issuer, solicits proxies, the disclosure requirements of this Part do not apply to the information circular (a “dissident circular”), unless the sender of the dissident circular is proposing a restructuring transaction involving the venture issuer and the sender, under which securities of the sender, or an affiliated entity of the sender, are to be distributed or transferred to securityholders of the venture issuer.

(2) An information circular or filing statement prepared by a venture issuer in connection with a “qualifying transaction” for a “CPC” or in connection with a “reverse take over” satisfies the disclosure requirements of this Part if the venture issuer complies with the policies and requirements of the TSX Venture Exchange in respect of that qualifying transaction or reverse take over, as applicable.

(3) For the purpose of subsection (2) only, the terms “qualifying transaction”, “CPC” and “reverse take over” have the meanings provided in the TSX Venture Exchange Corporate Finance Manual.

20. Restricted Securities

In addition to the disclosure required by this Part, if securityholders will be asked to vote on a transaction that would have the effect of converting or subdividing, in whole or in part, existing securities into restricted securities, or creating new restricted securities, the information circular must also include a description of:

(1) the rights, including voting rights, attached to the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise;

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

(3) the percentage of the aggregate voting rights attached to the venture issuer’s securities that are represented by the class of restricted securities;

(4) any significant provisions under applicable corporate and securities law, in particular whether the restricted securities may or may not be tendered in any takeover bid for securities of the venture issuer having voting rights superior to those attached to the restricted securities, that do not apply to the holders of the restricted securities that are the subject of the transaction or that will result from the transaction 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; and

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

PART 7 INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE VOTED ON

21. Disclosure of Material Interests

Briefly describe any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be voted on, other than the election of directors or the appointment of auditors:

(a) if the solicitation is made by or on behalf of the venture issuer's management, each individual who has been a director or executive officer of the venture issuer at any time since the beginning of the venture issuer's last financial year;

(b) if the solicitation is made by or on behalf of anyone other than the venture issuer's management, each person by whom, or on whose behalf, directly or indirectly, the solicitation is made;

(c) each proposed new director of the venture issuer; and

(d) each associate or affiliated entity of any of the persons listed in paragraphs (1) to (3).

22. Interpretation

(1) For the purpose of section 21, each of the following persons are deemed to be persons by whom or on whose behalf the solicitation is made (collectively, "solicitors" or individually a "solicitor"):

(a) a member of a committee or group that solicits proxies, and any person whether or not named as a member who, acting alone or with one or more other persons, directly or indirectly takes the initiative or engages in organizing, directing or financing any such committee or group;

(b) a person who contributes, or joins with another to contribute, more than \$250 to finance the solicitation of proxies;

(c) a person who lends money, provides credit, or enters into any other arrangements, under any contract or understanding with a solicitor, for the purpose of financing or otherwise inducing the purchase, sale, holding or voting of securities of the venture issuer but not including a bank or other lending institution or a dealer that, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities.

(2) The following persons are deemed not to be solicitors:

(a) a person retained or employed by a solicitor to solicit proxies or a person who merely transmits proxy-soliciting material or performs ministerial or clerical duties;

(b) a person employed or retained by a solicitor in the capacity of lawyer, accountant, or advertising, public relations, investor relations or financial advisor and whose activities are limited to the performance of their duties in the course of the employment or retainer;

(c) a person regularly employed as an executive officer or employee of the venture issuer or any of its affiliated entities; or

(d) an executive officer or director of, or a person regularly employed by, a solicitor.