

AMENDMENTS TO POLICY STATEMENT TO REGULATION 51-102 RESPECTING CONTINUOUS DISCLOSURE OBLIGATIONS

1. Section 5.4 of *Policy Statement to Regulation 51-102 respecting Continuous Disclosure Obligations* is replaced with the following:

“5.4 Additional Disclosure for Equity Investees

Section 5.7 of the Regulation requires issuers with significant equity investees to provide in their annual or, if the issuer is an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, their interim MD&A (unless the information is included in their annual financial statements or interim financial report), summarized information about the equity investee. Generally, we will consider that an equity investee is significant if, using the financial statements of the equity investee and the issuer as at the issuer’s financial year-end, either of the following apply

(a) for a reporting issuer that is not a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8;

(b) for a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8 if “100 percent” is read as “40 percent”.

2. The Policy Statement is amended by inserting, after section 5.5, the following section:

“5.6 Venture Issuers without Significant Revenue – Quarterly Highlights

(1) A venture issuer without significant revenue in the most recently completed financial year may be able to satisfy the requirements of section 2.2.1 of Form 51-102F1 with very brief statements.

For instance, a capital pool company may appropriately limit its discussion to “This quarter we continued to look for a qualifying transaction. Management reviewed a number of proposals but there are no further developments to report at this time”.

A mining venture issuer might appropriately limit its discussion to “This quarter we continued drilling and general exploration on our Nevada property and we plan to continue doing so. During the quarter, we completed 2 drill holes totalling 500 feet”.

An oil and gas venture issuer might appropriately limit its discussion to “This quarter our production increased 100 bbl per day. We completed 4 wells and are continuing with our plan to drill 2 more. Production expenses have increased on a per bbl basis due to higher water production”.

(2) A venture issuer that provides quarterly highlights is not required to update its annual MD&A in the quarterly highlights. However, to meet the requirements of section 2.2.1 of Form 51-102F1, the venture issuer should disclose in its quarterly highlights any change, if material, from plans disclosed in the annual MD&A. For example, if a mining issuer discloses a drill program in its annual MD&A and decides to make a change to that drill program in a subsequent interim period, that change, if material, should be disclosed in the quarterly highlights for that period.

(3) When assessing whether an issuer has significant revenue in a financial year, a venture issuer should consider only the actual total revenue reported in its annual financial statements. For example, a venture issuer that begins generating revenue in its fourth quarter should consider whether the amount of revenue generated would be considered significant if the same amount had been earned over the course of a full year. A venture issuer should not annualize revenue earned over a portion of the year when assessing whether those revenues are significant.

(4) For greater certainty, a reference to interim MD&A is a reference to the quarterly highlights a venture issuer without significant revenue has the option of providing in accordance with section 2.2.1 of Form 51-102F1.”.