

REGULATION IN FORCE FROM JUNE 30, 2011 TO DECEMBER 7, 2015

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c. V-1.1, r. 19

REGULATION 45-101 RESPECTING RIGHTS OFFERINGS

Decision 2001-C-0247, Title; M.O. 2005-17, s. 1.

Securities Act

(R.S.Q., c.V-1.1, s. 331.1)

PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION¹

1.1. Definitions

In this Regulation

"acceptance date" means

(i) the date that is 10 days after the date the issuer gives the notice referred to in the rights offering prospectus exemption, or

(ii) if the reviewing authority has objected to the proposed trade under the rights offering prospectus exemption, the date the reviewing authority notifies the issuer by written notice that it no longer objects to the use of the rights offering prospectus exemption; and

"additional subscription privilege" means the privilege, granted to a holder of a right, to subscribe for securities not subscribed for under a basic subscription privilege;

"basic subscription privilege" means a privilege to subscribe for that number of securities set out in a rights certificate held by a holder of the rights certificate;

"class" includes a series of a class of securities;

¹ A national definition regulation has been adopted as Regulation 14-101 respecting Definitions (c. V-1.1, r. 3). It contains definitions of certain terms used in more than one regulation. Regulation respecting 14-101 also provides that a term used in a regulation and defined in the statute relating to securities of the applicable jurisdiction, the definition of which is not restricted to a specific portion of the statute, will have the meaning given to it in the statute relating to securities of that jurisdiction. Regulation 14-101 also provides that a provision in a regulation that specifically refers by name to a jurisdiction, other than the local jurisdiction shall not have any effect in the local jurisdiction, unless otherwise stated in the provision.

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"managing dealer" means a dealer that has entered into an agreement with an issuer under which the dealer has agreed to organize, and participate in, the solicitation of the exercise of rights issued by the issuer;

"market price" means for securities of a class for which there is a published market

(a) except as provided in paragraph (b)

(i) if the published market provides a closing price, the simple average of the closing price of securities of that class on the published market for each of the trading days on which there was a closing price falling not more than 20 trading days immediately before the day as of which the market price is being determined, or

(ii) if the published market does not provide a closing price, but provides only the highest and lowest prices of securities of the class traded, the average of the simple averages of the highest and lowest prices of securities of the class on the published market for each of the trading days on which there were highest and lowest prices falling not more than 20 trading days immediately before the day as of which the market price is being determined, or

(b) if trading of securities of the class in the published market has occurred on fewer than 10 of the immediately preceding 20 trading days, the average of the following amounts established for each of the 20 trading days immediately before the day as of which the market price is being determined:

1. The average of the closing bid and closing ask prices for each day on which there was no trading.

2. If the published market

(i) provides a closing price of securities of the class for each day that there has been trading, the closing price, or

(ii) provides only the highest and lowest prices, the average of the highest and lowest prices of securities of that class for each day that there has been trading,

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means the prices at which those securities have traded;

"reviewing authority" means

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(a) in all jurisdictions except British Columbia and Alberta, the securities regulatory authority or regulator; and

(b) in British Columbia and Alberta, the regulator²;

"rights offering": the issuance by an issuer to its current securityholders of a right to purchase additional securities of the issuer's own issue

"rights offering prospectus exemption" means the exemption in securities legislation from the prospectus requirement³ for a rights offering;

"rights offering registration exemption" means the exemption in securities legislation from the trading registration requirement for a rights offering;

"soliciting dealer" means a person the interest of which in a rights offering is limited to participating in the solicitation of the exercise of rights by holders of those rights;

"stand-by commitment" means an agreement by a person to acquire securities of an issuer not issued under the basic subscription privilege or the additional subscription privilege available under a rights offering; and

"subscription price" means the price per security at which the securities issuable on the exercise of rights may be subscribed for under a rights offering.

Decision 2001-C-0247, s. 1.1; M.O. 2005-17, s. 5; M.O. 2005-22, s. 1; M.O. 2008-06, s. 3.

² In some jurisdictions, notably British Columbia and Alberta, it is the regulator and not the securities regulatory authority that has the discretion to object to a rights offering proceeding in reliance on the rights offering prospectus exemption. The term "securities regulatory authority" is defined in Regulation 14-101 respecting Definitions (c. V-1.1, r. 3). The definition is the securities commission or similar regulatory authority in the local jurisdiction listed in an appendix to that regulation. The term "regulator" is defined in Regulation 14-101 respecting Definitions as meaning, in a jurisdiction, the person listed in an appendix to that regulation.

³ The term "prospectus requirement" is defined in Regulation 14-101 respecting Definitions as the requirement in securities legislation that prohibits a person from distributing a security unless a preliminary prospectus and prospectus for the security have been filed and receipts obtained for them. The term "securities legislation" is defined in Regulation 14-101 respecting Definitions as meaning the particular statute and legislative instruments of the local jurisdiction set out in an appendix to that Regulation and will generally include the statute, regulations and, in some cases, rules, rulings, orders and forms relating to securities in the local jurisdiction. The term "local jurisdiction" is defined in the Regulation 14-101 respecting Definitions. The definition is "in a regulation adopted or made by a Canadian securities regulatory authority, the jurisdiction in which the Canadian securities regulatory authority is situate".

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1.2. Interpretation

For the purpose of the definition of "market price", if there is more than one published market for a security,

(a) if only one of the published markets is in Canada, the market price shall be determined solely by reference to that market;

(b) if there is more than one published market in Canada, the market price shall be determined solely by reference to the published market in Canada on which the greatest volume of trading in the particular class of securities occurred during the 20 trading days immediately before the date as of which the market price is being determined; and

(c) if there is no published market in Canada, the market price shall be determined solely by reference to the published market on which the greatest volume of trading in the particular class of securities occurred during the 20 trading days immediately before the date on which the market price is being determined.

Decision 2001-C-0247, s. 1.2.

1.3. Application

This Regulation applies to an issuer that trades in a local jurisdiction, by way of a rights offering, securities of its own issue to a beneficial holder of its securities⁴.

Decision 2001-C-0247, s. 1.3; M.O. 2005-17, s. 5.

PART 2 REMOVAL OF RIGHTS OFFERING PROSPECTUS EXEMPTION

2.1. General

The rights offering prospectus exemption is not available to an issuer unless the issuer and the rights offering comply with the requirements of Parts 3, 5, 6, 7 and 8 of this Regulation.

Decision 2001-C-0247, s. 2.1; M.O. 2005-17, s. 5.

⁴ The term "jurisdiction" is defined in Regulation 14-101 respecting Definitions (c. V-11, r. 3) as meaning "a province or territory of Canada except when used in the term foreign jurisdiction". Given the extensive use of book-based systems to register securities, a "residency" test has been imposed.

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2.2. Restricted Offerings

The rights offering prospectus exemption is not available to an issuer for a rights offering in any of the following circumstances:

1. The issuer is a reporting issuer in any jurisdiction and there would be an increase of more than 25% in the number, or, in the case of debt, the principal amount, of the outstanding securities of the class to be issued upon the exercise of rights, assuming the exercise of all rights issued under the rights offering and the exercise of any other rights issued by the issuer under the rights offering prospectus exemption during the 12 months immediately before the acceptance date.
2. The issuer has entered into an agreement to compensate a person for soliciting the exercise of rights issued under the rights offering that provides for payment of a higher fee for soliciting the exercise of rights by holders of rights that were not securityholders of the issuer immediately before the rights offering than the fee payable for soliciting the exercise of rights by holders of rights that were securityholders at that time.
3. The rights offering is conditional on a minimum amount of proceeds being raised and the exercise period for the rights is more than 45 days after the acceptance date.
4. The issuer is not a reporting issuer in any jurisdiction and the exercise period for the rights is more than 60 days after the acceptance date.
5. The issuer is a reporting issuer in any jurisdiction and the exercise period for the rights is more than 90 days after the acceptance date.
6. The issuer is a reporting issuer in any jurisdiction and the exercise period for the rights is less than 21 days after the date on which the rights offering circular is sent to securityholders under paragraph 3.2(a).
7. The issuer is a reporting issuer in any jurisdiction and has not filed financial statements required to be filed under Canadian securities legislation.

Decision 2001-C-0247, s. 2.2; M.O. 2008-06, s. 3.

PART 3 PROSPECTUS EXEMPT OFFERINGS

3.1. Deliveries to the Reviewing Authority

- (1) An issuer that is relying on the rights offering prospectus exemption shall send to the reviewing authority the following documents:

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1. A rights offering circular in draft and final form prepared in accordance with Form 45-101F.

2. If the issuer is not a reporting issuer in any jurisdiction, a statement of the issuer signed on its behalf by a senior officer confirming:

(a) that the issuer is in compliance with the requirements of its incorporating legislation concerning the distribution of information to its security holders; and

(b) no material change has occurred that has not been previously disclosed in writing to its security holders.

3. A copy of any agreement entered into, or proposed to be entered into, by the issuer with a managing dealer.

4. A copy of the technical reports, certificates and consents required under Regulation 43-101 respecting Standards of Disclosure for Mineral Projects (c. V-1.1, r. 15)

5. The details of any other rights offering completed by the issuer within the 12 months immediately preceding the date the rights offering circular in draft form is sent to the reviewing authority.

(2) A rights offering circular in draft form may exclude information about the subscription price and other matters dependent on the subscription price.

Decision 2001-C-0247, s. 3.1; M.O. 2005-17, s. 2; M.O. 2011-02, s. 1.

3.2. Delivery to Securityholders

An issuer that is required to provide notice under the rights offering prospectus exemption shall send

(a) to each securityholder entitled to receive rights under the rights offering a rights offering circular to which the reviewing authority has not objected or has confirmed its acceptance; and

(b) to each securityholder entitled to receive rights under the rights offering and to each registered rights holder, a copy of any amendment under section 3.3.

Decision 2001-C-0247, s. 3.2.

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3.3. Amendments

(1) An issuer that has sent to its securityholders a rights offering circular under paragraph 3.2(a) may amend the rights offering circular, for the purpose of updating information, by sending to the reviewing authority an amendment to the rights offering circular in draft and final form or an amended rights offering circular in draft and final form blacklined to the previously filed rights offering circular⁵.

(2) Despite subsection (1), after the acceptance date, an issuer shall not amend the rights offering circular to change the terms of the rights offering.

Decision 2001-C-0247, s. 3.3.

PART 4 PROSPECTUS OFFERINGS

4.1. Reliance on Registration Exemption

An issuer that files a prospectus for a rights offering and intends to rely on the rights offering registration exemption shall state that it intends to rely on the exemption in a letter accompanying the filing of the preliminary prospectus.

Decision 2001-C-0247, s. 4.1.

4.2. Prospectus

An issuer shall not file a prospectus for a rights offering, unless

(a) in addition to qualifying the distribution of the rights, the prospectus qualifies the distribution of the securities issuable on the exercise of the rights;

(b) if there is a managing dealer, the managing dealer has signed the underwriter's certificate in the prospectus; and

(c) if the issuer is a reporting issuer, the exercise period for the rights is at least 21 days after the date on which the prospectus is sent to securityholders.

Decision 2001-C-0247, s. 4.2.

⁵ In Quebec an amendment to a rights offering circular is required if a material change occurs after the circular has been accepted.

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4.3. Compliance with Instrument

An issuer shall not file a prospectus or an amendment to a prospectus for a rights offering unless the issuer and the rights offering comply with the requirements of Parts 5, 6, 7 and 8.

Decision 2001-C-0247, s. 4.3.

4.4. Amendment

An issuer shall not file an amendment to a prospectus for a rights offering to change the terms of the rights offering.

Decision 2001-C-0247, s. 4.4.

PART 5 INSIDER SUBSCRIPTIONS

5.1. Insider Subscriptions

(1) If there is no published market or the subscription price is greater than the market price, for securities of the class of securities issuable on the exercise of the rights, no insider of the issuer shall be permitted to increase its proportionate interest in the issuer through the exercise of the rights under the rights offering or through a stand-by commitment.

(2) Subsection (1) does not apply if there is no published market and the issuer, at the time that the rights offering circular in final form or the rights offering prospectus under which the rights are to be issued is sent to the reviewing authority, by notice in writing confirms to the reviewing authority that the subscription price for the securities issuable on the exercise of the rights is not greater than the fair value of the securities on the day before the date the subscription price is established.

Decision 2001-C-0247, s. 5.1.

PART 6 STAND-BY COMMITMENTS

6.1. Stand-By Commitments

If there is a stand-by commitment for a rights offering, the issuer shall deliver to the reviewing authority at the time the rights offering circular in final form or the rights offering prospectus is sent to the reviewing authority evidence that the person providing the stand-by commitment has the financial ability to carry out the stand-by commitment.

Decision 2001-C-0247, s. 6.1; M.O. 2008-06, s. 3.

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PART 7 ADDITIONAL SUBSCRIPTION PRIVILEGE

7.1. Additional Subscription Privilege

An issuer shall not grant an additional subscription privilege to a holder of a right unless the issuer grants the additional subscription privilege to all holders of rights.

Decision 2001-C-0247, s. 7.1.

7.2. Stand-by Commitment

If there is a stand-by commitment for a rights offering, the issuer shall grant an additional subscription privilege to all holders of rights.

Decision 2001-C-0247, s. 7.2.

7.3. Number or Amount of Securities

(1) Under an additional subscription privilege, each holder of a right shall be entitled to receive, on exercise of the additional subscription privilege, the number or amount of securities that is equal to the lesser of

(a) the number or amount of securities subscribed for by the holder under the additional subscription privilege; and

(b) $x(y/z)$ where

x = the aggregate number or amount of securities available through unexercised rights,

y = the number of rights previously exercised by the holder under the rights offering, and

z = the aggregate number of rights previously exercised under the rights offering by holders of rights that have subscribed for securities under the additional subscription privilege.

(2) Any unexercised rights shall be allocated on a pro rata basis to holders who subscribed for additional securities based on the additional subscription privilege up to the number of securities subscribed for by a particular holder.

Decision 2001-C-0247, s. 7.3.

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7.4. Price of Securities

The subscription price under an additional subscription privilege or a stand-by commitment shall be the same as the subscription price under the basic subscription privilege.

Decision 2001-C-0247, s. 7.4.

PART 8 APPOINTMENT OF DEPOSITORY

8.1. Depository

(1) *Subject to section 8.2, if a reporting issuer has specified in a rights offering circular or rights offering prospectus that no securities will be issued on the exercise of the rights unless proceeds at least equal to the specified minimum amount are received by the issuer under the rights offering, the issuer shall appoint one of the following to hold, as a depository, all money received on the exercise of the rights until that specified minimum amount is received or until the money is returned under the agreement referred to in section 8.2:*

- 1. A Canadian financial institution⁶.*
- 2. A registrant in the jurisdiction in which the funds are proposed to be held, who is acting as managing dealer for the rights offering, or if there is no managing dealer, who is acting as a soliciting dealer.*

(2) *The issuer shall identify the depository appointed under subsection (1) in the rights offering circular or rights offering prospectus.*

Decision 2001-C-0247, s. 8.1.

8.2. Release of Funds from Depository

The agreement between the depository and the issuer under which the depository referred to in section 8.1 is appointed shall provide that, if the specified minimum amount referred to in section 8.1 is not received by the depository during the exercise period for the rights, the money held by the depository will be returned in full to the holders of rights that have subscribed for securities under the rights offering.

Decision 2001-C-0247, s. 8.2.

⁶ The term "Canadian financial institution" is defined in Regulation 14-101 respecting Definitions (c. V-1.1, r. 3) as a bank, loan corporation, trust company, insurance company, treasury branch, credit union or caisse populaire licensed in Canada or a province or territory and the Fédération des caisses Desjardins du Québec.

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PART 9 LISTING REPRESENTATIONS

9.1. Listing Representations

A reviewing authority's written permission to include a listing representation that is not otherwise permitted under the securities legislation of the Jurisdictions in a rights offering circular or in a rights offering prospectus is evidenced by the acceptance of, or non-objection to, the circular or the issuance of a receipt for the prospectus by the reviewing authority.

Decision 2001-C-0247, s. 9.1.

PART 10 EXEMPTION

10.1. Connection Test

(1) Parts 2, 3, 5, 6, 7 and 8 do not apply to an issuer effecting a rights offering if

(a) to the knowledge of the issuer after reasonable enquiry,

(i) the number of beneficial holders of the class for which the rights are issued resident in Canada does not constitute 10% or more of all holders of that class;

(ii) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in Canada does not constitute, in the aggregate, 10% or more of the outstanding securities of that class;

(iii) the number of beneficial holders of the class for which the rights are issued resident in the local jurisdiction does not constitute 5% or more of all holders of that class; and

(iv) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in the local jurisdiction does not constitute, in the aggregate, 5% or more of the outstanding securities of that class; and

(b) all materials sent to any other securityholders for the rights offering are concurrently sent to the reviewing authority and to each securityholder of the issuer resident in the local jurisdiction.

(2) An issuer relying on the exemption in subsection (1) shall send to the reviewing authority a written notice that it is relying on the exemption and a certificate of an officer or director of the issuer, or if the issuer is a limited partnership, an officer or director of the general partner of the issuer, or if the issuer is a trust, a trustee or officer or director

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of a trustee of the issuer, that to the knowledge of the person signing the certificate, after reasonable inquiry that

(a) the number of beneficial holders of the class for which the rights are issued resident in Canada does not constitute 10% or more of all holders of that class;

(b) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in Canada does not constitute, in the aggregate, 10% or more of the outstanding securities of that class;

(c) the number of beneficial holders of the class for which the rights are issued resident in the local jurisdiction does not constitute 5% or more of all holders of that class; and

(d) the number of securities of the issuer of the class for which the rights are issued beneficially held by securityholders resident in the local jurisdiction does not constitute, in the aggregate, 5% or more of the outstanding securities of that class.

Decision 2001-C-0247, s. 10.1.

10.2. Exemption

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

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

Decision 2001-C-0247, s. 10.2; M.O. 2005-17, s. 5.

10.3. Evidence of Exemption

Without limiting the manner in which an exemption under section 10.2 may be evidenced, the issuance by the reviewing authority of a receipt for the rights offering prospectus or acceptance of, or non-objection to, the rights offering circular is evidence of the granting of the exemption if

(a) the person that sought the exemption delivered to the regulator on or before the date the preliminary rights offering prospectus or rights offering circular in draft form was sent to the reviewing authority, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption; and

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(b) the regulator has not sent written notice to the contrary to the person that sought the exemption before or concurrently with the issuance of the receipt for the prospectus or acceptance of, or non-objection to, the circular by the reviewing authority.

Decision 2001-C-0247, s. 10.3; M.O. 2008-06, s. 3.

PART 11 (Revoked)

Decision 2001-C-0247, Part 11; M.O. 2005-17, s. 3.

11.1. (Revoked).

Decision 2001-C-0247, s. 11.1; M.O. 2005-17, s. 3.

PART 12 FOOTNOTES

12.1. Footnotes

The following footnotes are an integral part of this Regulation :

1. A national definition regulation has been adopted as Regulation 14-101 respecting Definitions (c. V-1.1, r. 3). It contains definitions of certain terms used in more than one regulation. Regulation 14-101 respecting Definitions also provides that a term used in a regulation and defined in the statute relating to securities of the applicable jurisdiction, the definition of which is not restricted to a specific portion of the statute, will have the meaning given to it in the statute relating to securities of that jurisdiction. Regulation 14-101 respecting Definitions also provides that a provision in a regulation that specifically refers by name to a jurisdiction, other than the local jurisdiction shall not have any effect in the local jurisdiction, unless otherwise stated in the provision.

2. In some jurisdictions, notably British Columbia and Alberta, it is the regulator and not the securities regulatory authority that has the discretion to object to a rights offering proceeding in reliance on the rights offering prospectus exemption. The term "securities regulatory authority" is defined in Regulation 14-101 respecting Definitions. The definition is the securities commission or similar regulatory authority in the local jurisdiction listed in an appendix to that Regulation. The term "regulator" is defined in Regulation 14-101 respecting Definitions as meaning, in a jurisdiction, the person listed in an appendix to that Regulation.

3. The term "prospectus requirement" is defined in Regulation 14-101 respecting Definitions as the requirement in securities legislation that prohibits a person from distributing a security unless a preliminary prospectus and prospectus for the security have been filed and receipts obtained for them. The term "securities legislation" is defined in Regulation 14-101 respecting Definitions as meaning the particular statute

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and legislative instruments of the local jurisdiction set out in an appendix to that Regulation and will generally include the statute, regulations and, in some cases, rules, rulings, orders and forms relating to securities in the local jurisdiction. The term "local jurisdiction" is defined in the Regulation 14-101 respecting Definitions. The definition is "in a regulation adopted or made by a Canadian securities regulatory authority, the jurisdiction in which the Canadian securities regulatory authority is situate".

4. The term "jurisdiction" is defined in Regulation 14-101 respecting Definitions as meaning "a province or territory of Canada except when used in the term foreign jurisdiction". Given the extensive use of book-based systems to register securities, a "residency" test has been imposed.

5. In Quebec an amendment to a rights offering circular is required if a material change occurs after the circular has been accepted.

6. The term "Canadian financial institution" is defined in Regulation 14-101 respecting Definitions as a bank, loan corporation, trust company, insurance company, treasury branch, credit union or caisse populaire licensed in Canada or a province or territory and the Fédération des caisses Desjardins du Québec.

Decision 2001-C-0247, s. 12.1; M.O. 2005-17, s. 3 and 5; M.O. 2008-06, s. 3.

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FORM 45-101F1 INFORMATION REQUIRED IN A RIGHTS OFFERING CIRCULAR

This is the form required by section 3.1 of Regulation 45-101 respecting Rights Offering (c. V-1.1, r. 19)

Item 1 Name of Issuer

1.1 Name of Issuer

State the full legal name of the issuer and the addresses of its head office or registered office, and of its principal office.

Item 2 Summary of Offering

2.1 Summary of Offering

On the first page of the circular, set out in summary form

- (i) the number of rights;
 - (ii) the record date;
 - (iii) the time and date of expiry of the offer;
 - (iv) the subscription price;
 - (v) the basic subscription privilege;
 - (vi) the maximum number of securities issuable and the proceeds to be received by the issuer, assuming the exercise of all rights issued under the rights offering;
 - (vii) the estimated expenses of the rights offering;
 - (viii) any stand-by commitment;
 - (ix) the basis on which any additional subscription privilege may be exercised;
- and
- (x) the minimum amount of proceeds, if any, upon which the rights offering is conditioned.

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INSTRUCTIONS:

1. If the rights will be listed on a stock exchange, include the following statement on the face page:

"The Rights will be listed on the [name of exchange]".

2. If the securities issuable on the exercise of the rights will be listed on a stock exchange, include the following statement on the face page:

"The [name of exchange] has approved the listing of the [name of securities] issuable on the exercise of the Rights".

Item 3 International Issuers

3.1 If the Issuer is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the rights offering circular, with the bracketed information completed:

"[The issuer] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the issuer has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgements obtained in Canada against [the issuer].";

3.2 (Revoked).

Item 4 Brief Description of the Business of the Issuer

4.1 Brief Description of the Business of the Issuer

Briefly describe the business carried on and intended to be carried on by the issuer and its subsidiaries.

Item 5 Details of the Rights and Securities Offered

5.1 Details of the Rights and Securities Offered

Describe the significant attributes of the rights issued under the rights offering and the securities to be issued on the exercise of the rights.

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Item 6 Registration and Delivery of Certificates Evidencing Securities

6.1 Registration and Delivery of Certificates Evidencing Securities

Describe the details of the registration and delivery of security certificates or other evidence of securities to holders of rights who exercise the rights.

Item 7 Subscription Agent and Transfer Agent

7.1 Subscription Agent and Transfer Agent

(1) Identify the person appointed as subscription agent to receive subscriptions and payments from holders of a rights certificate and to perform the services relating to the exercise and transfer of the rights and provide details of such arrangements.

(2) Identify the person appointed as registrar and transfer agent for the securities to be issued on exercise of the rights.

Item 8 How to Exercise the Rights

8.1 How to Exercise the Rights

Set out in detail how a holder may exercise the basic subscription privilege, exercise any additional subscription privilege, sell or transfer rights or divide or combine the rights evidenced by the certificate.

INSTRUCTIONS:

1. Describe the basis on which a holder of a rights certificate may exercise the basic subscription privilege and any additional subscription privilege.

2. State if a holder of rights is to forward payment for additional securities issuable under any additional subscription privilege with the duly completed rights certificate or wait until notified by the issuer of the number of additional securities allotted to such holder.

3. Describe the basis on which the holder of a rights certificate may sell or transfer the rights or the prohibitions to the transfer.

4. Describe the basis on which the holder of a rights certificate may divide or combine the certificate with other rights certificates.

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Item 9 Stand-By Commitment

9.1 Stand-By Commitment

Identify the person providing the stand-by commitment, if any. Describe the stand-by commitment, if any, and the material terms of the basis on which the person providing the stand-by commitment may terminate the obligation under the stand-by commitment.

Item 10 Escrow of Proceeds and Depository

10.1 Escrow of Proceeds and Depository

Identify the depository, if any, and any provisions for the deposit of the proceeds of the rights offering with the depository.

Item 11 Managing Dealer, Soliciting Dealer(s) and Underwriting Conflicts

11.1 Managing Dealer and Soliciting Dealer(s)

Identify the managing dealer, if any, and the soliciting dealers, if known, and describe the fees payable to them.

11.2 Underwriting Conflicts

Comply with the requirements of Regulation 33-105 respecting Underwriting Conflicts (c. V-1.1, r. 11).

INSTRUCTION:

Disclose any information concerning conflicts of interest, including, without limitation, underwriting conflicts, as required by securities legislation.

Item 12 Intention of Insiders to Exercise Rights

12.1 Intention of Insiders to Exercise Rights

State, if known to the issuer after reasonable enquiry, the intentions of insiders of the issuer, concerning the exercise of rights issued under the rights offering.

Item 13 Ownership of Securities of Issuer

13.1 Ownership of Securities of Issuer

REGULATION IN FORCE FROM JUNE 30, 2011 TO DECEMBER 7, 2015

Provide the following information for each person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of voting securities of the issuer as of a specified date not more than 30 days before the date of the rights offering circular:

- (a) the name;
- (b) for each class or series of voting securities of the issuer, the number or amount of securities owned, controlled or directed, directly or indirectly; and
- (c) the percentage of each class or series of voting securities known by the issuer to be owned, controlled or directed, directly or indirectly.

13.2 Changes of Ownership

State the particulars of any issuances and, if known to any director or senior officer of the issuer, transfers of securities of the issuer that in either case have materially affected the control of the issuer since the end of the most recent financial year for which audited financial statements have been prepared.

Item 14 Use of Proceeds

14.1 Use of Proceeds

Describe the use of the proceeds of the rights offering.

INSTRUCTIONS:

Specify the estimated gross and net proceeds of the rights offering assuming full exercise of the rights, any minimum amount of proceeds required, and the purpose intended for the proceeds.

Item 15 Statement as to Resale Restrictions

15.1 Statement as to Resale Restrictions

Where the issuer is offering rights in one or more jurisdictions in which there are restrictions on the resale of securities, the rights offering circular shall include a heading entitled "Statement as to Resale Restrictions" under which the issuer shall include a statement disclosing when those rights and underlying securities will become freely tradable in those jurisdictions and that until then, such securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances.

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Item 16 Website

16.1 Website

Disclose the SEDAR website address and that continuous disclosure for the issuer can be obtained on that site.

Item 17 Forward-Looking Information

17.1 Forward-Looking Information

Forward-looking information included in a rights offering circular must comply with section 4A.2 of Regulation 51-102 respecting Continuous Disclosure Obligations (c. V-1.1, r. 24) and must include the disclosure described in section 4A.3 of Regulation 51-102 respecting Continuous Disclosure Obligations. In addition to the foregoing, FOFI or a financial outlook, each as defined in Regulation 51-102 respecting Continuous Disclosure Obligations, included in a rights offering circular must comply with Part 4B of Regulation 51-102 respecting Continuous Disclosure Obligations. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer, section 4A.2, section 4A.3 and Part 4B of Regulation 51-102 respecting Continuous Disclosure Obligations apply as if the issuer or other entity were a reporting issuer.

Decision 2001-C-0247, Sch. 45-101F1; M.O. 2005-17, s. 4; M.O. 2007-09, s. 1; M.O. 2008-06, s. 3.

Decision 2001-C-0247, 2001-06-12
Bulletin hebdomadaire: 2001-06-22, Vol. XXXII n° 22

Amendments

Decision 2005-PDG-0215, 2005-08-01
Bulletin de l'Autorité: 2005-08-26, Vol. 2 n° 34
M.O. 2005-17, 2005 G.O. 2, 3523

Decision 2005-PDG-0256, 2005-08-15
Bulletin de l'Autorité: 2005-09-02, Vol. 2 n° 35
M.O. 2005-22, 2005 G.O. 2, 3643

Decision 2007-PDG-0210, 2007-11-30
Bulletin de l'Autorité: 2008-01-11, Vol. 5 n° 1
M.O. 2007-09, 2007 G.O. 2, 4077

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Decision 2008-PDG-0058, 2008-02-22
Bulletin de l'Autorité: 2008-03-14, Vol. 5 n° 10
M.O. 2008-06, 2008 G.O. 2, 726

Decision 2011-PDG-070, 2011-05-30
Bulletin de l'Autorité: 2011-07-01, Vol. 8 n° 26
A.M. 2011-02, 2011 G.O. 2, 1418

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