



## REQUEST FOR COMMENTS

**Notice and Request for Comment** – Publishing for comments proposed repeal and replacement of National Instrument 51-102 *Continuous Disclosure Obligations* and Companion Policy 51-102CP (together, the “Rule”).

### **Introduction**

On April 28, 2014, the Financial and Consumer Services Commission (Commission) approved publication in order to obtain comments on the proposed repeal and replacement of the Rule.

### **Summary of Proposed Repeal and Replacement**

During the process of consolidating the Rule, we noted that certain provisions in our Rule were not fully harmonized with the Canadian Securities Administrators (CSA). The repeal and replacement of the Rule is necessary in order to achieve harmonization. The proposed Rule corresponds to the version that is in effect in other CSA jurisdictions.

### **Request for Comment**

The Commission welcomes your comments on the proposed repeal and replacement of the Rule, as it relates to New Brunswick only.

### **How to Obtain a Copy and Provide your Comments**

The text of the Rule can be obtained from the Commission website at: [www.fcnb.ca](http://www.fcnb.ca).

A paper copy of the Rule may be obtained by writing, telephoning or emailing the Commission. Comments are to be provided, in writing, by no later than 8 August 2014, to:

Secretary  
Financial and Consumer Services Commission  
85 Charlotte Street, Suite 300  
Saint John, N.B. E2L 2J2  
Telephone: 506-658-3060  
Toll Free: 1-866-933-2222 (within N.B. only)  
Fax: 506-658-3059  
E-mail: [information@fcnb.ca](mailto:information@fcnb.ca)

A summary of the written comments received during the comment period may be published.

### **Questions**

If you have any questions, please refer them to:

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Financial and Consumer Services Commission  
Tel: 506-643-7690  
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**National Instrument 51-102**  
***Continuous Disclosure Obligations***

**PART 1        DEFINITIONS AND INTERPRETATION**

**1.1        Definitions and Interpretation**

(1)        In this Instrument:

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

“AIF” means a completed Form 51-102F2 *Annual Information Form* or, in the case of an SEC issuer, a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K or Form 20-F;

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

“business acquisition report” means a completed Form 51-102F4 *Business Acquisition Report*;

“class” includes a series of a class;

“common share” means an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding securities of the reporting issuer;

“corporate law” has the same meaning as in section 1.1 of NI 54-101;

“date of transition to IFRS” means the date of transition to IFRSs as that term is defined in Canadian GAAP applicable to publicly accountable enterprises;

“designated rating organization” means

- (a)        each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or

- (b) any other credit rating organization that has been designated under securities legislation;

"DRO affiliate" has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*;

"electronic format" has the same meaning as in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

"equity investee" means a business that the issuer has invested in and accounted for using the equity method;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

"executive officer" means, for a reporting issuer, an individual who is

- (a) a chair, vice-chair or president;
- (a.1) a chief executive officer or chief financial officer;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer;

"financial outlook" means 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 and that is not presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows;

"financial statements" includes interim financial reports;

"first IFRS financial statements" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

"FOFI", or "future-oriented financial information", means forward-looking information about prospective financial performance, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows;

"form of proxy" means a document containing the information required under section 9.4 that, on completion and execution by or on behalf of a securityholder, becomes a proxy;

"forward-looking information" means disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented as a forecast or a projection;

"information circular" means a completed Form 51-102F5 *Information Circular*;

"informed person" means

- (a) a director or executive officer of a reporting issuer;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities;

"inter-dealer bond broker" means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

"interim period" means,

- (a) in the case of a year other than a non-standard year or a transition year, a period commencing on the first day of the financial year and ending nine, six or three months before the end of the financial year;
- (a.1) in the case of a non-standard year, a period commencing on the first day of the financial year and ending within 22 days of the date that is nine, six or three months before the end of the financial year; or
- (b) in the case of a transition year, a period commencing on the first day of the transition year and ending
  - (i) three, six, nine or twelve months, if applicable, after the end of the old financial year; or
  - (ii) twelve, nine, six or three months, if applicable, before the end of the transition year;

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

"MD&A" means a completed Form 51-102F1 *Management's Discussion & Analysis* or, in the case of an SEC issuer, a completed Form 51-102F1 or management's

discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act;

"marketplace" means

- (a) an exchange;
- (b) a quotation and trade reporting system;
- (c) a person or company not included in paragraph (a) or (b) that
  - (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; and
  - (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; or
- (d) a dealer that executes a trade of an exchange-traded security outside of a marketplace, but does not include an inter-dealer bond broker;

"material change" means

- (a) a change in the business, operations or capital of the reporting issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the reporting issuer; or
- (b) a decision to implement a change referred to in paragraph (a) made by the board of directors or other persons acting in a similar capacity or by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors or any other persons acting in a similar capacity is probable;

"material contract" means any contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer;

"mineral project" has the same meaning as in National Instrument 43-101 *Standards for Disclosure for Mineral Projects*;

"new financial year" means the financial year of a reporting issuer that immediately follows a transition year;

"NI 54-101" means National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"non-standard year" means a financial year, other than a transition year, that does not have 365 days, or 366 days if it includes February 29;

"non-voting security" means a restricted security that does not carry the right to vote generally, except for a right to vote that is mandated, in special

circumstances, by law;

"notice-and-access" has the same meaning as in section 1.1 of NI 54-101;

"old financial year" means the financial year of a reporting issuer that immediately precedes a transition year;

"operating income" means gross revenue minus royalty expenses and production costs;

"preference share" means a security to which is attached a preference or right over the securities of any class of equity securities of the reporting issuer, but does not include an equity security;

"principal obligor" means, for an asset-backed security, a person or company that is obligated to make payments, has guaranteed payments, or has provided alternative credit support for payments, on financial assets that represent one-third or more of the aggregate amount owing on all of the financial assets servicing the asset-backed security;

"private enterprise" has the same meaning as in Part 3 of National Instrument 52-107

*Acceptable Accounting Principles and Auditing Standards*;

"profit or loss attributable to owners of the parent" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

"profit or loss from continuing operations attributable to owners of the parent" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises";

"proxy" means a completed and executed form of proxy by which a securityholder has appointed a person or company as the securityholder's nominee to attend and act for the securityholder and on the securityholder's behalf at a meeting of securityholders;

"proxy-related materials" means securityholder material relating to a meeting of securityholders that a person or company that solicits proxies is required under corporate law or securities legislation to send to the registered holders or beneficial owners of the securities;

"publicly accountable enterprise" has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;  
"recognized exchange" means

- (a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange;
- (a.1) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and
- (b) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-

regulatory body;

“recognized quotation and trade reporting system” means

- (a) in every jurisdiction other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system; and
- (b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

“restricted security” means an equity security of a reporting issuer if any of the following apply:

- (a) there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security;
- (b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer’s constating documents have provisions that nullify or, to a reasonable person, appear to significantly restrict the voting rights of the equity securities; or
- (c) the reporting issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities;

“restricted security term” means each of the terms “non-voting security”, “subordinate voting security” and “restricted voting security”;

“restricted voting security” means a restricted security that carries a right to vote subject to a restriction on the number or percentage of securities that may be voted by one or more persons or companies, unless the restriction is

- (a) permitted or prescribed by statute; and
- (b) is applicable only to persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the reporting issuer to be non-Canadians;

“restructuring transaction” means

- (a) a reverse takeover;
- (b) an amalgamation, merger, arrangement or reorganization;
- (c) a transaction or series of transactions involving a reporting issuer acquiring assets and issuing securities that results in



- (i) new securityholders owning or controlling more than 50% of the reporting issuer's outstanding voting securities; and
- (ii) a new person or company, a new combination of persons or companies acting together, the vendors of the assets, or new management
  - (A) being able to materially affect the control of the reporting issuer; or
  - (B) holding more than 20% of the outstanding voting securities of the reporting issuer, unless there is evidence showing that the holding of those securities does not materially affect the control of the reporting issuer; and
- (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 issuer and the issuer's proportionate interest in its assets;

"retrospective" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

"retrospectively" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

"reverse takeover" means

- (a) a reverse acquisition, which has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises; or
- (b) a transaction where an issuer acquires a person or company by which the securityholders of the acquired person or company, 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 publicly accountable enterprises;

"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 an issuer that

- (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; and
- (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;

"solicit", 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 reporting issuer;

but does not include

- (e) sending a form of proxy to a securityholder in response to a unsolicited request made by or on behalf of the securityholder;
- (f) performing ministerial acts or professional services on behalf of a person or company soliciting a proxy;
- (g) sending, by an intermediary as defined in NI 54-101, of the documents referred to in NI 54-101;
- (h) soliciting by a person or company in respect of securities of which the person or company 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 reporting issuer is incorporated, organized or continued or under the reporting issuer's constating or establishing documents; or
- (k) communicating, other than a solicitation by or on behalf of the management of the reporting issuer, to securityholders in the following circumstances:
  - (i) by one or more securityholders concerning the business and affairs of the reporting 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 or

company acting on their behalf, unless the communication is made by

- (A) a securityholder who is an officer or director of the reporting issuer if the communication is financed directly or indirectly by the reporting 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 reporting 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 securityholder's 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 reporting issuer; or
  - (E) any person or company 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 or company acting on their behalf;
- (iii) as clients, by a person or company who gives financial, corporate governance or proxy voting advice in the ordinary course of business and concerns proxy voting advice if
- (A) the person or company discloses to the securityholder any significant relationship with the reporting issuer and any of its affiliates or with a securityholder who has submitted a matter to the reporting issuer that the securityholder intends to raise at the meeting of securityholders and any material interests the person or company has in relation to a matter on which advice is given;
  - (B) the person or company 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 or company soliciting proxies or on behalf of a nominee for election as a director; or

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

“special meeting” has the same meaning as in section 1.1 of NI 54-101; “special resolution” has the same meaning as in section 1.1 of NI 54-101; “stratification” has the same meaning as in section 1.1 of NI 54-101;

“subordinate voting security” means a restricted security that carries a right to vote, if there are securities of another class outstanding that carry a greater right to vote on a per security basis;

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

“U.S. AICPA GAAS” has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“U.S. GAAP” has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“U.S. laws” means the 1933 Act, the 1934 Act, all enactments made under those Acts and all SEC releases adopting the enactments, as amended;

“U.S. marketplace” means an exchange registered as a “national securities exchange” under section 6 of the 1934 Act, or the Nasdaq Stock Market;

“U.S. PCAOB GAAS” has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*; and

“venture issuer” means a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc; where the “applicable time” in respect of

- (a) Parts 4 and 5 of this Instrument and Form 51-102F1, is the end of the applicable financial period;
- (b) Parts 6 and 9 of this Instrument and Form 51-102F6, is the end of the most recently completed financial year;
- (c) Part 8 of this Instrument and Form 51-102F4, is the acquisition date; and
- (d) section 11.3 of this Instrument, is the date of the meeting of the securityholders.

(2) **Affiliate** – In this Instrument, an issuer is an affiliate of another issuer if

- (a) one of them is the subsidiary of the other, or
  - (b) each of them is controlled by the same person.
- (3) **Control** – For the purposes of subsection (2), a person (first person) is considered to control another person (second person) if
- (a) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
  - (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
  - (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

## **PART 2 APPLICATION**

### **2.1 Application**

This Instrument does not apply to an investment fund.

## **PART 3 LANGUAGE OF DOCUMENTS**

### **3.1 French or English**

- (1) A person or company must file a document required to be filed under this Instrument in French or in English.
- (2) Despite subsection (1), if a person or company files a document only in French or only in English but delivers to securityholders a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to securityholders.
- (3) In Québec, a reporting issuer must comply with linguistic obligations and rights prescribed by Québec law.

### **3.2 Filings Translated into French or English**

If a person or company files a document under this Instrument that is a translation of a document prepared in a language other than French or English, the person or company 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.

## **PART 4 FINANCIAL STATEMENTS**

### **4.1 Comparative Annual Financial Statements and Audit**

- (1) Subject to subsection 4.8(6), a reporting issuer must file annual financial statements that include
  - (a) 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) a statement of financial position as at the end of each of the periods referred to in paragraph (a);
  - (c) in the following circumstances, a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year:
    - (i) the reporting issuer discloses in its annual financial statements an unreserved statement of compliance with IFRS, and
    - (ii) the reporting issuer
      - (A) applies an accounting policy retrospectively in its annual financial statements,
      - (B) makes a retrospective restatement of items in its annual financial statements, or
      - (C) reclassifies items in its annual financial statements;
  - (d) in the case of the reporting issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS; and
  - (e) notes to the annual financial statements.
- (2) Annual financial statements filed under subsection (1) must be audited.
- (3) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (1).

### **4.2 Filing Deadline for Annual Financial Statements**

The audited annual financial statements required to be filed under section 4.1 must be filed

- (a) in the case of a reporting issuer other than a venture issuer, on or before

the earlier of

- (i) the 90th day after the end of its most recently completed financial year; and
  - (ii) the date of filing, in a foreign jurisdiction, annual financial statements for its most recently completed financial year; or
- (b) in the case of a venture issuer, on or before the earlier of
- (i) the 120th day after the end of its most recently completed financial year; and
  - (ii) the date of filing, in a foreign jurisdiction, annual financial statements for its most recently completed financial year.

#### **4.3 Interim Financial Report**

- (1) Subject to sections 4.7 and 4.10, a reporting issuer must file an interim financial report for each interim period ended after it became a reporting issuer.
- (2) Subject to subsections 4.7(4), 4.8(7), 4.8(8) and 4.10(3), the interim financial report required to be filed under subsection (1) must include
  - (a) a statement of financial position as at the end of the interim period and a statement of financial position as at the end of the immediately preceding financial year, if any;
  - (b) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;
  - (c) for interim periods other than the first interim period in a reporting issuer's financial year, a statement of comprehensive income for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the immediately preceding financial year, if any;
  - (d) in the following circumstances, a statement of financial position as at the beginning of the immediately preceding financial year:
    - (i) the reporting issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and
    - (ii) the reporting issuer
      - (A) applies an accounting policy retrospectively in its interim financial report,
      - (B) makes a retrospective restatement of items in its interim financial report, or

- (C) reclassifies items in its interim financial report;
  - (e) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS; and
  - (f) notes to the interim financial report.
- (2.1) If a reporting issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under subsection (2).
- (3) **Disclosure of Auditor Review of an Interim Financial Report**
- (a) If an auditor has not performed a review of an interim financial report required to be filed under subsection (1), the interim financial report must be accompanied by a notice indicating that the interim financial report has not been reviewed by an auditor.
  - (b) If a reporting issuer engaged an auditor to perform a review of an interim financial report required to be filed under subsection (1) and the auditor was unable to complete the review, the interim financial report must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial report and the reasons why the auditor was unable to complete the review.
  - (c) If an auditor has performed a review of the interim financial report required to be filed under subsection (1) and the auditor has expressed a reservation of opinion in the auditor's interim review report, the interim financial report must be accompanied by a written review report from the auditor.
- (4) If an SEC issuer that is a reporting issuer
- (a) has filed an interim financial report prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises for one or more interim periods since its most recently completed financial year for which annual financial statements have been filed; and
  - (b) prepares its annual financial statements or an interim financial report for the period immediately following the periods referred to in paragraph (a) in accordance with U.S. GAAP,

the SEC issuer must

- (c) restate the interim financial report for the periods referred to in paragraph (a) in accordance with U.S. GAAP; and
- (d) file the restated interim financial report referred to in paragraph (c) by the filing deadline for the financial statements referred to in paragraph (b).



#### **4.4 Filing Deadline for an Interim Financial Report**

An interim financial report required to be filed under subsection 4.3(1) must be filed

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of
  - (i) the 45th day after the end of the interim period; and
  - (ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period; or
- (b) in the case of a venture issuer, on or before the earlier of
  - (i) the 60th day after the end of the interim period; and
  - (ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period.

#### **4.5 Approval of Financial Statements**

- (1) The annual financial statements a reporting issuer is required to file under section 4.1 must be approved by the board of directors before the statements are filed.
- (2) The interim financial report a reporting issuer is required to file under section 4.3 must be approved by the board of directors before the report is filed.
- (3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the interim financial report to the audit committee of the board of directors.

#### **4.6 Delivery of Financial Statements**

- (1) Subject to subsection (2), a reporting issuer must send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request any of the following:
  - (a) a paper copy of the reporting issuer's annual financial statements and MD&A for the annual financial statements;
  - (b) a copy of the reporting issuer's interim financial reports and MD&A for the interim financial reports.
- (2) For the purposes of subsection (1), the reporting issuer must, applying the procedures set out in NI 54-101, send the request form to the beneficial owners of its securities who are identified under that Instrument as having chosen to receive all securityholder materials sent to beneficial owners of securities.
- (3) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests the issuer's annual financial statements or interim financial reports, the reporting issuer must send a copy of the requested financial statements to the person or company that made the request, without

charge, by the later of,

- (a) in the case of a reporting issuer other than a venture issuer, 10 calendar days after the filing deadline in subparagraph 4.2(a)(i) or 4.4(a)(i), section 4.7, or subsection 4.10(2), as applicable, for the financial statements requested;
  - (b) in the case of a venture issuer, 10 calendar days after the filing deadline in paragraph 4.2(b)(i) or 4.4(b)(i), section 4.7, or subsection 4.10(2), as applicable, for the financial statements requested; and
  - (c) 10 calendar days after the issuer receives the request.
- (4) A reporting issuer is not required to send copies of annual financial statements or interim financial reports under subsection (3) that were filed more than one year before the issuer receives the request.
  - (5) Subsection (1) and the requirement to send annual financial statements under subsection (3) do not apply to a reporting issuer that sends its annual financial statements to its securityholders, other than holders of debt instruments, within 140 days of the issuer's financial year-end and in accordance with NI 54-101.
  - (6) If a reporting issuer sends financial statements under this section, the reporting issuer must also send, at the same time, the annual or interim MD&A relating to the financial statements.

#### **4.7 Filing of Financial Statements After Becoming a Reporting Issuer**

- (1) Despite any provisions of this Part other than subsections (2), (3) and (4) of this section, the first annual financial statements and interim financial reports that a reporting issuer must file under sections 4.1 and 4.3 are the financial statements for the financial year and interim periods immediately following the periods for which financial statements of the issuer were included in a document filed
  - (a) that resulted in the issuer becoming a reporting issuer; or
  - (b) in respect of a transaction that resulted in the issuer becoming a reporting issuer.
- (2) If, under subsection (1), a reporting issuer is required to file annual financial statements for a financial year that ended before the issuer became a reporting issuer, those annual financial statements must be filed on or before the later of
  - (a) the 20th day after the issuer became a reporting issuer; and
  - (b) the filing deadline in section 4.2.
- (3) If, under subsection (1), a reporting issuer is required to file an interim financial report for an interim period that ended before the issuer became a reporting issuer, that interim financial report must be filed on or before the later of
  - (a) the 10th day after the issuer became a reporting issuer; and

- (b) the filing deadline in section 4.4.
- (4) A reporting issuer is not required to provide comparative interim financial information for periods that ended before the issuer became a reporting issuer if
  - (a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with subsection 4.3(2);
  - (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 interim financial information.

#### **4.8 Change in Year-End**

- (1) An SEC issuer satisfies this section if
  - (a) it complies with the requirements of U.S. 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 financial statements, no later than the filing deadlines prescribed under sections 4.2 and 4.4.
- (2) If a reporting issuer decides to change its financial year-end by more than 14 days, it must file a notice containing the information set out in subsection (3) as soon as practicable, and, in any event, not later than the earlier of
  - (a) the filing deadline, based on the reporting issuer's old financial year-end, for the next financial statements required to be filed, either annual or interim, whichever comes first; and
  - (b) the filing deadline, based on the reporting issuer's new financial year-end, for the next financial statements required to be filed, either annual or interim, whichever comes first.
- (3) The notice referred to in subsection (2) must state
  - (a) that the reporting issuer has decided to change its year-end;
  - (b) the reason for the change;
  - (c) the reporting issuer's old financial year-end;

- (d) the reporting issuer's new financial year-end;
  - (e) the length and ending date of the periods, including the comparative periods, of each interim financial report and the annual financial statements to be filed for the reporting issuer's transition year and its new financial year; and
  - (f) the filing deadlines, prescribed under sections 4.2 and 4.4, for the annual financial statements and interim financial reports for the reporting issuer's transition year.
- (4) For the purposes of this section,
- (a) a transition year must not exceed 15 months; and
  - (b) the first interim period after an old financial year must not exceed four months.
- (5) Despite subsection 4.3(1), a reporting issuer is not required to file an interim financial report for any period in its transition year that ends not more than one month
- (a) after the last day of its old financial year; or
  - (b) before the first day of its new financial year.
- (6) If a transition year is less than nine months in length, the reporting 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 the financial statements for its old financial year;
  - (c) in the following circumstances, a statement of financial position as at the beginning of the old financial year:
    - (i) the reporting issuer discloses in its annual financial statements an unreserved statement of compliance with IFRS, and
    - (ii) the reporting issuer

- (A) applies an accounting policy retrospectively in its annual financial statements,
    - (B) makes a retrospective restatement of items in its annual financial statements, or
    - (C) reclassifies items in its annual financial statements; and
  - (d) in the case of the reporting issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS.
- (7) If interim periods for the reporting issuer's transition year end three, six, nine or twelve months after the end of its old financial year, the reporting issuer must include
- (a) as comparative financial information in each interim financial report during its transition year, the comparative financial information required by subsection 4.3(2), except if an interim period during the transition year is 12 months in length and the reporting 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;
  - (b) as comparative financial information in each interim financial report during its new financial year
    - (i) a statement of financial position as at the end of its transition year; and
    - (ii) the statement of comprehensive income, statement of changes in equity and 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 interim period in the new financial year;
  - (c) in the following circumstances, a statement of financial position as at the beginning of the earliest comparative period:
    - (i) the reporting issuer that discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and
    - (ii) the reporting issuer

- (A) applies an accounting policy retrospectively in its interim financial report,
    - (B) makes a retrospective restatement of items in its interim financial report, or
    - (C) reclassifies items in its interim financial report; and
  - (d) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS.
- (8) If interim periods for a reporting issuer's transition year end twelve, nine, six or three months before the end of the transition year, the reporting issuer must include
- (a) as comparative financial information in each interim financial report 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 interim period in the transition year;
  - (b) as comparative financial information in each interim financial report during its new financial year
    - (i) a statement of financial position as at the end of its transition year; and
    - (ii) the statement of comprehensive income, statement of changes in equity and 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 interim period in the new financial year;
  - (c) in the following circumstances, a statement of financial position as at the beginning of the earliest comparative period:
    - (i) the reporting issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and
    - (ii) the reporting issuer

- (A) applies an accounting policy retrospectively in its interim financial report,
  - (B) makes a retrospective restatement of items in its interim financial report, or
  - (C) reclassifies items in its interim financial report; and
- (d) in the case of the reporting issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS.

#### **4.9 Change in Corporate Structure**

If an issuer is party to a transaction that resulted in,

- (a) the issuer becoming a reporting issuer other than by filing a prospectus; or
- (b) if the issuer was already a reporting issuer, in
  - (i) the issuer ceasing to be a reporting issuer,
  - (ii) a change in the reporting issuer's financial year end, or
  - (iii) a change in the name of the reporting issuer;

the issuer must, as soon as practicable, and in any event not later than the deadline for the first filing required under this Instrument following the transaction, file a notice stating

- (c) the names of the parties to the transaction;
- (d) a description of the transaction;
- (e) the effective date of the transaction;
- (f) the name of each party, if any, that ceased to be a reporting issuer after the transaction and of each continuing entity;
- (g) the date of the reporting issuer's first financial year-end after the transaction if paragraph (a) or subparagraph (b)(ii) applies;
- (h) the periods, including the comparative periods, if any, of the interim financial reports and the annual financial statements required to be filed for the reporting issuer's first financial year after the transaction, if paragraph (a) or subparagraph (b)(ii) applies; and

- (i) what documents were filed under this Instrument that described the transaction and where those documents can be found in electronic format, if paragraph (a) or subparagraph (b)(ii) applies.

#### **4.10 Reverse Takeovers**

- (1) If a reporting issuer must comply with section 4.9 because it was a party to a reverse takeover, the reporting issuer must comply with section 4.8 unless
  - (a) the reporting issuer had the same year-end as the reverse takeover acquirer before the transaction; or
  - (b) the reporting issuer changes its year-end to be the same as that of the reverse takeover acquirer.
- (2) If a reporting issuer completes a reverse takeover, it must
  - (a) file the following financial statements for the reverse takeover acquirer, unless the financial statements have already been filed:
    - (i) financial statements for all annual and interim periods ending before the date of the reverse takeover and after the date of the financial statements included in an information circular or similar document, or under Item 5.2 of the Form 51-102F3 *Material Change Report*, prepared in connection with the transaction; or
    - (ii) if the reporting issuer did not file a document referred to in subparagraph (i), or the document does not include the financial statements for the reverse takeover acquirer that would be required to be included in a prospectus, the financial statements prescribed under securities legislation and described in the form of prospectus that the reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction;
  - (b) file the annual financial statements required by paragraph (a) on or before the later of
    - (i) the 20th day after the date of the reverse takeover;
    - (ii) the 90th date after the end of the financial year; and
    - (iii) the 120th day after the end of the financial year if the reporting issuer is a venture issuer; and



- (c) file each interim financial report required by paragraph (a) on or before the later of
  - (i) the 10th day after the date of the reverse takeover;
  - (ii) the 45th day after the end of the interim period;
  - (iii) the 60th day after the end of the interim period if the reporting issuer is a venture issuer; and
  - (iv) the filing deadline in paragraph (b).
- (3) A reporting issuer is not required to provide comparative interim financial information for the reverse takeover acquirer for periods that ended before the date of a reverse takeover if
  - (a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with subsection 4.3(2);
  - (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 interim financial information.

#### **4.11 Change of Auditor**

- (1) **Definitions** – In this section

“appointment” means, in relation to a reporting issuer, the earlier of

- (a) the appointment as its auditor of a different person or company than its predecessor auditor; and
- (b) the decision by the board of directors of the reporting issuer to propose to holders of qualified securities to appoint as its auditor a different person or company than its predecessor auditor;

“consultation” means advice provided by a successor auditor, whether or not in writing, to a reporting issuer during the relevant period, which the successor auditor concluded was an important factor considered by the reporting issuer in reaching a decision concerning

- (a) the application of accounting principles or policies to a transaction, whether or not the transaction is completed;

- (b) a report provided by an auditor on the reporting issuer's financial statements;
- (c) scope or procedure of an audit or review engagement; or
- (d) financial statement disclosure;

"disagreement" means a difference of opinion between personnel of a reporting issuer responsible for finalizing the reporting issuer's financial statements and the personnel of a predecessor auditor responsible for authorizing the issuance of audit reports on the reporting issuer's financial statements or authorizing the communication of the results of the auditor's review of the reporting issuer's interim financial report, if the difference of opinion

- (a) resulted in a modified opinion in the predecessor auditor's audit report on the reporting issuer's financial statements for any period during the relevant period;
- (b) would have resulted in a modified opinion in the predecessor auditor's audit report on the reporting issuer's financial statements for any period during the relevant period if the difference of opinion had not been resolved to the predecessor auditor's satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the predecessor auditor upon the receipt of further information;
- (c) resulted in a qualified or adverse communication or denial of assurance in respect of the predecessor auditor's review of the reporting issuer's interim financial report for any interim period during the relevant period; or
- (d) would have resulted in a qualified or adverse communication or denial of assurance in respect of the predecessor auditor's review of the reporting issuer's interim financial report for any interim period during the relevant period if the difference of opinion had not been resolved to the predecessor auditor's satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the predecessor auditor upon the receipt of further information;

"predecessor auditor" means the auditor of a reporting issuer that is the subject of the most recent termination or resignation;

"qualified securities" means securities of a reporting issuer that carry the right to participate in voting on the appointment or removal of the reporting issuer's auditor;

“relevant information circular” means

- (a) if a reporting issuer’s constating documents or applicable law require holders of qualified securities to take action to remove the reporting issuer’s auditor or to appoint a successor auditor
  - (i) the information circular required to accompany or form part of every notice of meeting at which that action is proposed to be taken; or
  - (ii) the disclosure document accompanying the text of the written resolution provided to holders of qualified securities; or
- (b) if paragraph (a) does not apply, the information circular required to accompany or form part of the first notice of meeting to be sent to holders of qualified securities following the preparation of a reporting package concerning a termination or resignation;

“relevant period” means the period

- (a) commencing at the beginning of the reporting issuer’s two most recently completed financial years and ending on the date of termination or resignation; or
- (b) during which the predecessor auditor was the reporting issuer’s auditor, if the predecessor auditor was not the reporting issuer’s auditor throughout the period described in paragraph (a);

“reportable event” means a disagreement, a consultation, or an unresolved issue; “reporting package” means

- (a) the documents referred to in subparagraphs (5)(a)(i) and (6)(a)(i);
- (b) the letter referred to in clause (5)(a)(ii)(B), if received by the reporting issuer, unless an updated letter referred to in clause (6)(a)(iii)(B) has been received by the reporting issuer;
- (c) the letter referred to in clause (6)(a)(ii)(B), if received by the reporting issuer; and
- (d) any updated letter referred to in clause (6)(a)(iii)(B) received by the reporting issuer;

“resignation” means notification from an auditor to a reporting issuer of the

auditor's decision to resign or decline to stand for reappointment;

"successor auditor" means the person or company

- (a) appointed;
- (b) that the board of directors have proposed to holders of qualified securities be appointed; or
- (c) that the board of directors have decided to propose to holders of qualified securities be appointed,

as the reporting issuer's auditor after the termination or resignation of the reporting issuer's predecessor auditor;

"termination" means, in relation to a reporting issuer, the earlier of

- (a) the removal of its auditor before the expiry of the auditor's term of appointment, the expiry of its auditor's term of appointment without reappointment, or the appointment of a different person or company as its auditor upon expiry of its auditor's term of appointment; and
- (b) the decision by the board of directors of the reporting issuer to propose to holders of its qualified securities that its auditor be removed before, or that a different person or company be appointed as its auditor upon, the expiry of its auditor's term of appointment;

"unresolved issue" means any matter that, in the predecessor auditor's opinion, has, or could have, a material impact on the financial statements, or reports provided by the auditor relating to the financial statements, for any financial period during the relevant period, and about which the predecessor auditor has advised the reporting issuer if

- (a) the predecessor auditor was unable to reach a conclusion as to the matter's implications before the date of termination or resignation;
  - (b) the matter was not resolved to the predecessor auditor's satisfaction before the date of termination or resignation; or
  - (c) the predecessor auditor is no longer willing to be associated with any of the financial statements;
- (2) For the purposes of this section, the term "material" has a meaning consistent with the discussion of the term "materiality" in the issuer's GAAP.
  - (3) This section does not apply if

- (a) the following three conditions are met:
    - (i) a termination, or resignation, and appointment occur in connection with an amalgamation, arrangement, takeover or similar transaction involving the reporting issuer or a reorganization of the reporting issuer;
    - (ii) the termination, or resignation, and appointment have been disclosed in a news release that has been filed or in a disclosure document that has been delivered to holders of qualified securities and filed; and
    - (iii) no reportable event has occurred;
  - (b) the change of auditor is required by the legislation under which the reporting issuer exists or carries on its activities; or
  - (c) the change of auditor arises from an amalgamation, merger or other reorganization of the auditor.
- (4) An SEC issuer satisfies this section 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;
  - (c) issues and files a news release describing the information disclosed in the materials referred to in paragraph (b), if there are any reportable events; and
  - (d) includes the materials referred to in paragraph (b) with each relevant information circular.
- (5) Upon a termination or resignation of its auditor, a reporting issuer must
- (a) within 10 days after the date of termination or resignation
    - (i) prepare a change of auditor notice in accordance with subsection (7) and deliver a copy of it to the predecessor auditor; and
    - (ii) request the predecessor auditor to

- (A) review the reporting issuer's change of auditor notice;
  - (B) prepare a letter, addressed to the regulator or securities regulatory authority, stating, for each statement in the change of auditor notice, whether the auditor
    - (I) agrees,
    - (II) disagrees, and the reasons why, or
    - (III) has no basis to agree or disagree; and
  - (C) deliver the letter to the reporting issuer within 20 days after the date of termination or resignation;
- (b) within 30 days after the date of termination or resignation
  - (i) have the audit committee of its board of directors or its board of directors review the letter referred to in clause (5)(a)(ii)(B) if received by the reporting issuer, and approve the change of auditor notice;
  - (ii) file a copy of the reporting package with the regulator or securities regulatory authority;
  - (iii) deliver a copy of the reporting package to the predecessor auditor;
  - (iv) if there are any reportable events, issue and file a news release describing the information in the reporting package; and
- (c) include with each relevant information circular
  - (i) a copy of the reporting package as an appendix; and
  - (ii) a summary of the contents of the reporting package with a cross-reference to the appendix.
- (6) Upon an appointment of a successor auditor, a reporting issuer must
  - (a) within 10 days after the date of appointment
    - (i) prepare a change of auditor notice in accordance with subsection (7) and deliver it to the successor auditor and to the predecessor auditor;
    - (ii) request the successor auditor to

- (B) prepare a letter addressed to the securities regulatory authority, stating, for each statement in the change of auditor notice, whether the auditor
        - (I) agrees,
        - (II) disagrees, and the reasons why, or
        - (III) has no basis to agree or disagree; and
      - (C) deliver that letter to the reporting issuer within 20 days after the date of appointment; and
    - (iii) request the predecessor auditor to, within 20 days after the date of appointment,
      - (A) confirm that the letter referred to in clause (5)(a)(ii)(B) does not have to be updated; or
      - (B) prepare and deliver to the reporting issuer an updated letter to replace the letter referred to in clause (5)(a)(ii)(B);
  - (b) within 30 days after the date of appointment,
    - (i) have the audit committee of its board of directors or its board of directors
    - (ii) file a copy of the reporting package with the regulator or securities regulatory authority;
    - (iii) deliver a copy of the reporting package to the successor auditor and to the predecessor auditor; and
    - (iv) if there are any reportable events, issue and file a news release disclosing the appointment of the successor auditor and either describing the information in the reporting package or referring to the news release required under subparagraph (5)(b)(iv) review the letters referred to in clauses (6)(a)(ii)(B) and 6(a)(iii)(B) if received by the reporting issuer, and approve the change of auditor notice;
- (7) A change of auditor notice must state
- (a) the date of termination or resignation;
  - (b) whether the predecessor auditor

- (i) resigned on the predecessor auditor's own initiative or at the reporting issuer's request;
  - (ii) was removed or is proposed to holders of qualified securities to be removed during the predecessor auditor's term of appointment; or
  - (iii) was not reappointed or has not been proposed for reappointment;
- (c) whether the termination or resignation of the predecessor auditor and any appointment of the successor auditor were considered or approved by the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors;
- (d) whether the predecessor auditor's report on any of the reporting issuer's financial statements relating to the relevant period expressed a modified opinion and, if so, a description of each modification;
- (e) if there is a reportable event, the following information:
  - (i) for a disagreement,
    - (A) a description of the disagreement;
    - (B) whether the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors discussed the disagreement with the predecessor auditor; and
    - (C) whether the reporting issuer authorized the predecessor auditor to respond fully to inquiries by any successor auditor concerning the disagreement and, if not, a description of and reasons for any limitation;
  - (ii) for a consultation,
    - (A) a description of the issue that was the subject of the consultation;
    - (B) a summary of the successor auditor's oral advice, if any, provided to the reporting issuer concerning the issue;
    - (C) a copy of the successor auditor's written advice, if any, received by the reporting issuer concerning the issue; and
    - (D) whether the reporting issuer consulted with the predecessor auditor concerning the issue and, if so, a summary of the predecessor auditor's advice concerning the issue; and



- (iii) for an unresolved issue,
  - (A) a description of the issue;
  - (B) whether the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors discussed the issue with the predecessor auditor; and
  - (C) whether the reporting issuer authorized the predecessor auditor to respond fully to inquiries by any successor auditor concerning the issue and, if not, a description of and reasons for any limitation; and
- (f) if there are no reportable events, a statement to that effect.
- (8) If the successor auditor becomes aware that the change of auditor notice required by this section has not been prepared and filed by the reporting issuer, the auditor must, within 7 days, advise the reporting issuer in writing and deliver a copy of the letter to the securities regulatory authority.

## **PART 4A FORWARD-LOOKING INFORMATION**

### **4A.1 Application**

This Part applies to forward-looking information that is disclosed by a reporting issuer other than forward-looking information contained in oral statements.

### **4A.2 Reasonable Basis**

A reporting issuer must not disclose forward-looking information unless the issuer has a reasonable basis for the forward-looking information.

### **4A.3 Disclosure**

A reporting issuer that discloses material forward-looking information must include disclosure that

- (a) identifies forward-looking information as such;
- (b) cautions users of forward-looking information that actual results may vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from the forward-looking information;

- (c) states the material factors or assumptions used to develop forward-looking information; and
- (d) describes the reporting issuer's policy for updating forward-looking information if it includes procedures in addition to those described in subsection 5.8(2).

## **PART 4B      FOFI AND FINANCIAL OUTLOOKS**

### **4B.1    Application**

- (1) Subject to subsection (2), this Part applies to FOFI or a financial outlook that is disclosed by a reporting issuer.
- (2) This Part does not apply to disclosure that is
  - (a) subject to requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
  - (b) made to comply with the conditions of any exemption from the requirements referred to in paragraph (a) that a reporting issuer received from a securities regulatory authority unless the securities regulatory authority orders that this Part applies to disclosure made under the exemption; or
  - (c) contained in an oral statement.

### **4B.2    Assumptions**

- (1) A reporting issuer must not disclose FOFI or a financial outlook unless the FOFI or financial outlook is based on assumptions that are reasonable in the circumstances.
- (2) FOFI or a financial outlook that is based on assumptions that are reasonable in the circumstances must, without limitation,
  - (a) be limited to a period for which the information in the FOFI or financial outlook can be reasonably estimated; and
  - (b) use the accounting policies the reporting issuer expects to use to prepare its historical financial statements for the period covered by the FOFI or the financial outlook.

#### **4B.3 Disclosure**

In addition to the disclosure required by section 4A.3, if a reporting issuer discloses FOFI or a financial outlook, the issuer must include disclosure that

- (a) states the date management approved the FOFI or financial outlook, if the document containing the FOFI or financial outlook is undated; and
- (b) explains the purpose of the FOFI or financial outlook and cautions readers that the information may not be appropriate for other purposes.

### **PART 5 MANAGEMENT'S DISCUSSION & ANALYSIS**

#### **5.1 Filing of MD&A**

- (1) A reporting issuer must file MD&A relating to its annual financial statements and each interim financial report required under Part 4.
- (1.1) Despite subsection (1), a reporting issuer does not have to file MD&A relating to the annual financial statements and interim financial reports required under sections 4.7 and 4.10 for financial years and interim periods that ended before the issuer became a reporting issuer.
- (2) Subject to section 5.2, the MD&A required to be filed under subsection (1) must be filed on or before the earlier of
  - (a) the filing deadlines for the annual financial statements and each interim financial report set out in sections 4.2 and 4.4, as applicable; and
  - (b) the date the reporting issuer files the financial statements under subsections 4.1(1) or 4.3(1), as applicable.

#### **5.2 Filing of MD&A for SEC Issuers**

- (1) If an SEC issuer that is a reporting issuer is filing its annual or interim MD&A prepared in accordance with Item 303 of Regulation S-K under the 1934 Act, the SEC issuer must file that document on or before the earlier of
  - (a) the date the SEC issuer would be required to file that document under section 5.1; and
  - (b) the date the SEC issuer files that document with the SEC.

### **5.3 Additional Disclosure for Venture Issuers without Significant Revenue**

- (1) A venture issuer that has not had significant revenue from operations in either of its last two financial years, must disclose in its MD&A, for each period referred to in subsection (2), a breakdown of material components of

- (a) exploration and evaluation assets or expenditures;
- (b) expensed research and development costs;
- (c) intangible assets arising from development;
- (d) general and administration expenses; and
- (e) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (d);

and if the venture issuer's business primarily involves mining exploration and development, the analysis of exploration and evaluation assets or expenditures must be presented on a property-by-property basis.

- (2) The disclosure in subsection (1) must be provided for the following periods:

- (a) in the case of annual MD&A, for the two most recently completed financial years; and
- (b) in the case of interim MD&A, for the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report.

- (3) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements to which the MD&A relates.

### **5.4 Disclosure of Outstanding Share Data**

- (1) A reporting issuer must disclose in its MD&A the designation and number or principal amount of

- (a) each class and series of voting or equity securities of the reporting issuer for which there are securities outstanding;
- (b) each class and series of securities of the reporting issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the reporting issuer; and

- (c) subject to subsection (2), each class and series of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer.
- (2) If the exact number or principal amount of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer is not determinable, the reporting issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer and, if that maximum number or principal amount is not determinable, the reporting issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.
- (3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

## **5.5 Approval of MD&A**

- (1) The annual MD&A that a reporting issuer is required to file under this Part must be approved by the board of directors before being filed.
- (2) The interim MD&A that a reporting issuer is required to file under this Part must be approved by the board of directors before being filed.
- (3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the interim MD&A required to be filed under this Part to the audit committee of the board of directors.

## **5.6 Delivery of MD&A**

- (1) If a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests the reporting issuer's annual or interim MD&A, the reporting issuer must send a copy of the requested MD&A to the person or company that made the request, without charge, by the delivery deadline set out in subsection 4.6(3) for the annual financial statements or interim financial report to which the MD&A relates.
- (2) A reporting issuer is not required to send copies of any MD&A under subsection (1) that was filed more than two years before the issuer receives the request.
- (3) The requirement to send annual MD&A under subsection (1) does not apply to a reporting issuer that sends its annual MD&A to its securityholders, other than holders of debt instruments, within 140 days of the issuer's financial year-end and in accordance with NI 54-101.

- (4) If a reporting issuer sends MD&A under this section, the reporting issuer must also send, at the same time, the annual financial statements or interim financial report to which the MD&A relates.

#### **5.7 Additional Disclosure for Reporting Issuers with Significant Equity Investees**

- (1) A reporting issuer that has a significant equity investee must disclose in its MD&A for each period referred to in subsection (2),
  - (a) summarized financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss; and
  - (b) the reporting issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the reporting issuer's share of profit or loss.
- (2) The disclosure in subsection (1) must be provided for the following periods:
  - (a) in the case of annual MD&A, for the two most recently completed financial years; and
  - (b) in the case of interim MD&A, for the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report.
- (3) Subsection (1) does not apply if
  - (a) the information required under that subsection has been disclosed in the financial statements to which the MD&A relates; or
  - (b) the issuer files separate financial statements of the equity investee for the periods referred to in subsection (2).

#### **5.8 Disclosure Relating to Previously Disclosed Material Forward-Looking Information**

- (1) This section applies to material forward-looking information that is disclosed by a reporting issuer other than
  - (a) forward-looking information contained in an oral statement; or
  - (b) disclosure that is
    - (i) subject to the requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects*; or

- (ii) made to comply with the conditions of any exemption from the requirements referred to in subparagraph (i) that a reporting issuer received from a securities regulatory authority unless the securities regulatory authority orders that this Part applies to disclosure made under the exemption.
- (2) A reporting issuer must discuss in its MD&A
  - (a) events and circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that the reporting issuer previously disclosed to the public; and
  - (b) the expected differences referred to in paragraph (a).
- (3) Subsection (2) does not apply if the reporting issuer
  - (a) includes the information required by subsection (2) in a news release issued and filed by the reporting issuer before the filing of the MD&A referred to in subsection (2); and
  - (b) includes disclosure in the MD&A referred to in subsection (2) that
    - (i) identifies the news release referred to in paragraph (a);
    - (ii) states the date of the news release; and
    - (iii) states that the news release is available at [www.sedar.com](http://www.sedar.com).
- (4) A reporting issuer must disclose and discuss in its MD&A material differences between
  - (a) actual results for the annual or interim period to which the MD&A relates; and
  - (b) any FOFI or financial outlook for the period referred to in paragraph (a) that the reporting issuer previously disclosed.
- (5) If during the period to which its MD&A relates, a reporting issuer decides to withdraw previously disclosed material forward-looking information,
  - (a) the reporting issuer must disclose in its MD&A the decision and discuss the events and circumstances that led the reporting issuer to that decision, including a discussion of the assumptions underlying the forward-looking information that are no longer valid; and

- (b) subsection (4) does not apply to the reporting issuer with respect to the MD&A
  - (i) if the reporting issuer complies with paragraph (a); and
  - (ii) the MD&A is filed before the end of the period covered by the forward-looking information.
- (6) Paragraph 5(a) does not apply if the reporting issuer
  - (a) includes the information required by paragraph (5)(a) in a news release issued and filed by the reporting issuer before the filing of the MD&A referred to in subsection (5); and
  - (b) includes disclosure in the MD&A referred to in subsection (5) that
    - (i) identifies the news release referred to in paragraph (a); (ii) states the date of the news release; and
    - (iii) states that the news release is available at [www.sedar.com](http://www.sedar.com).

## **PART 6 ANNUAL INFORMATION FORM**

### **6.1 Requirement to File an AIF**

A reporting issuer that is not a venture issuer must file an AIF.

### **6.2 Filing Deadline for an AIF**

An AIF required to be filed under section 6.1 must be filed,

- (a) subject to paragraph (b), on or before the 90th day after the end of the reporting issuer's most recently completed financial year; or
- (b) in the case of a reporting issuer that is an SEC issuer filing its AIF on Form 10-K or Form 20-F, on or before the earlier of
  - (i) the 90th day after the end of the reporting issuer's most recently completed financial year; and
  - (ii) the date the reporting issuer files its Form 10-K or Form 20-F with the SEC.



## **PART 7 MATERIAL CHANGE REPORTS**

### **7.1 Publication of Material Change**

- (1) Subject to subsection (2), if a material change occurs in the affairs of a reporting issuer, the reporting issuer must
  - (a) immediately issue and file a news release authorized by an executive officer disclosing the nature and substance of the change; and
  - (b) as soon as practicable, and in any event within 10 days of the date on which the change occurs, file a Form 51-102F3 *Material Change Report* with respect to the material change.
- (2) Subsection (1) does not apply if,
  - (a) in the opinion of the reporting issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (1) would be unduly detrimental to the interests of the reporting issuer; or
  - (b) the material change consists of a decision to implement a change made by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors is probable, and senior management of the reporting issuer has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the reporting issuer, and the reporting issuer immediately files the report required under paragraph (1)(b) marked so as to indicate that it is confidential, together with written reasons for non- disclosure.
- (3) Repealed
- (4) Repealed
- (5) If a report has been filed under subsection (2), the reporting issuer must advise the securities regulatory authority in writing if it believes the report should continue to remain confidential, within 10 days of the date of filing of the initial report and every 10 days thereafter until the material change is generally disclosed in the manner referred to in paragraph (1)(a), or, if the material change consists of a decision of the type referred to in paragraph (2)(b), until that decision has been rejected by the board of directors of the reporting issuer.
- (6) Despite subsection (5), in Ontario, the reporting issuer must advise the securities regulatory authority.
- (7) If a report has been filed under subsection (2), the reporting issuer must promptly generally disclose the material change in the manner referred to in subsection (1) upon the reporting issuer becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling securities of the reporting issuer with knowledge of the material change that has not been generally disclosed.

## **PART 8 BUSINESS ACQUISITION REPORT**

### **8.1 Interpretation and Application**

(1) In this Part,

“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;

“acquisition of related businesses” means the acquisition of two or more businesses if

- (a) the businesses were under common control or management before the acquisitions were completed;
- (b) each acquisition was conditional upon the completion of each other acquisition; or
- (c) the acquisitions were contingent upon a single common event; “business” includes an interest in an oil and gas property to which reserves, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, have been specifically attributed; and

“specified profit or loss” means profit or loss from continuing operations attributable to owners of the parent, adjusted to exclude income taxes.

(2) This Part does not apply to a transaction that is a reverse takeover.

### **8.2 Obligation to File a Business Acquisition Report and Filing Deadline**

- (1) If a reporting issuer completes a significant acquisition, as determined under section 8.3, it must file a business acquisition report within 75 days after the acquisition date.
- (2) Despite subsection (1), if the most recently completed financial year of the acquired business ended 45 days or less before the acquisition date, a reporting issuer must file a business acquisition report
  - (a) within 90 days after the acquisition date, in the case of an issuer other than a venture issuer, or
  - (b) within 120 days after the acquisition date, in the case of a venture issuer.

### 8.3 Determination of Significance

- (1) **Significant Acquisitions** – Subject to subsection (3) and subsections 8.10(1) and 8.10(2), an acquisition of a business or related businesses is a significant acquisition,
  - (a) for a reporting issuer that is not a venture issuer, if the acquisition satisfies any of the three significance tests set out in subsection (2); and
  - (b) for a venture issuer, if the acquisition satisfies either of the significance tests set out in paragraphs (2)(a) or (b) if “20 percent” is read as “40 percent”.
- (2) **Required Significance Tests** – For the purposes of subsection (1) and subject to subsections (4.1) and (4.2), the significance tests are:
  - (a) **The Asset Test.** The reporting issuer’s proportionate share of the consolidated assets of the business or related businesses exceeds 20 percent of the consolidated assets of the reporting issuer calculated using the audited annual financial statements of each of the reporting issuer and the business or the related businesses for the most recently completed financial year of each that ended before the acquisition date.
  - (b) **The Investment Test.** The reporting issuer’s consolidated investments in and advances to the business or related businesses as at the acquisition date exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed financial year of the reporting issuer ended before the acquisition date, excluding any investments in or advances to the business or related businesses as at that date.
  - (c) **The Profit or Loss Test.** The reporting issuer’s proportionate share of the consolidated specified profit or loss of the business or related businesses exceeds 20 percent of the consolidated specified profit or loss of the reporting issuer calculated using the audited annual financial statements of each of the reporting issuer and the business or related businesses for the most recently completed financial year of each ended before the acquisition date.
- (3) **Optional Significance Tests** – Despite subsection (1) and subject to subsections 8.10(1) and 8.10(2), if an acquisition of a business or related businesses is significant based on the significance tests in subsection (2),
  - (a) a reporting issuer that is not a venture issuer may re-calculate the significance using the optional significance tests in subsection (4); and
  - (b) a venture issuer may re-calculate the significance using the optional significance tests in paragraphs (4)(a) or (b) if “20 percent” is read as “40 percent”.

- (4) For the purposes of subsection (3) and subject to subsections (4.1) and (4.2), the optional significance tests are:
- (a) **The Asset Test.** The reporting issuer's proportionate share of the consolidated assets of the business or related businesses exceeds 20 percent of the consolidated assets of the reporting issuer, calculated using the financial statements of each of the reporting issuer and the business or the related businesses for the most recently completed interim period or financial year of each, without giving effect to the acquisition.
  - (b) **The Investment Test.** The reporting issuer's consolidated investments in and advances to the business or related businesses as at the acquisition date exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed interim period or financial year of the reporting issuer, excluding any investments in or advances to the business or related businesses as at that date.
  - (c) **The Profit or Loss Test.** The specified profit or loss calculated under the following subparagraph (i) exceeds 20 percent of the specified profit or loss calculated under the following subparagraph (ii):
    - (i) the reporting issuer's proportionate share of the consolidated specified profit or loss of the business or related businesses for the later of
      - (A) the most recently completed financial year of the business or related businesses; or
      - (B) the 12 months ended on the last day of the most recently completed interim period of the business or related businesses;
    - (ii) the reporting issuer's consolidated specified profit or loss for the later of
      - (A) the most recently completed financial year, without giving effect to the acquisition; or
      - (B) the 12 months ended on the last day of the most recently completed interim period of the reporting issuer, without giving effect to the acquisition.
- (4.1) For the purposes of subsections (2) and (4), the reporting issuer must not remeasure its previously held equity interest in the business or related businesses.
- (4.2) For the purposes of paragraphs (2)(b) and (4)(b), the reporting issuer's investments in and advances to the business or related businesses must include

- (a) the consideration transferred for the acquisition, measured in accordance with the issuer's GAAP,
  - (b) payments made in connection with the acquisition which do not constitute consideration transferred but which would not have been paid unless the acquisition had occurred, and
  - (c) contingent consideration for the acquisition measured in accordance with the issuer's GAAP.
- (5) If an acquisition does not meet any of the significance tests under subsection (4), the acquisition is not a significant acquisition.
- (6) Despite subsection (3), the significance of an acquisition of a business or related businesses may be re-calculated using financial statements for periods that ended after the acquisition date only if, after the acquisition date, the business or related businesses remained substantially intact and were not significantly reorganized, and no significant assets or liabilities were transferred to other entities.
- (7) For the purposes of paragraphs (2)(c) and (4)(c), if any of the reporting issuer, the business or the related businesses has incurred a loss, the significance test must be applied using the absolute value of the loss from continuing operations attributable to owners of the parent, adjusted to exclude income taxes.
- (8) For the purposes of paragraph (2)(c) and clause(4)(c)(ii)(A), if the reporting issuer's consolidated specified profit or loss for the most recently completed financial year was lower by 20 percent or more than its average consolidated specified profit or loss for the three most recently completed financial years, the issuer may, subject to subsection (10), substitute the average consolidated specified profit or loss for the three most recently completed financial years in determining whether the significance test set out in paragraph (2)(c) or (4)(c) is satisfied.
- (9) For the purpose of clause (4)(c)(ii)(B) if the reporting issuer's consolidated specified profit or loss for the most recently completed 12-month period was lower by 20 percent or more than its average consolidated specified profit or loss for the three most recently completed 12-month periods, the issuer may, subject to subsection (10), substitute the average consolidated specified profit or loss for the three most recently completed 12-month periods in determining whether the significance test set out in paragraph (4)(c) is satisfied.
- (10) If the reporting issuer's consolidated specified profit or loss for either of the two earlier financial periods referred to in subsections (8) and (9) is a loss, the reporting issuer's specified profit or loss for that period is considered to be zero for the purposes of calculating the average consolidated specified profit or loss for the three financial periods.
- (11) If a reporting issuer has made multiple investments in the same business, then for the purposes of applying subsections (2) and (4),
- (a) if the initial investment and one or more incremental investments were made during the same financial year, the investments must be aggregated and tested on a combined basis;

- (b) if one or more incremental investments were made in a financial year subsequent to the financial year in which an initial or incremental investment was made and the initial or previous incremental investments are reflected in audited annual financial statements of the reporting issuer previously filed, the reporting issuer must apply the significance tests set out in subsections (2) and (4) on a combined basis to the incremental investments not reflected in audited financial statements of the reporting issuer previously filed; and
  - (c) if one or more incremental investments were made in a financial year subsequent to the financial year in which the initial investment was made and the initial investment is not reflected in audited annual financial statements of the reporting issuer previously filed, the reporting issuer must apply the significance tests set out in subsections (2) and (4) to the initial and incremental investments on a combined basis.
- (11.1) For the purposes of calculating the optional profit or loss test under clause (4)(c)(ii)(A), a reporting issuer may use pro forma consolidated specified profit or loss for its most recently completed financial year that was included in a previously filed document if
- (a) the reporting issuer has made a significant acquisition of a business after its most recently completed financial year; and
  - (b) the previously filed document included
    - (i) audited annual financial statements of that acquired business for the periods required by this Part; and
    - (ii) the pro forma financial information required by subsection 8.4(5) or (6).
- (12) In determining whether an acquisition of related businesses is a significant acquisition, related businesses acquired after the ending date of the most recently filed audited annual financial statements of the reporting issuer must be considered on a combined basis.
- (13) For the purposes of calculating the significance tests in subsections (2) and (4), the amounts used for the business or related businesses must
- (a) subject to subsection (13.1), be based on the issuer's GAAP, and
  - (b) be translated into the same presentation currency as that used in the reporting issuer's financial statements.
- (13.1) Paragraph 8.3(13)(a) does not apply to a venture issuer if
- (a) the financial statements for the business or related businesses referred to in subsections 8.3(2) and (4)
    - (i) are prepared in accordance with Canadian GAAP applicable to private enterprises, and

- (ii) are prepared in a manner that consolidates any subsidiaries and accounts for significantly influenced investees and joint ventures using the equity method; and
  - (b) none of the accounting principles described in paragraphs 3.11(1)(a) through (e) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* were used to prepare financial statements for the business or related businesses referred to in subsections 8.3(2) and (4).
- (14) Despite subsections (2) and (4), the significance of an acquisition of a business or related businesses may be calculated using unaudited financial statements of the business or related businesses that comply with section 3.11 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* if the financial statements of the business or related businesses for the most recently completed financial year have not been audited.
- (15) Despite subsections (2) and (4), the significance of an acquisition of a business or related businesses may be calculated using the audited financial statements for the financial year immediately preceding the reporting issuer's most recently completed financial year if the reporting issuer has not been required to file, and has not filed, audited financial statements for its most recently completed financial year.

#### **8.4 Financial Statement Disclosure for Significant Acquisitions**

- (1) If a reporting issuer is required to file a business acquisition report under section 8.2, subject to sections 8.6 through 8.11, the business acquisition report must include the following for each business or related businesses:
  - (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; and
      - (B) the financial year immediately preceding the most recently completed financial year, if any; or
    - (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); and
  - (c) notes to the financial statements.
- (2) The most recently completed financial period referred to in subsection (1) must be audited.
- (3) Subject to subsection (4) and sections 8.6 through 8.11, if a reporting issuer is required to include financial statements in a business acquisition report under

subsection (1), the business acquisition report must include financial statements for

- (a) the most recently completed interim 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 an interim period, before the acquisition date; or
    - (ii) in the case of a period other than an interim period, after the interim 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.
- (3.1) If a reporting issuer is required under subsection (3) to include an interim financial report in a business acquisition report and the financial statements for the business or related businesses acquired are prepared in accordance with Canadian GAAP applicable to private enterprises, as permitted under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, the interim financial report must include
- (a) a balance sheet as at the end of the interim 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 year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any; and
  - (c) notes to the financial statements.
- (4) Despite subsection (3), the business acquisition report may include financial statements for a period ending not more than one interim period before the period referred to in subparagraph (3)(a)(i) if
- (a) the business does not, or related businesses do not, constitute a material departure from the business or operations of the reporting issuer immediately before the acquisition; and
  - (b) (Repealed.)
  - (c) either
    - (i) the acquisition date is, and the reporting issuer files the business acquisition report, within the following time after the business's or related businesses' most recently completed interim period:
      - (A) 45 days, if the reporting issuer is not a venture issuer; or
      - (B) 60 days, if the reporting issuer is a venture issuer; or
    - (ii) the reporting issuer filed a document before the acquisition date that included financial statements for the business or related



businesses that would have been required if the document were a prospectus, and those financial statements are for a period ending not more than one interim period before the interim period referred to in subparagraph (3)(a)(i).

- (5) If a reporting issuer is required to include financial statements in a business acquisition report under subsection (1) or (3), the business acquisition report must include
- (a) a pro forma statement of financial position of the reporting issuer,
    - (i) as at the date of the reporting issuer's most recent statement of financial position filed, that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed, but are not reflected in the reporting issuer's most recent statement of financial position for an annual or interim period; or
    - (ii) if the reporting issuer has not filed a statement of financial position for any annual or interim period, as at the date of the acquired business's most recent statement of financial position, that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed;
  - (b) a pro forma income statement of the reporting issuer that gives effect to significant acquisitions completed since the beginning of the financial year referred to in clause (i)(A) or (ii)(A), as applicable, as if they had taken place at the beginning of that financial year, for each of the following financial periods:
    - (i) the reporting issuer's
      - (A) most recently completed financial year for which it has filed financial statements; and
      - (B) interim period for which it has filed an interim financial report that started after the period in clause (A) and ended immediately before the acquisition date or, in the reporting issuer's discretion, after the acquisition date; or
    - (ii) if the reporting issuer has not filed a statement of comprehensive income for any annual or interim period, for the business's or related businesses'
      - (A) most recently completed financial year that ended before the acquisition date; and
      - (B) period for which financial statements are included in the business acquisition report under paragraph (3)(a); and

- (c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).
- (6) Despite paragraph (5)(a) and clauses (5)(b)(i)(B) and (5)(b)(ii)(B), if the reporting issuer relies on subsection (4), the business acquisition report may include
- (a) a pro forma statement of financial position as at the date of the statement of financial position filed immediately before the reporting issuer's most recent statement of financial position filed; and
  - (b) a pro forma income statement for the period ending not more than one interim period before the interim period referred to in clause (5)(b)(i)(B) or (5)(b)(ii)(B), as applicable.
- (7) If a reporting issuer is required to include pro forma financial statements in a business acquisition report under subsection (5),
- (a) the reporting issuer must identify in the pro forma financial statements each significant acquisition, if the pro forma financial statements give effect to more than one significant acquisition;
  - (b) the reporting issuer must include in the pro forma financial statements
    - (i) adjustments attributable to each significant acquisition for which there are firm commitments and for which the complete financial effects are objectively determinable,
    - (ii) adjustments to conform amounts for the business or related businesses to the issuer's accounting policies, and
    - (iii) a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;
  - (c) if the financial year-end of the business differs from the reporting issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement for the reporting issuer's most recently completed financial year, the reporting issuer must construct an income statement of the business for a period of 12 consecutive months ending no more than 93 days before or after the reporting issuer's year-end, by adding the results for a subsequent interim period to a completed financial year of the business and deducting the comparable interim results for the immediately preceding year;

- (d) if a constructed income statement is required under paragraph (c), the pro forma financial statements must disclose the period covered by the constructed income statement on the face of the pro forma financial statements and must include a note stating that the financial statements of the business used to prepare the pro forma financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for the business included elsewhere in the business acquisition report;
  - (e) if a reporting issuer is required to prepare a pro forma income statement for an interim period required by paragraph (5)(b), and the pro forma income statement for the most recently completed financial year includes results of the business which are also included in the pro forma income statement for the interim period, the reporting issuer must disclose in a note to the pro forma financial statements the revenue, expenses and profit or loss from continuing operations included in each pro forma income statement for the overlapping period; and
  - (f) a constructed period referred to in paragraph (c) does not have to be audited.
- (8) If a reporting issuer is required under subsection (1) to include financial statements for more than one business because the significant acquisition involves an acquisition of related businesses, the financial statements required under subsection (1) 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 reporting issuer may present the financial statements of the businesses on a combined basis.

## **8.6 Exemption for Significant Acquisitions Accounted for Using the Equity Method**

A reporting issuer is exempt from the requirements in section 8.4 if

- (a) the acquisition is, or will be, of an equity investee;
- (b) the business acquisition report includes disclosure for the periods for which financial statements are otherwise required under subsection 8.4(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 reporting issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the reporting 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 business acquisition report
  - (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).

#### **8.8 Exemption for Significant Acquisitions if Financial Year End Changed**

If under section 8.4 a reporting 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 reporting 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 nine months.

#### **8.9 Exemption from Comparatives if Financial Statements Not Previously Prepared**

A reporting issuer is not required to provide comparative information for an interim financial report required under subsection 8.4(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 interim 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 interim financial information.

## 8.10 Acquisition of an Interest in an Oil and Gas Property

- (1) Despite subsections 8.3(2) and 8.3(4), the asset tests in paragraphs 8.3(2)(a) and 8.3(4)(a) do not apply to an acquisition
  - (a) of a business that is an interest in an oil and gas property or related businesses that are interests in oil and gas properties; and
  - (b) that is not of securities of another issuer, unless the vendor transferred the business referenced in paragraph (1)(a) to the other issuer and that other issuer
    - (i) was created for the sole purpose of facilitating the acquisition; and
    - (ii) other than assets or operations relating to the transferred business, has no
      - (A) substantial assets; or
      - (B) operating history.
- (2) Despite subsections 8.3(2), 8.3(4), 8.3(8), 8.3(9), 8.3(10) and 8.3(11.1), a reporting issuer must substitute "operating income" for "specified profit or loss" for the purposes of the profit or loss test in paragraphs 8.3(2)(c) and 8.3(4)(c) if the acquisition is one described in subsection (1).
- (3) A reporting issuer is exempt from the requirements in section 8.4 if
  - (a) the significant acquisition is an acquisition described in subsection (1);
  - (b) the reporting issuer is unable to provide the financial statements in respect of the significant acquisition otherwise required under this Part because those financial statements do not exist or because the reporting issuer does not have access to those financial statements;
  - (c) the acquisition does not constitute a reverse takeover;
  - (d) [Repealed];
  - (e) subject to subsection (4), in respect of the business or related businesses, for each of the financial periods for which financial statements would, but for this section, be required under section 8.4, the business acquisition report includes
    - (i) an operating statement for the business or related businesses prepared in accordance with subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

- (ii) a pro forma operating statement of the reporting issuer that gives effect to significant acquisitions completed since the beginning of the reporting issuer's most recently completed financial year for which financial statements are required to have been filed, as if they had taken place at the beginning of that financial year, for each of the financial periods referred to in paragraph 8.4(5)(b);
  - (iii) a description of the property or properties and the interest acquired by the reporting issuer; and
  - (iv) disclosure of the annual oil and gas production volumes from the business or related businesses;
- (f) the operating statement for the most recently completed financial period referred to in subsection 8.4(1) is audited; and
- (g) the business acquisition report discloses
  - (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 reporting issuer or to the vendor of the person who prepared the estimates; and
  - (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).
- (4) A reporting issuer is exempt from the requirements of subparagraphs (3)(e)(i), (ii) and (iv), if
  - (a) production, gross sales, royalties, production costs and operating income were nil for the business or related businesses for each financial period; and
  - (b) the business acquisition report discloses this fact.

#### **8.11 Exemption for Multiple Investments in the Same Business**

Despite section 8.4, a reporting issuer is exempt from the requirements to file financial statements for an acquired business, other than the pro forma financial statements required by subsection 8.4(5), in a business acquisition report if the reporting issuer has made multiple investments in the same business and the acquired business has been consolidated in the reporting issuer's most recent annual financial statements that have been filed.

## **PART 9        PROXY SOLICITATION AND INFORMATION CIRCULARS**

### **9.1        Sending of Proxies and Information Circulars**

- (1) If management of a reporting issuer gives notice of a meeting to its registered holders of voting securities, management must, at the same time as or before giving that notice, send to each registered holder of voting securities who is entitled to notice of the meeting a form of proxy for use at the meeting.
- (2) Subject to section 9.2, a person or company that solicits proxies from registered holders of voting securities of a reporting issuer must,
  - (a) in the case of a solicitation by or on behalf of management of a reporting issuer, send an information circular with the notice of meeting to each registered securityholder whose proxy is solicited; or
  - (b) in the case of any other solicitation, concurrently with or before the solicitation, send an information circular to each registered securityholder whose proxy is solicited.

#### **9.1.1    Notice-and-Access**

- (1) A person or company soliciting proxies may use notice-and- access to send proxy-related materials to a registered holder of voting securities of a reporting issuer if all of the following apply:
  - (a) the registered holder of voting securities is sent a notice that contains the following information and no other information:
    - (i) the date, time and location of the reporting issuer's meeting for which the proxy-related materials are being sent;
    - (ii) a description of each matter or group of related matters identified in the form of proxy to be voted on, unless that information is already included in a form of proxy that is being sent to the registered holder of voting securities under paragraph (b);
    - (iii) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;
    - (iv) a reminder to review the information circular before voting;
    - (v) an explanation of how to obtain a paper copy of the information circular and, if applicable, the documents in paragraph (2)(b) from the person or company;
    - (vi) a plain-language explanation of notice-and-access that includes the following information:

- (A) if the person or company is using stratification, a list of the types of registered holders or beneficial owners who will receive paper copies of the information circular and, if applicable, the documents in paragraph (2)(b);
  - (B) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the documents in paragraph (2)(b), is to be received in order for the requester to receive the paper copy in advance of any deadline for the submission of the proxy and the date of the meeting;
  - (C) an explanation of how the registered holder is to return the proxy, including any deadline for return of the proxy;
  - (D) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the notice can be found;
  - (E) a toll-free telephone number the registered holder can call to get information about notice-and-access;
- (b) the registered holder of voting securities is sent, by prepaid mail, courier or the equivalent, the notice required by paragraph (a) and a form of proxy for use at the meeting and, in the case of a solicitation by or on behalf of management of the reporting issuer, the notice and form of proxy are sent at least 30 days before the date of the meeting;
- (c) in the case of a solicitation by or on behalf of management of the reporting issuer, the reporting issuer files on SEDAR the notification of meeting and record dates in the manner and within the time specified by NI 54-101;
- (d) public electronic access to the information circular, form of proxy and the notice in paragraph (a) is provided on or before the date that the person or company soliciting proxies sends the notice in paragraph (a) to registered holders in the following manner:
  - (i) the documents are filed on SEDAR as required by section 9.3;
  - (ii) the documents are posted until the date that is one year from the date that the documents are posted, on a website other than the website for SEDAR;
- (e) a toll-free telephone number is provided for use by the registered holder of voting securities to request a paper copy of the information circular and, if applicable, the documents in paragraph (2)(b), at any time from the date that the person or company soliciting proxies sends the notice in paragraph (a) to



the registered holder up to and including the date of the meeting, including any adjournment;

- (f) if a request for a paper copy of the information circular and, if applicable, the documents in paragraph (2)(b), is received at the toll-free telephone number provided under paragraph (e) or by any other means, a paper copy of any such document requested is sent free of charge by the person or company soliciting proxies to the requester at the address specified in the request in the following manner:
  - (i) in the case of a request received prior to the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent;
  - (ii) in the case of a request received on or after the date of the meeting, and within one year of the information circular being filed, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent.
- (2) Unless an information circular is included with the proxy-related materials, a reporting issuer that sends proxy-related materials to a registered holder of voting securities using notice-and-access must not include with the proxy-related materials any information or document that relates to the particulars of any matter to be submitted to the meeting, except for the following:
  - (a) the information required to be included in the notice under paragraph (1)(a);
  - (b) financial statements of the reporting issuer to be approved at the meeting and MD&A related to those financial statements, which may be part of an annual report.
- (3) A notice under paragraph (1)(a) and the form of proxy may be combined in a single document.

#### **9.1.2 Posting materials on non-SEDAR website**

- (1) A person or company that posts proxy-related materials in the manner referred to in subparagraph 9.1.1(1)(d)(ii) must also post on the website the following documents:
  - (a) any disclosure material regarding the meeting that the person or company has sent to registered holders or beneficial owners of voting securities;
  - (b) any written communications the person or company soliciting proxies has made available to the public regarding each matter or group of matters to be voted upon at the meeting, whether or not they were sent to registered holders or beneficial owners of voting securities.

- (2) Proxy-related materials that are posted under subparagraph 9.1.1(1)(d)(ii) must be posted in a manner and be in a format that permit an individual with a reasonable level of computer skill and knowledge to do all of the following easily:
  - (a) access, read and search the documents on the website; (b) download and print the documents.

### **9.1.3 Consent to other delivery methods**

For greater certainty, section 9.1.1 does not

- (a) prevent a registered holder of voting securities from consenting to a person or company's use of other delivery methods to send proxy-related materials,
- (b) terminate or modify a consent that a registered holder of voting securities previously gave to a person or company regarding the use of other delivery methods to send proxy-related materials, or
- (c) prevent a person or company from sending proxy-related materials using a delivery method to which a registered holder has consented prior to February 11, 2013.

### **9.1.4 Instructions to receive paper copies**

- (1) Despite section 9.1.1, a reporting issuer may obtain standing instructions from a registered holder of voting securities that a paper copy of the information circular and, if applicable, the documents in paragraph 9.1.1(2)(b), be sent to the registered holder in all cases when the reporting issuer uses notice-and-access.
- (2) If a reporting issuer has obtained standing instructions from a registered holder under subsection (1), the reporting issuer must do both of the following:
  - (a) include with the notice required by paragraph 9.1.1(1)(a) any paper copies of information circulars and, if applicable, the documents in paragraph 9.1.1(2)(b), required to comply with standing instructions obtained under subsection (1);
  - (b) include with the notice under paragraph (a) a description, or otherwise inform the registered holder of, the means by which the registered holder may revoke the registered holder's standing instructions.

### **9.1.5 Compliance with SEC Notice-and-Access Rules**

A reporting issuer that is an SEC issuer can send proxy-related materials to registered holders under section 9.1 using a delivery method permitted under U.S. federal securities law, if both of the following apply:

- (a) the SEC issuer is subject to, and complies with Rule 14a-16 under the 1934 Act;

- (b) residents of Canada do not own, directly or indirectly, outstanding voting securities carrying more than 50% of the votes for the election of directors, and none of the following apply:
  - (i) the majority of the executive officers or directors of the issuer are residents of Canada;
  - (ii) more than 50% of the consolidated assets of the issuer are located in Canada;
  - (iii) the business of the issuer is administered principally in Canada.

## **9.2 Exemptions from Sending Information Circular**

- (1) Subsection 9.1(2) does not apply to a solicitation by a person or company in respect of securities of which the person or company is the beneficial owner.
- (2) Paragraph 9.1(2)(b) does not apply to a solicitation if the total number of securityholders whose proxies are solicited is not more than 15.
- (3) For the purposes of subsection (2), two or more persons or companies who are joint registered owners of one or more securities are considered to be one securityholder.
- (4) Despite paragraph 9.1(2)(b), a person or company, other than management of a reporting issuer or a person or company acting on behalf of management, may solicit proxies from registered securityholders of a reporting issuer without sending an information circular, if
  - (a) the solicitation is made to the public by broadcast, speech or publication;
  - (b) soliciting proxies by broadcast, speech or publication is permitted by the laws under which the reporting issuer is incorporated, organized or continued and the person or company making the solicitation complies with the requirements, if any, of those laws relating to the broadcast, speech or publication;
  - (c) the person or company has filed the following information:
    - (i) the name and address of the reporting issuer to which the solicitation relates,
    - (ii) the information required under item 2, sections 3.2, 3.3 and 3.4 and paragraphs (b) and (d) of item 5 of Form 51-102F5 *Information Circular*,

- (iii) any information required to be disclosed in respect of the broadcast, speech or publication by the laws under which the reporting issuer is incorporated, organized or continued, and
  - (iv) a copy of any communication intended to be published; and
- (d) the broadcast, speech or publication contains the information referred to in paragraphs (c)(i) to (iii).
- (5) Subsection (4) does not apply to a person or company that is proposing, at the time of the solicitation, a significant acquisition or restructuring transaction involving the reporting issuer and the person or company, under which securities of the person or company, or securities of an affiliate of the person or company, are to be changed, exchanged, issued or distributed, unless
  - (a) the person or company has filed an information circular or other document containing the information required by section 14.4 of Form 51-102F5 *Information Circular*; and
  - (b) the solicitation refers to that information circular or other document and discloses that the circular or other document is on SEDAR.
- (6) Subsection (4) does not apply to a person or company that is nominating or proposing to nominate, at the time of the solicitation, an individual, including himself or herself, for election as a director of the reporting issuer, unless
  - (a) the person or company has filed an information circular or other document containing the information required by Form 51-102F5 *Information Circular* in respect of the proposed nominee; and
  - (b) the solicitation refers to that information circular or other document and discloses that the circular or other document is on SEDAR.

### **9.3 Filing of Information Circulars and Proxy-Related Material**

A person or company that is required under this Instrument to send an information circular or form of proxy to registered securityholders of a reporting issuer must promptly file a copy of the information circular, form of proxy and all other material required to be sent by the person or company in connection with the meeting to which the information circular or form of proxy relates.

#### **9.3.1 Content of Information Circular**

- (1) Subject to Item 8 of Form 51-102F5, if a reporting issuer sends an information circular to a securityholder under paragraph 9.1(2)(a), the issuer must

- (a) disclose all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each NEO and 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 NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer, and
- (b) include detail and discussion of the compensation, and the decision-making process relating to compensation, presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of
  - (i) how decisions about NEO and director compensation are made,
  - (ii) the compensation paid, made payable, awarded, granted, given or otherwise provided to each NEO and director, and
  - (iii) how specific NEO and director compensation relates to the overall stewardship and governance of the reporting issuer.
- (2) The disclosure required under subsection (1) must be provided for the periods set out in, in accordance with, and subject to any exemptions set out in, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.
- (3) For the purposes of this section, "NEO" and "plan" have the meaning ascribed to those terms in Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.
- (4) This section does not apply to an issuer in respect of a financial year ending before December 31, 2008.

#### **9.4 Content of Form of Proxy**

- (1) A form of proxy sent to securityholders of a reporting issuer by a person or company soliciting proxies must indicate in bold-face type whether or not the proxy is solicited by or on behalf of the management of the reporting issuer, provide a specifically designated blank space for dating the form of proxy and specify the meeting in respect of which the proxy is solicited.
- (2) An information circular sent to securityholders of a reporting issuer or the form of proxy to which the information circular relates must
  - (a) indicate in bold-face type that the securityholder has the right to appoint a person or company to represent the securityholder at the meeting other than the person or company if any, designated in the form of proxy; and

- (b) contain instructions as to the manner in which the securityholder may exercise the right referred to in paragraph (a).
- (3) If a form of proxy sent to securityholders of a reporting issuer contains a designation of a named person or company as nominee, it must provide an option for the securityholder to designate in the form of proxy some other person or company as the securityholder's nominee.
- (4) A form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the securityholder's name will be voted for or against each matter or group of related matters identified in the form of proxy, in the notice of meeting or in an information circular, other than the appointment of an auditor and the election of directors.
- (5) A form of proxy sent to securityholders of a reporting issuer may confer discretionary authority with respect to each matter referred to in subsection (4) as to which a choice is not specified if the form of proxy or the information circular states in bold-face type how the securities represented by the proxy will be voted in respect of each matter or group of related matters.
- (6) A form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the name of the securityholder must be voted or withheld from voting in respect of the appointment of an auditor or the election of directors.
- (7) An information circular sent to securityholders of a reporting issuer or the form of proxy to which the information circular relates must state that
  - (a) the securities represented by the proxy 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 (4) or (6) with respect to any matter to be acted upon, the securities will be voted accordingly.
- (8) A form of proxy sent to securityholders of a reporting issuer may confer discretionary authority with respect to
  - (a) amendments or variations to matters identified in the notice of meeting; and
  - (b) other matters which may properly come before the meeting, if,

- (c) the person or company 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 those amendments, variations or other matters are to be presented for action at the meeting; and
  - (d) a specific statement is made in the information circular or in the form of proxy that the proxy is conferring such discretionary authority.
- (9) A form of proxy sent to securityholders of a reporting issuer must not confer authority to vote
- (a) for the election of any person as a director of a reporting issuer unless a bona fide proposed nominee for that election is named in the information circular or, in the case of a solicitation under subsection 9.2(4), the document required under paragraph 9.2(6)(a); or
  - (b) at any meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting.

## **9.5 Exemption**

Sections 9.1 to 9.4 do not apply to a reporting issuer, or a person or company that solicits proxies from registered holders of voting securities of a reporting issuer, if

- (a) the reporting issuer or other person or company complies with the requirements of the laws relating to the solicitation of proxies under which the reporting issuer is incorporated, organized or continued;
- (b) the requirements referred to in subsection (a) are substantially similar to the requirements of this Part; and
- (c) the reporting issuer or other person or company files a copy of any information circular and form of proxy, or other documents that contain substantially similar information, promptly after the reporting issuer or other person or company sends the circular, form or other document in connection with the meeting.

## **PART 10 RESTRICTED SECURITY DISCLOSURE**

### **10.1 Restricted Security Disclosure**

- (1) Except as otherwise provided in section 10.3, if a reporting issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, each document referred to in subsection (2) must

- (a) refer to restricted securities using a term that includes the appropriate restricted security term;
  - (b) not refer to securities by a term that includes "common", or "preference" or "preferred", unless the securities are common shares or preference shares, respectively;
  - (c) describe any restrictions on the voting rights of restricted securities;
  - (d) describe the rights to participate, if any, of holders of restricted securities if a takeover bid is made for securities of the reporting issuer with voting rights superior to those attached to the restricted securities;
  - (e) state the percentage of the aggregate voting rights attached to the reporting issuer's securities that are represented by the class of restricted securities; and
  - (f) if holders of restricted securities have no right to participate if a takeover bid is made for securities of the reporting issuer with voting rights superior to those attached to the restricted securities, contain a statement to that effect in bold-face type.
- (2) Subsection (1) applies to the following documents except as provided in subsections(3) and (6):
- (a) an information circular;
  - (b) a document required by this Instrument to be delivered upon request by a reporting issuer to any of its securityholders; and
  - (c) an AIF prepared by a reporting issuer.
- (3) Despite subsection (2), annual financial statements, an interim financial report and MD&A or other accompanying discussion by management of those financial statements are not required to include the details referred to in paragraphs (1)(c), (d), (e) and (f).
- (4) Each reference to restricted securities in any document not referred to in subsection (2) that a reporting issuer sends to its securityholders must include the appropriate restricted security term.
- (5) A reporting issuer must not refer, in any of the documents described in subsection (4), to securities by a term that includes "common" or "preference" or "preferred", unless the securities are common shares or preference shares, respectively.



- (6) Despite paragraph (1)(b) and subsection (5), a reporting issuer may, in one place only in a document referred to in subsection (2) or (4), describe the restricted securities by the term used in the constating documents of the reporting issuer, to the extent that term differs from the appropriate restricted security term, if the description is not on the front page of the document and is in the same type face and type size as that used generally in the document.

## **10.2 Dissemination of Disclosure Documents to Holder of Restricted Securities**

- (1) If a reporting issuer sends a document to all holders of any class of its equity securities the document must also be sent by the reporting issuer at the same time to the holders of its restricted securities.
- (2) A reporting issuer that is required by this Instrument to arrange for, or voluntarily makes arrangements for, delivery of the documents referred to in subsection (1) to the beneficial owners of any securities of a class of equity securities registered in the name of a registrant, must make similar arrangements for delivery of the documents to the beneficial owners of securities of a class of restricted securities registered in the name of the registrant.

## **10.3 Exemptions for Certain Reporting Issuers**

The provisions of sections 10.1 and 10.2 do not apply to

- (a) securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the reporting issuer to be non-Canadians, but only to the extent of the restriction; and
- (b) securities that are subject to a restriction, imposed by any law governing the reporting issuer, on the level of ownership of the securities by any person, company or combination of persons or companies, but only to the extent of the restriction.

# **PART 11 ADDITIONAL FILING REQUIREMENTS**

## **11.1 Additional Disclosure Requirements**

- (1) A reporting issuer must file a copy of any disclosure material
  - (a) that it sends to its securityholders;
  - (b) in the case of an SEC issuer, that it files with or furnishes to the SEC under the 1934 Act, including material filed as exhibits to other documents, if the

material contains information that has not been included in disclosure already filed in a jurisdiction by the SEC issuer; or

- (c) that it files with another provincial or territorial securities regulatory authority other than in connection with a distribution.
- (2) A reporting issuer must file the material referred to in subsection (1) on the same date as, or as soon as practicable after, the earlier of
- (a) the date on which the reporting issuer sends the material to its securityholders;
  - (b) the date on which the reporting issuer files or furnishes the material to the SEC; and
  - (c) the date on which the reporting issuer files that material with the other provincial or territorial securities regulatory authority.

## **11.2 Change of Status Report**

A reporting issuer must file a notice promptly after the occurrence of either of the following:

- (a) the reporting issuer becomes a venture issuer; or
- (b) the reporting issuer ceases to be a venture issuer.

## **11.3 Voting Results**

A reporting issuer that is not a venture issuer must, promptly following a meeting of securityholders at which a matter was submitted to a vote, file a report that discloses, for each matter voted upon

- (a) a brief description of the matter voted upon and the outcome of the vote; and
- (b) if the vote was conducted by ballot, including a vote on a matter in which votes are cast both in person and by proxy, the number or percentage of votes cast for, against or withheld from the vote.

## **11.4 Financial Information**

A reporting issuer must file a copy of any news release issued by it that discloses information regarding its historical or prospective financial performance or financial condition for a financial year or interim period.

## 11.5 Re-filing Documents

If a reporting issuer decides it will

- (a) re-file a document filed under this Instrument, or
- (b) re-state financial information for comparative periods in financial statements for reasons other than retrospective application of a change in an accounting standard or policy or a new accounting standard,

and the information in the re-filed document, or re-stated financial information, will differ materially from the information originally filed, the issuer must immediately issue and file a news release authorized by an executive officer disclosing the nature and substance of the change or proposed changes.

## 11.6 Executive Compensation Disclosure for Certain Reporting Issuers

- (1) A reporting issuer that does not send to its securityholders an information circular that includes the disclosure required by Item 8 of Form 51-102F5 and that does not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2 must
  - (a) disclose all compensation, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each NEO and 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 NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer, and
  - (b) include detail and discussion of the compensation, and the decision-making process relating to compensation, presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of
    - (i) how decisions about NEO and director compensation are made,
    - (ii) the compensation paid, made payable, awarded, granted, given or otherwise provided to each NEO and director, and
    - (iii) how specific NEO and director compensation relates to the overall stewardship and governance of the reporting issuer.
- (2) The disclosure required under subsection (1) must be provided for the periods set out in, and in accordance with, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.

- (3) The disclosure required under subsection (1) must be filed not later than 140 days after the end of the reporting issuer's most recently completed financial year.
- (4) For the purposes of this section, "NEO" and "plan" have the meaning ascribed to those terms in Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.
- (5) This section does not apply to an issuer that satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation under section 4.6 or 5.7 of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.
- (6) This section does not apply to an issuer in respect of a financial year ending before December 31, 2008.

## **PART 12 FILING OF CERTAIN DOCUMENTS**

### **12.1 Filing of Documents Affecting the Rights of Securityholders**

- (1) A reporting issuer must file copies of the following documents, and any material amendments to the following documents, unless previously filed:
  - (a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, unless the constating or establishing document is a statutory or regulatory instrument;
  - (b) by-laws or other corresponding instruments currently in effect;
  - (c) any securityholder or voting trust agreement that the reporting issuer has access to and that can reasonably be regarded as material to an investor in securities of the reporting issuer;
  - (d) any securityholders' rights plans or other similar plans; and
  - (e) any other contract of the issuer or a subsidiary of the issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of its securityholders generally.
- (2) A document required to be filed under subsection (1) may be filed in paper format if
  - (a) it is dated before March 30, 2004; and
  - (b) it does not exist in an acceptable electronic format.

### **12.2 Filing of Material Contracts**

- (1) Unless previously filed, a reporting issuer must file a material contract entered into

- (a) within the last financial year; or
  - (b) before the last financial year if that material contract is still in effect.
- (2) Despite subsection (1), a reporting issuer is not required to file a material contract entered into in the ordinary course of business unless the material contract is
- (a) a contract to which directors, officers, or promoters are parties other than a contract of employment;
  - (b) a continuing contract to sell the majority of the reporting issuer's products or services or to purchase the majority of the reporting issuer's requirements of goods, services, or raw materials;
  - (c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name;
  - (d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions;
  - (e) an external management or external administration agreement; or
  - (f) a contract on which the reporting issuer's business is substantially dependent.
- (3) A provision in a material contract filed pursuant to subsections (1) or (2) may be omitted or marked to be unreadable if an executive officer of the reporting issuer reasonably believes that disclosure of that provision would be seriously prejudicial to the interests of the reporting issuer or would violate confidentiality provisions.
- (4) Subsection (3) does not apply if the provision relates to
- (a) debt covenants and ratios in financing or credit agreements;
  - (b) events of default or other terms relating to the termination of the material contract; or
  - (c) other terms necessary for understanding the impact of the material contract on the business of the reporting issuer.
- (5) If a provision is omitted or marked to be unreadable under subsection (3), the reporting issuer must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision in the copy of the material contract filed by the reporting issuer.
- (6) Despite subsections (1) and (2), a reporting issuer is not required to file a material contract entered into before January 1, 2002.

### **12.3 Time for Filing of Documents**

The documents required to be filed under sections 12.1 and 12.2 must be filed no later than the time the reporting issuer files a material change report in Form 51-102F3, if the making of the document constitutes a material change for the issuer, and

- (a) no later than the time the reporting issuer's AIF is filed under section 6.1, if the document was made or adopted before the date of the issuer's AIF; or
- (b) if the reporting issuer is not required to file an AIF under section 6.1, within 120 days after the end of the issuer's most recently completed financial year, if the document was made or adopted before the end of the issuer's most recently completed financial year.

## **PART 13 EXEMPTIONS**

### **13.1 Exemptions from this Instrument**

- (1) The securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (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) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

### **13.2 Existing Exemptions**

- (1) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a securities regulatory authority relating to continuous disclosure requirements of securities legislation or securities directions existing immediately before this Instrument came into force is exempt from any substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.
- (2) A reporting issuer must, at the time that it first intends to rely on subsection (1) in connection with a filing requirement under this Instrument, inform the securities regulatory authority in writing of
  - (a) the general nature of the prior exemption, waiver or approval and the date on which it was granted; and

- (b) the requirement under prior securities legislation or securities directions in respect of which the prior exemption, waiver or approval applied and the substantially similar provision of this Instrument.

### **13.3 Exemption for Certain Exchangeable Security Issuers**

- (1) In this section:

“designated Canadian jurisdiction” means Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec, or Saskatchewan;

“designated exchangeable security” means an exchangeable security which provides the holder of the security with economic and voting rights which are, as nearly as possible except for tax implications, equivalent to the underlying securities;

“exchangeable security” means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase, or of the parent issuer to cause the purchase of, an underlying security;

“exchangeable security issuer” means a person or company that has issued an exchangeable security;

“parent issuer”, when used in relation to an exchangeable security issuer, means the person or company that issues the underlying security; and

“underlying security” means a security of a parent issuer issued or transferred, or to be issued or transferred, on the exchange of an exchangeable security.

- (2) Except as provided in this subsection, an exchangeable security issuer satisfies the requirements in this Instrument if

- (a) the parent issuer is the beneficial owner of all the issued and outstanding voting securities of the exchangeable security issuer;

- (b) the parent issuer is either

- (i) an SEC issuer with a class of securities listed or quoted on a U.S. marketplace that has filed all documents it is required to file with the SEC; or
- (ii) a reporting issuer in a designated Canadian jurisdiction that has filed all documents it is required to file under this Instrument;

- (c) the exchangeable security issuer does not issue any securities, and does not have any securities outstanding, other than

- (i) designated exchangeable securities;

- (ii) securities issued to and held by the parent issuer or an affiliate of the parent issuer;
  - (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or
  - (iv) securities issued under exemptions from the prospectus requirement in section 2.35 and registration requirement in section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*;
- (d) the exchangeable security issuer files in electronic format,
  - (i) if the parent issuer is not a reporting issuer in a designated Canadian jurisdiction, copies of all documents the parent issuer is required to file with the SEC under the 1934 Act, at the same time as, or as soon as practicable after, the filing by the parent issuer of those documents with the SEC; or
  - (ii) if the parent issuer is a reporting issuer in a designated Canadian jurisdiction,
    - (A) a notice indicating that the exchangeable security issuer is relying on the continuous disclosure documents filed by its parent issuer and setting out where those documents can be found in electronic format, if the parent issuer is a reporting issuer in the local jurisdiction; or
    - (B) copies of all documents the parent issuer is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by the parent issuer of those documents with a securities regulatory authority;
- (e) the exchangeable security issuer concurrently sends to all holders of designated exchangeable securities all disclosure materials that are sent to holders of the underlying securities in the manner and at the time required by
  - (i) U.S. laws and any U.S. marketplace on which securities of the parent issuer are listed or quoted, if the parent issuer is not a reporting issuer in a designated Canadian jurisdiction; or
  - (ii) securities legislation, if the parent issuer is a reporting issuer in a designated Canadian jurisdiction;



- (f) the parent issuer
    - (i) complies with U.S. laws and the requirements of any U.S. marketplace on which the securities of the parent issuer are listed or quoted if the parent issuer is not a reporting issuer in a designated Canadian jurisdiction, or securities legislation if the parent issuer is a reporting issuer in a designated Canadian jurisdiction, in respect of making public disclosure of material information on a timely basis; and
    - (ii) immediately issues in Canada and files any news release that discloses a material change in its affairs;
  - (g) the exchangeable security issuer issues in Canada a news release and files a material change report in accordance with Part 7 of this Instrument for all material changes in respect of the affairs of the exchangeable security issuer that are not also material changes in the affairs of its parent issuer; and
  - (h) the parent issuer includes in all mailings of proxy solicitation materials to holders of designated exchangeable securities a clear and concise statement that
    - (i) explains the reason the mailed material relates solely to the parent issuer;
    - (ii) indicates that the designated exchangeable securities are the economic equivalent to the underlying securities; and
    - (iii) describes the voting rights associated with the designated exchangeable securities.
- (3) The insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* does not apply to any insider of an exchangeable security issuer in respect of securities of the exchangeable security issuer so long as,
- (a) if the insider is not the parent issuer,
    - (i) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning the parent issuer before the material facts or material changes are generally disclosed, and
    - (ii) the insider is not an insider of the parent issuer in any capacity other than by virtue of being an insider of the exchangeable security issuer;
  - (b) the parent issuer is the beneficial owner of all of the issued and outstanding voting securities of the exchangeable security issuer;

- (c) if the insider is the parent issuer, the insider does not beneficially own any designated exchangeable securities other than securities acquired through the exercise of the exchange right and not subsequently traded by the insider;
- (d) the parent issuer is an SEC issuer or a reporting issuer in a designated Canadian jurisdiction; and
- (e) the exchangeable security issuer has not issued any securities and does not have any securities outstanding, other than
  - (i) designated exchangeable securities;
  - (ii) securities issued to and held by the parent issuer or an affiliate of the parent issuer;
  - (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; and
  - (iv) securities issued under exemptions from the prospectus requirement in section 2.35 and registration requirement in section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

#### **13.4 Exemption for Certain Credit Support Issuers**

- (1) In this section:

“alternative credit support” means support, other than a guarantee, for the payments to be made by the issuer, as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities that

- (a) obliges the person or company providing the support to provide the issuer with funds sufficient to enable the issuer to make the stipulated payments, or
- (b) entitles the holder of the securities to receive, from the person or company providing the support, payment if the issuer fails to make a stipulated payment;

“credit support issuer” means an issuer of securities for which a credit supporter has provided a guarantee or alternative credit support;

“credit supporter” means a person or company that provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

“designated Canadian jurisdiction” means Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec or Saskatchewan;

“designated credit support securities” means

- (a) non-convertible debt securities or convertible debt securities that are convertible into non-convertible securities of the credit supporter; or
- (b) non-convertible preferred shares or convertible preferred shares that are convertible into securities of the credit supporter, in respect of which a parent credit supporter has provided;
- (c) alternative credit support that
  - (i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the credit support issuer, within 15 days of any failure by the credit support issuer to make a payment; and
  - (ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated; or
- (d) a full and unconditional guarantee of the payments to be made by the credit support issuer, as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities, that results in the holder of such securities being entitled to receive payment from the credit supporter within 15 days of any failure by the credit support issuer to make a payment;

“parent credit supporter” means a credit supporter of which the reporting issuer is a subsidiary;

“subsidiary credit supporter” means a credit supporter that is a subsidiary of the parent credit supporter; and

“summary financial information” includes the following line items:

- (a) revenue;
- (b) profit or loss from continuing operations attributable to owners of the parent;

- (c) profit or loss attributable to owners of the parent; and
  - (d) unless the accounting principles used to prepare the financial statements of the person or company permits the preparation of the person or company's statement of financial position without classifying assets and liabilities between current and non-current and the person or company provides alternative meaningful financial information which is more appropriate to the industry,
    - (i) current assets;
    - (ii) non-current assets;
    - (iii) current liabilities; and
    - (iv) non-current liabilities.
- (1.1) For the purposes of subparagraph (2)(g)(ii), consolidating summary financial information must be prepared on the following basis:
- (a) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the parent credit supporter for the corresponding period;
  - (b) the parent credit supporter column must account for investments in all subsidiaries under the equity method; and
  - (c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.
- (2) Except as provided in this section, a credit support issuer satisfies the requirements in this Instrument if
- (a) the parent credit supporter is the beneficial owner of all the outstanding voting securities of the credit support issuer;
  - (b) the parent credit supporter is either
    - (i) an SEC issuer that is incorporated or organized under the laws of the United States of America or any state or territory of the United States of America or the District of Columbia and that has filed all documents it is required to file with the SEC; or
    - (ii) subject to subsection (4), a reporting issuer in a designated Canadian jurisdiction that has filed all documents it is required to file under this Instrument;
  - (c) the credit support issuer does not issue any securities, and does not have any securities outstanding, other than

- (i) designated credit support securities;
  - (ii) securities issued to and held by the parent credit supporter or an affiliate of the parent credit supporter;
  - (iii) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or
  - (iv) securities issued under exemptions from the prospectus requirement in section 2.35 and registration requirement in section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*;
- (d) the credit support issuer files in electronic format,
- (i) if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction, copies of all documents the parent credit supporter is required to file with the SEC under the 1934 Act, at the same time or as soon as practicable after the filing by the parent credit supporter of those documents with the SEC; or
  - (ii) if the parent credit supporter is a reporting issuer in a designated Canadian jurisdiction,
    - (A) a notice indicating that the credit support issuer is relying on the continuous disclosure documents filed by the parent credit supporter and setting out where those documents can be found for viewing in electronic format, if the credit support issuer is a reporting issuer in the local jurisdiction; or
    - (B) copies of all documents the parent credit supporter is required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by the parent credit supporter of those documents with a securities regulatory authority;

- (e) if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction, the parent credit supporter
  - (i) complies with U.S. laws and the requirements of any U.S. marketplace on which securities of the parent credit supporter are listed or quoted in respect of making public disclosure of material information on a timely basis; and
  - (ii) immediately issues in Canada and files any news release that discloses a material change in its affairs;
- (f) the credit support issuer issues in Canada a news release and files a material change report in accordance with Part 7 for all material changes in respect of the affairs of the credit support issuer that are not also material changes in the affairs of the parent credit supporter;
- (g) the credit support issuer files, in electronic format, in the notice referred to in clause (d)(ii)(A) or in or with the copy of each consolidated interim financial report and consolidated annual financial statements filed under subparagraph (d)(i) or clause (d)(ii)(B), either
  - (i) a statement that the financial results of the credit support issuer are included in the consolidated financial results of the parent credit supporter, if at that time,
    - (A) the credit support issuer has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the securities described in paragraph (c), and
    - (B) each item of the summary financial information of the subsidiaries of the parent credit supporter on a combined basis, other than the credit support issuer, represents less than 3% of the corresponding items on the consolidated financial statements of the parent credit supporter being filed or referred to under paragraph (d), or
  - (ii) for the periods covered by the consolidated interim financial report or consolidated annual financial statements of the parent credit supporter filed, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:
    - (A) the parent credit supporter;

- (B) the credit support issuer;
    - (C) any other subsidiaries of the parent credit supporter on a combined basis;
    - (D) consolidating adjustments; and
    - (E) the total consolidated amounts;
  - (h) the credit support issuer files a corrected notice under clause (d)(ii)(A) if the credit support issuer filed the notice with the statement contemplated in subparagraph (g)(i) and the credit support issuer can no longer rely on subparagraph (g)(i);
  - (i) in the case of designated credit support securities that include debt, the credit support issuer concurrently sends to all holders of such securities all disclosure materials that are sent to holders of similar debt of the parent credit supporter in the manner and at the time required by
    - (i) U.S. laws and any U.S. marketplace on which securities of the parent credit supporter are listed or quoted, if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction; or
    - (ii) securities legislation, if the parent credit supporter is a reporting issuer in a designated Canadian jurisdiction;
  - (j) in the case of designated credit support securities that include preferred shares, the credit support issuer concurrently sends to all holders of such securities all disclosure materials that are sent to holders of similar preferred shares of the parent credit supporter in the manner and at the time required by
    - (i) U.S. laws and any U.S. marketplace on which securities of the parent credit supporter are listed or quoted, if the parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction; or
    - (ii) securities legislation, if the parent credit supporter is a reporting issuer in a designated Canadian jurisdiction; and
  - (k) no person or company other than the parent credit supporter has provided a guarantee or alternative credit support for the payments to be made under any issued and outstanding securities of the credit support issuer.
- (2.1) A credit support issuer satisfies the requirements of this Instrument where there is a parent credit supporter and one or more subsidiary credit supporters if
- (a) the conditions in paragraphs (2)(a) to (f), (i), and (j) are complied with;

- (b) the parent credit supporter controls each subsidiary credit supporter and the parent credit supporter has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are filed or referred to under paragraph (2)(d);
  - (c) the credit support issuer files, in electronic format, in the notice referred to in clause (2)(d)(ii)(A) or in or with the copy of each consolidated interim financial report and the consolidated annual financial statements filed under subparagraph (2)(d)(i) or clause (2)(d)(ii)(B), for a period covered by any consolidated interim financial report or consolidated annual financial statements of the parent credit supporter filed by the parent credit supporter, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:
    - (i) the parent credit supporter;
    - (ii) the credit support issuer;
    - (iii) each subsidiary credit supporter on a combined basis;
    - (iv) any other subsidiaries of the parent credit supporter on a combined basis;
    - (v) consolidating adjustments; and
    - (vi) the total consolidated amounts;
  - (d) no person or company, other than the parent credit supporter or a subsidiary credit supporter has provided a guarantee or alternative credit support for the payments to be made under the issued and outstanding designated credit support securities; and
  - (e) the guarantees or alternative credit supports are joint and several.
- (2.2) Despite paragraph (2.1)(c), the information set out in a column in accordance with
- (a) subparagraph (2.1)(c)(iv), may be combined with the information set out in accordance with any of the other columns in paragraph (2.1)(c) if each item of the summary financial information set out in a column in accordance with subparagraph (2.1)(c)(iv) represents less than 3% of the corresponding items on the consolidated financial statements of the parent credit supporter being filed or referred to under paragraph (2)(d),
  - (b) subparagraph (2.1)(c)(ii) may be combined with the information set out in accordance with any of the other columns in paragraph (2.1)(c) if the credit



support issuer has minimal assets, operations, revenue or cash flows other than those related to the issuance, administration and repayment of the securities described in paragraph (2)(c).

- (3) The insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* do not apply to an insider of a credit support issuer in respect of securities of the credit support issuer so long as,
- (a) the conditions in paragraphs (2)(a) to (c) are complied with;
  - (b) if the insider is not a credit supporter,
    - (i) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning a credit supporter before the material facts or material changes are generally disclosed, and
    - (ii) the insider is not an insider of a credit supporter in any capacity other than by virtue of being an insider of the credit support issuer; and
  - (c) if the insider is a credit supporter, the insider does not beneficially own any designated credit support securities.
- (4) A parent credit supporter is not a reporting issuer in a designated Canadian jurisdiction for the purposes of subparagraph (2)(b)(ii) if the parent credit supporter complies with a requirement of this Instrument by relying on a provision of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

## **PART 14 EFFECTIVE DATE AND TRANSITION**

### **14.1 Effective Date**

This Instrument comes into force on March 30, 2004.

### **14.2 Transition**

Despite section 14.1, section 5.7 applies for financial years of the reporting issuer beginning on or after January 1, 2007.

### **14.3 Transition – Interim Financial Report**

- (1) Despite section 4.4 and paragraph 4.10(2)(c), the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period

beginning on or after January 1, 2011 may be filed,

- (a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of
    - (i) the 75th day after the end of the interim period; and
    - (ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period; or
  - (b) in the case of a venture issuer, on or before the earlier of
    - (i) the 90th day after the end of the interim period; and
    - (ii) the date of filing, in a foreign jurisdiction, an interim financial report for a period ending on the last day of the interim period.
- (2) Despite subsection 5.1(2), the MD&A required to be filed under subsection 5.1(1) relating to the first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011 may be filed on or before the earlier of
- (a) the filing deadline for the interim financial report set out in subsection (1); and
  - (b) the date the reporting issuer files the interim financial report under subsections (1) or 4.3(1), as applicable.
- (3) Despite subsection 4.6(3), if a registered holder or beneficial owner of securities, other than debt instruments, of a reporting issuer requests the issuer's first interim financial report required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011, the reporting issuer may send a copy of the required interim financial report and the interim MD&A relating to the interim financial report to the person or company that made the request, without charge, by the later of,
- (a) in the case of a reporting issuer relying on subsection (1), 10 calendar days after the filing deadline set out in subsection (1), for the financial statements requested;
  - (b) in the case of a reporting issuer not relying on subsection (1), 10 calendar days after the filing deadline in subparagraph 4.4(a)(i) or 4.4(b)(i), subsection 4.10(2) or subsection 14.3(1), as applicable, for the financial statements requested; and
  - (c) 10 calendar days after the issuer receives the request.

- (4) Subsections (1), (2) and (3) do not apply unless the reporting issuer
  - (a) is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*; and
  - (b) did not previously file financial statements that disclosed compliance with IFRS.
- (5) Subsections (1), (2) and (3) do not apply if the first interim financial report is in respect of an interim period ending after March 30, 2012.

**Form 51-102F1**  
***Management's Discussion & Analysis***

**PART 1      GENERAL PROVISIONS**

**(a)      What is MD&A?**

MD&A is a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements, and of your company's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements.

Your objective when preparing the MD&A should be to improve your company's overall financial disclosure by giving a balanced discussion of your company's financial performance and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news. Your MD&A should

- ☐ help current and prospective investors understand what the financial statements show and do not show;
- ☐ discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations;
- ☐ discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and
- ☐ provide information about the quality, and potential variability, of your company's profit or loss and cash flow, to assist investors in determining if past performance is indicative of future performance.

**(b)      Date of Information**

In preparing the MD&A, you must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, you must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

**(c)      Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

**(d) Explain Your Analysis**

Explain the nature of, and reasons for, changes in your company's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. Your discussion should assist the reader to understand trends, events, transactions and expenditures.

**(e) Focus on Material Information**

Focus your MD&A on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material.

**(f) What is Material?**

Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.

**(g) Venture Issuers Without Significant Revenue**

If your company is a venture issuer without significant revenue from operations, focus your discussion and analysis of financial performance on expenditures and progress towards achieving your business objectives and milestones.

**(h) Reverse Takeover Transactions**

If an acquisition is a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

**(i) [Repealed]**

**(j) Resource Issuers**

If your company has mineral projects, your disclosure must comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.

If your company has oil and gas activities, your disclosure must comply with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

**(k) Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

**(l) Omitting Information**

You do not need to respond to any item in this Form that is inapplicable.

**(m) Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

**(n) Plain Language**

Write the MD&A so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

**(o) Available Prior Period Information**

If you have not presented comparative financial information in your financial statements, in your MD&A you must provide prior period information relating to financial performance that is available.

**(p) Use of “Financial Condition”**

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

## **PART 2        CONTENT OF MD&A**

### **Item 1        Annual MD&A**

#### **1.1        Date**

Specify the date of your MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the annual financial statements for your company's most recently completed financial year.

#### **1.2        Overall Performance**

Provide an analysis of your company's financial condition, financial performance and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company's business. Compare your company's performance in the most recently completed financial year to the prior year's performance. Your analysis should address at least the following:

- (a) operating segments that are reportable segments as those terms are described in the issuer's GAAP;
- (b) other parts of your business if
  - (i) they have a disproportionate effect on revenue, profit or loss or cash needs; or
  - (ii) there are any legal or other restrictions on the flow of funds from one part of your company's business to another;
- (c) industry and economic factors affecting your company's performance;
- (d) why changes have occurred or expected changes have not occurred in your company's financial condition and financial performance; and
- (e) the effect of discontinued operations on current operations.

#### **INSTRUCTIONS**

- (i) *When explaining changes in your company's financial condition and results, include an analysis of the effect on your continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.*
- (ii) *A discussion of financial condition should include important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future.*

- (iii) *Include information for a period longer than two financial years if it will help the reader to better understand a trend.*

### **1.3 Selected Annual Information**

- (1) Provide the following financial data derived from your company's annual financial statements for each of the three most recently completed financial years:
  - (a) total revenue;
  - (b) profit or loss from continuing operations attributable to owners of the parent, in total and on a per-share and diluted per-share basis;
  - (c) profit or loss attributable to owners of the parent, in total and on a per-share and diluted per-share basis;
  - (d) total assets;
  - (e) total non-current financial liabilities; and
  - (f) distributions or cash dividends declared per-share for each class of share.
- (2) Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of your business, and any other information your company believes would enhance an understanding of, and would highlight trends in, financial position and financial performance.

### **INSTRUCTIONS**

- (i) *For each of the three most recently completed financial years, indicate the accounting principles that the financial data has been prepared in accordance with, the presentation currency and the functional currency if different from the presentation currency.*
- (ii) *If the financial data provided was not prepared in accordance with the same accounting principles for all three years, focus the discussion on the important trends and risks that have affected the business.*

### **1.4 Discussion of Operations**

Discuss your analysis of your company's operations for the most recently completed financial year, including



- (a) total revenue by reportable segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;
- (b) any other significant factors that caused changes in total revenue; (c) cost of sales or gross profit;
- (d) for issuers that have significant projects that have not yet generated revenue, describe each project, including your company's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;
- (e) for resource issuers with producing mines or mines under development, identify any milestone, including, without limitation, mine expansion plans, productivity improvements, plans to develop a new deposit, or production decisions, and whether the milestone is based on a technical report filed under National Instrument 43-101  
*Standards of Disclosure for Mineral Projects*;
- (f) factors that caused a change in the relationship between costs and revenue, including changes in costs of labour or materials, price changes or inventory adjustments;
- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect your company's future performance including total revenue and profit or loss from continuing operations attributable to owners of the parent;
- (h) effect of inflation and specific price changes on your company's total revenue and on profit or loss from continuing operations attributable to owners of the parent;
- (i) a comparison in tabular form of disclosure you previously made about how your company was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on your company's ability to achieve its business objectives and milestones; and
- (j) unusual or infrequent events or transactions.

## INSTRUCTION

Your discussion under paragraph 1.4(d) should include

- (i) whether or not you plan to expend additional funds on the project; and
- (ii) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

## 1.5 Summary of Quarterly Results

Provide the following information in summary form, derived from your company's financial statements, for each of the eight most recently completed quarters:

- (a) total revenue;
- (b) profit or loss from continuing operations attributable to owners of the parent, in total and on a per-share and diluted per-share basis; and
- (c) profit or loss attributable to owners of the parent, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

## INSTRUCTIONS

- (i) In the case of the annual MD&A, your most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year.
- (ii) You do not have to provide information for a quarter prior to your company becoming a reporting issuer if your company has not prepared financial statements for those quarters.
- (iii) For sections 1.2, 1.3, 1.4 and 1.5 consider identifying, discussing and analyzing the following factors:
  - (A) changes in customer buying patterns, including changes due to new technologies and changes in demographics;
  - (B) changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;
  - (C) changes in competition, including an assessment of the issuer's resources,

*strengths and weaknesses relative to those of its competitors;*

- (D) *the effect of exchange rates;*
  - (E) *changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;*
  - (F) *changes in production capacity, including changes due to plant closures and work stoppages;*
  - (G) *changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenue;*
  - (H) *changes in the terms and conditions of service contracts;*
  - (I) *the progress in achieving previously announced milestones;*
  - (J) *for resource issuers with producing mines, identify changes to cash flows caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes; and*
  - (K) *if you have an equity investee that is significant to your company, the nature of the investment and significance to your company.*
- (iv) *For each of the eight most recently completed quarters, indicate the accounting principles that the financial data has been prepared in accordance with, the presentation currency and the functional currency if different from the presentation currency.*
- (v) *If the financial data provided was not prepared in accordance with the same accounting principles for all eight quarters, focus the discussion on the important trends and risks that have affected the business.*

## **1.6 Liquidity**

Provide an analysis of your company's liquidity, including

- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain your company's capacity, to meet your company's planned growth or to fund development activities;
- (b) trends or expected fluctuations in your company's liquidity, taking into account demands, commitments, events or uncertainties;

- (c) its working capital requirements;
- (d) liquidity risks associated with financial instruments;
- (e) if your company has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;
- (f) statement of financial position conditions or profit or loss attributable to owners of the parent or cash flow items that may affect your company's liquidity;
- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to your company and the effect these restrictions have had or may have on the ability of your company to meet its obligations; and
- (h) defaults or arrears or significant risk of defaults or arrears on
  - (i) distributions or dividend payments, lease payments, interest or principal payment on debt;
  - (ii) debt covenants; and
  - (iii) redemption or retraction or sinking fund payments,
 and how your company intends to cure the default or arrears or address the risk.

#### INSTRUCTIONS

- (i) *In discussing your company's ability to generate sufficient amounts of cash and cash equivalents you should describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.*
- (ii) *In discussing trends or expected fluctuations in your company's liquidity and liquidity risks associated with financial instruments you should discuss*
  - (A) *provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment. Examples of such situations are provisions linked to credit rating, profit or loss, cash flows or share price; and*
  - (B) *circumstances that could impair your company's ability to undertake transaction considered essential to operations. Examples of such*

circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.

- (iii) In discussing your company's working capital requirements you should discuss situations where your company must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.
- (iv) In discussing your company's statement of financial position conditions or profit or loss or cash flow items you should present a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. The summary and table do not have to be provided if your company is a venture issuer. An example of a table that can be adapted to your company's particular circumstances follows:

<b>Contractual Obligations</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1 - 3 years</b>	<b>4 - 5 years</b>	<b>After 5 years</b>
Debt					
Finance Lease Obligations					
Operating Leases					
Purchase Obligations <sup>1</sup>					
Other Obligations <sup>2</sup>					
<b>Total Contractual Obligations</b>					

- 1 "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on your company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.
- 2 "Other Obligations" means other financial liabilities reflected on your company's statement of financial position.

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of your company's specified contractual obligations.

## 1.7 Capital Resources

Provide an analysis of your company's capital resources, including

- (a) commitments for capital expenditures as of the date of your company's financial statements including
  - (i) the amount, nature and purpose of these commitments;
  - (ii) the expected source of funds to meet these commitments; and
  - (iii) expenditures not yet committed but required to maintain your company's capacity, to meet your company's planned growth or to fund development activities;
- (b) known trends or expected fluctuations in your company's capital resources, including expected changes in the mix and relative cost of these resources; and
- (c) sources of financing that your company has arranged but not yet used.

#### INSTRUCTIONS

- (i) *Capital resources are financing resources available to your company and include debt, equity and any other financing arrangements that you reasonably consider will provide financial resources to your company.*
- (ii) *In discussing your company's commitments you should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.*

### 1.8 Off-Balance Sheet Arrangements

Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of your company including, without limitation, such considerations as liquidity and capital resources.

In your discussion of off-balance sheet arrangements you should discuss their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments. Your discussion should include

- (a) a description of the other contracting party(ies);
- (b) the effects of terminating the arrangement;
- (c) the amounts receivable or payable, revenue, expenses and cash flows resulting from the arrangement;

- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require your company to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and
- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

## INSTRUCTIONS

- (i) *Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with your company, under which your company has*
  - (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; or*
  - (D) *any obligation held by your company in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to your company, or engages in leasing, hedging activities or, research and development services with your company.*
- (ii) *Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.*
- (iii) *Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.*
- (iv) *The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.*

## 1.9 Transactions Between Related Parties

Discuss all transactions between related parties as defined by the issuer's GAAP.

## *INSTRUCTION*

*In discussing your company's transactions between related parties, your discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of the transactions' business purpose and economic substance. You should discuss*

- (A) the relationship and identify the related person or entities;*
- (B) the business purpose of the transaction;*
- (C) the recorded amount of the transaction and describe the measurement basis used; and*
- (D) any ongoing contractual or other commitments resulting from the transaction.*

### **1.10 Fourth Quarter**

Discuss and analyze fourth quarter events or items that affected your company's financial condition, financial performance or cash flows, year-end and other adjustments, seasonal aspects of your company's business and dispositions of business segments. If your company has filed separate MD&A for its fourth quarter, you may satisfy this requirement by incorporating that MD&A by reference.

### **1.11 Proposed Transactions**

Discuss the expected effect on financial condition, financial performance and cash flows of any proposed asset or business acquisition or disposition if your company's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

## *INSTRUCTION*

*You do not have to disclose this information if, under section 7.1 of National Instrument 51-102, your company has filed a Form 51-102F3 Material Change Report regarding the transaction on a confidential basis and the report remains confidential.*

### **1.12 Critical Accounting Estimates**

If your company is not a venture issuer, provide an analysis of your company's critical accounting estimates. Your analysis should

- (a) identify and describe each critical accounting estimate used by your company including*



- (i) a description of the accounting estimate;
  - (ii) the methodology used in determining the critical accounting estimate;
  - (iii) the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made;
  - (iv) any known trends, commitments, events or uncertainties that you reasonably believe will materially affect the methodology or the assumptions described; and
  - (v) if applicable, why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation;
- (b) explain the significance of the accounting estimate to your company's financial position, changes in financial position and financial performance and identify the financial statement line items affected by the accounting estimate;
  - (c) [Repealed]
  - (d) discuss changes made to critical accounting estimates during the past two financial years including the reasons for the change and the quantitative effect on your company's overall financial performance and financial statement line items; and
  - (e) identify the reportable segments of your company's business that the accounting estimate affects and discuss the accounting estimate on a reportable segment basis, if your company operates in more than one reportable segment.

#### INSTRUCTIONS

- (i) *An accounting estimate is a critical accounting estimate only if*
  - (A) *it requires your company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and*
  - (B) *different estimates that your company could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on your company's financial condition, changes in financial condition or financial performance.*
- (ii) *As part of your description of each critical accounting estimate, in addition to qualitative disclosure, you should provide quantitative disclosure when*

*quantitative information is reasonably available and would provide material information for investors. Similarly, in your discussion of assumptions underlying an accounting estimate that relates to matters highly uncertain at the time the estimate was made, you should provide quantitative disclosure when it is reasonably available and it would provide material information for investors. For example, quantitative information may include a sensitivity analysis or disclosure of the upper and lower ends of the range of estimates from which the recorded estimate was selected.*

### **1.13 Changes in Accounting Policies including Initial Adoption**

Discuss and analyze any changes in your company's accounting policies, including

- (a) for any accounting policies that you have adopted or expect to adopt subsequent to the end of your most recently completed financial year, including changes you have made or expect to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date, you should
  - (i) describe the new standard, the date you are required to adopt it and, if determined, the date you plan to adopt it;
  - (ii) disclose the methods of adoption permitted by the accounting standard and the method you expect to use;
  - (iii) discuss the expected effect on your company's financial statements, or if applicable, state that you cannot reasonably estimate the effect; and
  - (iv) discuss the potential effect on your business, for example technical violations or default of debt covenants or changes in business practices; and
- (b) for any accounting policies that you have initially adopted during the most recently completed financial year, you should
  - (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy;
  - (ii) describe the accounting policy that has been adopted and the method of applying that policy;
  - (iii) discuss the effect resulting from the initial adoption of the accounting policy on your company's financial position, changes in financial position and financial performance;

- (iv) if your company is permitted a choice among acceptable accounting policies,
  - (A) state that you made a choice among acceptable alternatives;
  - (B) identify the alternatives;
  - (C) describe why you made the choice that you did; and
  - (D) discuss the effect, where material, on your company's financial position, changes in financial position and financial performance under the alternatives not chosen; and
- (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to your initial adoption of the accounting policy, explain your decision regarding which accounting policy to use and the method of applying that policy.

#### **INSTRUCTION**

*You do not have to present the discussion under paragraph 1.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.*

#### **1.14 Financial Instruments and Other Instruments**

For financial instruments and other instruments,

- (a) discuss the nature and extent of your company's use of, including relationships among, the instruments and the business purposes that they serve;
- (b) describe and analyze the risks associated with the instruments;
- (c) describe how you manage the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;
- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in profit or loss for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

## INSTRUCTIONS

- (i) *“Other instruments” are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.*
- (ii) *Your discussion under paragraph 1.14(a) should enhance a reader’s understanding of the significance of recognized and unrecognized instruments on your company’s financial position, financial performance and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.*
- (iii) *For purposes of paragraph 1.14(c), if your company is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future profit or loss and cash flows may be useful in describing your company’s exposure to price risk.*
- (iv) *For purposes of paragraph 1.14(d), disclose and explain the revenue, expenses, gains and losses from hedging activities separately from other activities.*

## 1.15 Other MD&A Requirements

- (a) Your MD&A must disclose that additional information relating to your company, including your company’s AIF if your company files an AIF, is on SEDAR at [www.sedar.com](http://www.sedar.com).
- (b) Your MD&A must also provide the information required in the following sections of National Instrument 51-102, if applicable:
  - (i) Section 5.3 – Additional Disclosure for Venture Issuers without Significant Revenue;
  - (ii) Section 5.4 – Disclosure of Outstanding Share Data; and

- (iii) Section 5.7 – Additional Disclosure for Reporting Issuers with Significant Equity Investees.
- (c) Your MD&A must include the MD&A disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, Form 52-109F1 *Certification of Annual Filings – Full Certificate*, Form 52-109F1R *Certification of Refiled Annual Filings*, or Form 52-109F1 *AIF Certification of Annual Filings in Connection with Voluntarily Filed AIF*.

## **Item 2 Interim MD&A**

### **2.1 Date**

Specify the date of your interim MD&A.

### **2.2 Interim MD&A**

Interim MD&A must update your company's annual MD&A for all disclosure required by Item 1 except section 1.3. This disclosure must include

- (a) a discussion of your analysis of
  - (i) current quarter and year-to-date results including a comparison of financial performance to the corresponding periods in the previous year;
  - (i.i) a comparison of cash flows to the corresponding period in the previous year;
  - (ii) changes in financial performance and elements of profit or loss attributable to owners of the parent that are not related to ongoing business operations;
  - (iii) any seasonal aspects of your company's business that affect its financial position, financial performance or cash flows; and
- (b) a comparison of your company's interim financial condition to your company's financial condition as at the most recently completed financial year-end.

#### **INSTRUCTION**

- (i) *If the first MD&A you file in this Form (your first MD&A) is an interim MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. Base*

*the disclosure, except the disclosure for section 1.3, on your interim financial report. Since you do not have to update the disclosure required in section 1.3 in your interim MD&A, your first MD&A will provide disclosure under section 1.3 based on your annual financial statements. Your subsequent interim MD&A for that year will update your first interim MD&A.*

- (ii) For the purposes of paragraph 2.2(b), you may assume the reader has access to your annual MD&A or your first MD&A. You do not have to duplicate the discussion and analysis of financial condition in your annual MD&A or your first MD&A. For example, if economic and industry factors are substantially unchanged you may make a statement to this effect.*
- (iii) For the purposes of subparagraph 2.2(a)(i), you should generally give prominence to the current quarter.*
- (iv) In discussing your company's statement of financial position conditions or profit or loss or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 1.6. Instead, you should disclose material changes in the specified contractual obligations during the interim period.*
- (v) Interim MD&A prepared in accordance with Item 2 is not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).*
- (vi) In your interim MD&A, update the summary of quarterly results in section 1.5 by providing summary information for the eight most recently completed quarters.*
- (vii) Your annual MD&A may not include all the information in Item 1 if you were a venture issuer as at the end of your last financial year. If you ceased to be a venture issuer during your interim period, you do not have to restate the MD&A you previously filed. Instead, provide the disclosure for the additional sections in Item 1 that you were exempt from as a venture issuer in the next interim MD&A you file. Base your disclosure for those sections on your interim financial report.*

## **2.3 Other Interim MD&A Requirements**

Your interim MD&A must include the interim MD&A disclosure required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and, as applicable, Form 52-109F2 *Certification of Interim Filings – Full Certificate* or Form 52-109F2R *Certification of Refiled Interim Filings*.

**Form 51-102F2**  
***Annual Information Form***

**PART 1            GENERAL PROVISIONS**

**(a)     What is an AIF?**

An AIF (annual information form) is required to be filed annually by certain companies under Part 6 of National Instrument 51-102. An AIF is a disclosure document intended to provide material information about your company and its business at a point in time in the context of its historical and possible future development. Your AIF describes your company, its operations and prospects, risks and other external factors that impact your company specifically.

This disclosure is supplemented throughout the year by subsequent continuous disclosure filings including news releases, material change reports, business acquisition reports, financial statements and management discussion and analysis.

**(b)     Date of Information**

Unless otherwise specified in this Form, the information in your AIF must be presented as at the last day of your company's most recently completed financial year. If necessary, you must update the information in the AIF so it is not misleading when it is filed. For information presented as at any date other than the last day of your company's most recently completed financial year, specify the relevant date in the disclosure.

**(c)     Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

All references to "your company" in Items 4, 5, 6, 12, 13, 15 and 16 of this Form apply collectively to your company, your company's subsidiaries, joint ventures to which your company is a party and entities in which your company has an investment accounted for by the equity method.

**(d)     Focus on Material Information**

Focus your AIF on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material. However, you must disclose all corporate and individual cease trade orders, bankruptcies, penalties and sanctions in accordance with Item 10 and section 12.2 of this Form.

**(e) What is Material?**

Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material.

**(f) Incorporating Information by Reference**

You may incorporate information required to be included in your AIF by reference to another document, other than a previous AIF. Clearly identify the referenced document or any excerpt of it that you incorporate into your AIF. Unless you have already filed the referenced document or excerpt, including any documents incorporated by reference into the document or excerpt, under your SEDAR profile, you must file it with your AIF. You must also disclose that the document is on SEDAR at [www.sedar.com](http://www.sedar.com).

**(g) Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

**(h) Plain Language**

Write the AIF so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

**(i) Special Purpose Entities**

If your company is a special purpose entity, you may have to modify the disclosure items in this Form to reflect the special purpose nature of your company's business.

**(j) Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.



**(k) Omitting Information**

You do not need to respond to any item in this Form that is inapplicable and you may omit negative answers.

**PART 2 CONTENT OF AIF**

**Item 1 Cover Page**

**1.1 Date**

Specify the date of your AIF. The date must be no earlier than the date of the auditor's report on the financial statements for your company's most recently completed financial year.

You must file your AIF within 10 days of the date of the AIF.

**1.2 Revisions**

If you revise your company's AIF after you have filed it, identify the revised version as a "revised AIF".

**Item 2 Table of Contents**

**2.1 Table of Contents**

Include a table of contents.

**Item 3 Corporate Structure**

**3.1 Name, Address and Incorporation**

- (1) State your company's full corporate name or, if your company is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of your company's head and registered office.
- (2) State the statute under which your company is incorporated, continued or organized or, if your company is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists.

Describe the substance of any material amendments to the articles or other constituting or establishing documents of your company.

### **3.2 Intercorporate Relationships**

Describe, by way of a diagram or otherwise, the intercorporate relationships among your company and its subsidiaries. For each subsidiary state:

- (a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company;
- (b) the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by your company; and
- (c) where it was incorporated, continued, formed or organized.

#### **INSTRUCTION**

*You may omit a particular subsidiary if, at the most recent financial year-end of your company,*

- (i) *the total assets of the subsidiary do not exceed 10 per cent of the consolidated assets of your company;*
- (ii) *the revenue of the subsidiary does not exceed 10 per cent of the consolidated revenue of your company; and*
- (iii) *the conditions in paragraphs (i) and (ii) would be satisfied if you*
  - (A) *aggregated the subsidiaries that may be omitted under paragraphs (i) and (ii), and*
  - (B) *changed the reference in those paragraphs from 10 per cent to 20 per cent.*

## **Item 4 General Development of the Business**

### **4.1 Three Year History**

Describe how your company's business has developed over the last three completed financial years. Include only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business. If your company produces or distributes more than one product or provides more than one kind of service, describe the products or services.

Also discuss changes in your company's business that you expect will occur during the current financial year.

## **4.2 Significant Acquisitions**

Disclose any significant acquisition completed by your company during its most recently completed financial year for which disclosure is required under Part 8 of National Instrument 51-102, by providing a brief summary of the significant acquisition and stating whether your company has filed a Form 51-102F4 in respect of the acquisition.

## **Item 5 Describe the Business**

### **5.1 General**

- (1) Describe the business of your company and its operating segments that are reportable segments as those terms are described in the issuer's GAAP. For each reportable segment include:
  - (a) **Summary** – For products or services,
    - (i) their principal markets;
    - (ii) distribution methods;
    - (iii) for each of the two most recently completed financial years, as dollar amounts or as percentages, the revenue for each category of products or services that accounted for 15 per cent or more of total consolidated revenue for the applicable financial year derived from
      - A. sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,
      - B. sales to customers, other than those referred to in clause A, outside the consolidated entity, and
      - C. sales or transfers to controlling shareholders;
    - (iv) if not fully developed, the stage of development of the products or services and, if the products are not at the commercial production stage

- A. the timing and stage of research and development programs,
  - B. whether your company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and
  - C. the additional steps required to reach commercial production and an estimate of costs and timing.
- (b) **Production and Services** – The actual or proposed method of production and, if your company provides services, the actual or proposed method of providing services.
- (c) **Specialized Skill and Knowledge** – A description of any specialized skill and knowledge requirements and the extent to which the skill and knowledge are available to your company.
- (d) **Competitive Conditions** – The competitive conditions in your company's principal markets and geographic areas, including, if reasonably possible, an assessment of your company's competitive position.
- (e) **New Products** – If you have publicly announced the introduction of a new product, the status of the product.
- (f) **Components** – The sources, pricing and availability of raw materials, component parts or finished products.
- (g) **Intangible Properties** – The importance, duration and effect of identifiable intangible properties, such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, on the segment.
- (h) **Cycles** – The extent to which the business of the reportable segment is cyclical or seasonal.
- (i) **Economic Dependence** – A description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends.

- (j) **Changes to Contracts** – A description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.
- (k) **Environmental Protection** – The financial and operational effects of environmental protection requirements on the capital expenditures, profit or loss and competitive position of your company in the current financial year and the expected effect in future years.
- (l) **Employees** – The number of employees as at the most recent financial year-end or the average number of employees over the year, whichever is more meaningful to understand the business.
- (m) **Foreign Operations** – Describe the dependence of your company and any reportable segment upon foreign operations.
- (n) **Lending** – With respect to your company's lending operations, disclose the investment policies and lending and investment restrictions.

## 5.2 Risk Factors

Disclose risk factors relating to your company and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by your company, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor's decision to purchase securities of your company. If there is a risk that securityholders of your company may become liable to make an additional contribution beyond the price of the security, disclose that risk.

### INSTRUCTIONS

- (i) *Disclose the risks in order of seriousness from the most serious to the least serious.*
- (ii) *A risk factor must not be de-emphasized by including excessive caveats or conditions.*

## 5.3 Companies with Asset-backed Securities Outstanding

If your company had asset-backed securities outstanding that were distributed under a prospectus, disclose the following information:

- (1) **Payment Factors** – A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

- (2) **Underlying Pool of Assets** – For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, financial disclosure that described the underlying pool of financial assets servicing the asset-backed securities relating to
- (a) the composition of the pool as of the end of each financial year or partial period;
  - (b) profit and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
  - (c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
  - (d) servicing and other administrative fees; and
  - (e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).
- (2.1) If any of the financial disclosure disclosed in accordance with subsection (2) has been audited, disclose the existence and results of the audit.
- (3) **Investment Parameters** – The investment parameters applicable to investments of any cash flow surpluses.
- (4) **Payment History** – The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.
- (5) **Acceleration Event** – The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.
- (6) **Principal Obligors** – The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

#### INSTRUCTIONS

- (i) *Present the information requested under subsection (2) in a manner that enables*

a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1).

- (ii) If the information required under subsection (2)
  - (A) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, or
  - (B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created, a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

#### **5.4 Companies With Mineral Projects**

If your company had a mineral project, disclose the following information for each project material to your company:

- (1) **Project Description and Location**
  - (a) The area (in hectares or other appropriate units) and the location of the project.
  - (b) The nature and extent of your company'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.
  - (c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject.
  - (d) All environmental liabilities to which the project is subject.
  - (e) The location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements.
  - (f) To the extent known, the permits that must be acquired to conduct the work proposed for the project and if the permits have been obtained.
- (2) **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

- (a) The means of access to the property.
- (b) The proximity of the property to a population centre and the nature of transport.
- (c) To the extent relevant to the mining project, the climate and length of the operating season.
- (d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.
- (e) The topography, elevation and vegetation.

(3) **History**

- (a) The prior ownership and development of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known.
- (b) If your company 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, an informed person or promoter of your company or an associate or affiliate of an informed person or promoter, the name of the vendor, the relationship of the vendor to your company, and the consideration paid or intended to be paid to the vendor.
- (c) To the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in paragraph (b).

(4) **Geological Setting** – The regional, local and property geology.

(5) **Exploration** – The nature and extent of all exploration work conducted by, or on behalf of, your company on the property, including

- (a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;
- (b) an interpretation of the exploration information;
- (c) whether the surveys and investigations have been carried out by your company or a contractor and if by a contractor, the name of the



contractor; and

- (d) a discussion of the reliability or uncertainty of the data obtained in the program.
- (6) **Mineralization** – The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.
- (7) **Drilling** – The type and extent of drilling, including the procedures followed and an interpretation of all results.
- (8) **Sampling and Analysis** – The sampling and assaying including
  - (a) description of sampling methods and the location, number, type, nature, spacing or density of samples collected;
  - (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;
  - (c) a discussion of the sample quality and whether the samples are representative and of any factors that may have resulted in sample biases;
  - (d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and
  - (e) quality control measures and data verification procedures.
- (9) **Security of Samples** – The measures taken to ensure the validity and integrity of samples taken.
- (10) **Mineral Resource and Mineral Reserve Estimates** – The mineral resources and mineral reserves, if any, including
  - (a) the quantity and grade or quality of each category of mineral resources and mineral reserves;
  - (b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and
  - (c) 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.

- (11) **Mining Operations** – For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.
- (12) **Exploration and Development** – A description of your company's current and contemplated exploration or development activities.

#### INSTRUCTIONS

- (i) *Disclosure regarding mineral exploration development or production activities on material projects must comply with, and is subject to the limitations set out in, National Instrument 43-101 Standards of Disclosure for Mineral Projects. You must use the appropriate terminology to describe mineral reserves and mineral resources. You must base your disclosure on a technical report, or other information, prepared by or under the supervision of a qualified person.*
- (ii) *You may satisfy the disclosure requirements in section 5.4 by reproducing the summary from the technical report on the material property, and incorporating the detailed disclosure in the technical report into the AIF by reference.*
- (iii) *In giving the information required under section 5.4 include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.*

### 5.5 Companies with Oil and Gas Activities

If your company is engaged in oil and gas activities as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, disclose the following information:

- (1) **Reserves Data and Other Information**
  - (a) In the case of information that, for purposes of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end.
  - (b) In the case of information that, for purposes of Form 51-101F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year.
  - (c) [Repealed]
- (2) **Report of Independent Qualified Reserves Evaluator or Auditor** – Include with the disclosure under subsection (1) a report in the form of Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor*, on the

reserves data included in the disclosure required under subsection (1).

- (3) **Report of Management** – Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* that refers to the information disclosed under subsection (1).
- (4) **Material Changes** – To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* in respect of material changes that occurred after your company's most recently completed financial year-end.

#### INSTRUCTION

*The information presented in response to section 5.5 must be in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*

### Item 6 Dividends and Distributions

#### 6.1 Dividends and Distributions

- (1) Disclose the amount of cash dividends or distributions declared per security for each class of your company's securities for each of the three most recently completed financial years.
- (2) Describe any restriction that could prevent your company from paying dividends or distributions.
- (3) Disclose your company's current dividend or distribution policy and any intended change in dividend or distribution policy.

### Item 7 Description of Capital Structure

#### 7.1 General Description of Capital Structure

Describe your company's capital structure. State the description or the designation of each class of authorized security, and describe the material characteristics of each class of authorized security, including voting rights, provisions for exchange, conversion, exercise, redemption and retraction, dividend rights and rights upon dissolution or winding-up.

#### INSTRUCTION

*This section requires only a brief summary of the provisions that are material from a securityholder's standpoint. The provisions attaching to different classes of securities do not need to be set out in full. This summary should include the disclosure required in subsection 10.1(1) of National Instrument 51-102.*

## 7.2 Constraints

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

## 7.3 Ratings

- (1) If you have asked for and received a credit rating, or if you are aware that you have received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations for securities of your company that are outstanding, or will be outstanding, and the rating or ratings continue in effect, disclose
  - (a) each rating received from a credit rating organization;
  - (b) for each rating disclosed under paragraph (a), the name of the credit rating organization that has assigned the rating;
  - (c) a definition or description of the category in which each credit rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;
  - (d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;
  - (e) any factors or considerations identified by the credit rating organization as giving rise to unusual risks associated with the securities;
  - (f) a statement that a credit rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization; and
  - (g) any announcement made by, or any proposed announcement known to your company that is to be made by, a credit rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.
- (2) If payments were, or reasonably will be, made to a credit rating organization that provided a rating described in subsection (1), state that fact and state whether any payments were made to the credit rating organization in respect of any other service provided to your company by the credit rating organization during the last two years.

## INSTRUCTIONS

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

*A provisional rating received before the company's most recently completed financial year is not required to be disclosed under this Item.*

### **Item 8            Market for Securities**

#### **8.1      Trading Price and Volume**

- (1) For each class of securities of your company that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.
- (2) If a class of securities of your company is not traded or quoted on a Canadian marketplace, but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume of trading or quotation generally occurs.
- (3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the most recently completed financial year.

#### **8.2      Prior Sales**

For each class of securities of your company that is outstanding but not listed or quoted on a marketplace, state the price at which securities of the class have been issued during the most recently completed financial year by your company, the number of securities of the class issued at that price, and the date on which the securities were issued.

### **Item 9            Escrowed Securities and Securities Subject to Contractual Restriction on Transfer**

#### **9.1      Escrowed Securities and Securities Subject to Contractual Restriction on Transfer**

- (1) State, in substantially the following tabular form, the number of securities of each class of your company held, to your company's knowledge, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class for your company's most recently completed financial year.

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION  
ON TRANSFER**

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
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- 2) In a note to the table disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

**INSTRUCTIONS**

- (i) *For the purposes of this section, escrow includes securities subject to a pooling agreement.*
- (ii) *For the purposes of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.*

**Item 10 Directors and Officers**

**10.1 Name, Occupation and Security Holding**

- (1) List the name, province or state, and country of residence of each director and executive officer of your company and indicate their respective positions and offices held with your company and their respective principal occupations during the five preceding years.
- (2) State the period or periods during which each director has served as a director and when his or her term of office will expire.
- (3) State the number and percentage of securities of each class of voting securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of your company as a group.
- (4) Identify the members of each committee of the board.

- (5) If the principal occupation of a director or executive officer of your company is acting as an officer of a person or company other than your company, disclose that fact and state the principal business of the person or company.

#### INSTRUCTION

*For the purposes of subsection (3), securities of subsidiaries of your company that are beneficially owned, or controlled or directed, directly or indirectly, by directors or executive officers through ownership, or control or direction, directly or indirectly, over securities of your company, do not need to be included.*

### 10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

- (1) If a director or executive officer of your company is, as at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including your company), that:
- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
  - (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

- (1.1) For the purposes of subsection (1), "order" means

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

- (1.2) If a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company
- (a) is, as at the date of the AIF, or has been within the 10 years before the

date of the AIF, a director or executive officer of any company (including your company) 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, state the fact; or

- (b) has, within the 10 years before the date of the AIF, 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, executive officer or shareholder, state the fact.
- (2) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company, has been subject to
- (a) any penalties or sanctions 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
  - (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.
- (3) Despite subsection (2), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

#### INSTRUCTIONS

- (i) *The disclosure required by subsections (1), (1.2) and (2) also applies to any personal holding companies of any of the persons referred to in subsections (1), (1.2) and (2).*
- (ii) *A management cease trade order which applies to directors or executive officers of a company is an "order" for the purposes of paragraph 10.2(1)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*
- (iii) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction" for the purposes of section 10.2.*



- (iv) *The disclosure in paragraph 10.2(1)(a) only applies if the director or executive officer was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.*

### **10.3 Conflicts of Interest**

Disclose particulars of existing or potential material conflicts of interest between your company or a subsidiary of your company and any director or officer of your company or of a subsidiary of your company.

## **Item 11 Promoters**

### **11.1 Promoters**

For a person or company that has been, within the two most recently completed financial years or during the current financial year, a promoter of your company or of a subsidiary of your company, state

- (a) the person or company's name;
- (b) the number and percentage of each class of voting securities and equity securities of your company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from your company or from a subsidiary of your company, and the nature and amount of any assets, services or other consideration received or to be received by your company or a subsidiary of your company in return; and
- (d) for an asset acquired within the two most recently completed financial years or during the current financial year, or an asset to be acquired, by your company or by a subsidiary of your company from a promoter
  - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined;
  - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with your company, the promoter, or an associate or affiliate of your company or of the promoter; and

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

## **Item 12 Legal Proceedings and Regulatory Actions**

### **12.1 Legal Proceedings**

- (1) Describe any legal proceedings your company is or was a party to, or that any of its property is or was the subject of, during your company's financial year.
- (2) Describe any such legal proceedings your company knows to be contemplated.
- (3) For each proceeding described in subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

#### **INSTRUCTION**

*You do not need to give information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten per cent of the current assets of your company. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, you must include the amount involved in the other proceedings in computing the percentage.*

### **12.2 Regulatory Actions**

Describe any

- (a) penalties or sanctions imposed against your company by a court relating to securities legislation or by a securities regulatory authority during your financial year,
- (b) any other penalties or sanctions imposed by a court or regulatory body against your company that would likely be considered important to a reasonable investor in making an investment decision, and
- (c) settlement agreements your company entered into before a court relating to securities legislation or with a securities regulatory authority during your financial year.

## Item 13 Interest of Management and Others in Material Transactions

### 13.1 Interest of Management and Others in Material Transactions

Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect your company:

- (a) a director or executive officer of your company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

#### INSTRUCTIONS

- (i) *The materiality of the interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to securityholders.*
- (ii) *This Item does not apply to any interest arising from the ownership of securities of your company if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.*
- (iii) *Give a brief description of the material transactions. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to your company.*
- (iv) *For any transaction involving the purchase of assets by or sale of assets to your company or a subsidiary of your company, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.*
- (v) *You do not need to give information under this Item for a transaction if*

- (A) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids,*
  - (B) *the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction,*
  - (C) *the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services, or*
  - (D) *the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of your company or your company's subsidiaries.*
- (vi) *Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company furnishing the services to your company or your company's subsidiaries.*

## **Item 14      Transfer Agents and Registrars**

### **14.1    Transfer Agents and Registrars**

State the name of your company's transfer agent(s) and registrar(s) and the location (by municipalities) of the register(s) of transfers of each class of securities.

## **Item 15    Material Contracts**

### **15.1    Material Contracts**

Give particulars of any material contract

- (a) required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, or
- (b) that would be required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, but for the fact that it was previously filed.

## INSTRUCTIONS

- (i) *You must give particulars of any material contract that was entered into within the last financial year or before the last financial year but is still in effect, and that is required to be filed under section 12.2 of the Instrument or would be required to be filed under section 12.2 of the Instrument but for the fact that it was previously filed. You do not need to give particulars of a material contract that was entered into before January 1, 2002 because these material contracts are not required to be filed under section 12.2 of the Instrument.*
- (ii) *Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the AIF. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the AIF.*
- (iii) *Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.*

## **Item 16        Interests of Experts**

### **16.1    Names of Experts**

Name each person or company

- (a) 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 National Instrument 51-102 by your company during, or relating to, your company's most recently completed financial year; and
- (b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

### **16.2    Interests of Experts**

- (1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of your company or of one of your associates or affiliates
  - (a) held by an expert named in section 16.1 and, if the expert is not an individual, by the designated professionals of that expert, when that expert prepared the report, valuation, statement or opinion referred to in paragraph 16.1(a);

- (b) received by an expert named in section 16.1 and, if the expert is not an individual, by the designated professionals of that expert, after the time specified in paragraph 16.2(1)(a); or
  - (c) to be received by an expert named in section 16.1 and, if the expert is not an individual, by the designated professionals of that expert.
- (1.1) For the purposes of subsection (1), a “designated professional” means, in relation to an expert named in section 16.1,
  - (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 paragraph 16.1(a); 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 paragraph 16.1(a), 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 paragraph 16.1(a), 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 paragraph 16.1(a); and
    - (iii) any person who provides quality control for the preparation of the report, valuation, statement or opinion referred to in paragraph 16.1(a).
- (2) For the purposes of subsection (1), if the person's or company's interest in the securities represents less than one per cent of your outstanding securities of the same class, a general statement to that effect is sufficient.
- (2.1) 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.

- (3) If a person or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of your company or of any associate or affiliate of your company, disclose the fact or expectation.

#### **INSTRUCTIONS**

- (i) *[Repealed]*
- (ii) *Section 16.2 does not apply to*
- (A) *auditors of a business acquired by your company provided they have not been or will not be appointed as your company's auditor subsequent to the acquisition, and*
- (B) *your company's predecessor auditors, if any, for periods when they were not your company's auditor.*
- (iii) *Section 16.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.*

### **Item 17 Additional Information**

#### **17.1 Additional Information**

- (1) Disclose that additional information relating to your company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).
- (2) If your company is required to distribute a Form 51-102F5 to any of its securityholders, include a statement that additional information, including directors' and officers' remuneration and indebtedness, principal holders of your company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in your company's information circular for its most recent annual meeting of securityholders that involved the election of directors.
- (3) Include a statement that additional financial information is provided in your company's financial statements and MD&A for its most recently completed financial year.

## INSTRUCTION

*Your company may also be required to provide additional information in its AIF as set out in Form 52-110F1 Audit Committee Information Required in an AIF.*

### **Item 18      Additional Disclosure for Companies Not Sending Information Circulars**

#### **18.1    Additional Disclosure**

For companies that are not required to send a Form 51-102F5 to any of their securityholders, disclose the information required under Items 6 to 10, 12 and 13 of Form 51-102F5, as modified below, if applicable:

<u>Form 51-102F5 Reference</u>	<u>Modification</u>
Item 6 - Voting Securities and Principal Holders of Voting Securities	Include the disclosure specified in section 6.1 without regard to the phrase "entitled to be voted at the meeting". Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5.
Item 7 – Election of Directors	Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word "proposed" throughout. Do not include the disclosure specified in section 7.3.
Item 8 – Executive Compensation	Disregard the preamble and paragraphs (a), (b) and (c) of Item 8. A company that does not send a management information circular to its securityholders must provide the disclosure required by Form 51-102F6.
Item 9 – Securities Authorized for Issuance under Equity Compensation Plans	Disregard subsection 9.1(1).
Item 10 – Indebtedness of Directors and Executive Officers	Include the disclosure specified throughout; however, replace the phrase "date of the information circular" with "date of the AIF" throughout. Disregard paragraph 10.3(a).
Item 12 – Appointment of Auditor	Name the auditor. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed."



## 51-102F3 Material Change Report [F]

Published June 27, 2008

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### Concurrently Published

- ☐ BC Notice 2008/32 Adoption of Amendments to National Instrument 51-102 Continuous Disclosure

Obligations and Related Amendments and Adoption of Amendments to National Instrument 52-108 Auditor Oversight

## PART 1 GENERAL PROVISIONS

### (a) Confidentiality

If this Report is filed on a confidential basis, state in block capitals "CONFIDENTIAL" at the beginning of the Report.

### (b) Use of "Company"

Wherever this Form uses the word "company" the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

### (c) Numbering and Headings

The numbering, headings and ordering of the items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

### (d) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP.

### (e) Plain Language

Write the Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP. If you use technical terms, explain them in a clear and concise manner.

## PART 2 CONTENT OF MATERIAL CHANGE REPORT

**Item 1            Name and Address of Company**

State the full name of your company and the address of its principal office in Canada.

**Item 2            Date of Material Change**

State the date of the material change.

**Item 3            News Release**

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

**Item 4            Summary of Material Change**

Provide a brief but accurate summary of the nature and substance of the material change.

**Item 5            Full Description of Material Change**

**5.1            Full Description of Material Change**

Supplement the summary required under Item 4 with sufficient disclosure to enable a reader to appreciate the significance and impact of the material change without having to refer to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

Some examples of significant facts relating to the material change include: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the issuer or its subsidiaries. Specific financial forecasts would not normally be required.

Other additional disclosure may be appropriate depending on the particular situation.

**5.2            Disclosure for Restructuring Transactions**

This item applies to a material change report filed in respect of the closing of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed. This item does not apply if, in respect of the transaction, your company sent an information circular to its securityholders or filed a prospectus or a securities exchange takeover bid circular.

Include the disclosure for each entity that resulted from the restructuring transaction, if your company has an interest in that entity, required by section 14.2 of Form 51-102F5. You may satisfy the requirement to include this disclosure by incorporating the

information by reference to another document.

#### INSTRUCTIONS

- (i) If your company is engaged in oil and gas activities, the disclosure under Item 5 must also satisfy the requirements of Part 6 of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.
- (ii) If you incorporate information by reference to another document, clearly identify the referenced document or any excerpt from it. Unless you have already filed the referenced document or excerpt, you must file it with the material change report. You must also disclose that the document is on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102, state the reasons for such reliance.

#### *INSTRUCTION*

Refer to subsections 7.1 (5), (6) and (7) of National Instrument 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) of National Instrument 51-102.

#### **Item 7 Omitted Information**

State whether any information has been omitted on the basis that it is confidential information.

In a separate letter to the applicable 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 securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

#### *INSTRUCTIONS*

In certain circumstances where a material change has occurred and a Report has been or is about to be filed but subsection 7.1(2) or (5) of National Instrument 51-102 is not or will no longer be relied upon, your company may nevertheless believe one or more significant facts otherwise required to be disclosed in the Report should remain confidential and not be disclosed or not be disclosed in full detail in the Report.

#### **Item 8 Executive Officer**

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the

name of an officer through whom such executive officer may be contacted.

**Item 9            Date of Report**

Date the Report.

**Form 51-102F4**  
***Business Acquisition Report***

**PART 1        GENERAL PROVISIONS**

**(a)     What is a Business Acquisition Report?**

Your company must file a Business Acquisition Report after completing a significant acquisition. See Part 8 of National Instrument 51-102. The Business Acquisition Report describes the significant businesses acquired by your company and the effect of the acquisition on your company.

**(b)     Use of “Company”**

Wherever this Form uses the word “company”, the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

**(c)     Focus on Relevant Information**

When providing the disclosure required by this Form, focus your discussion on information that is relevant to an investor, analyst or other reader.

**(d)     Incorporating Material By Reference**

You may incorporate information required by this Form by reference to another document. Clearly identify the referenced document, or any excerpt of it, that you incorporate into this Report. Unless you have already filed the referenced document or excerpt, including any documents incorporated by reference into the document or excerpt, you must file it with this Report. You must also disclose that the document is on SEDAR at [www.sedar.com](http://www.sedar.com).

**(e)     Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

**(f) Plain Language**

Write this Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

**(g) Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere in the Report.

**PART 2 CONTENT OF BUSINESS ACQUISITION REPORT**

**Item 1 Identity of Company**

**1.1 Name and Address of Company**

State the full name of your company and the address of its principal office in Canada.

**1.2 Executive Officer**

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the significant acquisition and the Report, or the name of an officer through whom such executive officer may be contacted.

**Item 2 Details of Acquisition**

**2.1 Nature of Business Acquired**

Describe the nature of the business acquired.

**2.2 Acquisition Date**

State the acquisition date used for accounting purposes.

## **2.3 Consideration**

Disclose the type and amount of consideration, both monetary and non-monetary, paid or payable by your company in connection with the significant acquisition, including contingent consideration. Identify the source of funds used by your company for the acquisition, including a description of any financing associated with the acquisition.

## **2.4 Effect on Financial Position**

Describe any plans or proposals for material changes in your business affairs or the affairs of the acquired business which may have a significant effect on the financial performance and financial position of your company. Examples include any proposal to liquidate the business, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business with any other business organization or to make any material changes to your business or the business acquired such as changes in corporate structure, management or personnel.

## **2.5 Prior Valuations**

Describe in sufficient detail any valuation opinion obtained within the last 12 months by the acquired business or your company required by securities legislation or a Canadian exchange or market to support the consideration paid by your company or any of its subsidiaries for the business, including the name of the author, the date of the opinion, the business to which the opinion relates, the value attributed to the business and the valuation methodologies used.

## **2.6 Parties to Transaction**

State whether the transaction is with an informed person, associate or affiliate of your company and, if so, the identity and the relationship of the other parties to your company.

## **2.7 Date of Report**

Date the Report.

## **Item 3 Financial Statements and Other Information**

Include the financial statements or other information required by Part 8 of National Instrument 51-102. If applicable, disclose that the auditors have not given their consent to include their audit report in this Report.

**Form 51-102F5**  
**Information Circular**

**PART 1            GENERAL PROVISIONS**

**(a)      Timing of Information**

The information required by this Form 51-102F5 must be given as of a specified date not more than thirty days prior to the date you first send the information circular to any securityholder of the company.

**(b)      Use of “Company”**

Wherever this Form uses the word “company”, the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

**(c)      Incorporating Information by Reference**

You may incorporate information required to be included in your information circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your information circular. Unless you have already filed the referenced document or excerpt, including any documents incorporated by reference into the document or excerpt, you must file it with your information circular. You must also disclose that the document is on SEDAR at [www.sedar.com](http://www.sedar.com) and that, upon request, you will promptly provide a copy of any such document free of charge to a securityholder of the company. However, you may not incorporate information required to be included in Form 51-102F6 *Statement of Executive Compensation* by reference into your information circular.

**(d)      Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP for further guidance.

This Form also uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. For further guidance, see subsections 1.4(7) and (8) of Companion Policy 51-102CP.

**(e)      Plain Language**

Write this document so that readers are able to understand it. Refer to the plain



language principles listed in section 1.5 of Companion Policy 51-102CP for further guidance. If you use technical terms, explain them in a clear and concise manner.

**(f) Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

**(g) Tables and Figures**

Where it is practicable and appropriate, present information in tabular form. State all amounts in figures.

**(h) Omitting Information**

You do not need to respond to any item in this Form that is inapplicable. You may also omit information that is not known to the person or company on whose behalf the solicitation is made and that is not reasonably within the power of the person or company to obtain, if you briefly state the circumstances that render the information unavailable.

You may omit information that was contained in another information circular, notice of meeting or form of proxy sent to the same persons or companies whose proxies were solicited in connection with the same meeting, as long as you clearly identify the particular document containing the information.

**PART 2 CONTENT**

**Item 1 Date**

Specify the date of the information circular.

**Item 2 Revocability of Proxy**

State whether the person or company giving the proxy has the power to revoke it. If any right of revocation is limited or is subject to compliance with any formal procedure, briefly describe the limitation or procedure.

**Item 3 Persons Making the Solicitation**

**3.1** If a solicitation is made by or on behalf of management of the company, state this. Name any director of the company who has informed management in writing that he or she intends to oppose any action intended to be taken by management at the meeting and indicate the action that he or she intends to oppose.

- 3.2 If a solicitation is made other than by or on behalf of management of the company, state this and give the name of the person or company by whom, or on whose behalf, it is made.
- 3.3 If the solicitation is to be made other than by mail, describe the method to be employed. If the solicitation is to be made by specially engaged employees or soliciting agents, state,
- (a) the parties to and material features of any contract or arrangement for the solicitation; and
  - (b) the cost or anticipated cost thereof.
- 3.4 State who has borne or will bear, directly or indirectly, the cost of soliciting.

**Item 4            Proxy Instructions**

- 4.1 The information circular or the form of proxy to which the information circular relates must indicate in bold-face type that the securityholder has the right to appoint a person or company to represent the securityholder at the meeting other than the person or company, if any, designated in the form of proxy and must contain instructions as to the manner in which the securityholder may exercise the right.
- 4.2 The information circular or the form of proxy to which the information circular relates must state that the securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for and that, if the securityholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.
- 4.3 The information circular must include the following, if applicable:
- (a) a statement that the reporting issuer is sending proxy-related materials to registered holders or beneficial owners using notice-and-access and, if stratification will be used, a description of the types of registered holders or beneficial owners who will receive paper copies of the information circular and, if applicable, the documents in paragraph 9.1.1(2)(b);
  - (b) a statement that the reporting issuer is sending proxy-related materials directly to non-objecting beneficial owners under NI 54-101;
  - (c) a statement that management of the reporting issuer does not intend to pay for intermediaries to forward to objecting beneficial owners under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and that in the

case of an objecting beneficial owner, the objecting beneficial owner will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

**Item 5 Interest of Certain Persons or Companies in Matters to be Acted Upon**

Briefly describe any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons or companies in any matter to be acted upon other than the election of directors or the appointment of auditors:

- (a) if the solicitation is made by or on behalf of management of the company, each person who has been a director or executive officer of the company at any time since the beginning of the company's last financial year;
- (b) if the solicitation is made other than by or on behalf of management of the company, each person or company by whom, or on whose behalf, directly or indirectly, the solicitation is made;
- (c) each proposed nominee for election as a director of the company; and
- (d) each associate or affiliate of any of the persons or companies listed in paragraphs(a) to (c).

**INSTRUCTIONS**

- (i) *The following persons and companies are deemed to be persons or companies by whom or on whose behalf the solicitation is made (collectively, "solicitors" or individually a "solicitor"):*
  - (A) *any member of a committee or group that solicits proxies, and any person or company whether or not named as a member who, acting alone or with one or more other persons or companies, directly or indirectly takes the initiative or engages in organizing, directing or financing any such committee or group;*
  - (B) *any person or company who contributes, or joins with another to contribute, more than \$250 to finance the solicitation of proxies; or*
  - (C) *any person or company 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 company 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.*
- (ii) *Subject to paragraph (i), the following persons and companies are*

*deemed not to be solicitors:*

- (A) *any person or company retained or employed by a solicitor to solicit proxies or any person or company who merely transmits proxy-soliciting material or performs ministerial or clerical duties;*
- (B) *any person or company 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) *any person regularly employed as an officer or employee of the company or any of its affiliates; or*
- (D) *any officer or director of, or any person regularly employed by, any solicitor.*

#### **Item 6            Voting Securities and Principal Holders of Voting Securities**

- 6.1** For each class of voting securities of the company entitled to be voted at the meeting, state the number of securities outstanding and the particulars of voting rights for each class.
- 6.2** For each class of restricted securities, provide the information required in subsection 10.1(1) of National Instrument 51-102.
- 6.3** Give the record date as of which the securityholders entitled to vote at the meeting will be determined or particulars as to the closing of the security transfer register, as the case may be, and, if the right to vote is not limited to securityholders of record as of the specified record date, indicate the conditions under which securityholders are entitled to vote.
- 6.4** If action is to be taken with respect to the election of directors and if the securityholders or any class of securityholders have the right to elect a specified number of directors or have cumulative or similar voting rights, include a statement of such rights and state briefly the conditions precedent, if any, to the exercise thereof.
- 6.5** If, to the knowledge of the company's directors or executive officers, any person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to any class of voting securities of the company, name each person or company and state
  - (a) the approximate number of securities beneficially owned, or controlled or directed, directly or indirectly, by each such person or company; and

- (b) the percentage of the class of outstanding voting securities of the company represented by the number of voting securities so owned, controlled or directed, directly or indirectly.

## **Item 7 Election of Directors**

**7.1** If directors are to be elected, provide the following information, in tabular form to the extent practicable, for each person proposed to be nominated for election as a director (a "proposed director") and each other person whose term of office as a director will continue after the meeting:

- (a) State the name, province or state, and country of residence, of each director and proposed director.
- (b) State the period or periods during which each director has served as a director and when the term of office for each director and proposed director will expire.
- (c) Identify the members of each committee of the board.
- (d) State the present principal occupation, business or employment of each director and proposed director. Give the name and principal business of any company in which any such employment is carried on. Furnish similar information as to all of the principal occupations, businesses or employments of each proposed director within the five preceding years, unless the proposed director is now a director and was elected to the present term of office by a vote of securityholders at a meeting, the notice of which was accompanied by an information circular.
- (e) if a director or proposed director has held more than one position in the company, or a parent or subsidiary, state only the first and last position held.
- (f) State the number of securities of each class of voting securities of the company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each proposed director.
- (g) If securities carrying 10 per cent or more of the voting rights attached to all voting securities of the company or of any of its subsidiaries are beneficially owned, or controlled or directed, directly or indirectly, by any proposed director and the proposed director's associates or affiliates,
  - (i) state the number of securities of each class of voting securities beneficially owned, or controlled or directed, directly or indirectly, by the associates or affiliates; and

- (ii) name each associate or affiliate whose security holdings are 10 per cent or more.

## 7.2 If a proposed director

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director, chief executive officer or chief financial officer of any company (including the company in respect of which the information circular is being prepared) that,
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
- (b) 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 company (including the company in respect of which the information circular is being prepared) 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, state the fact; or
- (c) 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 director, state the fact.

### 7.2.1 Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a proposed director has been subject to

- (a) any penalties or sanctions 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

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**7.2.2** Despite section 7.2.1, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### INSTRUCTIONS

- (i) *The disclosure required by sections 7.2 and 7.2.1 also applies to any personal holding companies of the proposed director.*
- (ii) *A management cease trade order which applies to directors or executive officers of a company is an "order" for the purposes of paragraph 7.2(a)(i) and must be disclosed, whether or not the proposed director was named in the order.*
- (iii) *A late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction" for the purposes of section 7.2.1.*
- (iv) *The disclosure in paragraph 7.2(a)(i) only applies if the proposed director was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the proposed director became a director, chief executive officer or chief financial officer after the order was issued.*

**7.2.3** For the purposes of subsection 7.2(a), "order" means

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

**7.3** If any proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity, name the other person or company and describe briefly the arrangement or understanding.

## **Item 8            Executive Compensation**

If you are sending this information circular in connection with a meeting

- (a)    that is an annual general meeting,
- (b)    at which the company's directors are to be elected, or
- (c)    at which the company's securityholders will be asked to vote on a matter relating to executive compensation,

include a completed Form 51-102F6 *Statement of Executive Compensation*.

## **Item 9            Securities Authorized for Issuance Under Equity Compensation Plans**

### **9.1    Equity Compensation Plan Information**

- (1)    Provide the information in subsection (2) if you are sending this information circular in connection with a meeting
  - (a)    that is an annual general meeting,
  - (b)    at which the company's directors are to be elected, or
  - (c)    at which the company's securityholders will be asked to vote on a matter relating to executive compensation or a transaction that involves the company issuing securities.
- (2)    In the tabular form under the caption set out, provide the information specified in section 9.2 as of the end of the company's most recently completed financial year with respect to compensation plans under which equity securities of the company are authorized for issuance, aggregated as follows:
  - (a)    all compensation plans previously approved by securityholders; and
  - (b)    all compensation plans not previously approved by securityholders.

*Equity Compensation Plan Information*



Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c))
Equity compensation plans approved by			
Equity compensation plans not approved by			
Total			

**9.2** Include in the table the following information as of the end of the company's most recently completed financial year for each category of compensation plan described in section 9.1:

- (a) the number of securities to be issued upon the exercise of outstanding options, warrants and rights (column (a));
- (b) the weighted-average exercise price of the outstanding options, warrants and rights disclosed under subsection 9.2(a) (column (b)); and
- (c) other than securities to be issued upon the exercise of the outstanding options, warrants and rights disclosed in subsection 9.2(a), the number of securities remaining available for future issuance under the plan (column (c)).

**9.3** For each compensation plan under which equity securities of the company are authorized for issuance and that was adopted without the approval of securityholders, describe briefly, in narrative form, the material features of the plan.

#### INSTRUCTIONS

- (i) *The disclosure under Item 9 relating to compensation plans must include individual compensation arrangements.*
- (ii) *Provide disclosure with respect to any compensation plan of the company (or*

parent, subsidiary or affiliate of the company) under which equity securities of the company are authorized for issuance to employees or non-employees (such as directors, consultants, advisors, vendors, customers, suppliers or lenders) in exchange for consideration in the form of goods or services. You do not have to provide disclosure regarding any plan, contract or arrangement for the issuance of warrants or rights to all securityholders of the company on a pro rata basis (such as a rights offering).

- (iii) If more than one class of equity security is issued under the company's compensation plans, disclose aggregate plan information for each class of security separately.
- (iv) You may aggregate information regarding individual compensation arrangements with the plan information required under subsections 9.1(a) and (b), as applicable.
- (v) You may aggregate information regarding a compensation plan assumed in connection with a merger, consolidation or other acquisition transaction pursuant to which the company may make subsequent grants or awards of its equity securities with the plan information required under subsections 9.1(a) and (b), as applicable. Disclose on an aggregated basis in a footnote to the table the information required under subsections 9.2(a) and (b) with respect to any individual options, warrants or rights outstanding under the compensation plan assumed in connection with a merger, consolidation or other acquisition transaction.
- (vi) To the extent that the number of securities remaining available for future issuance disclosed in column (c) includes securities available for future issuance under any compensation plan other than upon the exercise of an option, warrant or right, disclose the number of securities and type of plan separately for each such plan in a footnote to the table.
- (vii) If the description of a compensation plan set forth in the company's financial statements contains the disclosure required by section 9.3, a cross-reference to the description satisfies the requirements of section 9.3.
- (viii) an equity compensation plan contains a formula for calculating the number of securities available for issuance under the plan, including, without limitation, a formula that automatically increases the number of securities available for issuance by a percentage of the number of outstanding securities of the company, describe this formula in a footnote to the table.

**Item 10      Indebtedness of Directors and Executive Officers**

**10.1    Aggregate Indebtedness**

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To the Company or its	To Another Entity
(a)	(b)	(c)
Share purchases		
Other		

- (1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:
- (a) a purchase of securities; and
  - (b) all other indebtedness.
- (2) Report separately the indebtedness to
- (a) the company or any of its subsidiaries (column (b)); and
  - (b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the company or any of its subsidiaries (column (c)),
- of all executive officers, directors, employees and former executive officers, directors and employees of the company or any of its subsidiaries.
- (3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

**10.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs**

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year]	Amount Outstanding as at [Date within 30 days]	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year]	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year]
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

- (1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the company, each proposed nominee for election as a director of the company, and each associate of any such director, executive officer or proposed nominee,

- (a) who is, or at any time since the beginning of the most recently completed financial year of the company has been, indebted to the company or any of its subsidiaries, or
- (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the company or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

- (2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the

borrower was, during the most recently completed financial year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the financial year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the company or a subsidiary of the company is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the most recently completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the most recently completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the company, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the most recently completed financial year.

(3) Supplement the above table with a summary discussion of

(a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including

- (i) the nature of the transaction in which the indebtedness was incurred;
- (ii) the rate of interest;
- (iii) the term to maturity;
- (iv) any understanding, agreement or intention to limit recourse; and
- (v) any security for the indebtedness;

- (b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and
- (c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

**10.3** You do not need to disclose information required by this Item

- (a) if you are not sending this information circular in connection with a meeting
  - (i) that is an annual general meeting,
  - (ii) at which the company's directors are to be elected, or
  - (iii) at which the company's securityholders will be asked to vote on a matter relating to executive compensation,
- (b) for any indebtedness that has been entirely repaid on or before the date of the information circular, or
- (c) for routine indebtedness.

"Routine indebtedness" means indebtedness described in any of the following clauses:

- (i) If the company or its subsidiary makes loans to employees generally,
  - (A) the loans are made on terms no more favourable than the terms on which loans are made by the company or its subsidiary to employees generally, and
  - (B) the amount, at any time during the last completed financial year, remaining unpaid under the loans to the director, executive officer or proposed nominee, together with his or her associates, does not exceed \$50,000.
- (ii) A loan to a person or company who is a full-time employee of the company,
  - (A) that is fully secured against the residence of the borrower, and

- (B) the amount of which in total does not exceed the annual salary of the borrower.
- (iii) If the company or its subsidiary makes loans in the ordinary course of business, a loan made to a person or company other than a full-time employee of the company
  - (A) on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the company or its subsidiary with comparable credit, and
  - (B) with no more than the usual risks of collectibility.
- (iv) A loan arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons, if the repayment arrangements are in accord with usual commercial practice.

#### **Item 11 Interest of Informed Persons in Material Transactions**

Describe briefly and, where practicable, state the approximate amount of any material interest, direct or indirect, of any informed person of the company, any proposed director of the company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the company or any of its subsidiaries.

#### **INSTRUCTIONS:**

- (i) *Briefly describe the material transaction. State the name and address of each person or company whose interest in any transaction is described and the nature of the relationship giving rise to the interest.*
- (ii) *For any transaction involving the purchase or sale of assets by or to the company or any subsidiary, other than in the ordinary course of business, state the cost of the assets to the purchaser and the cost of the assets to the seller, if acquired by the seller within two years prior to the transaction.*
- (iii) *This Item does not apply to any interest arising from the ownership of securities of the company where the securityholder receives no extra or special benefit or advantage not shared on a proportionate basis by all holders of the same class of securities or by all holders of the same class of securities who are resident in Canada.*

- (iv) *Include information as to any material underwriting discounts or commissions upon the sale of securities by the company where any of the specified persons or companies was or is to be an underwriter in a contractual relationship with the company with respect to securities or is an associate or affiliate of a person or company that was or is to be such an underwriter.*
- (v) *You do not need to disclose the information required by this Item for any transaction or any interest in that transaction if*
  - (A) *the rates or charges involved in the transaction are fixed by law or determined by competitive bids,*
  - (B) *the interest of the specified person in the transaction is solely that of director of another company that is a party to the transaction,*
  - (C) *the transaction involves services as a bank or other depository of funds, transfer agent, registrar, trustee under a trust indenture or other similar services, or*
  - (D) *the transaction does not directly or indirectly, involve remuneration for services, and*
    - (I) *the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company that is a party to the transaction,*
    - (II) *the transaction is in the ordinary course of business of the company or its subsidiaries, and*
    - (III) *the amount of the transaction or series of transactions is less than 10 per cent of the total sales or purchases, as the case may be, of the company and its subsidiaries for the most recently completed financial year.*
- (vi) *Provide information for transactions not excluded above which involve remuneration, directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company furnishing the services to the company or its subsidiaries.*

## **Item 12      Appointment of Auditor**

Name the auditor of the company. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.



If action is to be taken to replace an auditor, provide the information required under section 4.11 of National Instrument 51-102.

### **Item 13            Management Contracts**

If management functions of the company or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of the company or subsidiary,

- (a) give details of the agreement or arrangement under which the management functions are performed, including the name and address of any person or company who is a party to the agreement or arrangement or who is responsible for performing the management functions;
- (b) give the names and provinces of residence of any person that was, during the most recently completed financial year, an informed person of any person or company with which the company or subsidiary has any such agreement or arrangement and, if the following information is known to the directors or executive officers of the company, give the names and provinces of residence of any person or company that would be an informed person of any person or company with which the company or subsidiary has any such agreement or arrangement if the person were an issuer;
- (c) for any person or company named under paragraph (a) state the amounts paid or payable by the company and its subsidiaries to the person or company since the commencement of the most recently completed financial year and give particulars; and
- (d) for any person or company named under paragraph (a) or (b) and their associates or affiliates, give particulars of,
  - (i) any indebtedness of the person, company, associate or affiliate to the company or its subsidiaries that was outstanding, and
  - (ii) any transaction or arrangement of the person, company, associate or affiliate with the company or subsidiary, at any time since the start of the company's most recently completed financial year.

#### **INSTRUCTIONS:**

- (i) *Do not refer to any matter that is relatively insignificant.*
- (ii) *In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest paid or*

*charged on the indebtedness.*

- (iii) *Do not include as indebtedness amounts due from the particular person for purchases subject to usual trade terms, for ordinary travel and expense advances and for other similar transactions.*

#### **Item 14          Particulars of Matters to be Acted Upon**

**14.1** If action is to be taken on any matter to be submitted to the meeting of securityholders other than the approval of annual financial statements, briefly describe the substance of the matter, or related groups of matters, except to the extent described under the foregoing items, in sufficient detail to enable reasonable securityholders to form a reasoned judgment concerning the matter. Without limiting the generality of the foregoing, such matters include alterations of share capital, charter amendments, property acquisitions or dispositions, reverse takeovers, amalgamations, mergers, arrangements or reorganizations and other similar transactions.

**14.2** If the action to be taken is in respect of a significant acquisition as determined under Part 8 of National Instrument 51-102 under which securities of the acquired business are being exchanged for the company's securities, or in respect of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed, include disclosure for

- (a) the company, if the company has not filed all documents required under National Instrument 51-102,
- (b) the business being acquired, if the matter is a significant acquisition,
- (c) each entity, other than the company, whose securities are being changed, exchanged, issued or distributed, if
  - (i) the matter is a restructuring transaction, and
  - (ii) the company's current securityholders will have an interest in that entity after the restructuring transaction is completed, and
- (d) each entity that would result from the significant acquisition or restructuring transaction, if the company's securityholders will have an interest in that entity after the significant acquisition or restructuring transaction is completed.

The disclosure for the company, business or entity must be the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the company, business or entity, respectively, would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant

acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

- 14.3** If the matter is one that is not required to be submitted to a vote of securityholders, state the reasons for submitting it to securityholders and state what action management intends to take in the event of a negative vote by the securityholders.
- 14.4** Section 14.2 does not apply to an information circular that is sent to holders of voting securities of a reporting issuer soliciting proxies otherwise than on behalf of management of the reporting issuer (a "dissident circular"), unless the sender of the dissident circular is proposing a significant acquisition or restructuring transaction involving the reporting issuer and the sender, under which securities of the sender, or an affiliate of the sender, are to be distributed or transferred to securityholders of the reporting issuer. However, a sender of a dissident circular shall include in the dissident circular the disclosure required by section 14.2 if the sender of the dissident circular is proposing a significant acquisition or restructuring transaction under which securities of the sender or securities of an affiliate of the sender are to be changed, exchanged, issued or distributed.
- 14.5** A company satisfies section 14.2 if it prepares an information circular in connection with a Qualifying Transaction, for a company that is a CPC, or in connection with a Reverse Take-Over (as Qualifying Transaction, CPC and Reverse Take-Over are defined in the TSX Venture Exchange policies) provided that the company complies with the policies and requirements of the TSX Venture Exchange in respect of that Qualifying Transaction or Reverse Take-Over.

#### INSTRUCTION

*For the purposes of section 14.2, a securityholder will not be considered to have an interest in an entity after an acquisition or restructuring transaction is completed if the securityholder will only hold a redeemable security that is immediately redeemed for cash.*

#### Item 15            **Restricted Securities**

- 15.1** If the action to be taken involves 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, as part of the minimum disclosure required, a detailed description of:
- (a) the 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, and the voting rights, if any, attached to the securities of any other class of securities of the company 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;

- (b) the percentage of the aggregate voting rights attached to the company's securities that are represented by the class of restricted securities;
- (c) 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 reporting 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
- (d) 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 company and to speak at the meetings to the same extent that holders of equity securities are entitled.

**15.2** If holders of restricted securities do not have all of the rights referred to in section 15.1, the detailed description referred to in section 15.1 must include, in bold-face type, a statement of the rights the holders do not have.

## **Item 16 Additional Information**

**16.1** Disclose that additional information relating to the company is on SEDAR at [www.sedar.com](http://www.sedar.com). Disclose how securityholders may contact the company to request copies of the company's financial statements and MD&A.

**16.2** Include a statement that financial information is provided in the company's comparative annual financial statements and MD&A for its most recently completed financial year.

**Form 51-102F6**  
**Statement of Executive Compensation**

**ITEM 1            GENERAL PROVISIONS**

**1.1    Objective**

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

The objective of this disclosure is to communicate the compensation the company paid, made payable, awarded, granted, gave or otherwise provided to each NEO and director for the financial year, and the decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and will help investors understand how decisions about executive compensation are made.

A company's executive compensation disclosure under this form must satisfy this objective and subsections 9.3.1(1) or 11.6(1) of the Instrument.

**1.2    Definitions**

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form,

**"CEO"** means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"CFO"** means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**"closing market price"** means the price at which the company's security was last sold, on the applicable date,

- (a) in the security's principal marketplace in Canada, or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

**"company"** includes other types of business organizations such as partnerships, trusts

and other unincorporated business entities;

**“equity incentive plan”** means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

**“external management company”** includes a subsidiary, affiliate or associate of the external management company;

**“grant date”** means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

**“incentive plan”** means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

**“incentive plan award”** means compensation awarded, earned, paid, or payable under an incentive plan;

**“NEO”** or **“named executive officer”** means each of the following

individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, 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 1.3(6), for that financial year; and
- (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 company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

**“non-equity incentive plan”** means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

**“option-based award”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

**“plan”** includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other

property may be received, whether for one or more persons;

**“replacement grant”** means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

**“repricing”** means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

**“share-based award”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

### 1.3 Preparing the form

#### (1) All compensation to be included

- (a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each NEO and 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 NEO or director for services provided and for services to be provided, directly or indirectly, to the company or a subsidiary of the company.
- (b) Despite paragraph (a), in respect of the 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 and are generally available to all salaried employees, the company is not required to disclose as compensation
  - (i) any contributions or premiums paid or payable by the company on behalf of an NEO, or of a director, under these plans, and
  - (ii) any cash, securities, similar instruments or any other property received by an NEO, or by a director, under these plans.
- (c) For greater certainty, the plans described in paragraph (b) include plans that provide for such benefits after retirement.
- (d) If an item of compensation is not specifically mentioned or described in this form, it is to be disclosed in column (h) (“All other compensation”) of

the summary compensation table in section 3.1.

**(2) Departures from format**

- (a) Although the required disclosure must be made in accordance with this form, the disclosure may
  - (i) omit a table, column of a table, or other prescribed information, if it does not apply, and
  - (ii) add a table, column, or other information if
    - (A) necessary to satisfy the objective in section 1.1, and
    - (B) to a reasonable person, the table, column, or other information does not detract from the prescribed information in the summary compensation table in section 3.1.
- (b) Despite paragraph (a), a company must not add a column in the summary compensation table in section 3.1.

**(3) Information for full financial year**

If an NEO acted in that capacity for the company during part of the financial year for which disclosure is required in the summary compensation table, provide details of all of the compensation that the NEO received from the company for that financial year. This includes compensation the NEO earned in any other position with the company during the financial year.

Do not annualize compensation in a table for any part of a year when an NEO was not in the service of the company. Annualized compensation may be disclosed in a footnote.

**(4) External management companies**

- (a) If one or more individuals acting as an NEO of the company are not employees of the company, disclose the names of those individuals.
- (b) If an external management company employs or retains one or more individuals acting as NEOs or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company directly or indirectly, disclose any compensation that:
  - (i) the company paid directly to an individual employed, or



retained by the external management company, who is acting as an NEO or director of the company; and

- (ii) the external management company paid to the individual that is attributable to the services they provided to the company directly or indirectly.
- (c) If an external management company provides the company's executive management services and also provides executive management services to another company, disclose the entire compensation the external management company paid to the individual acting as an NEO or director, or acting in a similar capacity, in connection with services the external management company provided to the company, or the parent or a subsidiary of the company. If the management company allocates the compensation paid to an NEO or director, disclose the basis or methodology used to allocate this compensation.

#### *Commentary*

*An NEO may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the CEO or CFO are references to the individuals who performed similar functions to that of the CEO or CFO. They are generally the same individuals who signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.*

#### **(5) Director and NEO compensation**

Disclose any compensation awarded to, earned by, paid to, or payable to each director and NEO, in any capacity with respect to the company. Compensation to directors and NEOs must include all compensation from the company and its subsidiaries.

Disclose any compensation awarded to, earned by, paid to, or payable to, an NEO, or director, in any capacity with respect to the company, by another person or company.

#### **(6) Determining if an individual is an NEO**

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an individual under paragraph (c) of the definition of NEO,

- (a) use the total compensation that would be reported under column (i) of the summary compensation table required by section 3.1 for each

executive officer, as if that executive officer were an NEO for the company's most recently completed financial year, and

- (b) exclude from the calculation,
  - (i) any compensation that would be reported under column (g) of the summary compensation table required by section 3.1,
  - (ii) any incremental payments, payables, and benefits to an executive officer that are triggered by, or result from, a scenario listed in section 6.1 that occurred during the most recently completed financial year, and
  - (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 company.

#### *Commentary*

*The \$150,000 threshold in paragraph (c) of the definition of NEO only applies when determining who is an NEO in a company's most recently completed financial year. If an individual is an 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.*

#### **(7) Compensation to associates**

Disclose any awards, earnings, payments, or payables to an associate of an NEO, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the NEO or the director, in any capacity with respect to the company.

#### **(8) New reporting issuers**

- (a) Subject to paragraph (b) and subsection 3.1(1), disclose information in the summary compensation table for the three most recently completed financial years since the company became a reporting issuer.
- (b) Do not provide information for a completed financial year if the company was not a reporting issuer at any time during the most recently completed financial year, unless the company became a reporting issuer as a result of a restructuring transaction.
- (c) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing the form because it is preparing a prospectus, discuss all significant elements

of the compensation to be awarded to, earned by, paid to, or payable to NEOs of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

#### *Commentary*

1. *Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
2. *The definition of “director” under securities legislation includes an individual who acts in a capacity similar to that of a director.*

### **(9) Currencies**

Companies must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use the same currency in the tables in sections 3.1, 4.1, 4.2, 5.1, 5.2 and 7.1 of this form.

If compensation awarded to, earned by, paid to, or payable to an NEO was in a currency other than the currency reported in the prescribed tables of this form, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

### **(10) Plain language**

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of

- (a) how decisions about NEO and director compensation are made, and
- (b) how specific NEO and director compensation relates to the overall stewardship and governance of the company.

#### *Commentary*

*Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.*

## **ITEM 2 COMPENSATION DISCUSSION AND ANALYSIS**

### **2.1 Compensation discussion and analysis**

- (1) Describe and explain all significant elements of compensation awarded to, earned by, paid to, or payable to NEOs for the most recently completed financial year. Include the following:
  - (a) the objectives of any compensation program or strategy;
  - (b) what the compensation program is designed to reward;
  - (c) each element of compensation;
  - (d) why the company chooses to pay each element;
  - (e) how the company determines the amount (and, where applicable, the formula) for each element; and
  - (f) how each element of compensation and the company's decisions about that element fit into the company's overall compensation objectives and affect decisions about other elements.
- (2) If applicable, describe any new actions, decisions or policies that were made after the end of the most recently completed financial year that could affect a reasonable person's understanding of an NEO's compensation for the most recently completed financial year.
- (3) If applicable, clearly state the benchmark and explain its components, including the companies included in the benchmark group and the selection criteria.
- (4) If applicable, disclose performance goals or similar conditions that are based on objective, identifiable measures, such as the company's share price or earnings per share. If performance goals or similar conditions are subjective, the company may describe the performance goal or similar condition without providing specific measures.

If the company discloses performance goals or similar conditions that are non-GAAP financial measures, explain how the company calculates these performance goals or similar conditions from its financial statements.

#### *Exemption*

The company is not required to disclose performance goals or similar conditions in respect of specific quantitative or qualitative performance-related factors if a reasonable person would consider that disclosing them would seriously prejudice the company's interests.

For the purposes of this exemption, a company's interests are not considered to be seriously prejudiced solely by disclosing performance goals or similar

conditions if those goals or conditions are based on broad corporate-level financial performance metrics which include earnings per share, revenue growth, and earnings before interest, taxes, depreciation and amortization.

This exemption does not apply if it has publicly disclosed the performance goals or similar conditions.

If the company is relying on this exemption, state this fact and explain why disclosing the performance goals or similar conditions would seriously prejudice the company's interests.

If the company does not disclose specific performance goals or similar conditions, state what percentage of the NEO's total compensation relates to this undisclosed information and how difficult it could be for the NEO, or how likely it will be for the company, to achieve the undisclosed performance goal or similar condition.

- (5) Disclose whether or not the board of directors, or a committee of the board, considered the implications of the risks associated with the company's compensation policies and practices. If the implications were considered, disclose the following:
  - (a) the extent and nature of the board of directors' or committee's role in the risk oversight of the company's compensation policies and practices;
  - (b) any practices the company uses to identify and mitigate compensation policies and practices that could encourage an NEO or individual at a principal business unit or division to take inappropriate or excessive risks;
  - (c) any identified risks arising from the company's compensation policies and practices that are reasonably likely to have a material adverse effect on the company.
- (6) Disclose whether or not an NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

#### *Commentary*

1. *The information disclosed under section 2.1 will depend on the facts. Provide enough analysis to allow a reasonable person, applying reasonable effort, to understand the disclosure elsewhere in this form. Describe the significant principles underlying policies and explain the decisions relating to compensation provided to an NEO. Disclosure that merely describes the process for determining compensation or*

compensation already awarded, earned, paid, or payable is not adequate. The information contained in this section should give readers a sense of how compensation is tied to the NEO's performance. Avoid boilerplate language.

2. If the company's process for determining executive compensation is very simple, for example, the company relies solely on board discussion without any formal objectives, criteria and analysis, then make this clear in the discussion.
3. If the company used any benchmarking in determining compensation or any element of compensation, include the benchmark group and describe why the benchmark group and selection criteria are considered by the company to be relevant.
4. The following are examples of items that will usually be significant elements of disclosure concerning compensation:
  - ☐ contractual or non-contractual arrangements, plans, process changes or any other matters that might cause the amounts disclosed for the most recently completed financial year to be misleading if used as an indicator of expected compensation levels in future periods;
  - ☐ the process for determining perquisites and personal benefits;
  - ☐ policies and decisions about the adjustment or recovery of awards, earnings, payments, or payables if the performance goal or similar condition on which they are based is restated or adjusted to reduce the award, earning, payment, or payable;
  - ☐ the basis for selecting events that trigger payment for any arrangement that provides for payment at, following or in connection with any termination or change of control;
  - ☐ any waiver or change to any specified performance goal or similar condition to payout for any amount, including whether the waiver or change applied to one or more specified NEOs or to all compensation subject to the performance goal or similar condition;
  - ☐ whether the board of directors can exercise a discretion, either to award compensation absent attainment of the relevant performance goal or similar condition or to reduce or increase the size of any award or payout, including if they exercised discretion and whether it applied to one or more named executive officers;

- ☐ *whether the company will be making any significant changes to its compensation policies and practices in the next financial year;*
  - ☐ *the role of executive officers in determining executive compensation; and*
  - ☐ *performance goals or similar conditions in respect of specific quantitative or qualitative performance-related factors for NEOs.*
5. *The following are examples of situations that could potentially encourage an executive officer to expose the company to inappropriate or excessive risks:*
- ☐ *compensation policies and practices at a principal business unit of the company or a subsidiary of the company that are structured significantly differently than others within the company;*
  - ☐ *compensation policies and practices for certain executive officers that are structured significantly differently than other executive officers within the company;*
  - ☐ *compensation policies and practices that do not include effective risk management and regulatory compliance as part of the performance metrics used in determining compensation;*
  - ☐ *compensation policies and practices where the compensation expense to executive officers is a significant percentage of the company's revenue;*
  - ☐ *compensation policies and practices that vary significantly from the overall compensation structure of the company;*
  - ☐ *compensation policies and practices where incentive plan awards are awarded upon accomplishment of a task while the risk to the company from that task extends over a significantly longer period of time;*
  - ☐ *compensation policies and practices that contain performance goals or similar conditions that are heavily weighed to short-term rather than long- term objectives;*
  - ☐ *incentive plan awards that do not provide a maximum benefit or payout limit to executive officers.*

*The examples above are not exhaustive and the situations to consider will vary depending upon the nature of the company's business and the company's compensation policies and practices.*

## 2.2 Performance graph

- (a) This section does not apply to
  - (i) venture issuers,
  - (ii) companies that have distributed only debt securities or non-convertible, non-participating preferred securities to the public, and
  - (iii) companies that were not reporting issuers in any jurisdiction in Canada for at least 12 calendar months before the end of their most recently completed financial year, other than companies that became new reporting issuers as a result of a restructuring transaction.
- (b) Provide a line graph showing the company's cumulative total shareholder return over the five most recently completed financial years. Assume that \$100 was invested on the first day of the five-year period. If the company has been a reporting issuer for less than five years, use the period that the company has been a reporting issuer.

Compare this to the cumulative total return of at least one broad equity market index that, to a reasonable person, would be an appropriate reference point for the company's return. If the company is included in the S&P/TSX Composite Total Return Index, use that index. In all cases, assume that dividends are reinvested.

Discuss how the trend shown by this graph compares to the trend in the company's compensation to executive officers reported under this form over the same period.

### *Commentary*

*For section 2.2, companies may also include other relevant performance goals or similar conditions.*

## 2.3 Share-based and option-based awards

Describe the process the company uses to grant share-based or option-based awards to executive officers. Include the role of the compensation committee and executive officers in setting or amending any equity incentive plan under which a share-based or option-based award is granted. State whether previous grants are taken into account when considering new grants.



## 2.4 Compensation governance

- (1) Describe any policies and practices adopted by the board of directors to determine the compensation for the company's directors and executive officers.
- (2) If the company has established a compensation committee
  - (a) disclose the name of each committee member and, in respect of each member, state whether or not the member is independent or not independent;
  - (b) disclose whether or not one or more of the committee members has any direct experience that is relevant to his or her responsibilities in executive compensation;
  - (c) describe the skills and experience that enable the committee to make decisions on the suitability of the company's compensation policies and practices; and
  - (d) describe the responsibilities, powers and operation of the committee.
- (3) If a compensation consultant or advisor has, at any time since the company's most recently completed financial year, been retained to assist the board of directors or the compensation committee in determining compensation for any of the company's directors or executive officers
  - (a) state the name of the consultant or advisor and a summary of the mandate the consultant or advisor has been given,
  - (b) disclose when the consultant or advisor was originally retained,
  - (c) if the consultant or advisor has provided any services to the company, or to its affiliated or subsidiary entities, or to any of its directors or members of management, other than or in addition to compensation services provided for any of the company's directors or executive officers,
    - (i) state this fact and briefly describe the nature of the work, and
    - (ii) disclose whether the board of directors or compensation committee must pre- approve other services the consultant or advisor, or any of its affiliates, provides to the company at the request of management, and
  - (d) for each of the two most recently completed financial year, disclose,

- (i) (under the caption "Executive Compensation-Related Fees", the aggregate fees billed by each consultant or advisor, or any of its affiliates, for services related to determining compensation for any of the company's directors and executive officers, and
- (ii) under the caption "All Other Fees", the aggregate fees billed for all other services provided by each consultant or advisor, or any of its affiliates, that are not reported under subparagraph (i) and include a description of the nature of the services comprising the fees disclosed under this category.

### Commentary

For section 2.4, a director is independent if he or she would be independent within the meaning of section 1.4 of National Instrument 52-110 Audit Committees.

## ITEM 3 SUMMARY COMPENSATION TABLE

### 3.1 Summary compensation table

- (1) For each NEO in the most recently completed financial year, complete this table for each of the company's three most recently completed financial years that end on or after December 31, 2008.

Name and principal position (a)	Year (b)	Salary (\$) (c)	Share - based awards (\$) (d)	Option - based awards (\$) (e)	Non-equity incentive plan compensation (\$)		Pension value (\$) (g)	All other compensation (\$) (h)	Total compensation (\$) (i)
					Annual incentive plans	Long-term incentive plans			
CEO	— —								

CFO	_____ _____							
A	_____ _____							
B	_____ _____							
C	_____ _____							

### Commentary

*Under subsection (1), a company is not required to disclose comparative period disclosure in accordance with the requirements of either Form 51-102F6 Statement of Executive Compensation, which came into force on March 30, 2004, as amended, or this form, in respect of a financial year ending before December 31, 2008.*

- (2) In column (c), include the dollar value of cash and non-cash base salary an NEO earned during a financial year covered in the table (a covered financial year). If the company cannot calculate the amount of salary earned in a financial year, disclose this in a footnote, along with the reason why it cannot be determined. Restate the salary figure the next time the company prepares this form, and explain what portion of the restated figure represents an amount that the company could not previously calculate.
- (3) In column (d), disclose the dollar amount based on the fair value of the award on the grant date for a covered financial year.
- (4) In column (e), disclose the dollar amount based on the fair value of the award on the grant date for a covered financial year. Include option-based awards both with or without tandem share appreciation rights.
- (5) For an award disclosed in column (d) or (e), in a narrative after the table,
  - (a) describe the methodology used to calculate the fair value of the award on the grant date, disclose the key assumptions and estimates used for each calculation, and explain why the company chose that methodology, and
  - (b) if the fair value of the award on the grant date is different from the fair value determined in accordance with IFRS 2 *Share-based Payment* (accounting fair value), state the amount of the difference and explain

the reasons for the difference.

#### Commentary

1. *This commentary applies to subsections (3), (4) and (5).*
2. *The value disclosed in columns (d) and (e) of the summary compensation table should reflect what the company paid, made payable, awarded, granted, gave or otherwise provided as compensation on the grant date (fair value of the award) as set out in comment 3, below. This value might differ from the value reported in the issuer's financial statements.*
3. *While compensation practices vary, there are generally two approaches that boards of directors use when setting compensation. A board of directors may decide the value in securities of the company to be awarded or paid as compensation. Alternatively, a board of directors may decide the portion of the potential ownership of the company to be transferred as compensation. A fair value ascribed to the award will normally result from these approaches.*

*A company may calculate this value either in accordance with a valuation methodology identified in IFRS 2 Share-based Payment or in accordance with another methodology set out in comment 5 below.*

4. *In some cases, the fair value of the award disclosed in columns (d) and (e) might differ from the accounting fair value. For financial statement purposes, the accounting fair value amount is amortized over the service period to obtain an accounting cost (accounting compensation expense), adjusted at year end as required.*
5. *While the most commonly used methodologies for calculating the value of most types of awards are the Black-Scholes-Merton model and the binomial lattice model, companies may choose to use another valuation methodology if it produces a more meaningful and reasonable estimate of fair value.*
6. *The summary compensation table requires disclosure of an amount even if the accounting compensation expense is zero. The amount disclosed in the table should reflect the fair value of the award following the principles described under comments 2 and 3, above.*
7. *Column (d) includes common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, stock, and similar instruments that do not have option-like features.*

- (6) *In column (e), include the incremental fair value if, at any time during the*

covered financial year, the company has adjusted, amended, cancelled, replaced or significantly modified the exercise price of options previously awarded to, earned by, paid to, or payable to, an NEO. The repricing or modification date must be determined in accordance with IFRS 2 *Share-based Payment*. The methodology used to calculate the incremental fair value must be the same methodology used to calculate the initial grant.

This requirement does not apply to any repricing that equally affects all holders of the class of securities underlying the options and that occurs through a pre-existing formula or mechanism in the plan or award that results in the periodic adjustment of the option exercise or base price, an antidilution provision in a plan or award, or a recapitalization or similar transaction.

- (7) Include a footnote to the table quantifying the incremental fair value of any adjusted, amended, cancelled, replaced or significantly modified options that are included in the table.
- (8) In column (f), include the dollar value of all amounts earned for services performed during the covered financial year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards.
  - (a) If the relevant performance goal or similar condition was satisfied during a covered financial year (including for a single year in a plan with a multi-year performance goal or similar condition), report the amounts earned for that financial year, even if they are payable at a later date. The company is not required to report these amounts again in the summary compensation table when they are actually paid to an NEO.
  - (b) Include a footnote describing and quantifying all amounts earned on non-equity incentive plan compensation, whether they were paid during the financial year, were payable but deferred at the election of an NEO, or are payable by their terms at a later date.
  - (c) Include any discretionary cash awards, earnings, payments, or payables that were not based on pre-determined performance goals or similar conditions that were communicated to an NEO. Report any performance-based plan awards that include pre-determined performance goals or similar conditions in column (f).
  - (d) In column (f1), include annual non-equity incentive plan compensation, such as bonuses and discretionary amounts. For column (f1), annual non-equity incentive plan compensation relates only to a single financial year. In column (f2), include all non-equity incentive plan compensation related to a period longer than one year.
- (9) In column (g), include all compensation relating to defined benefit or defined contribution plans. These include service costs and other compensatory items

such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above-market earnings for defined contribution plans.

This disclosure relates to all plans that provide for the payment of pension plan benefits. Use the same amounts included in column (e) of the defined benefit plan table required by Item 5 for the covered financial year and the amounts included in column (c) of the defined contribution plan table as required by Item 5 for the covered financial year.

- (10) In column (h), include all other compensation not reported in any other column of this table.

Column (h) must include, but is not limited to:

- (a) perquisites, including property or other personal benefits provided to an NEO that are not generally available to all employees, and that in aggregate are worth \$50,000 or more, or are worth 10% or more of an NEO's total salary for the financial year. Value these items on the basis of the aggregate incremental cost to the company and its subsidiaries. Describe in a footnote the methodology used for computing the aggregate incremental cost to the company.

State the type and amount of each perquisite the value of which exceeds 25% of the total value of perquisites reported for an NEO in a footnote to the table. Provide the footnote information for the most recently completed financial year only;

- (b) other post-retirement benefits such as health insurance or life insurance after retirement;
- (c) all "gross-ups" or other amounts reimbursed during the covered financial year for the payment of taxes;
- (d) the incremental payments, payables, and benefits to an NEO that are triggered by, or result from, a scenario listed in section 6.1 that occurred before the end of the covered financial year;
- (e) the dollar value of any insurance premiums paid or payable by, or on behalf of, the company during the covered financial year for personal insurance for an NEO if the estate of the NEO is the beneficiary;
- (f) the dollar value of any dividends or other earnings paid or payable on share-based or option-based awards that were not factored into the fair value of the award on the grant date required to be reported in columns (d) and (e);

- (g) any compensation cost for any security that the NEO bought from the company or its subsidiaries at a discount from the market price of the security (through deferral of salary, bonus or otherwise). Calculate this cost at the date of purchase and in accordance with IFRS 2 *Share-based Payment*; and
- (h) above-market or preferential earnings on compensation that is deferred on a basis that is not tax exempt other than for defined contribution plans covered in the defined contribution plan table in Item 5. Above-market or preferential applies to non-registered plans and means a rate greater than the rate ordinarily paid by the company or its subsidiary on securities or other obligations having the same or similar features issued to third parties.
- (i) any company contribution to a personal savings plan like a registered retirement savings plan made on behalf of the NEO.

#### Commentary

1. *Generally, there will be no incremental payments, payables, and benefits that are triggered by, or result from, a scenario described in section 6.1 that occurred before the end of a covered financial year for compensation that has been reported in the summary compensation table for the most recently completed financial year or for a financial year before the most recently completed financial year.*

*If the vesting or payout of the previously reported compensation is accelerated, or a performance goal or similar condition in respect of the previously reported compensation is waived, as a result of a scenario described in section 6.1, the incremental payments, payables, and benefits should include the value of the accelerated benefit or of the waiver of the performance goal or similar condition.*

2. *Generally, an item is not a perquisite if it is integrally and directly related to the performance of an executive officer's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.*

*If the company concludes that an item is not integrally and directly related to performing the job, it may still be a perquisite if the item provides an NEO with any direct or indirect personal benefit. If it does provide a personal benefit, the item is a perquisite, whether or not it is provided for a business reason or for the company's convenience, unless it is generally available on a non-discriminatory basis to all employees.*

*Companies must conduct their own analysis of whether a particular item is a perquisite. The following are examples of things that are often considered perquisites or personal benefits. This list is not exhaustive:*

- ☐ *Cars, car lease and car allowance;*
- ☐ *Corporate aircraft or personal travel financed by the company;*
- ☐ *Jewellery;*
- ☐ *Clothing;*
- ☐ *Artwork;*
- ☐ *Housekeeping services;*
- ☐ *Club membership;*
- ☐ *Theatre tickets;*
- ☐ *Financial assistance to provide education to children of executive officers;*
- ☐ *Parking;*
- ☐ *Personal financial or tax advice;*
- ☐ *Security at personal residence or during personal travel; and*
- ☐ *Reimbursements of taxes owed with respect to perquisites or other personal benefit.*

- (11) In column (i), include the dollar value of total compensation for the covered financial year. For each NEO, this is the sum of the amounts reported in columns (c) through (h).
- (12) Any deferred amounts must be included in the appropriate column for the covered financial year in which they are earned.
- (13) If an NEO elected to exchange any compensation awarded to, earned by, paid to, or payable to the NEO in a covered financial year under a program that allows the NEO to receive awards, earnings, payments, or payables in another form, the compensation the NEO elected to exchange must be reported as compensation in the column appropriate for the form of compensation exchanged: Do not report it in the form in which it was or will be received by the NEO. State in a footnote the form of awards, earnings, payments, or payables substituted for the compensation the NEO elected to exchange.



### 3.2 Narrative discussion

Describe and explain any significant factors necessary to understand the information disclosed in the summary compensation table required by section 3.1.

#### *Commentary*

*The significant factors described in section 3.2 will vary depending on the circumstances of each award but may include:*

- ☐ *the significant terms of each NEO's employment agreement or arrangement;*
- ☐ *any repricing or other significant changes to the terms of any share-based or option-based award program during the most recently completed financial year; and*
- ☐ *the significant terms of any award reported in the summary compensation table, including a general description of the formula or criterion to be applied in determining the amounts payable and the vesting schedule. For example, if dividends will be paid on shares, state this, the applicable dividend rate and whether that rate is preferential.*

### 3.3 [Repealed]

### 3.4 Officers who also act as directors

If an NEO is also a director who receives compensation for services as a director, include that compensation in the summary compensation table and include a footnote explaining which amounts relate to the director role. Do not provide disclosure for that NEO under Item 7.

## ITEM 4 INCENTIVE PLAN AWARDS

### 4.1 Outstanding share-based awards and option-based awards

- (1) Complete this table for each NEO for all awards outstanding at the end of the most recently completed financial year. This includes awards granted before the most recently completed financial year. For all awards in this table, disclose the awards that have been transferred at other than fair market value.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
CEO							
CFO							
A							
B							
C							

- (2) In column (b), for each award, disclose the number of securities underlying unexercised options.
- (3) In column (c), disclose the exercise or base price for each option under each award reported in column (b). If the option was granted in a different currency than that reported in the table, include a footnote describing the currency and the exercise or base price.
- (4) In column (d), disclose the expiration date for each option under each award reported in column (b).
- (5) In column (e), disclose the aggregate dollar amount of in-the-money unexercised options held at the end of the year. Calculate this amount based on the difference between the market value of the securities underlying the instruments at the end of the year, and the exercise or base price of the option.
- (6) In column (f), disclose the total number of shares or units that have not vested.
- (7) In column (g), disclose the aggregate market value or payout value of share-based awards that have not vested.

If the share-based award provides only for a single payout on vesting, calculate this value based on that payout.

If the share-based award provides for different payouts depending on the achievement of different performance goals or similar conditions, calculate this value based on the minimum payout. However, if the NEO achieved a performance goal or similar condition in a financial year covered by the share-based award that on vesting could provide for a payout greater

than the minimum payout, calculate this value based on the payout expected as a result of the NEO achieving this performance goal or similar condition.

- (8) In column (h), disclose the aggregate market value or payout value of vested share-based awards that have not yet been paid out or distributed.

#### 4.2 Incentive plan awards – value vested or earned during the year

- (1) Complete this table for each NEO for the most recently completed financial year.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
(a)	(b)	(c)	(d)
CEO			
CFO			
A			
B			
C			

- (2) In column (b), disclose the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. Compute the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. Do not include the value of any related payment or other consideration provided (or to be provided) by the company to or on behalf of an NEO.
- (3) In column (c), disclose the aggregate dollar value realized upon vesting of share-based awards. Compute the dollar value realized by multiplying the number of shares or units by the market value of the underlying shares on the vesting date. For any amount realized upon vesting for which receipt has been deferred, include a footnote that states the amount and the terms of the deferral.

#### 4.3 Narrative discussion

Describe and explain the significant terms of all plan-based awards, including non-equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at the year end, to the extent not already discussed under sections 2.1, 2.3 and 3.2. The company may aggregate information for different awards, if separate disclosure of each award is not necessary to communicate their significant terms.

## Commentary

The items included in the narrative required by section 4.3 will vary depending on the terms of each plan, but may include:

- ☐ the number of securities underlying each award or received on vesting or exercise;
- ☐ general descriptions of formulae or criteria that are used to determine amounts payable;
- ☐ exercise prices and expiry dates;
- ☐ dividend rates on share-based awards;
- ☐ whether awards are vested or unvested;
- ☐ performance goals or similar conditions, or other significant conditions;
- ☐ information on estimated future payouts for non-equity incentive plan awards (performance goals or similar conditions and maximum amounts); and
- ☐ the closing market price on the grant date, if the exercise or base price is less than the closing market price of the underlying security on the grant date.

## ITEM 5 PENSION PLAN BENEFITS

### 5.1 Defined benefit plans table

- (1) Complete this table for all pension plans that provide for payments or benefits at, following, or in connection with retirement, excluding defined contribution plans. For all disclosure in this table, use the same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the company's financial statements, as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Name  (a)	Number of years credited service (#)  (b)	Annual benefits payable (\$)  (c)		Opening present value of defined benefit obligation (\$)  (d)	Compensatory change (\$) (e)	Non-compensatory change (\$)  (f)	Closing present value of defined benefit obligation (\$)  (g)
		At year end  (c1)	At age 65  (c2)				
CEO							
CFO							
A							
B							
C							

- (2) In columns (b) and (c), the disclosure must be as of the end of the company's most recently completed financial year. In columns (d) through (g), the disclosure must be as of the reporting date used in the company's audited annual financial statements for the most recently completed financial year.
- (3) In column (b), disclose the number of years of service credited to an NEO under the plan. If the number of years of credited service in any plan is different from the NEO's number of actual years of service with the company, include a footnote that states the amount of the difference and any resulting benefit augmentation, such as the number of additional years the NEO received.
- (4) In column (c), disclose
- (a) the annual lifetime benefit payable at the end of the most recently completed financial year in column (c1) based on years of credited service reported in column (b) and actual pensionable earnings as at the end of the most recently completed financial year. For the purposes of this calculation, the company must assume that the NEO is eligible to receive payments or benefits at year end, and
  - (b) the annual lifetime benefit payable at age 65 in column (c2) based on years of credited service as of age 65 and actual pensionable earnings through the end of the most recently completed financial year, as per column (c1).

## Commentary

*For the purposes of quantifying the annual lifetime benefit payable at the end of the most recently completed financial year in column (c1), the company may calculate the annual lifetime benefit payable as follows:*

$$\text{annual benefits payable at the presumed retirement age used to calculate the closing present value of the defined benefit obligation} \times \frac{\text{years of credited service at year end}}{\text{years of credited service at the presumed retirement age}}$$

*The company may calculate the annual lifetime benefit payable in accordance with another formula if the company reasonably believes that it produces a more meaningful calculation of the annual lifetime benefit payable at year end.*

- (5) In column (d), disclose the present value of the defined benefit obligation at the start of the most recently completed financial year.
- (6) In column (e), disclose the compensatory change in the present value of the defined benefit obligation for the most recently completed financial year. This includes service cost net of employee contributions plus plan changes and differences between actual and estimated earnings, and any additional changes that have retroactive impact, including, for greater certainty, a change in valuation assumptions as a consequence of an amendment to benefit terms.

Disclose the valuation method and all significant assumptions the company applied in quantifying the closing present value of the defined benefit obligation. The company may satisfy all or part of this disclosure by referring to the disclosure of assumptions in its financial statements, footnotes to the financial statements or discussion in its management's discussion and analysis.

- (7) In column (f), disclose the non-compensatory changes in the present value of the defined benefit obligation for the company's most recently completed financial year. Include all items that are not compensatory, such as changes in assumptions other than those already included in column (e) because they were made as a consequence of an amendment to benefit terms, employee contributions and interest on the present value of the defined benefit obligation at the start of the most recently completed financial year.
- (8) In column (g), disclose the present value of the defined benefit obligation at the end of the most recently completed financial year.

## 5.2 Defined contribution plans table

- (1) Complete this table for all pension plans that provide for payments or benefits at, following or in connection with retirement, excluding defined benefit plans. For all disclosure in this table, use the same assumptions and methods used for financial statement reporting purposes under the accounting principles used to prepare the company's financial statements, as permitted by National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Name (a)	Accumulated value at start of year (\$ (b)	Compensatory (\$) (c)	Accumulated value at year end (\$ (d)
CEO			
CFO			
A			
B			
C			

- (2) In column (c), disclose the employer contribution and above-market or preferential earnings credited on employer and employee contributions. Above-market or preferential earnings applies to non-registered plans and means a rate greater than the rate ordinarily paid by the company or its subsidiary on securities or other obligations having the same or similar features issued to third parties.
- (3) [Repealed]
- (4) In column (d), disclose the accumulated value at the end of the most recently completed financial year.

### Commentary

1. *For pension plans that provide the maximum of: (i) the value of a defined benefit pension; and (ii) the accumulated value of a defined contribution pension, companies should disclose the global value of the pension plan in the defined benefit plans table under section 5.1.*

*For pension plans that provide the sum of a defined benefit component and a defined contribution component, companies should disclose the respective components of the pension plan. The defined benefit component should be disclosed in the defined benefit plans table under section 5.1 and the defined contribution component should be disclosed in the defined contribution plans table under section 5.2.*

2. *Any contributions by the company or a subsidiary of the company to a personal savings plan like a registered retirement savings plan made on behalf of the NEO must still be disclosed in column (h) of the summary compensation table, as required by paragraph 3.1(10)(i).*

### **5.3 Narrative discussion**

Describe and explain for each retirement plan in which an NEO participates, any significant factors necessary to understand the information disclosed in the defined benefit plan table in section 5.1 and the defined contribution plan table in section 5.2.

#### *Commentary*

*Significant factors described in the narrative required by section 5.3 will vary, but may include:*

- ☐ *the significant terms and conditions of payments and benefits available under the plan, including the plan's normal and early retirement payment, benefit formula, contribution formula, calculation of interest credited under the defined contribution plan and eligibility standards;*
- ☐ *provisions for early retirement, if applicable, including the name of the NEO and the plan, the early retirement payment and benefit formula and eligibility standards. Early retirement means retirement before the normal retirement age as defined in the plan or otherwise available under the plan;*
- ☐ *the specific elements of compensation (e.g., salary, bonus) included in applying the payment and benefit formula. If a company provides this information, identify each element separately; and*
- ☐ *company policies on topics such as granting extra years of credited service, including an explanation of who these arrangements relate to and why they are considered appropriate.*

### **5.4 Deferred compensation plans**

Describe the significant terms of any deferred compensation plan relating to each NEO, including:

- (a) the types of compensation that can be deferred and any limitations on the extent to which deferral is permitted (by percentage of compensation or otherwise);
- (b) significant terms of payouts, withdrawals and other distributions; and



- (c) measures for calculating interest or other earnings, how and when these measures may be changed, and whether an NEO or the company chose these measures. Quantify these measures wherever possible.

## **ITEM 6            TERMINATION AND CHANGE OF CONTROL BENEFITS**

### **6.1      Termination and change of control benefits**

- (1) For each contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in an NEO's responsibilities, describe, explain, and where appropriate, quantify the following items:

- (a) the circumstances that trigger payments or the provision of other benefits, including perquisites and pension plan benefits;
- (b) the estimated incremental payments, payables, and benefits that are triggered by, or result from, each circumstance, including timing, duration and who provides the payments and benefits;
- (c) how the payment and benefit levels are determined under the various circumstances that trigger payments or provision of benefits;
- (d) any significant conditions or obligations that apply to receiving payments or benefits.

This includes but is not limited to, non-compete, non-solicitation, non-disparagement or confidentiality agreements. Include the term of these agreements and provisions for waiver or breach; and

- (e) any other significant factors for each written contract, agreement, plan or arrangement.
- (2) Disclose the estimated incremental payments, payables, and benefits even if it is uncertain what amounts might be paid in given circumstances under the various plans and arrangements, assuming that the triggering event took place on the last business day of the company's most recently completed financial year. For valuing share-based awards or option-based awards, use the closing market price of the company's securities on that date.

If the company is unsure about the provision or amount of payments or benefits, make a reasonable estimate (or a reasonable estimate of the range of amounts) and disclose the significant assumptions underlying these estimates.

- (3) Despite subsection (1), the company is not required to disclose the following:

- (a) Perquisites and other personal benefits if the aggregate of this compensation is less than \$50,000. State the individual perquisites and personal benefits as required by paragraph 3.1(10)(a).
- (b) Information about possible termination scenarios for an NEO whose employment terminated in the past year. The company must only disclose the consequences of the actual termination.
- (c) Information in respect of a scenario described in subsection (1) if there will be no incremental payments, payables, and benefits that are triggered by, or result from, that scenario.

### Commentary

- 1. *Subsection (1) does not require the company to disclose notice of termination without cause, or compensation in lieu thereof, which are implied as a term of an employment contract under common law or civil law.*
- 2. *Item 6 applies to changes of control regardless of whether the change of control results in termination of employment.*
- 3. *Generally, there will be no incremental payments, payables, and benefits that are triggered by, or result from, a scenario described in subsection (1) for compensation that has been reported in the summary compensation table for the most recently completed financial year or for a financial year before the most recently completed financial year.*

*If the vesting or payout of the previously reported compensation is accelerated, or a performance goal or similar condition in respect of the previously reported compensation is waived, as a result of a scenario described in subsection (1), the incremental payments, payables, and benefits should include the value of the accelerated benefit or of the waiver of the performance goal or similar condition.*

- 4. *A company may disclose estimated incremental payments, payables and benefits that are triggered by, or result from, a scenario described in subsection (1), in a tabular format.*

## **ITEM 7            DIRECTOR COMPENSATION**

### **7.1        Director compensation table**

- (1) Complete this table for all amounts of compensation provided to the directors for the company's most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)		(f)	(g)	(h)
A							
B							
C							
D							
E							

- (2) All forms of compensation must be included in this table.
- (3) Complete each column in the manner required for the corresponding column in the summary compensation table in section 3.1, in accordance with the requirements of Item 3, as supplemented by the commentary to Item 3, except as follows:
- (a) In column (a), do not include a director who is also an NEO if his or her compensation for service as a director is fully reflected in the summary compensation table and elsewhere in this form. If an NEO is also a director who receives compensation for his or her services as a director, reflect the director compensation in the summary compensation table required by section 3.1 and provide a footnote to this table indicating that the relevant disclosure has been provided under section 3.4.
  - (b) In column (b), include all fees awarded, earned, paid, or payable in cash for services as a director, including annual retainer fees, committee, chair, and meeting fees.
  - (c) In column (g), include all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to a director in any capacity, under any other arrangement. This includes, 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 director for services provided, directly or indirectly, to the company or a subsidiary of the company. In a footnote to the table, disclose these amounts and describe the nature of the services provided by the director that are associated with these amounts.
  - (d) In column (g), include programs where the company agrees to make donations to one or more charitable institutions in a director's name, payable currently or upon a designated event such as the retirement or death of the director. Include a footnote to the table disclosing the total dollar amount payable under the program.

## 7.2 Narrative discussion

Describe and explain any factors necessary to understand the director compensation disclosed in section 7.1.

### *Commentary*

*Significant factors described in the narrative required by section 7.2 will vary, but may include:*

- ☐ *disclosure for each director who served in that capacity for any part of the most recently completed financial year;*
- ☐ *standard compensation arrangements, such as fees for retainer, committee service, service as chair of the board or a committee, and meeting attendance;*
- ☐ *any compensation arrangements for a director that are different from the standard arrangements, including the name of the director and a description of the terms of the arrangement; and*
- ☐ *any matters discussed in the compensation discussion and analysis that do not apply to directors in the same way that they apply to NEOs such as practices for granting option-based awards.*

## 7.3 Share-based awards, option-based awards and non-equity incentive plan compensation

Provide the same disclosure for directors that is required under Item 4 for NEOs.

## ITEM 8 COMPANIES REPORTING IN THE UNITED STATES

### 8.1 Companies reporting in the United States

- (1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information required by Item 402 "Executive compensation" of Regulation S-K under the 1934 Act.
- (2) Subsection (1) does not apply to a company that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B "Compensation" and 6.E.2 "Share Ownership" of Form 20-F under the 1934 Act.

## ITEM 9 EFFECTIVE DATE AND TRANSITION

### 9.1 Effective date

- (1) This form comes into force on December 31, 2008.

- (2) This form applies to a company in respect of a financial year ending on or after December 31, 2008.

## 9.2 Transition

- (1) The form entitled Form 51-102F6 *Statement of Executive Compensation*, which came into force on March 30, 2004, as amended,
- (a) does not apply to a company in respect of a financial year ending on or after December 31, 2008, and
  - (b) for greater certainty, applies to a company that is required to prepare and file executive compensation disclosure because
    - (i) the company is sending an information circular to a securityholder under paragraph 9.1(2)(a) of National Instrument 51-102 *Continuous Disclosure Obligations*, the information circular includes the disclosure required by Item 8 of Form 51-102F5, and the information circular is in respect of a financial year ending before December 31, 2008, or
    - (ii) the company is filing an AIF that includes the disclosure required by Item 8 of Form 51-102F5, in accordance with Item 18 of Form 51-102F2, and the AIF is in respect of a financial year ending before December 31, 2008.
- (2) A company that is required to prepare and file executive compensation disclosure for a reason set out in paragraph (1)(b) may satisfy that requirement by preparing and filing the disclosure required by this form.



## Companion Policy 51-102CP *Continuous Disclosure Obligations*

### PART 1 INTRODUCTION AND DEFINITIONS

#### 1.1 Introduction and Purpose

- (1) National Instrument 51-102 *Continuous Disclosure Obligations* (the “Instrument”) sets out disclosure requirements for all issuers, other than investment funds, that are reporting issuers in one or more jurisdictions in Canada.
- (2) The purpose of this Companion Policy (the “Policy”) is to help you understand how the provincial and territorial regulatory authorities interpret or apply certain provisions of the Instrument. This Policy includes explanations, discussion and examples of various parts of the Instrument.

#### 1.2 Filing Obligations

- (1) Reporting issuers must file continuous disclosure documents under the Instrument only in the local jurisdictions in which they are a reporting issuer.
- (2) In some circumstances, the Instrument permits an issuer to satisfy a filing requirement by filing a different document instead. If an issuer is relying on one of these sections, the issuer must file the substitute document in the appropriate filing category and type on SEDAR. For example, an exchangeable share issuer relying on section 13.3(2) that must file a copy of its parent issuer’s annual financial statements must file those financial statements under the exchangeable share issuer’s SEDAR profile in the “Annual Financial Statement” filing type.

#### 1.3 Corporate Law Requirements

Reporting issuers are reminded that they may be subject to requirements of corporate law that address matters similar to those addressed by the Instrument, and which may impose additional or more onerous requirements. For example, applicable corporate law may require the delivery of annual financial reports to shareholders or may require the board of directors to approve interim financial reports.

#### 1.4 Definitions

- (1) **General** – Many of the terms for which the Instrument or Forms prescribed by the Instrument provide definitions are defined somewhat differently in the applicable securities legislation of several local jurisdictions. A term used in the Instrument and 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 instance, the terms “form of proxy”, “material change”, “proxy”, and “recognized quotation and trade reporting system” are defined in local securities legislation of most jurisdictions. The provincial and territorial regulatory authorities consider the meanings given to these terms in securities legislation to be substantially similar to the definitions set out in the Instrument.

- (2) **Asset-backed security** – Section 1.8 of Companion Policy 44-101CP provides guidance for the definition of “asset-backed security”.
- (3) **Directors and Executive Officers** – Where the Instrument or any of the Forms use the term “directors” or “executive officers”, a reporting issuer that is not a corporation must refer to the definitions in securities legislation of “director”. The definition of “director” typically includes a person acting in a capacity similar to that of a director of a company. Therefore, non-corporate issuers must determine in light of the particular circumstances which individuals or persons are acting in such capacities for the purposes of complying with the Instrument and the Forms. Further, in considering paragraph (c) of the definition of “executive officer”, we would consider an individual that is employed by an entity separate from the reporting issuer, but that performs a policy-making function in respect of the reporting issuer through that separate entity or otherwise, to fit within this definition.

Similarly, the terms chief executive officer and chief financial officer should be read to include the individuals who have the responsibilities normally associated with these positions or act in a similar capacity. This determination should be made irrespective of an individual’s corporate title or whether that individual is employed directly or acts pursuant to an agreement or understanding.

- (4) **Investment Fund** – Generally, the definition of “investment fund” would not include a trust or other entity that issues securities which entitle the holder to substantially all of the net cash flows generated by: (i) an underlying business owned by the trust or other entity, or (ii) the income-producing properties owned by the trust or other entity. Examples of trusts or other entities that are not included in the definition are business income trusts, real estate investment trusts and royalty trusts.
- (5) **Reverse Takeover** – The definition of reverse takeover includes reverse acquisitions as defined or interpreted in Canadian GAAP applicable to publicly accountable enterprises and any other transaction in which an issuer issues enough voting securities as consideration for the acquisition of an entity such that control of the issuer passes to the securityholders of the acquired entity (such as a Qualifying Transaction, as that term is defined in the TSX Venture Exchange policies). In a reverse acquisition, although legally the entity (the legal parent) that issued the securities is regarded as the parent, the entity (the legal subsidiary) whose former securityholders now control the combined entity is treated as the acquirer for accounting purposes. As a result, for accounting purposes, the issuing entity (the legal parent) is deemed to be a continuation of the acquirer and the

acquirer is deemed to have acquired control of the assets and business of the issuing entity in consideration for the issue of capital.

- (6) **Restructuring transaction** – A “restructuring transaction” includes a transaction in which a reporting issuer acquires assets, which may include assets that constitute a business, and issues securities resulting in

- ☐ new securityholders owning or controlling more than 50% of the reporting issuer’s outstanding voting securities, and
- ☐ a new control person or company, or new control group.

The acquisition and issuance may be in a single transaction, or a series of transactions. To be a “series of transactions”, the transactions must be related to each other.

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

- (7) **Accounting terms** – The Instrument uses accounting terms that are defined or used 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, you should consider that National Instrument 14-101 *Definitions* provides that a term used in the Instrument and 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 local securities statutes and Canadian GAAP applicable to publicly accountable enterprises. Securities regulatory authorities are of the view that the references to the term “associate” in the Instrument and its forms (e.g., item 7.1(g) of Form 51-102F5 *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.

- (8) **Acceptable accounting principles other than Canadian GAAP applicable to publicly accountable enterprises** – If an issuer is permitted under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* to file financial statements in accordance with acceptable accounting principles other than Canadian GAAP applicable to publicly accountable enterprises, then the issuer may interpret any reference in the Instrument to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in the other acceptable accounting principles.



- (9) **Rate-regulated activities** - If a qualifying entity is relying on the exemption in paragraph 5.4(1)(a) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, then the qualifying entity may interpret any reference in the Instrument to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in Part V of the Handbook.

## 1.5 Plain Language Principles

You should apply plain language principles when you prepare your disclosure including:

- ☐ using short sentences
- ☐ using definite everyday language
- ☐ using the active voice
- ☐ avoiding superfluous words
- ☐ organizing the document in clear, concise sections, paragraphs and sentences
- ☐ avoiding jargon
- ☐ using personal pronouns to speak directly to the reader
- ☐ avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure
- ☐ not relying on boilerplate wording
- ☐ avoiding abstract terms by using more concrete terms or examples
- ☐ avoiding multiple negatives
- ☐ using technical terms only when necessary and explaining those terms
- ☐ using charts, tables and examples where it makes disclosure easier to understand.

Question and answer bullet point formats are consistent with the disclosure requirements of the Instrument.

## 1.6 Signature and Certificates

Reporting issuers are not required by the Instrument to sign or certify documents filed under the Instrument. Certification requirements apply to some documents under National Instrument 52-109 *Certification of Disclosure in Companies' Annual and*

*Interim Filings.* Whether or not a document is signed or certified, it is an offence under securities legislation to make a false or misleading statement in any required document.

## **1.7 Audit Committees**

Reporting issuers are reminded that their audit committees must fulfill their responsibilities set out in other securities legislation. For example, the responsibilities of audit committees are set out in National Instrument 52-110 *Audit Committees*.

## **1.8 Acceptable Accounting Principles and Auditing Standards**

An issuer filing any of the following items under the Instrument must comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*:

- (a) financial statements;
- (b) an operating statement for an oil and gas property as referred to in section 8.10 of the Instrument;
- (c) summarized financial information, including the aggregated amounts of assets, liabilities, revenue and profit or loss of a business as referred to in section 8.6 of the Instrument; or
- (d) financial information derived from a credit support issuer's financial statements as referred to in section 13.4 of the Instrument.

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* sets out, among other things, the use of accounting principles other than Canadian GAAP applicable to publicly accountable enterprises or auditing standards other than Canadian GAAS in preparing or auditing financial statements.

## **1.9 Ordinary Course of Business**

Whether a contract has been entered into in the ordinary course of business is a question of fact. It must be considered in the context of the reporting issuer's business and the industry in which it operates.

## **1.10 Material Deficiencies**

After filing a document under the Instrument, a reporting issuer may determine that the document was materially deficient in some respect and, as a result, the filing does not comply with the requirements of the Instrument. In this situation, the reporting issuer is expected to comply with the Instrument by filing an amended version of the materially deficient document.

## **PART 2 FOREIGN ISSUERS AND INVESTMENT FUNDS**

### **2.1 Foreign Issuers**

National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* provides relief for foreign reporting issuers from certain continuous disclosure and other obligations, including certain obligations contained in the Instrument.

### **2.2 Investment Funds**

Section 2.1 of the Instrument states that the Instrument does not apply to an investment fund. Investment funds should look to securities legislation of the local jurisdiction including National Instrument 81-106 *Investment Fund Continuous Disclosure* to find the continuous disclosure requirements applicable to them.

## **PART 3 FINANCIAL STATEMENTS**

### **3.1 Financial Year**

- (1) **Length of Financial Year** – For the purposes of the Instrument, unless otherwise expressly provided, references to a financial year apply irrespective of the length of that year. The first financial year of a reporting issuer commences on the date of its incorporation or organization and ends at the close of that year.
- (2) **Non-Standard Year** – An issuer with a non-standard year should advise the regulator or securities regulatory authority how it calculates its interim and annual periods before its first financial statements are due under the Instrument.

### **3.2 Audit of Comparative Annual Financial Statements**

Section 4.1 of the Instrument requires a reporting issuer to file annual financial statements that include comparative information for the immediately preceding financial year and that are audited. The auditor's report must cover both the most recently completed financial year and the comparative period, except if the issuer changed its auditor during the periods presented in the annual financial statements and the new auditor has not audited the comparative period. In this situation, the auditor's report would normally refer to the predecessor auditor's report unless the predecessor auditor's report on the prior period's annual financial statements is reissued with the financial statements. This is consistent with Canadian Auditing Standard 710 *Comparative Information – Corresponding Figures and Comparative Financial Statements*.

### **3.3 Filing Deadline for Annual Financial Statements and Auditor's Report**

Section 4.2 of the Instrument sets out filing deadlines for annual financial statements. While section 4.2 of the Instrument does not address the auditor's report date, reporting

issuers are encouraged to file their annual financial statements as soon as practicable after the date of the auditor's report. The delivery obligations set out in section 4.6 of the Instrument are not tied to the filing of the annual financial statements.

### **3.4 Auditor Involvement with an Interim Financial Report**

- (1) The board of directors of a reporting issuer, in discharging its responsibilities for ensuring the reliability of an interim financial report, should consider engaging an external auditor to carry out a review of the interim financial report.
- (2) Subsection 4.3(3) of the Instrument requires a reporting issuer to disclose if an auditor has not performed a review of the interim financial report, to disclose if an auditor was unable to complete a review and why, and to file a written report from the auditor if the auditor has performed a review and expressed a reservation in the auditor's interim review report. No positive statement is required when an auditor has performed a review and provided an unqualified communication. If an auditor was engaged to perform a review on an interim financial report applying review standards set out in the Handbook, and the auditor was unable to complete the review, the issuer's disclosure of the reasons why the auditor was unable to complete the review would normally include a discussion of
  - (a) inadequate internal control;
  - (b) a limitation on the scope of the auditor's work; or
  - (c) the failure of management to provide the auditor with the written representations the auditor believes are necessary.
- (3) If a reporting issuer's annual financial statements are audited in accordance with Canadian GAAS, the terms "review" and "interim review report" used in subsection 4.3(3) of the Instrument refer to the auditor's review of, and report on, an interim financial report applying standards for a review of an interim financial report by the auditor as set out in the Handbook. However, if the reporting issuer's financial statements are audited in accordance with auditing standards other than Canadian GAAS, the corresponding review standards should be applied.

### **3.5 Delivery of Financial Statements and Paper Copies of Information Circulars**

- (1) Subsection 4.6(1) of the Instrument requires reporting issuers to send a request form to the registered holders and beneficial owners of their securities, other than debt instruments. The registered holders and beneficial owners may use the request form to request a paper copy of the reporting issuer's annual financial statements and related MD&A, interim financial reports and related MD&A, or both. In addition, the request form also may (but is not required to) be used to request a paper copy of the information circular and annual financial statements and related MD&A where a reporting issuer uses notice-and-access to deliver proxy-related materials. Reporting issuers are only required

to deliver financial statements and MD&A to the person or company that requests them. As a result, if a beneficial owner requests financial statements and MD&A through its intermediary, the issuer is only required to deliver the requested documents to the intermediary.

Failing to return the request form or otherwise specifically request a copy of the financial statements or MD&A from the reporting issuer will override the beneficial owner's standing instructions under NI 54-101 in respect of the financial statements.

The Instrument does not prescribe when the request form must be sent, or how it must be returned to the reporting issuer.

- (2) Subsection 4.6(5) provides that subsection 4.6(1) and the requirement to send annual financial statements under subsection 4.6(3) do not apply to a reporting issuer that sends its annual financial statements to its securityholders, other than holders of debt instruments, within 140 days of the issuer's financial year-end and in accordance with NI 54-101. Notice-and-access can be used to send the annual financial statements and related MD&A under subsection 4.6(5). Notice-and-access is consistent with the principles for electronic delivery set out in National Policy 11-201 *Electronic Delivery of Documents*.

### **3.6 Comparative Interim Financial Information After Becoming a Reporting Issuer**

Section 4.7(4) of the Instrument provides that a reporting issuer does not have to provide comparative financial information when it first becomes a reporting issuer if it complies with specific requirements. Section 4.10(3) of the Instrument provides a similar exemption for comparative financial information for a reverse takeover acquirer. These exemptions may, for example, apply to an issuer that was, before becoming a reporting issuer or before the reverse takeover, a private entity and that is unable to prepare the comparative financial information because it is impracticable to do so. The test of whether "to a reasonable person it is impracticable to present prior-period information on a basis consistent with subsection 4.3(2)" is objective, rather than subjective. Securities regulatory authorities are of the view that a reporting issuer can rely on the exemption only if it has made every reasonable effort to present prior-period information on a basis consistent with subsection 4.3(2) of the Instrument. We are of the view that an issuer should only rely on this exemption in unusual circumstances and generally not related solely to the cost or the time involved in preparing the financial statements.

### **3.7 Change in Year-End**

Appendix A to this Policy is a chart outlining the financial statement filing requirements under section 4.8 of the Instrument if a reporting issuer changes its financial year-end.

### **3.8 Reverse Takeovers**

- (1) Following a reverse takeover, although the reverse takeover acquiree is the reporting issuer, from an accounting perspective, the financial statements will be those of the reverse takeover acquirer. Those financial statements must be prepared and filed as if the reverse takeover acquirer had always been the reporting issuer.
- (2) The reverse takeover acquiree must file its own financial statements required by sections 4.1 and 4.3 and the related MD&A for all interim and annual periods ending before the date of the reverse takeover, even if the filing deadline for those financial statements is after the date of the reverse takeover.

### **3.9 Change in Corporate Structure**

- (1) Section 4.9 of the Instrument requires a reporting issuer to file a notice if the issuer has been party to certain transactions. The reporting issuer may satisfy this requirement by filing a copy of its material change report or news release, provided that
  - (a) the material change report or news release contains all the information required in the notice; and
  - (b) the reporting issuer files the material change report or news release with the securities regulatory authority or regulator
    - (i) under the Change in Corporate Structure category on SEDAR, or
    - (ii) if the issuer is not an electronic filer, as a notice under section 4.9.
- (2) If the transaction was a reverse takeover, the notice should state that fact and who the reverse takeover acquirer was.
- (3) Under paragraph 4.9(h) of the Instrument, the issuer must state the periods of the interim financial reports and the annual financial statements it has to file for its first financial year. Issuers should explain how they determined the periods, particularly if section 4.7 of the Instrument applies.

### **3.10 Change of Auditor**

The term "disagreement" defined in subsection 4.11(1) should be interpreted broadly. A disagreement may not involve an argument, but rather, a mere difference of opinion. Also, where a difference of opinion occurs that meets the criteria in item (b) of the definition of "disagreement", and the issuer reluctantly accepts the auditor's position in order to obtain an unqualified report, a reportable disagreement may still exist. The subsequent rendering of an unqualified report does not, by itself, remove the necessity for reporting a disagreement.

Subsection 4.11(5) of the Instrument requires a reporting issuer, upon a termination or resignation of its auditor, to prepare a change of auditor notice, have the audit committee or board of directors approve the notice, file the reporting package with the regulator or securities regulatory authority in each jurisdiction where it is a reporting issuer, and if there are any reportable events, issue and file a news release describing the information in the reporting package. Subsection 4.11(6) of the Instrument requires the reporting issuer to perform these procedures upon an appointment of a successor auditor. If a termination or resignation of a predecessor auditor and appointment of a successor auditor occur within a short period of time, it may be possible for a reporting issuer to perform the procedures described above required by both subsections 4.11(5) and 4.11(6) concurrently and meet the timing requirements set out in those subsections. In other words, the reporting issuer would prepare only one comprehensive notice and reporting package.

## **PART 4 DISCLOSURE AND PRESENTATION OF FINANCIAL INFORMATION**

### **4.1 Disclosure of Financial Information**

- (1) Subsection 4.5(1) of the Instrument requires that annual financial statements be approved by the board of directors before filing. Subsections 4.5(2) and 4.5(3) of the Instrument require that each interim financial report be approved by the board of directors or by the company's audit committee before filing. We believe that extracting information from financial statements that have not been approved as required by those provisions and releasing that information to the marketplace in a news release is inconsistent with the prior approval requirement. Also see National Policy 51-201 *Disclosure Standards*.
- (2) Reporting issuers that intend to disclose financial information to the marketplace in a news release should consult National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. We believe that disclosing financial information in a news release without disclosing the accounting principles used is inconsistent with the requirement in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* to identify the accounting principles used in the financial statements.

### **4.2 Non-GAAP Financial Measures**

Reporting issuers that intend to publish financial measures other than those prescribed by Canadian GAAP applicable to publicly accountable enterprises should refer to CSA Staff Notice 52-306 *Non-GAAP Financial Measures* for a discussion of staff expectations concerning the use of non-GAAP measures.

### **4.3 Presentation of Financial Information**

Canadian GAAP applicable to publicly accountable enterprises provides an issuer two 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 this Instrument. (See subsections 4.1(3) and 4.3(2.1) of the Instrument).

## **PART 4A FORWARD-LOOKING INFORMATION**

### **4A.1 Application**

Section 4A.1 of the Instrument indicates that Part 4A applies to forward-looking information that is disclosed by a reporting issuer other than forward-looking information contained in oral statements. Reporting issuers should consider broadly the various instances of forward-looking information made available to the public in considering the scope of forward-looking information that is disclosed. This includes, but is not limited to:

- ☐ Information that a reporting issuer files with securities regulators
- ☐ Information contained in news releases issued by a reporting issuer
- ☐ Information published on a reporting issuer's website
- ☐ Information published in marketing materials or other similar materials prepared by a reporting issuer or distributed to the public by a reporting issuer.

### **4A.2 Reasonable Basis**

Section 4A.2 of the Instrument requires a reporting issuer to have a reasonable basis for any forward-looking information it discloses. When interpreting "reasonable basis", reporting issuers should consider:

- (a) the reasonableness of the assumptions underlying the forward-looking information; and
- (b) the process followed in preparing and reviewing forward-looking information.

### **4A.3 Material Forward-Looking Information**

Section 4A.3 and section 5.8 of the Instrument require a reporting issuer to include specified disclosure in material forward-looking information it discloses. Reporting issuers should exercise judgement when determining whether information is material. If a reasonable investor's decision whether or not to buy, sell or hold securities of the reporting issuer would be influenced or changed if the information were omitted or misstated, then the information is likely material.

Section 1.1 contains definitions of the terms "financial outlook" and "FOFI." We consider FOFI and most financial outlooks to be material forward-looking information. Examples of financial outlooks include expected revenue, profit or loss, earnings per



share and R&D spending. A financial outlook relating to profit or loss is commonly referred to as “earnings guidance.”

An example of forward-looking information that is not a financial outlook or FOFI would be an estimate of future store openings by an issuer in the retail industry. This type of information may or may not be material, depending on whether a reasonable investor’s decision whether or not to buy, sell or hold securities of that issuer would be influenced or changed if the information were omitted or misstated.

#### **4A.4 Location of Disclosure**

Section 4A.3 of the Instrument requires that any material forward-looking information include specified disclosure. This disclosure should be presented in a manner that allows an investor who reads the document or other material containing the forward-looking information to be able to readily:

- (a) understand that the forward-looking information is being provided in the document or other material;
- (b) identify the forward-looking information; and
- (c) inform himself or herself of the material assumptions underlying the forward- looking information and the material risk factors associated with the forward- looking information.

#### **4A.5 Disclosure of Cautionary Language and Material Risk Factors**

- (1) Paragraph 4A.3(b) of the Instrument requires a reporting issuer to accompany any material forward-looking information with disclosure that cautions users that actual results may vary from the forward-looking information and identifies material risk factors that could cause material variation. The material risk factors identified in the cautionary language should be relevant to the forward-looking information and the disclosure should not be boilerplate in nature.
- (2) The cautionary statements required by paragraph 4A.3(b) of the Instrument should identify significant and reasonably foreseeable factors that could reasonably be expected to cause results to differ materially from those projected in the material forward-looking statement. Reporting issuers should not interpret this as requiring a reporting issuer to anticipate and discuss everything that could conceivably cause results to differ.

#### **4A.6 Disclosure of Material Factors or Assumptions**

Paragraph 4A.3(c) of the Instrument requires a reporting issuer to disclose the material factors or assumptions used to develop material forward-looking information. The factors or assumptions should be relevant to the forward-looking information. Disclosure

of material factors or assumptions does not require an exhaustive statement of every factor or assumption applied – a materiality standard applies.

#### **4A.7 Date of Assumptions**

Management of a reporting issuer that discloses material forward-looking information should satisfy itself that the assumptions are appropriate as of the date management discloses the material forward-looking information even though the material forward-looking information may have been prepared at an earlier time, and may be based on information accumulated over a period of time.

#### **4A.8 Time Period**

Paragraph 4B.2(2)(a) of the Instrument requires a reporting issuer to limit the period covered by FOFI or a financial outlook to a period for which the information can be reasonably estimated. In many cases that time period will not go beyond the end of the reporting issuer's next fiscal year. Some of the factors a reporting issuer should consider include the reporting issuer's ability to make appropriate assumptions, the nature of the reporting issuer's industry, and the reporting issuer's operating cycle.

### **PART 5 MD&A**

#### **5.1 Delivery of MD&A**

Reporting issuers are not required to send a request form to their securityholders under Part 5 of the Instrument. This is because the request form that must be delivered under section 4.6 of the Instrument relates to both a reporting issuer's financial statements, and the MD&A applicable to those financial statements.

#### **5.2 Additional Information for Venture Issuers Without Significant Revenue**

Section 5.3 of the Instrument requires certain venture issuers to provide in their annual or interim MD&A (unless the information is included in their annual financial statements or interim financial report), a breakdown of material costs whether expensed or recognized as assets. A component of cost is generally considered to be a material component if it exceeds the greater of

- (a) 20% of the total amount of the class; and
- (b) \$25,000.

#### **5.3 Disclosure of Outstanding Share Data**

Section 5.4 of the Instrument requires disclosure of information relating to the outstanding securities of the reporting issuer as of the latest practicable date. The "latest practicable date" should be current, as close as possible, to the date of filing of the

MD&A. Disclosing the number of securities outstanding at the period end is generally not sufficient to meet this requirement.

#### **5.4 Additional Disclosure for Equity Investees**

Section 5.7 of the Instrument requires issuers with significant equity investees to provide in their annual or 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 the equity investee would meet the thresholds for the significance tests in Part 8 using the financial statements of the equity investee and the issuer as at the issuer's financial year-end.

#### **5.5 Previously Disclosed Material Forward-Looking Information**

- (1) Subsection 5.8(2) of the Instrument requires a reporting issuer to discuss certain events and circumstances that occurred during the period to which its MD&A relates. The events to be discussed are those that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete. This discussion is only required if the reporting issuer previously disclosed the forward-looking information to the public. Subsection 5.8(2) also requires a reporting issuer to discuss the expected differences.

For example, assume that a reporting issuer published FOFI for the current year assuming no change in the prime interest rate, but by the end of the second quarter the prime interest rate went up by 2%. In its MD&A for the second quarter, the reporting issuer should discuss the interest rate increase and its expected effect on results compared to those indicated in the FOFI.

A reporting issuer should consider whether the events and circumstances that trigger MD&A disclosure under subsection 5.8(2) of the Instrument might also trigger material change reporting requirements under Part 7 of the Instrument.

- (2) Subsection 5.8(4) of the Instrument requires a reporting issuer to disclose and discuss material differences between actual results for the annual or interim period to which its MD&A relates and any FOFI or financial outlook for that period that the reporting issuer previously disclosed to the public. A reporting issuer should disclose and discuss material differences for material individual items included in the FOFI or financial outlook, including assumptions.

For example, if the actual dollar amount of revenue approximates forecasted revenue but the sales mix or sales volume differs materially from what the reporting issuer expected, the reporting issuer should explain the differences.

- (3) Subsection 5.8(5) of the Instrument addresses a reporting issuer's decision to withdraw previously disclosed material forward-looking information. The subsection requires the reporting issuer to disclose that decision and discuss the events and circumstances that

led the reporting issuer to the decision to withdraw the material forward-looking information, including a discussion of the assumptions included in the material forward-looking information that are no longer valid. A reporting issuer should consider whether the events and circumstances that trigger MD&A disclosure under subsection 5.8(5) of the Instrument might also trigger material change reporting requirements under Part 7 of the Instrument. We encourage all reporting issuers to promptly communicate to the market a decision to withdraw material forward-looking information, even if the material change reporting requirements are not triggered.

## **PART 6 AIF**

### **6.1 Additional and Supporting Documentation**

Any material incorporated by reference in an AIF is required to be filed with the AIF unless the material has been previously filed. When a reporting issuer using SEDAR files a previously unfiled document with its AIF, the reporting issuer should ensure that the document is filed under the appropriate SEDAR filing type and document type specifically applicable to the document, rather than generic type "Documents Incorporated by Reference". For example, a reporting issuer that has incorporated by reference an information circular in its AIF and has not previously filed the circular should file the circular under the "Management Proxy Materials" filing subtype and the "Management proxy/information circular" document type.

If the reporting issuer incorporates a document, or a portion of a document, by reference into its AIF, and that document, or that portion of the document, as applicable, incorporates another document by reference, the issuer must also file the underlying document with its AIF.

### **6.2 AIF Disclosure of Asset-backed Securities**

(1) **Factors to consider** – Issuers that have distributed asset-backed securities under a prospectus are required to provide disclosure in their AIF under section 5.3 of Form 51-102F2. Issuers of asset-backed securities must determine which other prescribed disclosure is applicable and ought to be included in the AIF. Disclosure for a special purpose issuer of asset-backed securities will generally explain

- ☐ the nature, performance and servicing of the underlying pool of financial assets;
- ☐ the structure of the securities and dedicated cash flows; and
- ☐ any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment.

The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

An issuer of asset-backed securities should consider the following factors when preparing its AIF:

1. The extent of disclosure respecting an issuer will depend on the extent of the issuer's on-going involvement in the conversion of the assets comprising the pool to cash and the distribution of cash to securityholders; this involvement may, in turn, vary dramatically depending on the type, quality and attributes of the assets comprising the pool and on the overall structure of the transaction.
2. Disclosure about the business and affairs of the issuer should relate to the financial assets underlying the asset-backed securities.
3. Disclosure about the originator or the seller of the underlying financial assets will often be relevant to investors in the asset-backed securities particularly where the originator or seller has an on-going involvement with the financial assets comprising the pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the seller to or through the issuer may be a critical aspect of an investor's investment decision.

To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly, an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirement applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

Financial information respecting the pool of assets to be described and analyzed in the AIF will consist of information commonly set out in servicing reports prepared to describe the performance of the pool and the specific allocations of profit, loss and cash flows applicable to outstanding asset-backed securities made during the relevant period.

- (2) **Underlying pool of assets** – Paragraph 5.3(2)(a) of Form 51-102F2 requires issuers of asset-backed securities that were distributed by way of prospectus to include financial disclosure relating to the composition of the underlying pool of financial assets, the cash flows from which service the asset-backed securities. Disclosure respecting the composition of the pool will vary depending upon the nature and number of the underlying financial assets. For example, in a geographically

dispersed pool of financial assets, it may be appropriate to provide a summary disclosure based on the location of obligors. In the context of a revolving pool, it may be appropriate to provide details relating to aggregate outstanding balances during a year to illustrate historical fluctuations in asset origination due, for example, to seasonality. In pools of consumer debt obligations, it may be appropriate to provide a breakdown within ranges of amounts owing by obligors in order to illustrate limits on available credit extended.

## **PART 7 MATERIAL CHANGE REPORTS**

### **7.1 Publication of News Release**

Section 7.1 of the Instrument requires reporting issuers to immediately issue and file a news release disclosing the nature of a material change. This requirement is substantively the same as the material change reporting requirements in some securities legislation for the news release to be issued *forthwith*.

## **PART 8 BUSINESS ACQUISITION REPORTS**

### **8.1 Obligations to File a Business Acquisition Report**

- (1) **Filing of a Material Change Report** – The requirement in the Instrument for a reporting issuer to file a business acquisition report is in addition to the reporting issuer's obligation to file a material change report, if the significant acquisition constitutes a material change.
- (2) **Filing of a Business Acquisition Report by SEC Issuers** – If a document or a series of documents that an SEC issuer files with or furnishes to the SEC in connection with a business acquisition contains all of the information, including financial statements, required to be included in a business acquisition report under the Instrument, the SEC issuer may file a copy of the documents as its business acquisition report.
- (3) **Financial Statement Disclosure of Significant Acquisitions** – Reporting issuers are reminded that National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* prescribes the accounting principles and auditing standards that must be used to prepare and audit the financial statements required by Part 8 of the Instrument.
- (4) **Acquisition of a Business** – A reporting issuer that has made a significant acquisition must include in its business acquisition report certain financial statements of each business acquired. The term "business" should be evaluated in light of the facts and circumstances involved. We generally consider that a separate entity, a subsidiary or a division is a business and that in certain circumstances a smaller component of a company may also be a business, whether or not the business previously prepared financial statements. In determining whether an acquisition constitutes the acquisition of a business, a reporting issuer should consider the continuity of business operations, including the following factors:

- (a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition; and
  - (b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the reporting issuer instead of remaining with the vendor after the acquisition.
- (5) **Acquisition by a Subsidiary** – If a reporting issuer’s subsidiary, which is also a reporting issuer, has acquired a business, both the parent and subsidiary must test the significance of the acquisition. Even if the subsidiary files a business acquisition report, the parent must also file a business acquisition report if the acquisition is also significant for the parent.

## 8.2 Significance Tests

- (1) **Nature of Significance Tests** – Subsection 8.3(2) of the Instrument sets out the required significance tests for determining whether an acquisition of a business by a reporting issuer is a “significant acquisition”. The first test measures the assets of the acquired business against the assets of the reporting issuer. The second test measures the reporting issuer’s investments in and advances to the acquired business against the assets of the reporting issuer. The third test measures the specified profit or loss of the acquired business against the specified profit or loss of the reporting issuer. If any one of these three tests is satisfied at the prescribed level, the acquisition is considered “significant” to the reporting issuer. The test must be applied as at the acquisition date using the most recent audited annual financial statements of the reporting issuer and the business. These tests are similar to requirements of the SEC and provide issuers with certainty that if an acquisition is not significant at the acquisition date, then no business acquisition report will be required to be filed.
- (2) **Business Using Accounting Principles Other Than Those Used by the Reporting Issuer** – Subsection 8.3(13) of the Instrument provides that, for the purposes of calculating the significance tests, the amounts used for the business or related businesses must, subject to subsection 8.3(13.1) of the Instrument, be based on the issuer’s GAAP, and translated into the same presentation currency as that used in the reporting issuer’s financial statements. This means that in some cases the amounts must be converted to the issuer’s GAAP and translated into the same presentation currency as that used in the reporting issuer’s financial statements.

Subsection 8.3(13.1) of the Instrument exempts venture issuers from the requirement in paragraph 8.3(13)(a) that, for the purposes of calculating the significance tests, the amounts used for the business or related businesses must be based on the issuer’s GAAP, but only where the financial statements for the business or related businesses were prepared in accordance with Canadian GAAP applicable to private enterprises and certain other conditions are met.

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* permits financial statements for a business or related businesses to be prepared in accordance with U.S. GAAP without reconciliation to the issuer's GAAP. This does not impact the application of paragraph 8.3(13)(a) of the Instrument. Thus, if the issuer's GAAP is not U.S. GAAP, paragraph 8.3(13)(a) of the Instrument requires, for the purposes of calculating the significance tests, that the amounts used for the business or related businesses be based on the issuer's GAAP.

Paragraph 8.3(13)(b) of the Instrument applies to all issuers and requires, for the purpose of calculating the significance tests, that the amounts used for the business or related businesses be translated into the same presentation currency as that used in the reporting issuer's financial statements.

- (3) **Acquisition of a Previously Unaudited Business** – Subsections 8.3(2) and 8.3(4) of the Instrument require the significance of an acquisition to be determined using the most recent audited annual financial statements of the reporting issuer and the business acquired. However, if the annual financial statements of the business or related businesses for the most recently completed financial year were not audited, subsection 8.3(14) of the Instrument permits use of the unaudited annual financial statements for the purpose of applying the significance tests. If the acquisition is determined to be significant, then the annual financial statements required by subsection 8.4(1) of the Instrument must be audited.
- (3.1) **Application of Significance Tests for Business Combinations Achieved in Stages** – IFRS 3 *Business Combinations*, requires that when a business combination is achieved in stages the acquirer's previously held equity interest in the acquiree is remeasured at its acquisition date fair value with any resulting gain or loss recognized in profit or loss. The remeasurement of the previously held equity interest should not be included in the asset or the investment test and the resulting gain or loss from remeasurement should not be included in the profit or loss test. (See subsection 8.3(4.1) of the Instrument).
- (4) **Application of Investment Test for Significance of an Acquisition** – One of the significance tests set out in subsections 8.3(2) and (4) of the Instrument is whether the reporting issuer's consolidated investments in and advances to the business or related businesses exceed a specified percentage of the consolidated assets of the reporting issuer. In applying this test, the "investments in" the business should be determined using the consideration transferred, measured in accordance with the issuer's GAAP, including any contingent consideration. In addition, any payments made in connection with the acquisition which would not constitute consideration transferred but which would not have been paid unless the acquisition had occurred, should be considered part of investments in and advances to the business for the purpose of applying the significance tests. Examples of such payments include loans, royalty agreements, lease agreements and agreements to provide a pre-determined amount of future services. For purposes of the investment test, "consideration transferred" should be adjusted to exclude the carrying value of assets transferred by the reporting issuer to the business or related businesses that will remain with the business or related businesses after the acquisition.



- (5) **Application of the Significance Tests When the Financial Year Ends are Non-Coterminous** – Subsection 8.3(2) of the Instrument requires the significance of a business acquisition to be determined using the most recent audited annual financial statements of both the reporting issuer and the acquired business. For the purpose of applying the tests under this subsection, the year-ends of the reporting issuer and the acquired business need not be coterminous. Accordingly, neither the audited annual financial statements of the reporting issuer nor those of the business should be adjusted for the purposes of applying the significance tests. However, if the acquisition of a business is determined to be significant and pro forma income statements are required by subsection 8.4(5) of the Instrument and, if the business' year-end is more than 93 days before the reporting issuer's year-end, the business' reporting period required under paragraph 8.4(7)(c) of the Instrument should be adjusted to reduce the gap to 93 days or less. Refer to subsection 8.7(3) of this Policy for further guidance.

### 8.3 Optional Significance Tests

- (1) **Optional Significance Tests – Decrease in Significance** – If an acquisition is determined under subsection 8.3(2) of the Instrument to be significant, a reporting issuer has the option under subsections 8.3(3) and (4) of the Instrument of applying optional significance tests using more recent financial statements than those used for the required significance tests in subsection 8.3(2). The optional significance tests under subsections 8.3(3) and (4) have been included to recognize the possible growth of a reporting issuer between the date of its most recently completed year-end and the date of filing a business acquisition report and the corresponding potential decline in significance of the acquisition to the reporting issuer.
- (2) **Availability of the Optional Significance Tests** – The optional significance tests permitted under subsections 8.3(4) and (6) of the Instrument are available to all reporting issuers. However, depending on how or when a reporting issuer integrates the acquired business into its existing operations and the nature of post-acquisition financial records it maintains for the acquired business, it may not be possible for a reporting issuer to apply the optional significance test under subsection 8.3(6).
- (3) **Optional Investment Test** – For the purpose of applying the optional investment test under paragraph 8.3(4)(b) of the Instrument, the reporting issuer's investments in and advances to the business should be as at the acquisition date and not as at the date of the reporting issuer's financial statements used to determine its consolidated assets for the optional investment test.
- (4) **Optional Profit or Loss Test based on Pro Forma Information** – A reporting issuer may apply the optional profit or loss test in subsection 8.3(11.1) of the Instrument based on more recent pro forma consolidated specified profit or loss. By permitting reporting issuers to base the optional profit or loss test on pro forma consolidated specified profit or loss, this test recognizes the possible growth of a reporting issuer as a result of acquisitions completed between its most recently completed year end and the date of filing a business acquisition report and the corresponding potential decline in significance of the acquisition to the reporting issuer.

## 8.4 Financial Statements of Related Businesses

Subsection 8.4(8) of the Instrument requires that if a reporting issuer includes in its business acquisition report financial statements for more than one related business, separate financial statements must be presented for each business except for the periods during which the businesses were under common control or management, in which case the reporting issuer may present the financial statements on a combined basis. Although one or more of the related businesses may be insignificant relative to the others, separate financial statements of each business for the same number of periods required must be presented. Relief from the requirement to include financial statements of the least significant related business or businesses may be granted depending on the facts and circumstances.

## 8.5 Application of the Significance Tests for Multiple Investments in the Same Business

Subsection 8.3(11) of the Instrument explains how the significance test should be applied when the reporting issuer has made multiple investments in the same business. If the reporting issuer acquired an interest in the business in a previous year and that interest is reflected in the most recent audited annual financial statements of the reporting issuer filed, then the issuer should determine the significance of only the incremental investment in the business which is not reflected in the reporting issuer's most recent audited annual financial statements filed.

## 8.6 Preparation of Divisional and Carve-out Financial Statements

- (1) **Interpretations** – In this section of this Policy, unless otherwise stated,
  - (a) a reference to “a business” includes a division or some lesser component of another business acquired by a reporting issuer that constitutes a significant acquisition; and
  - (b) the term “parent” refers to the vendor from whom the reporting issuer purchased a business.
- (2) **Acquisition of a Division** – As discussed in subsection 8.1(4) of this Policy, the acquisition of a division of a business and in certain circumstances, a lesser component of a person or company, may constitute an acquisition of a business for purposes of the Instrument, whether or not the subject of the acquisition previously prepared financial statements. To determine the significance of the acquisition and comply with the requirements for financial statements in a business acquisition report under Part 8 of the Instrument, financial statements for the business must be prepared. This section provides guidance on preparing these financial statements.

- (3) **Divisional and Carve-Out Financial Statements** – The terms “divisional” and “carve-out” financial statements are often used interchangeably although a distinction is possible. Some companies maintain separate financial records and financial statements for a business activity or unit that is operated as a division. Financial statements prepared from these financial records are often referred to as “divisional” financial statements. In other circumstances, no separate financial records for a business activity are maintained; they are simply consolidated with the parent’s records. In these cases, if the parent’s financial records are sufficiently detailed, it is possible to extract or “carve-out” the information specific to the business activity in order to prepare separate financial statements of that business. Financial statements prepared in this manner are commonly referred to as “carve-out” financial statements. The guidance in this section applies to the preparation of both divisional and carve-out financial statements unless otherwise stated.
- (4) **Preparation of Divisional and Carve-Out Financial Statements**
- (a) When complete financial records of the business acquired have been maintained, those records should be used for preparing and auditing the financial statements of the business. For the purposes of this section, it is presumed that the parent maintains separate financial records for its divisions.
- (b) When complete financial records of the business acquired do not exist, carve-out financial statements must be prepared in accordance with subsection 3.11(6) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.
- (5) **Statements of Assets Acquired, Liabilities Assumed and Statements of Operations** – When it is impracticable to prepare carve-out financial statements of a business, a reporting issuer may be required to include in its business acquisition report an audited statement of assets acquired and liabilities assumed and a statement of operations of the business. The statement of operations should exclude only those indirect operating costs not directly attributable to the business, such as corporate overhead. If indirect operating costs were previously allocated to the business and there is a reasonable basis of allocation, they should not be excluded.

## **8.7 Preparation of Pro Forma Financial Statements Giving Effect to Significant Acquisitions**

- (1) **Objective and Basis of Preparation** – The objective of pro forma financial statements is to illustrate the impact of a transaction on a reporting issuer’s financial position and financial performance by adjusting the historical financial statements of the reporting issuer to give effect to the transaction. Accordingly, the pro forma financial statements should be prepared on the basis of the reporting issuer’s financial statements as already filed. No adjustment should be made to eliminate discontinued operations.
- (2) **Pro Forma Statement of Financial Position** – Subsection 8.4(5) of the Instrument does not require a pro forma statement of financial position to be prepared to give effect to significant acquisitions that are reflected in the reporting issuer’s most recent annual or interim statement of financial position filed under the Instrument.

- (3) **Non-coterminous Year-ends** – Where the financial year-end of a business differs from the reporting issuer's year-end by more than 93 days, paragraph 8.4(7)(c) requires a statement of comprehensive income for the business to be constructed for a period of 12 consecutive months. For example, if the constructed reporting period is 12 months and ends on June 30, the 12 months should commence on July 1 of the immediately preceding year; it should not begin on March 1st of the immediately preceding year with three of the following 15 months omitted, such as the period from October 1 to December 31, since this would not be a consecutive 12 month period.
- (4) **Effective Date of Adjustments** – For the pro forma income statements included in a business acquisition report, the acquisition and the adjustments should be computed as if the acquisition had occurred at the beginning of the reporting issuer's most recently completed financial year and carried through the most recent interim period presented, if any. However, one exception to the preceding is that adjustments related to the allocation of the purchase price, including the amortization of fair value increments and intangibles, should be based on the acquisition date amounts of assets acquired and liabilities assumed as if the acquisition occurred on the date of the reporting issuer's most recent statement of financial position filed.
- (5) **Acceptable Adjustments** – Pro forma adjustments are generally limited to the following two types of adjustments required by paragraph 8.4(7)(b) of the Instrument:
- (a) those directly attributable to the specific acquisition transaction for which there are firm commitments and for which the complete financial effects are objectively determinable, and
  - (b) adjustments to conform amounts for the business or related businesses to the issuer's accounting policies.

If financial statements for a business or related businesses are prepared in accordance with accounting principles that differ from the issuer's GAAP and the financial statements do not include a reconciliation to the issuer's GAAP, pro forma adjustments as described in item (b) above will often be necessary. For example, financial statements for a business or related businesses may be prepared in accordance with U.S. GAAP, or in the case of a venture issuer, in accordance with Canadian GAAP applicable to private enterprises, in each case without a reconciliation to the issuer's GAAP. Even if financial statements for a business or related businesses are prepared in accordance with the issuer's GAAP, pro forma adjustments as described in item (b) may be necessary to conform amounts for the business or related businesses to the issuer's accounting policies, including, for example, the issuer's revenue recognition policy where the revenue recognition policy of the business or related businesses differs from the issuer's policy.

If the presentation currency used in financial statements for a business or related businesses differs from the presentation currency used in the issuer's financial statements, the pro forma financial statements must present amounts for the business or related businesses in the presentation currency of the issuer's financial statements. The proforma financial statements should explain any adjustments to conform

presentation currency.

- (6) **Multiple Acquisitions** – If a reporting issuer has completed multiple acquisitions then, under subsection 8.4(5) of the Instrument, the pro forma financial statements must give effect to each acquisition completed since the beginning of the most recently completed financial year. The pro forma adjustments may be grouped by line item on the face of the pro forma financial statements provided the details for each transaction are disclosed in the notes.
- (7) **Pro Forma Financial Statements Based on an Earlier Interim Financial Report** – The pro forma financial statements are prepared on the basis of the financial statements included in the business acquisition report. As a result, if the reporting issuer relies on subsection 8.4(4) of the Instrument to include financial statements for an earlier interim period of the acquired business than would otherwise be required under subsection (3), the issuer uses its comparable interim period to prepare the pro forma financial statements.
- (8) **Indirect Acquisitions** – Under the securities legislation of certain jurisdictions, it is generally an offence to make a statement in a document that is required to be filed under securities legislation, and that does not state a fact that is necessary to make the statement not misleading. When a reporting issuer acquires a business that has itself recently acquired another business or related businesses (an "indirect acquisition"), the reporting issuer should consider whether it needs to provide disclosure of the indirect acquisition in the business acquisition report, including historical financial statements, and whether the omission of these financial statements would cause the business acquisition report to be misleading, untrue or substantially incomplete. In making this determination, the reporting issuer should consider the following factors:
- ☐ if the indirect acquisition would meet any of the significance tests in section 8.3 of the Instrument when the reporting issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business, and
  - ☐ if the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the reporting issuer is acquiring.
- (9) **Pro Forma Financial Statements where Financial Statements of a Business or Related Businesses are Prepared using Accounting Principles that Differ from the Issuer's GAAP** – Section 3.11 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* permits reporting issuers to include in a business acquisition report financial statements of a business or related businesses prepared in

accordance with U.S. GAAP and without a reconciliation to the issuer's GAAP. That section also permits, subject to specified conditions, a venture issuer to include in a business acquisition report financial statements of a business or related businesses prepared in accordance with Canadian GAAP applicable to private enterprises and without a reconciliation to the issuer's GAAP. However, section 3.14 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* requires that pro forma financial statements be presented using accounting principles that are permitted by the issuer's GAAP and would apply to the information presented in the pro forma statements if that information were included in the issuer's financial statements for the same time period as that of the pro forma financial statements. As well, subsection 8.4(7) of the Instrument requires pro forma financial statements to include a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment. Therefore, the pro forma financial statements must describe the adjustments presented in the pro forma income statement relating to the business or related businesses to adjust amounts to the issuer's GAAP and accounting policies.

The pro forma statement of financial position should present the following information:

- (i) the statement of financial position of the reporting issuer,
- (ii) the statement of financial position of the business or related businesses,
- (iii) pro forma adjustments attributable to each significant acquisition that reflect the reporting issuer's accounting for the acquisition and include new values for the business' assets and liabilities, and
- (iv) a pro forma statement of financial position combining items (i) through (iii). The pro forma income statement should present the following information:
  - (i) the income statement of the reporting issuer,
  - (ii) the income statement of the business or related businesses,
  - (iii) pro forma adjustments attributable to each significant acquisition and other adjustments relating to the business or related businesses to conform amounts to the issuer's GAAP and accounting policies, and
  - (iv) a pro forma income statement combining items (i) through (iii).

### **8.7.1 Financial Year End Changed**

If the transition year of the acquired business is less than 9 months, the issuer may be required to include financial statements for the transition year of the acquired business in addition to financial statements for the two financial years required by subsection 8.4(1)

of the Instrument. The transition year may or may not be audited, but at minimum, the most recently completed financial year must be audited in accordance with subsection 8.4(2).

#### **8.8 Relief from the Requirement to Audit Operating Statements of an Oil and Gas Property**

The securities regulatory authority or regulator may exempt a reporting issuer from the requirement to audit the operating statements referred to in section 8.10 of the Instrument if, during the 12 months preceding the acquisition date, the average daily production of the property is less than 20 percent of the total average daily production of the vendor for the same or similar periods, and

- (a) the reporting issuer provides written submissions prior to the deadline for filing the business acquisition report which establishes to the satisfaction of the appropriate regulator, that despite reasonable efforts during the purchase negotiations, the reporting issuer was prohibited from including in the purchase agreement the rights to obtain an audited operating statement of the property;
- (b) the purchase agreement includes representations and warranties by the vendor that the amounts presented in the operating statement agree to the vendor's books and records; and
- (c) the reporting issuer discloses in the business acquisition report its inability to obtain an audited operating statement, the reasons therefor, the fact that the representations and warranties referred to in paragraph (b) have been obtained, and a statement that the results presented in the operating statement may have been materially different if the statement had been audited.

For the purpose of determining average daily production when production includes both oil and natural gas, production may be expressed in barrels of oil equivalent using the conversion ratio of 6000 cubic feet of gas to one barrel of oil.

#### **8.9 Exemptions From Requirement for Financial Statements in a Business Acquisition Report**

- (1) **Exemptions** – We are of the view that relief from the financial statement requirements of Part 8 of the Instrument should be granted only in unusual circumstances and generally not related solely to cost or the time involved in preparing and auditing the financial statements. Reporting issuers seeking relief from the financial statement or audit requirements of Part 8 must apply for the relief before the filing deadline for the business acquisition report and before the closing date of the transaction, if applicable. Reporting issuers are reminded that many securities regulatory authorities and regulators do not have the power to grant retroactive relief.

- (2) **Conditions to Exemptions** – If relief is granted from the requirements of Part 8 of the Instrument to include audited annual financial statements of an acquired business or related businesses, conditions will likely be imposed, such as a requirement to include audited divisional or partial statements of comprehensive income or divisional statements of cash flows, or an audited statement of operations.
- (3) **Exemption from Comparatives if Financial Statements Not Previously Prepared** – Section 8.9 of the Instrument provides that a reporting issuer does not have to provide comparative financial information for an acquired business in a business acquisition report if it complies with specific requirements. This exemption may, for example, apply to an acquired business that was, before the acquisition, a private entity and that the reporting issuer is unable to prepare the comparative financial information for because it is impracticable to do so.
- (4) Relief may be granted from the requirement to include certain financial statements of an acquired business or related businesses in a business acquisition report in some situations that may include the following:
- (a) the business's historical accounting records have been destroyed and cannot be reconstructed. In this case, as a condition of granting the exemption, the reporting issuer may be requested by the securities regulatory authority or regulator to
    - (i) represent in writing to the securities regulatory authority or regulator, no later than the time the business acquisition report is required to be filed, that the reporting issuer made every reasonable effort to obtain copies of, or reconstruct the historical accounting records necessary to prepare and audit the financial statements, but such efforts were unsuccessful; and
    - (ii) disclose in the business acquisition report the fact that the historical accounting records have been destroyed and cannot be reconstructed; or
  - (b) the business has recently emerged from bankruptcy and current management of the business and the reporting issuer is denied access to the historical accounting records necessary to audit the financial statements. In this case, as a condition of granting the exemption, the reporting issuer may be requested by the securities regulatory authority or regulator to
    - (i) represent in writing to the securities regulatory authority or regulator, no later than the time the business acquisition report is required to be filed that the reporting issuer has made every reasonable effort to obtain access to, or copies of, the historical accounting records necessary to prepare and audit the financial statements but that such efforts were unsuccessful; and
    - (ii) disclose in the business acquisition report the fact that the business has



recently emerged from bankruptcy and current management of the business and the reporting issuer are denied access to the historical accounting records.

## **8.10 Audits and Auditor Review of Financial Statements of an Acquired Business**

- (1) **Unaudited Comparatives in Annual Financial Statements of an Acquired Business** – Subsection 8.4(1) requires a reporting issuer to include comparative financial information of the business in the business acquisition report. This comparative financial information may be unaudited.
- (2) **Auditor Review of an Interim Financial Report of an Acquired Business** – An issuer does not have to engage an auditor to review the interim financial report of an acquired business included in a business acquisition report. However, if the issuer later incorporates the business acquisition report into a prospectus, the interim financial report will have to be reviewed in accordance with the requirements relating to financial statements included in a prospectus.

## **PART 9 PROXY SOLICITATION AND INFORMATION CIRCULARS**

### **9.1 Beneficial Owners of Securities**

Reporting issuers are reminded that NI 54-101 prescribes certain procedures relating to the delivery of materials, including forms of proxy, to beneficial owners of securities and related matters. It also prescribes certain disclosure that must be included in the proxy- related materials sent to beneficial owners.

### **9.2 Prospectus-level Disclosure in Certain Information Circulars**

Section 14.2 of Form 51-102F5 *Information Circular* requires an issuer to provide prospectus-level disclosure about certain entities if securityholder approval is required in respect of a significant acquisition under which securities of the acquired business are being exchanged for the issuer's securities or in respect of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed.

Section 14.2 provides that the disclosure must be the disclosure (including financial statements) prescribed by the form of prospectus that the entity would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

For example, if disclosure was required in an information circular of Company A for both Company A (an issuer that was only eligible to file a long form prospectus) and Company B (an issuer that was eligible to file a short form prospectus), the disclosure for Company A would be that required by the long form prospectus rules and the disclosure for Company B would be that required by the short form prospectus rules. Any information incorporated by reference in the information circular of Company A would

have to comply with paragraph (c) of Part 1 of Form 51-102F5 and be filed under Company A's profile on SEDAR.

### **9.3 Proxy Solicitations Made to the Public by Broadcast, Speech or Publication**

Subsection 9.2(4) of the Instrument provides an exemption from the proxy solicitation and information circular requirements for certain proxy solicitations made to the public by broadcast, speech or publication. The exemption permits securityholders to solicit proxies by public means, including a speech or broadcast, through a newspaper advertisement or over the Internet (provided that the solicitation contains certain information and that information is filed on SEDAR).

The exemption will only apply if the proxy solicitation is made to the public. Securities regulatory authorities generally consider a solicitation to be made to the public if it is disseminated in a manner calculated to effectively reach the marketplace. A solicitation to the public would generally include a solicitation that is made by:

- (a) a speech in a public forum; or
- (b) a press release, a statement or an advertisement provided through a broadcast medium or by a telephone conference call or electronic or other communication facility generally available to the public, or appearing in a newspaper, a magazine, a website or other publication generally available to the public.

A proxy solicitation to the public would generally not include a solicitation made by phone, mail or email to only a select group of securityholders of a reporting issuer.

## **PART 10 ELECTRONIC DELIVERY OF DOCUMENTS**

### **10.1 Electronic Delivery of Documents**

Generally, any documents required to be sent under the Instrument may be sent by electronic delivery, as long as such delivery is consistent with the guidance in National Policy 11-201 *Electronic Delivery of Documents*. However, if a reporting issuer is using notice-and-access to deliver proxy-related materials, it should refer to the specific guidance in section 10.3 of the Policy.

### **10.2 Delivery of Proxy-Related Materials**

- (1) This section provides guidance on delivery of proxy-related materials. Reporting issuers should also review any other applicable legislation, such as corporate legislation.
- (2) Paper copies of proxy-related materials must be sent using prepaid mail, courier or an equivalent delivery method. An equivalent delivery method is any delivery method where the registered holder receives paper copies in a similar time frame as prepaid mail or courier.

For example, a reporting issuer that sponsors an employee share purchase plan could arrange for the proximate intermediary to deliver proxy-related materials to registered holder employees through the reporting issuer's internal mail system.

### 10.3 Notice-and-access

- (1) This Instrument permits a reporting issuer to use notice-and-access to send proxy-related materials to registered holders.
- (2) With respect to matters to be voted on at the meeting, the notice must only contain a description of each matter or group of related matters identified in the form of proxy, unless such information is already included in the form of proxy. We expect that reporting issuers who use notice-and-access will state each matter or group of related matters in the proxy in a reasonably clear and user-friendly manner. For example, it would be inappropriate to identify the matter to be voted on solely by referring to disclosure contained in the information circular as follows: "To vote For or Against the resolution in Schedule A of management's information circular".

The notice must contain a plain-language explanation of notice-and-access. The explanation also can address other aspects of the proxy voting process. However, there should not be any substantive discussion of the matters to be considered at the meeting.

- (3) Paragraph 9.1.1(1)(b) of the Instrument requires the registered holder to be sent the form of proxy as part of the notice package. The notice package must be sent by prepaid mail, courier or the equivalent; however, section 9.1.3 permits an alternate delivery method (e.g., email) to be used if the registered holder's consent has been or is obtained. In the case of a solicitation by reporting issuer management, the notice package must be sent at least 30 days before the date fixed for the meeting.
- (4) Paragraph 9.1.1(1)(c) of the Instrument requires the reporting issuer to file the notification of meeting and record dates required by subsection 2.2(1) of NI 54-101 in the manner and within the time specified by NI 54-101. See the guidance in Companion Policy 54-101CP to NI 54-101.
- (5) Paragraph 9.1.1(1)(d) of the Instrument requires the notice, information circular and form of proxy to be filed on SEDAR and posted on a website other than SEDAR. The non-SEDAR website can be the website of the person or company soliciting proxies (e.g., the reporting issuer's website) or the website of a service provider.
- (6) Paragraph 9.1.1(1)(e) of the Instrument requires the person or company soliciting proxies to establish a toll-free telephone number for the registered holder to request a paper copy of the information circular. A person or company soliciting proxies may choose to, but is not

required to, provide additional methods for requesting a paper copy of the information circular. If a person or company soliciting proxies does so, it must still comply with the fulfillment timelines in paragraph 9.1.1(1)(f) of the Instrument.

- (7) Subsection 9.1.2(2) of the Instrument is intended to allow registered holders to access the posted proxy-related materials in a user-friendly manner. For example, requiring the registered holder to navigate through several web pages to access the proxy-related materials would not be user-friendly. Providing the registered holder with the specific URL where the documents are posted would be more user-friendly. We encourage reporting issuers and their service providers to develop best practices in this regard.
- (8) Where a reporting issuer uses notice-and-access, it generally must send the same basic notice package to all registered holders. However, the following are exceptions to this general principle:
- ☐ Section 9.1.3 of the Instrument provides that where a reporting issuer uses notice-and-access, a registered holder still can be sent proxy-related materials using an alternate method to which the registered holder has previously consented. For example, service providers acting on behalf of reporting issuers or intermediaries may have previously obtained (and continue to obtain) consents from registered holders for proxy-related materials to be sent by email. This delivery method would still be available.
  - ☐ Section 9.1.4 of the Instrument permits a reporting issuer to obtain standing instructions from a registered holder to be sent a paper copy of the information circular and if applicable, annual financial statements and annual MD&A in all cases where the reporting issuer uses notice-and-access. Where such standing instructions have been obtained, the notice package for the registered holder will contain a paper copy of the relevant documents.
- (9) The addition of a paper information circular to the notice package sent to some registered holders is referred to as “stratification” and is a term defined in section 1.1 of the Instrument and in NI 54-101.

We do not mandate the use of stratification, except if it is necessary to comply with standing instructions or other requests for paper copies of information circulars that reporting issuers or intermediaries have chosen to obtain from registered holders or beneficial owners. We expect that any additional stratification criteria will develop and evolve through market demand and practice. However, we expect that a reporting issuer that uses stratification for purposes other than complying with registered holder instructions does so in order to enhance effective communication, and not to disenfranchise registered holders. We require reporting issuers to disclose whether they are using stratification, and what criteria they are applying to determine which types of registered holders will receive a copy of the information circular.

## **PART 11      ADDITIONAL DISCLOSURE REQUIREMENTS**

### **11.1    Additional Filing Requirements**

Paragraph 11.1(1)(b) of the Instrument requires a document to be filed only if it contains information that has not been included in disclosure already filed by the reporting issuer. For example, if a reporting issuer has filed a material change report under the Instrument and the Form 8-K filed by the reporting issuer with the SEC discloses the same information, whether in the same or a different format, there is no requirement to file the Form 8-K under the Instrument.

### **11.2    Re-filing Documents or Re-stating Financial Information**

If a reporting issuer decides to re-file a document, or re-state financial information for comparative periods in financial statements for reasons other than retroactive application of a change in an accounting standard or policy or a new accounting standard, and the re-filed or re-stated information is likely to differ materially from the information originally filed, the issuer should disclose in the news release required by section 11.5 of the Instrument when it makes that decision

- (a)    the facts underlying the changes,
- (b)    the general impact of the changes on previously filed information, and
- (c)    the steps the issuer would take before filing an amended document, or filing re-stated financial information, if the issuer is not filing amended information immediately.

## **PART 12      FILING OF CERTAIN DOCUMENTS**

### **12.1    Statutory or Regulatory Instruments**

Paragraph 12.1(1)(a) of the Instrument requires reporting issuers to file copies of their articles of incorporation, amalgamation, continuation or any other constating or establishing documents, unless the document is a statutory or regulatory instrument. This carve out for a statutory or regulatory instrument is very narrow. For example, the carve out would apply to Schedule I or Schedule II banks under the *Bank Act*, whose charter is the *Bank Act*. It would not apply when only the form of the constating document is prescribed under statute or regulation, such as articles under the *Canada Business Corporations Act*.

### **12.2    Contracts that Affect the Rights or Obligations of Securityholders**

Paragraph 12.1(1)(e) of the Instrument requires reporting issuers to file copies of contracts that can reasonably be regarded as materially affecting the rights of their securityholders generally. A warrant indenture is one example of this type of contract. We would expect that contracts entered into in the ordinary course of business would not usually affect the

rights of securityholders generally, and so would not have to be filed under this paragraph.

### 12.3 Material Contracts

- (1) **Definition** – Under subsection 1.1(1) of the Instrument, a material contract is defined as a contract that a reporting issuer or any of its subsidiaries is a party to, that is material to the reporting issuer. A material contract generally includes a schedule, side letter or exhibit referred to in the material contract and any amendment to the material contract. The redaction and omission provisions in subsections 12.2(3) and (4) of the Instrument apply to these schedules, side letters, exhibits or amendments.
- (2) **Filing Requirements** – Subject to the exceptions in paragraphs 12.2(2)(a) through (f) of the Instrument, subsection 12.2(2) of the Instrument provides an exemption from the filing requirement for a material contract entered into in the ordinary course of business. Whether a reporting issuer entered into a contract in the ordinary course of business is a question of fact that the reporting issuer should consider in the context of its business and industry.

Paragraphs 12.2(2)(a) through (f) of the Instrument describe specific types of material contracts that are not eligible for the ordinary course of business exemption. Accordingly, if subsection 12.2(1) of the Instrument requires a reporting issuer to file a material contract of a type described in these paragraphs, the reporting issuer must file that material contract even if the reporting issuer entered into it in the ordinary course of business.

- (3) **Contract of Employment** – Paragraph 12.2(2)(a) of the Instrument provides that a material contract with certain individuals is not eligible for the ordinary course of business exemption, unless it is a “contract of employment”. One way for reporting issuers to determine whether a contract is a contract of employment is to consider whether the contract contains payment or other provisions that are required disclosure under Form 51-102F6 as if the individual were a named executive officer or director of the reporting issuer.
- (4) **External Management and External Administration Agreements** – Under paragraph 12.2(2)(e) of the Instrument, external management and external administration agreements are not eligible for the ordinary course of business exemption. External management and external administration agreements include agreements between the reporting issuer and a third party, the reporting issuer’s parent entity, or an affiliate of the reporting issuer, under which the latter provides management or other administrative services to the reporting issuer.
- (5) **Material Contracts on which the Reporting Issuer’s Business is Substantially Dependent** – Paragraph 12.2(1)(f) of the Instrument provides that a material contract on which the “reporting issuer’s business is substantially dependent” is not eligible for the ordinary course of business exemption. Generally, a contract on which the reporting

issuer's business is substantially dependent is a contract so significant that the reporting issuer's business depends on the continuance of the contract. Some examples of this type of contract include:

- (a) a financing or credit agreement providing a majority of the reporting issuer's capital requirements for which alternative financing is not readily available at comparable terms;
  - (b) a contract calling for the acquisition or sale of substantially all of the reporting issuer's property, plant and equipment, long-lived assets, or total assets; and
  - (c) an option, joint venture, purchase or other agreement relating to a mining or oil and gas property that represents a majority of the reporting issuer's business.
- (6) **Confidentiality Provisions** – Under subsection 12.2(3) of the Instrument, a reporting issuer may omit or redact a provision of a material contract that is required to be filed if an executive officer of the reporting issuer has reasonable grounds to believe that disclosure of the omitted or redacted provision would violate a confidentiality provision. A provision of the type described in paragraphs 12.2(4)(a), (b) or (c) of the Instrument may not be omitted or redacted even if disclosure would violate a confidentiality provision, including a blanket confidentiality provision covering the entire material contract.

When negotiating material contracts with third parties, reporting issuers should consider their disclosure obligations under securities legislation. A regulator or securities regulatory authority may consider granting an exemption to permit a provision of the type listed in subsection 12.2(4) of the Instrument to be redacted if:

- (a) the disclosure of that provision would violate a confidentiality provision; and
- (b) the material contract was negotiated before the adoption of the exceptions in subsection 12.2(4) of the Instrument.

The regulator may consider the following factors, among others, in deciding whether to grant an exemption:

- (c) whether an executive officer of the reporting issuer reasonably believes that the disclosure of the provisions would be prejudicial to the interests of the reporting issuer; and
  - (d) whether the reporting issuer is unable to obtain a waiver of the confidentiality provision from the other party.
- (7) **Disclosure Seriously Prejudicial to Interests of Reporting Issuer** – Under subsection 12.2(3) of the Instrument, a reporting issuer may omit or redact certain provisions of a material contract that is required to be filed if an executive officer of the reporting issuer

reasonably believes that disclosure of the omitted or redacted provision would be seriously prejudicial to the interests of the reporting issuer. One example of disclosure that may be seriously prejudicial to the interests of the reporting issuer is disclosure of information in violation of applicable Canadian privacy legislation. However, in situations where securities legislation requires disclosure of the particular type of information, applicable privacy legislation generally provides an exemption for the disclosure. Generally, disclosure of information that a reporting issuer or other party has already publicly disclosed is not seriously prejudicial to the interests of the reporting issuer.

- (8) **Terms Necessary for Understanding Impact on Business of Reporting Issuer – A** reporting issuer may not omit or redact a provision of a type described in paragraph 12.2(4)(a), (b), or (c) of the Instrument. Paragraph 12.2(4)(c) of the Instrument provides that a reporting issuer may not omit or redact “terms necessary for understanding the impact of the material contract on the business of the reporting issuer”. Terms that may be necessary for understanding the impact of the material contract on the business of the reporting issuer include the following:
- (a) the duration and nature of a patent, trademark, license, franchise, concession, or similar agreement;
  - (b) disclosure about related party transactions; and
  - (c) contingency, indemnification, anti-assignability, take-or-pay clauses, or change-of-control clauses.
- (9) **Summary of Omitted or Redacted Provisions** – Under subsection 12.2(5) of the Instrument, a reporting issuer must include a description of the type of information that has been omitted or redacted in the copy of the material contract filed by the reporting issuer. A brief one-sentence description immediately following the omitted or redacted information is generally sufficient.

## **PART 13 EXEMPTIONS**

### **13.1 Prior Exemptions and Waivers**

Section 13.2 of the Instrument essentially allows a reporting issuer, in certain circumstances, to continue to rely upon an exemption or waiver from continuous disclosure obligations obtained prior to the Instrument coming into force if the exemption or waiver relates to a substantially similar provision in the Instrument and the reporting issuer provides written notice to the securities regulatory authority or regulator of its reliance on such exemption or waiver. Upon receipt of such notice, the securities regulatory authority or regulator, as the case may be, will review it to determine if the provision of the Instrument referred to in the notice is substantially similar to the provision from which the prior exemption or waiver was granted. The written notice



should be sent to each jurisdiction where the prior exemption or waiver is relied upon. Contact addresses for these notices are:

**Alberta Securities Commission**

4th Floor  
300 – 5th Avenue S.W. Calgary, Alberta  
T2P 3C4  
Attention: Director, Corporate Finance

**British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street Vancouver, British Columbia V7Y 1L2  
Attention: Financial Reporting

**Manitoba Securities Commission**

500 - 400 St. Mary Avenue  
Winnipeg, Manitoba  
R3C 4K5  
Attention: Corporate Finance

**Financial and Consumer Services Commission (New Brunswick)**

85 Charlotte Street, Suite 300  
Saint John, N.B. E2L 2J2  
Attention: Corporate Finance

**Securities Commission of Newfoundland and Labrador**

P.O. Box 8700  
2nd Floor, West Block  
Confederation Building  
75 O'Leary Avenue St. John's, NFLD A1B 4J6  
Attention: Director of Securities

**Department of Justice, Northwest Territories**

Securities Office  
P.O. Box 1320  
1st Floor, 5009-49th Street  
Yellowknife, NWT X1A 2L9  
Attention: Superintendent of Securities

**Nova Scotia Securities Commission**

2nd Floor, Joseph Howe Building  
1690 Hollis Street  
Halifax, Nova Scotia B3J 3J9  
Attention: Corporate Finance

**Department of Justice, Nunavut**

Legal Registries Division  
P.O. Box 1000 – Station 570  
1st Floor, Brown Building  
Iqaluit, NT X0A 0H0  
Attention: Superintendent of Securities

**Ontario Securities Commission**

Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: Manager, Team 3, Corporate Finance

**Registrar of Securities, Prince Edward Island**

P.O. Box 2000  
95 Rochford Street, 5th Floor, Charlottetown, PEI  
C1A 7N8  
Attention: Registrar of Securities

**Autorité des marchés financiers**

800 Square Victoria, 22nd Floor P.O. Box 246, Tour de la Bourse Montréal, Québec  
H4Z 1G3  
Attention: Direction des marchés des capitaux

**Saskatchewan Financial Services Commission – Securities Division**

Suite 601  
1919 Saskatchewan Drive  
Regina, SK S4P 4H2  
Attention: Deputy Director, Corporate Finance

**Superintendent of Securities, Government of Yukon**

Corporate Affairs J-9  
P.O. Box 2703  
Whitehorse, Yukon  
Y1A 5H3  
Attention: Superintendent of Securities

## **PART 14 TRANSITION**

### **14.1 Transition – Application of Amendments**

The amendments to the Instrument and this Policy which came into effect on January 1, 2011 only apply to documents required to be prepared, filed, delivered or sent under the Instrument for periods relating to financial years beginning on or after January 1, 2011.

[Amended February 11, 2013]

**APPENDIX A**  
**EXAMPLES OF FILING REQUIREMENTS FOR CHANGES IN THE YEAR END**

The following examples assume the old financial year ended on December 31, 20X0

Transition Year	Comparative Annual Financial Statements	New Financial Year	Comparative Annual Financial Statements to	Interim Periods for Transition Year	Comparative Interim Periods to Interim Periods in Transition	Interim Periods for New Financial Year	Comparative Interim Periods to Interim Periods in New Financial
<b>Financial year end changed by up to 3 months</b>							
2 months ended 2/28/X1	12 months ended 12/31/X0	2/28/X2	2 months ended 2/28/X1 and 12 months	Not applicable	Not applicable	3 months ended 5/31/X1 6 months ended 8/31/X1	3 months ended 6/30/X0 6 months ended 9/30/X0
Or							
14 months ended 2/28/X2	12 months ended 12/31/X0	2/28/X3	14 months ended 2/28/X2	3 months ended 3/31/X1 6 months ended 6/30/X1	3 months ended 3/31/X0 6 months ended 6/30/X0	3 months ended 5/31/X2 6 months ended 8/31/X2	3 months ended 6/30/X1 6 months ended 9/30/X1
Or							
				2 months ended 2/28/X1 5 months ended 5/31/X1	3 months ended 3/31/X0 6 months ended 6/30/X0	3 months ended 5/31/X2 6 months ended 8/31/X2	3 months ended 6/30/X1 6 months ended 9/30/X1
<b>Financial year end changed by 4 to 6 months</b>							
6 months ended 6/30/X1	12 months ended 12/31/X0	6/30/X2	6 months ended 6/30/X1 and 12 months	3 months ended 3/31/X1	3 months ended 3/31/X0	3 months ended 9/30/X1 6 months ended 12/31/X1	3 months ended 9/30/X0 6 months ended 12/31/X0
<b>Financial year end changed by 7 or 8 months</b>							
7 months ended 7/31/X1	12 months ended 12/31/X0	7/31/X2	7 months ended 7/31/X1 and 12 months	3 months ended 3/31/X1	3 months ended 3/31/X0	3 months ended 10/31/X1 6 months ended 1/31/X2	3 months ended 9/30/X0 6 months ended 12/31/X0
Or							
				4 months ended 4/30/X1	3 months ended 3/31/X0	3 months ended 10/31/X1 6 months ended 1/31/X2	3 months ended 9/30/X0 6 months ended 12/31/X0
<b>Financial year end changed by 9 to 11 months</b>							
10 months ended 10/31/X1	12 months ended 12/31/X0	10/31/X2	10 months ended 10/31/X1	3 months ended 3/31/X1 6 months ended 6/30/X1	3 months ended 3/31/X0 6 months ended 6/30/X0	3 months ended 1/31/X2 6 months ended 4/30/X2	3 months ended 12/31/X0 6 months ended 3/31/X1
Or							
				4 months ended 4/30/X1 7 months ended 7/31/X1	3 months ended 3/31/X0 6 months ended 6/30/X0	3 months ended 1/31/X2 6 months ended 4/30/X2	3 months ended 12/31/X0 6 months ended 3/31/X1

\* Statement of financial position required only at the transition year end date