

FORM 3B1 - INFORMATION REQUIRED IN AN INFORMATION CIRCULAR FOR A QUALIFYING TRANSACTION / FORM 3B2 – INFORMATION REQUIRED IN A FILING STATEMENT FOR A QUALIFYING TRANSACTION

INSTRUCTIONS:

- (1) *This form is applicable to Issuers proposing to effect a Qualifying Transaction. In circumstances where the Qualifying Transaction is at arm's length and a meeting of securityholders is not otherwise required by law (e.g., where there will not be a change of auditor, election of new directors, name change, share consolidation, amalgamation, etc.), this form will be known as a filing statement. Where the Issuer proposes to effect a Non-Arm's Length Qualifying Transaction or in other circumstances, where a meeting of securityholders is required, this form will be known as an information circular. In order to distinguish between the requirements for a filing statement and an information circular, all shaded portions of this document and any disclosure thereunder, shall be applicable solely to the information circular, and in those circumstances all references to "filing statements" may be ignored in preparing the information circular. Issuers preparing an information circular must comply with the disclosure requirements of the applicable securities legislation.*
- (2) *This form sets out specific disclosure requirements that must be followed in connection with a Qualifying Transaction (a "Transaction") for a capital pool company ("CPC"). The objective of the information circular is to provide full, true and plain disclosure of all material facts relating to the Target Company (or, if there is no Target Company, the other Significant Assets) and the issuer assuming completion of the Transaction in order for a securityholder to make an informed decision respecting the approval of such Transaction.*
- (3) *Terms used and not defined in this Form that are defined or interpreted in: (i) policies (collectively the "Policies") of the TSX Venture Exchange Inc. (the "Exchange") including, without limitation, Exchange Policy 1.1 – Interpretation and Exchange Policy 2.4 – Capital Pool Companies ("Policy 2.4"); or (ii) National Instrument 14-101-Definitions, shall bear that definition or interpretation.*
- (4) *The terms "issuer", "Target Company" and "Resulting Issuer", unless otherwise specified, shall also include disclosure with respect to each such company's subsidiaries, and investees. If it is probable that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company. For this purpose, "investees" is defined to mean any entity that the Handbook recommends be accounted for by the equity method or the proportionate consolidation method.*

- (5) *In determining the degree of detail required a standard of materiality should be applied. Materiality is a matter of judgement in each particular circumstance, and should generally be determined in relation to an item's significance to securityholders, investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change a securityholder's or the Exchange's decision with respect to approving the proposed Transaction. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.*
- (6) *The disclosure must be understandable to readers and presented in an easy to read format. The presentation of information should comply with plain language principles. If technical terms are required, clear and concise explanations should be included. Disclosure must be factual and non-promotional. Statements of opinions, beliefs or views must not be made unless the statements are made on the authority of experts and consents are obtained and filed. The Exchange may require verification of such disclosure.*
- (7) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted. Information provided under one item of this Form need not be repeated under another item.*
- (8) *In respect of those items where a cross-reference is not specifically required, provide any appropriate cross-reference(s) to sections of the information circular where further detail may be found.*
- (9) *Where information as to the identity of a person is disclosed, disclose whether the person is at arm's length to the issuer, Target Company or Resulting Issuer, as applicable or, if the person is a Non-Arm's Length Party, disclose the nature of the relationship. Where such Non-Arm's Length Party is not an individual, disclose the name of any individual who is an Insider of that Non-Arm's Length Party.*
- (10) *Where a Transaction is subject to Exchange Policy 5.9, the disclosure in this form must also include the relevant disclosure required to be included in an information circular under Policy 5.9.*
- (11) *Whenever disclosure is required to be made of costs paid or to be paid by an issuer, Target Company, or Resulting Issuer, disclose the portion of the costs paid or to be paid to Insiders.*
- (12) *Except as otherwise required by this Form, the information contained must be given for a specified date not more than 30 days before the date on which it is first sent to any securityholder or submitted in final form to the Exchange. If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*
- (13) *If the term "class" is used in any item to describe securities, the term includes a series of a class.*

Item 1: Cover Page Disclosure

1.1 Cover Page Disclosure - State on the cover page the name of the issuer, whether the meeting to be held is an annual general and/or special meeting and the date the meeting is to be held.

1.2 Required Language - State in *italics* at the bottom of the cover page the following:

"Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement/information circular."

Item 2: Table of Contents

2.1 Table of Contents – Include a table of contents.

Item 3: Glossary

3.1 Glossary – Include a glossary of terms.

INSTRUCTION:

(1) Where the Glossary includes any of the terms set out in Appendix 1 to this Form, provide the corresponding definition set out in Appendix 1.

Item 4: Summary of Filing Statement/Information Circular

4.1 Cautionary Language - At the beginning of the summary, include a statement in *italics*, in substantially the following form:

"The following is a summary of information relating to the issuer, [Target Company/Significant Assets] and Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this filing statement/information circular."

4.2 General - Briefly summarize, near the beginning of the filing statement/information circular, information appearing elsewhere in the filing statement/information circular that, in the opinion of the issuer, would be most likely to influence a securityholder's decision to approve the proposed Transaction. Include:

- (a) a summary of the salient information relating to the holding of the meeting, including the time, place and date of the meeting, as well as each of the specific items of business to be considered at the meeting;
- (b) the principal terms of the Transaction, including the parties to such Transaction, a description of the asset and/or business and/or entity to be acquired, the aggregate consideration to be issued to effect the Transaction, including, as applicable, the aggregate number of shares to be issued to proceed with such Transaction and the deemed issue price per share;
- (c) a summary of the interests of any Insider, promoter or Control Person of the issuer and their respective Associates and Affiliates (before and after giving effect to the Transaction), including any consideration that such individual or party may receive if the Transaction proceeds;

- (d) a statement to the effect that the Transaction is not a Non Arm's Length Qualifying Transaction; if the Transaction is a Non-Arm's Length Party Transaction, a statement to that effect in **bold print** and provide a brief summary thereof, based on information required by Item 12 of this Form;
- (e) a summary of the estimated funds available to the Resulting Issuer based on information as required by Item 31.1 of the Form and the principal purposes of those funds based on information as required by Item 31.3, after giving effect to the Transaction;
- (f) selected pro forma consolidated financial information;
- (g) details respecting the issuer's listing on the Exchange and, if applicable, whether any public market exists for the shares of the Target Company;
- (h) a statement as to the market price of the shares of the issuer and, if applicable, the Target Company on the date immediately preceding the announcement of the Transaction, and the market price of those securities as of the latest practicable date;
- (i) a summary of any relationship or other arrangement between the issuer and the Target Company or Vendor and any Agent or Sponsor in connection with the Transaction based on information as required under Item 40 of the Form;
- (j) a summary of the details of any conflicts of interest;
- (k) a summary of the interests of experts, if any, based on information as required under Item 41.2 of the Form;
- (l) a summary of risk factors.

INSTRUCTION:

- (1) *Provide appropriate cross-references to additional information respecting these items in the information circular.*

4.3 Conditional Listing Approval – If application has been made to the Exchange to accept the Transaction and conditional listing acceptance has been received, include a statement in substantially the following form, with the bracketed information completed:

“The Exchange has conditionally accepted the Transaction subject to [the name of the CPC] fulfilling all of the requirements of the Exchange on or before [date].”

PROXY RELATED INFORMATION

Item 5: Proxy Related Matters

5.1 General Proxy Information – Provide the disclosure to be included in an information circular as required by applicable securities legislation.

INSTRUCTION:

- (1) *If the required disclosure is specified elsewhere in this form, a cross reference may be made.*

5.2 Requisite Securityholder Approval(s) – Disclose the level of securityholder approval required in order for the Transaction or any other matter(s) to be approved.

INSTRUCTIONS:

(1) *In setting forth the applicable securityholder approval(s) take into account the Majority of the Minority Approval required by the Exchange and any applicable corporate laws, securities legislation or securities directions which mandate the appropriate level of securityholder approval required in respect of each matter to be considered at the meeting.*

(2) *In the event that certain votes are to be excluded in the calculation of votes to determine the required level of securityholder approval, clearly disclose:*

(a) *the category of parties whose votes are to be excluded in accordance with the Majority of the Minority Approval required by the Exchange or any applicable securities legislation, securities directions, or otherwise; and*

(b) *as known to management, the total number of securities anticipated to be excluded from voting in respect of each matter.*

5.3 Dissenting Rights of Securityholders – In the event that securityholders are entitled to exercise rights of dissent under corporate or other applicable legislation in relation to the Transaction or other matter(s), provide a summary of the rights of dissent.

INSTRUCTION:

(1) *In addition to the summary of dissent rights, a copy of an excerpt from applicable corporate or other legislation describing such rights of dissent may be attached as an appendix to the information circular.*

5.4 Risk Factors – Include a comprehensive description of the risk factors that a reasonable holder of securities in the issuer would consider relevant and **in approving the Transaction or** that would be material to a holder of securities in the Resulting Issuer after giving effect to the Transaction. Describe factors such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on or to be carried on by the Resulting Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that in the opinion of the issuer would be most likely **to influence a securityholder's decision to vote in favour of the Transaction and/or that would** be material to a holder of securities in the Resulting Issuer.

INSTRUCTION:

(1) *Risks should be disclosed in the order of their seriousness.*

INFORMATION CONCERNING THE ISSUER

Item 6: Corporate Structure

6.1 Name and Incorporation

- (1) State the full corporate name of the issuer and the address(es) of the issuer's head and registered office.
- (2) State the statute under which the issuer is incorporated or continued or organized. If material, state whether the articles or other constituting or establishing documents of the issuer have been amended and describe the substance of the material amendments.

Item 7: General Development of the Business

7.1 History – Describe the general development of the business of the issuer since incorporation. Include only major events or conditions that have influenced the general development of the business of the issuer.

7.2 Financing - If the issuer, or any Non-Arm's Length Party to the Qualifying Transaction, is proceeding with any manner of financing in conjunction with the Transaction, provide details, including, as applicable, the following:

- (a) If securities are being distributed for cash, provide details respecting the issue price per security, any agent fees, agent options or discounts and the proceeds to the issuer or such Non-Arm's Length Party.
- (b) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum subscriptions, if applicable.
- (c) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.
- (d) Disclose commissions paid or payable in cash by the issuer or such Non-Arm's Length Party and discounts granted. Also disclose:
 - (i) Commissions or other consideration paid or payable by persons or companies other than the issuer or such Non-Arm's Length Party;
 - (ii) Consideration other than discounts granted and cash paid or payable by the issuer or such Non-Arm's Length Party, including warrants and options; and
 - (iii) Any finder's fees or similar required payment.

INSTRUCTIONS:

- (1) *Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information may be set forth as a percentage or a range of percentages.*
- (2) *If debt securities are being distributed, also express the information set forth under paragraph (1) above as a percentage.*

- (3) *The description of the number and type of securities being distributed shall include the restricted share terms, if any, disclosed in accordance with the requirements of applicable securities legislation or applicable securities directions.*
- (4) *Include a description of any other manner of financing being undertaken by or on behalf of the issuer in connection with the proposed Transaction.*

Item 8: Selected Consolidated Financial Information and Management's Discussion and Analysis

8.1 Information From Inception - Provide the following financial data for the issuer in summary form for each completed financial year and any period subsequent to the most recent financial year end for which financial statements are included in the filing statement/**information circular**:

1. Total expenses.
2. Amounts deferred in connection with the Transaction.

8.2 Management's Discussion and Analysis - Provide MD&A for the annual financial statements of the issuer included in the filing statement/**information circular**.

INSTRUCTIONS:

- (1) *An issuer may satisfy the MD&A requirements for results of operations by discussing expense items on a cumulative from inception basis if the issuer also presents cumulative from inception information for expenses in the summary data required in Item 8.1 above. An issuer should discuss general and administrative expenses and expenses incurred pursuing significant individual, but failed Qualifying Transactions separately.*
- (2) *An issuer may satisfy MD&A requirements for liquidity and capital resources by discussing its financial ability to pursue another Qualifying Transaction should the proposed Qualifying Transaction not be completed.*

Item 9: Description of the Securities

9.1 Securities - If securities of the issuer are being distributed in connection with the Transaction, describe all material attributes and characteristics, including:

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

INSTRUCTION:

- (1) *If the securities are restricted shares, provide the description of the restricted share terms in accordance with the requirements of applicable securities legislation or applicable securities directions.*

Item 10: Stock Option Plan - If the issuer has an incentive stock option plan:

- (a) provide a summary of the incentive stock option plan, including details respecting vesting and restrictions on the aggregate number of securities which may be issued to an individual;
- (b) state how the option price is determined; and
- (c) disclose the termination provisions attaching to any stock options.

INSTRUCTIONS:

- (1) *Revise the foregoing, as need be to reflect the specific terms of the plan, having regard to the restrictions applicable to stock option plans generally set out in the Policies.*

- (2) *In the event that any matter to be acted upon at the meeting requires securityholder approval for an incentive stock option plan or an amendment to an incentive stock option plan, provide disclosure to reflect the plan or the specific amendments sought to be made to the plan and the reasons or rationale for any such amendments and detail any Policies that must be observed in order to permit approval of the plan or amendments to be made. This disclosure may be made under Item 37.2 of this Form.*

Item 11: Prior Sales – State the dates and the prices at which securities of the issuer have been sold since incorporation, and the number of securities of the class sold at each price.

INSTRUCTION:

- (1) *If sales of the securities were made to Non-Arm's Length Parties of the issuer, state this fact and detail the number of securities sold to such parties.*

11.1 Stock Exchange Price

- (1) If shares to be issued in connection with the Transaction are listed on the Exchange, provide the price ranges and volume traded on the Exchange.
- (2) Information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Item 12: ~~Non-Arm's Length Party Transactions~~/Arm's Length Transactions

12.1 Non-Arm's Length Party Transactions

- (1) Describe any acquisition of assets or services or provision of assets or services in any transaction, or in any proposed transaction, where the issuer has obtained such assets or services from:

- (a) any director or officer of the issuer;
- (b) a securityholder disclosed in the information circular as a principal securityholder, either before or after giving effect to the Transaction; or

(c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

(2) Describe the form and value of the consideration and, if the issuer has acquired any assets, the costs of the assets to the vendor of the same.

INSTRUCTIONS:

- (2) *Information with respect to executive compensation need not be disclosed in this section.*
- (3) *If any proposed transaction is a related party transaction that is subject to Exchange Policy 5.9, include the relevant disclosure required to be included in the information circular as mandated by Policy 5.9.*
- (3) *As an alternative to the disclosure in this section, provide a cross-reference to the items of the information circular where the required disclosure is made.*

12.2 Arm's Length Transactions – State that the proposed Transaction is not a Non Arm's Length Qualifying Transaction.

Item 13: Legal Proceedings

13.1 Legal Proceedings - Describe any legal proceedings material to the issuer to which the issuer is a party or of which any of its property is the subject matter and any such proceedings known to the issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

INSTRUCTION:

- (1) *No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the issuer. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings must be included in computing the percentage.*

Item 14: Auditor, Transfer Agents and Registrars

14.1 Auditor – State the name and address of the auditor of the issuer. State if action is to be taken at the meeting with respect to the appointment of a new auditor.

INSTRUCTION:

- (1) *If a change of auditors of the issuer will occur, include the notice prescribed by National Instruments 51-102 and 81-106 or any successor instrument(s).*

14.2 Transfer Agent and Registrar –State the names of the issuer's transfer agent(s) and registrar(s) and the location (by municipalities) of each register on which transfers of the securities may be recorded.

Item 15: Material Contracts

15.1 Material Contracts – Give particulars of every material contract, other than contracts entered into in the ordinary course of business, entered into by the issuer and state a reasonable time and place in the applicable jurisdiction(s) where the contracts, or copies of the contracts, may be inspected without charge, until the date of closing of the Transaction/**the meeting** and for a period of 30 days thereafter.

INSTRUCTIONS:

- (1) *The term “material contract” for this purpose means a contract that can reasonably be regarded as material to a securityholder.*
- (2) *Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in the filing statement/**information circular** and provide particulars about those material contracts for which particulars are not given elsewhere in the filing statement/**information circular**.*
- (3) *Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.*

INFORMATION CONCERNING THE TARGET COMPANY AND/OR OTHER SIGNIFICANT ASSETS

INSTRUCTIONS:

- (1) *Provide the disclosure required below for each Target Company.*
- (2) *If the proposed Qualifying Transaction involves the acquisition of Significant Assets (other than a Target Company), provide the disclosure under this Part, including Items 17, 18 and 19, as applicable.*

Item 16: Corporate Structure

16.1 Name and Incorporation

- (1) State the full corporate name of the Target Company or, if the Target Company is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Target Company’s head and registered office.
- (2) State the statute under which the Target Company is incorporated or continued or organized or, if the Target Company is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Target Company is established and exists. If material, state whether the articles or other constituting or establishing documents of the Target Company have been amended and describe the substance of the material amendments.

16.2 Intercorporate Relationships

- (1) Describe, by way of a diagram or otherwise, the intercorporate relationships among the Target Company and the Target Company’s subsidiaries. For each subsidiary state:
 - (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Target Company;
 - (b) the place of incorporation or continuance; and
 - (c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Target Company.

INSTRUCTIONS:

- (1) *A particular subsidiary may be omitted if*
- (a) *the total assets of the subsidiary do not constitute more than 10 percent of the consolidated assets of the Target Company at the most recent financial year end;*
 - (b) *the sales and operating revenues of the subsidiary do not exceed 10 percent of the consolidated sales and operating revenues of the Target Company at the most recent financial year end; and*
 - (c) *the conditions in paragraphs (a) and (b) would be satisfied if*
 - (i) *the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and*
 - (ii) *the reference to 10 percent in those paragraphs were changed to 20 percent.*
- (2) The description of the type of restricted share terms shall be disclosed in accordance with the requirements of applicable securities legislation or securities directions.

Item 17: General Development of the Business

17.1 History – Describe the general development of the business of the Target Company over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the business of the Target Company. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Target Company that are expected to occur during the current financial year of the Target Company.

INSTRUCTION:

- (1) *Include, as applicable, the history of development of any principal products, including estimated development costs to the date of the most recent financial statements included in the filing statement/information circular.*
- (2) *Include the business of subsidiaries only insofar as is necessary to explain the character and development of the business conducted by the combined enterprise.*

17.2 Significant Acquisitions and Dispositions

- (1) Disclose:
- (a) any significant acquisition completed by the Target Company(s), for which financial statements would be required under National Instrument 41-101 - *General Prospectus Requirements* or if the filing statement/information circular was a prospectus of the Target Company; or

- (b) any significant disposition completed by the Target Company during the most recently completed financial year or the current financial year for which pro forma financial statements would be required under National Instrument 41-101 - *General Prospectus Requirements* or if the filing statement/**information circular** was a prospectus of the Target Company.
- (2) Include particulars of:
- (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;
 - (b) the actual or proposed date of each acquisition or disposition;
 - (c) the consideration, both monetary and non-monetary, paid or to be paid to or by the Target Company, and, in the case of any share compensation, the deemed issue price per share and the aggregate deemed transaction value;
 - (d) any material obligations that must be complied with to keep any acquisition or disposition agreement in good standing;
 - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Target Company;
 - (f) any valuation opinion obtained within the last 12 months required under securities legislation or securities directions of a Canadian securities regulatory authority or a requirement of the Exchange or any other applicable Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Target Company or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
 - (g) whether the transaction is with an insider, associate, or affiliate or any other related party of the Target Company and if so, disclose the identity of the other parties and the relationship of the other parties to the Target Company. If the transaction is a non-arm's length or related party transaction, state the same in **bold print**.

Item 18: Narrative Description of the Business

18.1 General

- (1) Describe the business of the Target Company with reference to the reportable operating segments as defined in the Handbook and the Target Company's business in general. Include the following for each reportable operating segment of the Target Company:
1. **Principal Products or Services** - For principal products or services,
 - (i) the methods of their distribution and their principal markets;
 - (ii) as dollar amounts or as percentages, for each of the last two completed financial years, the revenues for each category of principal products or services that accounted for 15 percent or more of total consolidated revenues for the applicable financial year derived from:
 - A. sales to customers, other than investees, outside the consolidated entity;
 - B. sales or transfers to investees;
 - C. sales or transfers to controlling securityholders; and

- (iii) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage, or if more than 10 percent of the funds available will be used for research and development:
 - A. the timing and stage of research and development programs that management anticipates will be reached using the funds available, as applicable;
 - B. the major components of the proposed programs that will be funded using the funds available, including an estimate and a breakdown of anticipated costs;
 - C. whether the Target Company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods;
 - D. the additional steps required to reach commercial production and an estimate of costs and timing; and
 - E. any material regulatory approvals that are required for the Target Company to achieve its stated business objectives.

2. Operations - Concerning production and sales,

- (i) the actual or proposed method of production of products and, if the Target Company provides services, the actual or proposed method of providing services;
- (ii) whether the Target Company is producing the products itself, is subcontracting out production, is purchasing the products or is using a combination of these methods;
- (iii) the location of existing property, plant and equipment, indicating whether the property, plant or equipment is owned or leased by the Target Company;
- (iv) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is not at arm's length with the Target Company;
- (v) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Target Company;
- (vi) the sources, pricing and availability of raw materials, component parts or finished products;
- (vii) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;
- (viii) the extent to which the business of the segment is cyclical or seasonal;

- (ix) a description of any aspect of the Target Company's business that may be affected in the 12 months following the date of the filing statement/information circular by renegotiation or termination of contracts or sub-contracts and the likely effect;
- (x) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Target Company in the current financial year and the expected effect, on future years;
- (xi) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;
- (xii) environmental regulations or controls on ownership or profit repatriation, or economic or political conditions that may materially affect the Target Company's operations; and
- (xiii) any risks associated with foreign operations of the Target Company and any dependence of the segments upon the foreign operations.

3. Market – Concerning the market for the products,

- (i) describe the market segment and specific geographical area in which the Target Company is selling or expects to sell its products as contemplated by its stated business objectives or intends to sell its products upon completion of its product development;
- (ii) describe material industry trends within the market segments and specific geographical areas described in the preceding subclause (c)(i) that may impact on the Target Company's ability to meet the Target Company's stated business objectives;
- (iii) disclose the extent of market acceptance of the products and the method used to determine whether market acceptance exists (e.g. market testing or surveys), including the names of the parties who performed the appropriate procedures and, if not at arm's length with the Target Company, their relationship with the Target Company;
- (iv) if applicable, state that obsolescence is a factor in the Target Company's industry and describe how the Target Company intends to maintain its competitive position;
- (v) describe the effect of any material market controls or regulations within the market segment and specific geographical area described in subclause (c) (i) that may effect the marketing of the products (e.g. marketing boards or export quotas); and
- (vi) describe the effect of any seasonal variation within the market segment and specific geographical area described in subclause (c)(i) that may affect the sales of the products.

- 4. Marketing Plans and Strategies** – If the Target Company is currently marketing its products or will be marketing its products in order to achieve its stated business objectives, provide the following information regarding the Target Company's marketing plans and strategies,
- (i) describe when, how and by whom the products are or will be marketed and, if not at arm's length with the Target Company, their relationship with the Target Company;
 - (ii) disclose any marketing programs actual or proposed to meet the Target Company's stated business objectives and the major components of the marketing programs (e.g. trade shows, magazines, television or radio advertising);
 - (iii) provide a breakdown of costs for major components of the marketing programs;
 - (iv) disclose the Target Company's pricing policy (e.g. at market, discount or premium); and
 - (v) where after sales service, maintenance or warranties are a significant competitive factor, describe the differences between the Target Company's policies and those of its principal competitors.
- 5. Competitive Conditions** - The competitive conditions in the principal markets and geographic areas in which the Target Company operates and, to the extent known after reasonable investigation by the Target Company, an assessment of the Target Company's competitive position including,
- (i) the names of the Target Company's principal competitors;
 - (ii) a comparison of the principal aspects of competition (e.g. price, service, warranty or product performance) between the Target Company and its principal competitors; and
 - (iii) potential sources of significant new competition.
- 6. Future Developments** – If the products are not at the commercial stage or if the products will not be in commercial production at the conclusion of the proposed development program, describe the additional steps required to get to commercial production and provide an estimate of the development costs and time periods, to the extent known, and describe any uncertainties relating to the completion of the steps, the estimate of the costs or the time periods.
- 7. Proprietary Protection** – Where proprietary protection is normally obtained for the products describe,
- (i) the proprietary protection of the products including the duration of all material patents, copyrights and trade marks;
 - (ii) if no proprietary protection has been obtained, the steps management intends to take to secure proprietary protection and, if known, the time periods for completing these steps, or explain why this proprietary protection has not or will not be obtained; and

(iii) the steps taken by the Target Company, its subsidiaries and proposed subsidiaries to protect their respective know how, trade secrets and other intellectual property, including physical possession of source codes and any use of confidentiality or non-competition agreements.

8. Lending - With respect to lending operations of an Target Company's business, the investment policies and lending and investment restrictions.

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

(3) Disclose the nature and results of any material reorganization of the Target Company or any of its subsidiaries within the last three completed financial years, or the current financial year.

INSTRUCTIONS:

(1) For the purpose of paragraph (1)1(iii) above, identify any material regulatory approvals that are required for the Target Company's products to be in commercial production.

(2) For the purposes of paragraph (1)2(xii) above, only a summary of the potential impact is necessary.

(3) For the purposes of paragraph (1)7 above, where the Target Company is the licensee under any material license agreement, provide the information where known after reasonable investigation, with respect to the licensor.

18.2 Target Companies With Mineral Projects - For Target Companies that have a mineral project, disclose the following information for each property material to the Target Company:

1. Property Description and Location

(a) The area (in hectares or other appropriate units) and location of the property.

(b) The nature and extent of the Target Company's title to or interest in the property, including surface rights, obligations that must be met to retain the property 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 property is subject.

(d) All environmental liabilities to which the property is subject.

(e) The location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings 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 property and whether 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 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 a property was acquired within the three most recently completed financial years of the Target Company or during its current financial year from, or is intended to be acquired by the Target Company from, an insider or promoter of the Target Company or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Target 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 percent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

4. Geology Setting - The regional, local and property geology.

5. Exploration - The nature and extent of all exploration work conducted by, or on behalf of, the Target 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 the Target Company or a contractor, identifying 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) a description of sampling methods and the location, number, type, nature, spacing and 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 sample quality and whether the samples are representative 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 security of samples taken.
- 10. Mineral Resources and Mineral Reserves**- The mineral resources and mineral reserves, if any, including
- (a) the quality and grade 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 the Target Company’s current exploration or development activities, to the extent they are material.

INSTRUCTIONS:

- (1) *Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101- Standards of Disclosure for Mineral Projects, including the use of the appropriate terminology to describe mineral reserves and mineral resources.*
- (2) *Disclosure is required for each property material to the Target Company. Materiality is to be determined in the context of the Target Company's overall business and financial condition, taking into account quantitative and qualitative factors.*
- (3) *The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.*
- (4) *In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.*

18.3 Target Companies with Oil and Gas Operations - For Target Companies that have oil and gas operations, disclose the following (in tabular form, if appropriate):

1. **Drilling Activity** - The number of wells the Target Company has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the Target Company.
2. **Location of Production** - The geographical areas of the Target Company's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the Target Company and are material to the Target Company's operations or exploratory activities.
3. **Location of Wells** - The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the Target Company has an interest and which are material, with the interest expressed in terms of gross and net wells.
4. **Interest in Material Properties** - For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the Target Company has an interest and the net interest of the Target Company, and the location of acreage by geographical area.
5. **Reserve Estimates** - To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Policy Statement No. 2-B - Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.
6. **Source of Reserve Estimates** - The source of the reserve estimates and whether the reserve estimates have been prepared by the Target Company or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in a prospectus by any successor instrument to National Policy Statement No. 2-B.
7. **Reconciliation of Reserves** - A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Policy Statement No. 2-B or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately, if material.
8. **History** - For each quarter of the most recently completed financial year of the Target Company, with comparative data for the same periods in the preceding financial year:
 - (a) the average daily production, before deduction of royalties, of
 - (i) conventional crude oil,
 - (ii) natural gas liquids, and
 - (iii) natural gas;
 - (b) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas

- (i) the average net product prices received,
 - (ii) royalties,
 - (iii) operating expenses, specifying the particular items included, and
 - (iv) netback received;
- (c) the average net product price received for the following, if the Target Company's production of the following is material to the Target Company's overall production,
- (i) light and medium conventional crude oil,
 - (ii) heavy conventional crude oil, and
 - (iii) synthetic crude oil; and
- (d) the dollar amounts expended on
- (i) property acquisition,
 - (ii) exploration, including drilling, and
 - (iii) development, including facilities.

9. Exploration and Development – A description of the Target Company's current exploration or development activities, to the extent they are material.

INSTRUCTION:

(1) *The information required under this item shall be derived from or supported by information obtained from a report that would otherwise be required to be prepared and filed in the case of prospectus, with securities regulatory authorities under National Instrument 51-101 or any successor instrument or prepared and filed in accordance with Exchange requirements.*

Item 19: Selected Consolidated Financial Information and Management's Discussion and Analysis

19.1 Annual Information - Provide the following financial data for the Target Company in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements are included in the information circular accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions, management bonuses and major changes in the direction of the Target Company's business:

1. Net sales or total revenues.
2. Income from continuing operations.
3. Net income or loss, in total.
4. Total assets.
5. Total long term financial liabilities as defined in the Handbook.

6. Cash dividends declared.
7. Such other information as the Target Company believes would enhance an understanding of and would highlight other trends in financial condition and results of operations.

19.2 Quarterly Information

- (1) For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs 1, 2 and 3 of Item 19.1.
- (2) For a Target Company that has not been a reporting issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs 1, 2 and 3 of Item 19.1 for the period that the Target Company was not a reporting issuer only if the Target Company has prepared quarterly financial statements for that period.
- (3) If the Target Company is only required to file six month interim financial statements, the information required under paragraph (1) may instead be provided for each of the four most recently completed six month periods ended at the end of the most recently completed financial year for which financial statements are included in the filing statement/**information circular**.

19.3 Foreign GAAP - A Target Company may present the selected consolidated financial information required in this Item on the basis of foreign GAAP if:

- (a) the Target Company's primary financial statements have been prepared using foreign GAAP; and
- (b) the Target Company provides a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP.

INSTRUCTIONS:

- (1) *If financial information that is included in the summary is derived from financial statements included in the filing statement/**information circular**, but the financial filing information is neither directly presented in, nor readily determinable from, the financial statements, include a reconciliation to the financial statements in notes.*
- (2) *If financial information that is included in the filing statement/**information circular** is derived from financial statements that are not included in the filing statement/**information circular**, indicate in the lead-in to the summary the source from which the information is extracted, the percentage interest that the Target Company has in the person or company, the GAAP principles used, the name of the auditors, the date of the report, and the nature of the opinion expressed.*
- (3) *Disclose the derivation of ratios included in the filing statement/**information circular** in notes.*
- (4) *Information included in the filing statement/**information circular** should be presented in a manner that is consistent with the intent of Canadian accounting recommendations and practices (e.g., cash flow data should not be interspersed with amounts from an income statement in a manner which suggests that cash flow data has been or should be presented in an income statement, and cash flow data should not be presented in a manner that appears to give it prominence equal to or greater than earnings data).*

19.4 Management's Discussion and Analysis

- (1) Provide MD&A for the annual financial statements of the Target Company included in the filing statement/information circular prepared in accordance with the requirements of Form 44-101F1 under National Instrument 44-101 *Short Form Prospectus Distributions*.
- (2) If the Target Company is incorporated, organized or continued under the laws of Canada or another jurisdiction and has based the discussion in the MD&A on financial statements prepared in accordance with foreign GAAP, provide a restatement of those parts of the MD&A that would read differently if they were based on financial statements of the Target Company prepared in accordance with Canadian GAAP.
- (3) If a Target Company's primary financial statements have been prepared using foreign GAAP and the Target Company is required under securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements, or has otherwise done so at that time, then provide a cross-reference in the MD&A to the notes to the financial statements containing the reconciliation.
- (4) Include an interim MD&A for the interim financial statements of the Target Company included in the filing statement/information circular prepared in accordance with National Instrument 51-102 or equivalent requirements under applicable securities legislation or applicable securities directions.

INSTRUCTION:

- (1) *The two-year comparisons required may be presented as a single three-year comparison.*

19.5 Trends - Discuss any trend, commitment, event or uncertainty that is both presently known to management of the Target Company and reasonably expected to have a material effect on the Target Company's business, financial condition or results of operations, providing forward-looking information based on the Target Company's expectations as of the date of the filing statement/information circular.

INSTRUCTION:

- (1) *Target Companies are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable effect of a known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently known information that is reasonably expected to have a material effect on future operating results, such as known future increases in costs of labour or materials, which information is required to be disclosed.*

Item 20: Description of the Securities

20.1 Securities - If securities of the Target Company are being distributed in connection with the Transaction, describe all material attributes and characteristics, including:

- (a) dividend rights;
- (b) voting rights;
- (c) rights upon dissolution or winding-up;
- (d) pre-emptive rights;
- (e) conversion or exchange rights;

- (f) redemption, retraction, purchase for cancellation or surrender provisions;
- (g) sinking or purchase fund provisions;
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- (i) provisions requiring a securityholder to contribute additional capital.

INSTRUCTION:

- (1) *If the securities are restricted shares provide the description of the restricted share terms in accordance with the requirements of applicable securities legislation or applicable securities directions.*
- (2) *This item requires only a brief summary of the provisions which would be material to securityholders and would be material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the Target Company's discretion, be attached as a schedule to the filing statement/information circular.*
- (3) *No information need be given as to any class of securities that is to be redeemed or otherwise retired if appropriate steps to assure redemption or retirement have been or will be taken before or contemporaneously with the delivery of the securities being distributed pursuant to the Transaction.*

20.2 Other Securities - If debt securities or securities other than shares are being distributed in connection with the Transaction, provide the relevant disclosure required under Item 10.2 of Form 41-101F1 pursuant to National Instrument 41-101 - *General Prospectus Requirements*,

Item 21: Consolidated Capitalization

21.1 Consolidated Capitalization

- (1) Describe any material change in, and the effect of the material change on, the share and loan capital of the Target Company, on a consolidated basis, since the date of the comparative financial statements for the Target Company's most recently completed financial year contained in the filing statement/information circular. Where applicable, provide the information in accordance with the form of table below.

Column 1	Column 2	Column 3	Column 4
Designation of Security	Amount authorized or to be authorized	Amount outstanding as of the date of the most recent balance sheet contained in the filing statement/information circular	Amount outstanding as of a specific date within 30 days of the filing statement/information circular prior to giving effect to the Transaction

- (2) Set out in a note the number of shares subject to option and the exercise price(s) and expiry date(s) of the same, as well as any options to be granted under the Target Company's stock option plan, and any other convertible securities outstanding.
- (3) Set out in a note the deficit or retained earnings as at the date of the most recent balance sheet contained in the filing statement/information circular.

- (4) The 30-day period referred to in Column 4 is to be calculated within 30 days of the date of the filing statement/information circular.

Item 22: Prior Sales

22.1 Prior Sales – State the dates and the prices at which securities of the Target Company have been sold within the 12 months before the date of the information circular, or are to be sold, by the Target Company and the number of securities of the class sold or to be sold at each price.

INSTRUCTION:

- (1) *If sales of the securities were made to Non-Arm's Length Parties of the Target Company, state this fact and detail the number of securities sold to such parties.*

22.2 Stock Exchange Price

- (1) If shares of the same class as the shares to be distributed or issued in connection with the Transaction are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on a Canadian stock exchanges or markets on which the greatest volume of trading generally occurs.
- (2) If shares of the same class as the shares to be distributed or issued in connection with the Transaction are not listed on the Exchange or another Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs.
- (3) Information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Item 23: Executive Compensation

23.1 Disclosure - Include in the filing statement/information circular the disclosure required by the applicable provisions of Form 51-102F6 – *Statement of Executive Compensation* or its equivalent under applicable securities legislation and describe any intention to make any material changes to that compensation.

23.2 Compensation - In addition to the disclosure required by Item 23.1 above, include:

- (a) executive compensation disclosure for each of the Target Company's four most highly compensated executive officers, in addition to the Chief Executive Officer, regardless of the amount of their compensation; and
- (b) disclosure as to compensation paid to the period ended as of the date of the most recent financial statements included in the filing statement/information circular.

23.3 Management Contracts

- (1) Where management functions of the Target Company or any subsidiary are to any substantial degree performed by a person other than the directors or senior officers of the Target Company or subsidiary:

- (a) state details of the agreement or arrangement under which the management functions are performed, including the name and address of any person who is a party to the agreement or arrangement or who is responsible for performing the management functions;
- (b) state:
 - (i) the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, of the insiders of any person with which the Target Company or subsidiary has any agreement or arrangement referred to in clause (a); and
 - (ii) if the following information is known to the directors or senior officers of the Target Company, the names and addresses of any person that would be an Insider of any person with which the Target Company or subsidiary has any such agreement or arrangement if the person were a reporting issuer;
- (2) With respect to any person named in answer to clause 1(a), state the amounts paid or payable by the Target Company and its subsidiaries to the person since the commencement of the last financial year and give particulars including the form of compensation paid or payable; and
- (3) With respect to any person named in answer to clause 1(a) or (b) and their associates or affiliates, give particulars of:
 - (a) any indebtedness of the person, associate or affiliate to the Target Company or its subsidiaries that was outstanding; and
 - (b) any transaction or arrangement of the person, associate or affiliate with the Target Company or subsidiary,
 at any time since the commencement of the Target Company's last financial year.

INSTRUCTIONS:

- (1) *In giving the information called for by this section, it is not necessary to refer to any matter that in all the circumstances is of relative insignificance.*
- (2) *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.*
- (3) *It is not necessary to 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 like transactions.*

Item 24: Non-Arm's Length Party Transactions

24.1 Non-Arm's Length Party Transactions - Describe any acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of the filing statement/information circular, or in any proposed transaction, where the Target Company or any subsidiary of the Target Company has obtained such assets or services from:

- (a) any director, officer or promoter of the Target Company;
- (b) a securityholder disclosed in the filing statement/information circular as a principal securityholder, either before or after giving effect to the Transaction; or

- (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs 1 or 2 above.

Describe the form and value of the consideration and, if the Target Company has acquired any assets, the costs of the assets to the vendor of the same.

INSTRUCTIONS:

- (1) Information with respect to the executive compensation need not be disclosed in this section.
- (2) Any debt settlement made by a Target Company to any of the individuals listed in paragraphs (a), (b) or (c) must be disclosed in this section.
- (3) As an alternative to the disclosure in this section, provide a cross-reference to the items of the filing statement/information circular where the required disclosure is made.

Item 25: Legal Proceedings

25.1 Legal Proceedings – Describe any legal proceedings material to the Target Company to which the Target Company or a subsidiary of the Target Company is a party or of which any of their respective property is the subject matter and any such proceedings known to the Target Company to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

INSTRUCTION:

- (1) No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the Target Company and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings shall be included in computing the percentage.

Item 26: Material Contracts

26.1 Material Contracts – Give particulars of every material contract, other than contracts entered into in the ordinary course of business, that was entered into within the two years before the date of the filing statement/information circular, by the Target Company and state a reasonable time and place in the applicable jurisdiction(s) where the contracts, or copies of the contracts, may be inspected without charge, until the date of closing of the transaction/the meeting and for a period of 30 days thereafter.

INSTRUCTIONS:

- (1) The term “material contract” for this purpose means a contract that can reasonably be regarded as material to a securityholder and/or proposed investor in the securities being distributed and may in some circumstances include contracts with a person or company providing the Target Company with promotional or investor relations services.
- (2) Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in the filing statement/information circular and provide particulars about those material contracts for which particulars are not given elsewhere in the information circular.
- (3) Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.

INFORMATION CONCERNING THE RESULTING ISSUER

Item 27: Corporate Structure

27.1 Name and Incorporation

- (1) State the proposed corporate name of the Resulting Issuer and the address(es) of its head and registered office.
- (2) State the statute under which the Resulting Issuer will be incorporated, continued or organized and if material state whether the articles or other constating documents of the issuer have or will be amended in conjunction with the Transaction and describe the substance of material amendments.
- (3) If material, provide a summary of the differences with respect to securityholder rights and remedies between the laws under which the issuer is governed and the laws which will govern the Resulting Issuer after giving effect to the Transaction.

27.2 Intercorporate Relationships – Describe, by way of a diagram or otherwise, the intercorporate relationships among the Resulting Issuer’s subsidiaries after giving effect to the Transaction. For each subsidiary state:

- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Resulting Issuer;
- (b) the place of incorporation or continuance; and
- (c) if applicable, the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Resulting Issuer.

INSTRUCTION:

- (1) *The description of the type of restricted share terms shall be disclosed in accordance with the requirements of applicable securities legislation or securities directions.*

Item 28: Narrative Description of the Business – Include the following:

- 1. Stated Business Objectives** – State the business objectives that the Resulting Issuer expects to accomplish using the funds available described under Item 31.
- 2. Milestones** – Describe each significant event that must occur for the business objectives described under (a) above to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.
- 3. Exploration and Development for Resulting Issuers with Mineral Projects** – Disclose for each property material to the Resulting Issuer, the contemplated exploration and development activities, to the extent they are material.
- 4. Exploration and Development by Resulting Issuers with Oil and Gas Operations** – Describe the Resulting Issuer’s contemplated exploration or development activities, to the extent they are material.

INSTRUCTIONS:

- (1) *The description of the Resulting Issuer's business objectives provided under paragraph 1 above should be more general than the description of the available funds required by Item 31. Available funds are generally expended in the course of achieving a broader objective.*
- (2) *The Resulting Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from a financial forecast or financial projection prepared in accordance with Parts 4A and 4B of National Instrument 51-102 – Ongoing Requirements for Issuers and Insiders, or any successor instrument and is included in the filing statement/information circular.*
- (3) *Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Resulting Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period following completion of the Transaction.*
- (4) *For the purposes of paragraph 2 above:*
 - (a) *examples of significant events would include hiring of key personnel, establishing technical feasibility testing results, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.*
 - (b) *provide appropriate cross-references to related items to paragraph(s) found elsewhere in the filing statement/information circular.*
- (5) *For the purposes of paragraph 3 above, disclosure regarding mineral exploration development on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.*
- (6) *Disclosure is required for each property material to the Resulting Issuer. Materiality is to be determined in the context of overall business and financial condition, taking into account quantitative and qualitative factors. A property will generally not be considered material to the Resulting Issuer if the book value of the property as reflected in the pro forma financial statements for the Resulting Issuer or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 percent of the book value of the total of the Resulting Issuer's mineral properties and related plant and equipment.*
- (7) *Provide a cross reference to the disclosure required by Item 18.*

Item 29: Description of the Securities - Provide the disclosure required by Item 20 of this Form, as if the Resulting Issuer was the Target Company, to describe the securities of the Resulting Issuer after giving effect to the Transaction.

Item 30: Pro Forma Consolidated Capitalization

30.1 Pro Forma Consolidated Capitalization - Describe the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis, based on the pro forma consolidated financial statements contained in the filing statement/information circular after giving effect to the Transaction. Provide the information in accordance with the table below.

TABLE

Column 1 Designation of Security	Column 2 Amount authorized or to be authorized	Column 3 Amount outstanding after giving effect to the Transaction
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INSTRUCTIONS:

- (1) *If financing is being effected in conjunction with the Transaction, include in the above table as another column, the amount outstanding as of a specific date within 30 days of the filing statement/information circular after giving effect to the Transaction and assuming minimum and maximum subscriptions pursuant to that financing and provide the appropriate cross-reference to the disclosure relating to such financing or as a note to the table disclose the information required by Item 7.2 of the Form.*
- (2) *Set out in a note the number of shares subject to option and include a cross reference to Item 38, as applicable.*
- (3) *Set out in a note the deficit or retained earnings from balance sheets contained in the filing statement/information circular.*

30.2 Fully Diluted Share Capital – Provide in a table the number and percentage of securities of the Resulting Issuer proposed to be outstanding on a fully diluted basis after giving effect to the Transaction and any other matters.

INSTRUCTIONS:

- (1) *The table may be presented separately or included in the table at Item 38 of this Form and should disclose both as a number and as a percentage all separate categories of securities on a fully diluted basis. For example, separate categories may include securities reserved as options to directors, officers and employees, securities reserved as options for agents, securities being issued pursuant to the Transaction etc.*
- (2) *If there is a financing being effected in conjunction with the Transaction and if there are minimum and maximum subscription levels, disclose the number of securities offered and the total on both a minimum and maximum basis.*
- (3) *A separate table shall be prepared for each class of securities of the Resulting Issuer that will be outstanding after giving effect to the Transaction.*

Item 31: Available Funds and Principal Purposes

31.1 Funds Available - Disclose the total funds available to the Resulting Issuer after giving effect to the Transaction and any concurrent financing and the following breakdown of those funds:

- (a) the estimated consolidated working capital (deficiency) as at the most recent month end prior to the date of the information circular;
- (b) the net proceeds from the sale of any securities to be issued in connection with the Transaction and any concurrent financing to be undertaken by the issuer or the Target Company; and
- (c) the total other funds available to be used to achieve the principal purposes in Item 31.3.

31.2 Dividends

- (1) Describe any restrictions that could prevent the Resulting Issuer from paying dividends.
- (2) Disclose the Resulting Issuer's dividend policy and, if a decision has been made to change the dividend policy, disclose the intended change in dividend policy.

31.3 Principal Purposes of Funds - Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available disclosed under Item 31.1 will be used by the Resulting Issuer. If the issuer or the Target Company is proceeding with a financing in conjunction with the completion of the Transaction, which financing is subject to a minimum and maximum subscription, provide disclosure as to the order of priority for the use of funds for the minimum and maximum subscriptions.

INSTRUCTIONS:

- (1) *For the purposes of the disclosure this Item the phrase "for general corporate purposes" will generally not be sufficient.*
- (2) *Include as a footnote to the table set forth under this Item or otherwise, details of any payments made or intended to be made to Non-Arm's Length Parties.*
- (3) *Statements as to principal purposes for which the funds available are to be used must be cross-referenced to estimated costs to achieve the Resulting Issuer's business objectives, as disclosed pursuant to Item 28.*

Item 32: Principal Securityholders

- (1) Provide in a table the following information as known to the issuer or the Target Company, for each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction and any other matter(s):
 - (a) The name and municipality of residence.
 - (b) The number or amount and percentage of securities owned of each class after giving effect to the Transaction and any other matters.
 - (c) Whether the securities referred to in paragraph (b) are owned both of record and beneficially, of record only, or beneficially only.
- (2) If, to the knowledge of the issuer or Target Company, more than 10 percent of any class of voting securities of the Resulting Issuer is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (3) If, to the knowledge of the issuer or Target Company, any principal securityholder of the Resulting Issuer will be an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Resulting Issuer held by the person or company other than the holding of voting securities of the Resulting Issuer.
- (4) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

INSTRUCTIONS:

- (1) *If a company, partnership, trust or other unincorporated entity will be a principal securityholder of the Resulting Issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company or membership in the unincorporated entity, as the case may be, is a principal securityholder of the company or unincorporated entity. Include disclosure as to the percentage of holdings of securities in that company or unincorporated entity.*
- (2) *If the disclosure under this Item has been presented under another Item of this Form, make a cross-reference to that Item.*

Item 33: Directors, Officers and Promoters

33.1 Name, Address, Occupation and Security Holdings

- (1) List the name and municipality of residence of each proposed director and officer of the Resulting Issuer and indicate the positions and offices to be held with the Resulting Issuer and their respective principal occupations within the five preceding years.
- (2) State the period or periods during which each proposed director has served as a director of the issuer or Target Company and when his or her term of office with the Resulting Issuer will expire.
- (3) State the number and percentage of securities of each class of voting securities of the Resulting Issuer or any of its subsidiaries proposed to be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised by each director and officer as well as by all directors and officers of the Resulting Issuer as a group assuming completion of the Transaction.
- (4) Disclose the proposed board committees of the Resulting Issuer and identify the proposed members of each committee.
- (5) If the principal occupation of a director or officer of the Resulting Issuer is acting as an officer of a person or company other than the Resulting Issuer, disclose the fact and state the principal business of the person or company.

INSTRUCTION:

- (1) *Include by way of a note to the table the name and municipality of residence of each other officer and director of the Target Company not referenced at paragraph (1) above and the positions and offices held with the Target Company within the five preceding years.*

33.2 Management - In addition to the above, provide the following information for each proposed member of management:

- (a) state the individual's name, age, position and proposed responsibilities with the Resulting Issuer and relevant educational background,
- (b) state whether the individual will work full time for the Resulting Issuer or what proportion of the individual's time will be devoted to the Resulting Issuer,
- (c) state whether the individual will be an employee or independent contractor of the Resulting Issuer,
- (d) state the individual's principal occupations or employment during the five years prior to the date of the information circular, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business;
 - (ii) if applicable, that the organization was an affiliate of the issuer or Target Company;
 - (iii) positions held by the individual; and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Resulting Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Target Company or proposes to enter into such an agreement with the Resulting Issuer.

INSTRUCTIONS:

- (1) *For purposes of this Item "management" means all directors, officers, employees and contractors whose expertise is critical in providing a reasonable opportunity to achieve the stated business objectives of the Resulting Issuer and proposed subsidiaries.*
- (2) *The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.*

33.3 Promoter Consideration – For each person or company that will be a promoter of the Resulting Issuer, or has been within the two years immediately preceding the date of the filing statement/information circular, a promoter of the issuer, Target Company, or a subsidiary of the Target Company, state:

- (a) the person or company's name;
- (b) the number and percentage of each class of voting securities of the Resulting Issuer to be beneficially owned, directly or indirectly, or over which control or direction will be exercised;

- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind to be received by the promoter directly or indirectly from the Resulting Issuer or a subsidiary of the Resulting Issuer, and the nature and amount of any assets, services or other consideration therefore to be received by the Resulting Issuer or a subsidiary of the Resulting Issuer; and
- (d) for an asset acquired within the two years before the date of the filing statement/information circular by the issuer or Target Company or a subsidiary of the Target Company, or to be acquired by the Resulting Issuer or by a subsidiary of the Resulting Issuer from a promoter
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in paragraph (i) and the person or company's relationship with the issuer, Target Company, Resulting Issuer, the promoter, or an associate or affiliate of the issuer, Target Company, Resulting Issuer, 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.

33.4 Corporate Cease Trade Orders or Bankruptcies - If a proposed director, officer or promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of the filing statement/information circular, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity,

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
- (b) 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.

33.5 Penalties or Sanctions - 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, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to 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) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

INSTRUCTION:

(1) *A self-regulatory body means a professional self-regulatory authority that governs the activities of professional persons including barristers and solicitors, accountants, auditors, appraisers, engineers and geologists.*

33.6 Personal Bankruptcies - If a proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the filing statement/information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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, officer or promoter, state the fact.

33.7 Conflicts of Interest - Disclose particulars of existing or potential material conflicts of interest between the Resulting Issuer or a subsidiary of the Resulting Issuer and a proposed director, officer or promoter of the Resulting Issuer or a subsidiary of the Resulting Issuer.

33.8 Other Reporting Issuer Experience - Where any proposed director, officer or promoter of the Resulting Issuer, is or within the five years prior to the date of the filing statement/information circular has been, a director, officer or promoter of any other reporting issuer, state the name of the individual, the number of reporting issuers for which the individual acts, the names and jurisdictions of those reporting issuers and the periods during which the individual has so acted. The following tabular format is recommended, with bracketed information completed.

"The following table sets out the proposed directors, officers and promoters of the [Resulting Issuer] that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<i>Name</i>	<i>Name and Jurisdiction of Reporting Issuer</i>	<i>Position</i>	<i>From</i>	<i>To</i>
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Item 34: Executive Compensation

34.1 Executive Compensation – Provide disclosure of anticipated compensation, if known, for each of the Resulting Issuer’s four most highly compensated executive officers, in addition to the proposed Chief Executive Officer, regardless of the anticipated amount of such compensation to be paid to such individuals, for the 12 month period after giving effect to the Transaction.

INSTRUCTION:

(1) *The disclosure under this Item should include a proposed Statement of Executive Compensation prepared in accordance with Form 51-102F6.*

Item 35: Indebtedness of Directors and Officers

35.1 Indebtedness of Directors and Officers

(1) Disclose in substantially the following tabular form all indebtedness (other than routine indebtedness), and the other details prescribed in paragraph (2), for each individual who is a director or officer of the issuer or Target Company or is proposed to be a director or officer of the Resulting Issuer, and each other individual who at any time during the most recently completed financial year of the issuer or Target Company was, a director or officer of the issuer or Target Company, and each associate of such individual,

- (a) who is indebted to the issuer or Target Company or a subsidiary of the Target Company; or
- (b) whose indebtedness to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer, the Target Company or a subsidiary of the Target Company.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Name and Principal Position (a)	Involvement of Issuer/Target Company/Target Company Subsidiary (b)	Largest Amount Outstanding During [Last Completed Financial Year] (\$) (c)	Amount Outstanding as at [current date] (\$) (d)	Financially Assisted Securities Purchases During [Last Completed Financial Year] (#) (e)	Security for Indebtedness (f)

(2) Include the following in the table required under paragraph (1):

1. The name of the borrower (column (a)).
2. If the borrower is a director or officer of the issuer or Target Company or is a proposed director or officer of the Resulting Issuer, the principal position of the borrower. If the borrower was, during the year, a director or officer of the issuer or Target Company, the principle position of the borrower. If the borrower is included as an associate of any such director or officer, describe briefly the relationship of the borrower to any individual who is a director or officer of the issuer or Target Company or is proposed to be a director or officer of the Resulting Issuer, name that individual and provide the information that would be required under this subparagraph for that individual if he or she was the borrower (column (a)).
3. Whether the issuer or Target Company or a subsidiary of the Target Company is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).
4. The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).
5. The aggregate amount of the indebtedness outstanding as at a specified date not more than 30 days before the date of the filing statement/information circular (column (d)).

6. If the indebtedness was incurred to purchase securities of the issuer, Target Company or a subsidiary of the Target Company, separately for each class of securities the aggregate number of securities purchased during the last completed financial year with the financial assistance (column (e)).
 7. The security, if any, provided to the issuer, Target Company, a subsidiary of the Target Company or the other entity for the indebtedness (column (f)).
- (3) Disclose in the introduction to the table required under paragraph (1) the aggregate indebtedness of (a) all proposed officers, directors and employees of the Resulting Issuer and (b) the aggregate indebtedness of all officers, directors and employees of the issuer and (c) the aggregate indebtedness of officers, directors and employees of the Target Company and any subsidiary of the Target Company outstanding as at a specified date not more than 30 days before the date of the filing statement/information circular that will be owed to
- (a) the Resulting Issuer or a subsidiary of the Resulting Issuer; or
 - (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 issuer or Target Company or any of its subsidiaries.
- (4) Disclose in a footnote to, or a narrative accompanying, the table required under paragraph (1)
- (a) the material terms of the indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including the term to maturity, rate of interest and any understanding, agreement or intention to limit recourse, and the nature of the transaction in which the indebtedness was incurred;
 - (b) any material adjustment or amendment made to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding; and
 - (c) the class of the securities purchased with financial assistance or held as security for the indebtedness and, if the class of securities is not publicly traded, all material terms of the securities.

INSTRUCTIONS:

- (1) *For purposes of this item, the following interpretation applies to the term "routine indebtedness":*
- (a) *A loan, whether or not in the ordinary course of business, is considered as routine indebtedness if made on terms, including terms relating to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the company to employees generally unless the amount at any time during the last completed financial year remaining unpaid under the loans to any one director or officer together with his or her associates exceeds \$25,000, in which case the indebtedness is not routine.*
 - (b) *A loan made by a company to a director or officer, whether or not the company makes loans in the ordinary course of business, is routine indebtedness if*
 - (i) *the borrower is a full-time employee of the company or a subsidiary of the company;*
 - (ii) *the loan is fully secured against the residence of the borrower; and*

- (iii) *the amount of the loan does not exceed the annual aggregate salary of the borrower from the company and its subsidiaries.*
- (c) *If the company makes loans in the ordinary course of business, a loan to a person or company other than a full-time employee of the company or of a subsidiary of the company is routine indebtedness, if the loan*
 - (i) *is made on substantially the same terms, including terms relating to interest rate and security, as are available when a loan is made to other customers of the company with comparable credit ratings; and*
 - (ii) *involves no greater than usual risks of collectibility.*
- (d) *Indebtedness for purchases made on usual trade terms, for ordinary travel or expense advances or for loans or advances made for similar purposes is routine indebtedness if the repayment arrangements are in accordance with usual commercial practice.*
- (2) *For purposes of this item, "support agreement" includes 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.*
- (3) *No disclosure need be made under this item of indebtedness that has been entirely repaid on or before the date of the filing statement/information circular.*

Item 36: Investor Relations Arrangements

36.1 Investor Relations Arrangements – If any written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer, disclose the following information regarding such agreement or understanding:

- (a) the date of the agreement and the anticipated date that the services will commence;
- (b) the name, principal business and place of business of the person providing the services;
- (c) the background of the person providing the services;
- (d) whether the person will have:
 - (i) direct or indirect beneficial ownership of,
 - (ii) control or direction over, or
 - (iii) a combination of direct or indirect beneficial ownership of and of control or direction over,
 securities of the Resulting Issuer;
- (e) whether the person has any right to acquire securities of the Resulting Issuer, either in full or partial compensation for services;
- (f) the consideration both monetary and non-monetary to be paid by the Resulting Issuer, including whether any payments will be made in advance of services being provided;

- (g) if the Resulting Issuer does not have sufficient funds to pay for the services, how the Resulting Issuer intends to pay for the services; and
- (h) the nature of the services to be provided, including the period during which the services will be provided.

INSTRUCTIONS:

- (1) *The disclosure in paragraphs (c) and (h) need only summarize the background and nature of services.*
- (2) *If there are no promotional or investor relations arrangement, so state.*

Item 37: Options to Purchase Securities

37.1 Options to Purchase Securities

- (1) State, in tabular form, as at a specified date not more than 30 days before the date of the filing statement/information circular, information as to options to purchase securities of the Resulting Issuer or a subsidiary of the Resulting Issuer that will be held upon completion of the Transaction by:
 - (a) all proposed officers of the Resulting Issuer as a group and all proposed directors of the Resulting Issuer who are not also officers as a group, indicating the aggregate number of officers and the aggregate number of directors to whom the information applies, naming each such individual;
 - (b) all officers of all subsidiaries of the Resulting Issuer as a group and all directors of those subsidiaries who are not also officers of the subsidiary as a group, in each case, naming each such individual and excluding individuals referred to in paragraph (a), indicating the aggregate number of officers and the aggregate number of directors to whom the information applies;
 - (c) all other employees of the Resulting Issuer as a group, without naming them;
 - (d) all consultants of the Resulting Issuer as a group, without naming them; and
 - (e) any other person or company, including any agent or underwriter, naming each person or company.
- (2) Include by way of notes to the table required by this Item, information as to options to purchase securities of the Resulting Issuer or a subsidiary of the Resulting Issuer that will be held upon completion of the Transaction by:
 - (a) all officers and past officers of the issuer as a group and all directors and past directors of the issuer who are not also officers as a group, indicating the aggregate number of officers and the aggregate number of directors to whom the information applies, naming each such individual;
 - (b) all other employees and past employees of the issuer as a group, without naming them;
 - (c) all consultants of the issuer as a group, without naming them;
 - (d) all officers and past officers of the Target Company as a group and all directors and past directors of the Target Company who are not also officers as a group, indicating the aggregate number of officers and the aggregate number of directors to whom the information applies, naming each such individual;

- (e) all officers and past officers of all subsidiaries of the Target Company as a group and all directors and past directors of those subsidiaries who are not also officers of the subsidiary as a group, in each case, naming each such individual and excluding individuals referred to in paragraph (a), indicating the aggregate number of officers and the aggregate number of directors to whom the information applies;
 - (f) all other employees and past employees of the Target Company as a group, without naming them;
 - (g) all other employees and past employees of subsidiaries of the Target Company as a group, without naming them; and
 - (h) all consultants of the Target Company as a group, without naming them.
- (3) Describe the options, stating the material provisions of each class or type of option, including:
- (a) the designation and number of the securities under option;
 - (b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;
 - (c) if reasonably ascertainable, the market value of the securities under option on the date of grant;
 - (d) if reasonably ascertainable, the market value of the securities under option on the specified date; and
 - (e) with respect to options referred to in paragraph (e) of Item 38.1, the particulars of the grant including the consideration for the grant.

INSTRUCTION:

- (1) For the purpose of paragraph (1)(e), provide the information required for all options except warrants and special warrants.

37.2 Stock Option Plan – If the Resulting Issuer will have an incentive stock option plan, provide the information required by Item 10 of this Form as if the Resulting Issuer was the issuer.

Item 38: Escrowed Securities

38.1 Escrowed Securities

- (1) State to the knowledge of the issuer and the Target Company as of the date of the filing statement/information circular, in substantially the following tabular form, the name and municipality of residence of the securityholder, the number of securities of each class of securities of the issuer or Target Company held in escrow and, in the case of the Resulting Issuer, anticipated to be held in escrow after giving effect to the Transaction, and the percentage that number represents of the outstanding securities of that class.

ESCROWED SECURITIES

Name and Municipality of Residence of Securityholder	Designation of class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow	Percentage of class	Number of securities to be held in escrow	Percentage of class

- (2) In a note to the table, or by way of narrative disclosure in this section, disclose the name of the depository or escrow agent, if any, and the date of and conditions governing the release of the securities from escrow.
- (3) Disclose either in the table or in a notes thereto, details as to the number of securities anticipated to be subject to escrow and the date of and conditions governing the release of the securities from escrow.
- (4) If there is a financing being effected in conjunction with the Transaction, include as a note to the table whether the information is being given before or after giving effect that financing and if there are anticipated to be securities subject to escrow, upon completion of such financing, then disclose that fact either in the table or in the notes.

INSTRUCTIONS:

- (1) *For purposes of this Item, escrow includes securities subject to a pooling agreement.*
- (2) *State all material conditions governing the transfer, release and cancellation of the escrowed securities.*
- (3) *Disclose the beneficial owners of the escrowed securities.*

Item 39: Auditor(s), Transfer Agent(s) and Registrar(s)

39.1 Auditor(s), Transfer Agent(s) and Registrar(s) – Provide the information required by Item 14 of this Form as if the Resulting Issuer was the issuer.

GENERAL MATTERS

Item 40: Sponsorship and Agent Relationship

40.1 Sponsor - State the name and address of any Sponsor or agent involved in the Transaction or in a concurrent financing disclosed under Item 7.2. State the nature of any relationship or interest between the Sponsor or agent and the issuer, including any security holdings in the issuer of the Sponsor or agent.

40.2 Relationships - If the issuer or Target Company has entered into any agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future, disclose the following information regarding such services:

- (a) the date of the agreement;
- (b) the name of the registrant;
- (c) the consideration, both monetary and non-monetary, paid or to be paid; and
- (d) a summary of the nature of the services to be provided, including the period during which the services will be provided, activities to be carried out and, where market making services will be provided, whether the registrant will commit its own funds to the purchase of securities of the issuer or the Target Company or the Resulting Issuer or whether the registrant will act as agent for others to do so.

Item 41: Experts

41.1 Opinions – Name all experts responsible for opinions referred to in the filing statement/information circular.

41.2 Interest of Experts

- (1) Disclose all direct or indirect interests in the property of the issuer, the Target Company or the Resulting Issuer or of an associate or affiliate of the issuer, the Target Company or Resulting Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the filing statement/information circular or prepared or certified a report or valuation described or included in the filing statement/information circular.
- (2) Disclose the beneficial ownership, direct or indirect, by a person or company referred to in paragraph (1) of any securities of the issuer or the Target Company or any associate or affiliate of the issuer or the Target Company.
- (3) For the purpose of paragraph (2), if the ownership is less than one percent, a general statement to that effect shall be sufficient.
- (4) If a person, or a director, officer or employee of a person or company referred to in paragraph (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any associate or affiliate of the Resulting Issuer, disclose the fact or expectation.

41.3 Expertised Reports

- (1) In the event that there is any expertised report prepared to support the recommendation(s) of the board of directors of the issuer (i.e. an independent valuation, fairness opinion, appraisal etc.), include a comprehensive summary of the report which provides sufficient detail to allow the securityholders of the issuer to understand the principal judgments and principal underlying reasoning of the expert so as to form a reasoned judgement of the opinion or conclusion set forth in the report.
- (2) In addition to the disclosure referred to in paragraph (1) the issuer shall ensure that the summary:
 - (a) discloses
 - (i) the name of the author;
 - (ii) the date of the report, and
 - (iii) any distinctive material benefit that might accrue to a Non-Arm's Length Party of the issuer as a consequence of the Transaction, including the earlier use of available tax losses, lower income taxes, reduce costs or increase revenues;
 - (b) in the case of a valuation report, if the report differs materially from a prior valuation report obtained within the last 12 months, explain the differences between the two valuations or, if it is not practicable to do so, the reasons why it is not practicable to do so; and

- (c) indicates an address where and the time period during which, a copy of the report is available for inspection.

INSTRUCTION:

- (1) *If the required disclosure is provided for elsewhere in the filing statement/information circular a cross-reference may be made to the applicable Item(s) in this Form.*

Item 42: Other Material Facts

- 42.1 Other Material Facts** - Give particulars of any material facts about the issuer, the Target Company, the Resulting Issuer or the Transaction that are not disclosed under the preceding items and are necessary in order for the filing statement/information circular to contain full, true and plain disclosure of all material facts relating to the issuer, the Target Company and the Resulting Issuer, assuming completion of the Transaction.

Item 43: Board Approval

- 43.1 Board Approval** – Provide confirmation that the board of directors of the issuer has approved the filing statement/delivery of the information circular to securityholders.

FINANCIAL STATEMENT REQUIREMENTS

Item 44: Financial Statements of the Issuer

- 44.1 Annual Financial Statements of the Issuer** - Subject to Item 44.3, the issuer must include in its filing statement/information circular the following annual financial statements of the issuer:

1. Statements of income, retained earnings and cash flows for each of the completed financial years ended more than 120 days before the date of the filing statement/information circular.
2. A balance sheet as at:
 - (a) the last day of the most recently completed financial year, if any, ended more than 120 days before the date of the filing statement/information circular;
 - (b) the last day of the immediately preceding financial year, if any; or
 - (c) if the issuer has not completed one financial year, as at a date not more than 120 days before the date of the filing statement/information circular.

- 44.2 Interim Financial Statements of the Issuer** - Subject to paragraph (3) of Item 44.3, the issuer must include in the filing statement/information circular the following interim financial statements of the issuer:

1. Statements of income, retained earnings and cash flows for the most recently completed interim period that ended more than 60 days before the date of the filing statement/information circular and for the comparable period in the immediately preceding financial year; and
2. A balance sheet as at the last day of the most recently completed interim period referred to in paragraph (1).

44.3 Additional Financial Statements or Financial Information of the Issuer Filed or Released

- (1) The issuer must include in the information circular annual and interim financial statements of the issuer for a financial period that is more recent than the periods for which financial statements are required under Items 44.1 or 44.2 if, before the date of the filing statement/information circular, the financial statements for the more recent period have been filed.
- (2) If, before the date of the filing statement/information circular, financial information about the issuer for a period more recent than the financial period for which financial statements are required under Item 44.1 or 44.2 is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the issuer must include in the filing statement/information circular the content of the news release or public communication.
- (3) If annual financial statements are included in the filing statement/information circular for a financial year ended 90 days or less before the date of filing statement/information circular, the issuer may omit from the filing statement/information circular the financial statements for the most recently completed interim period of the issuer.

44.4 Audit Requirement for Financial Statements of the Issuer - Financial statements of the issuer included in the filing statement/information circular pursuant to Item 44.1 must be accompanied by an auditor's report without a reservation of opinion.

44.5 Exception to Audit Requirement for Interim Financial Statements of the Issuer - Despite Item 44.4, the issuer may omit from the filing statement/information circular an auditor's report for the issuer's interim financial statements required to be included under Item 44.2 or 44.3.

INSTRUCTIONS:

- (1) *Issuers are strongly encouraged to integrate the financial statements required under Item 44.1 into one set of financial statements covering off all required periods. Issuers integrating their interim and annual financial statements are not required to present both year-to-date and most recently completed interim statements of income, retained earnings and cash flows in accordance with Handbook paragraph 1751.16.*
- (2) *Issuers must ensure that the level of assurances required under NI 41-101 for the audit or review of financial statements accompany, or are included with, financial statements filed under Item 44.*

Item 45: Preparation of Target Company Financial Statements

45.1 Target Company Financial Statements - For the purposes of Items 45 to 48, the term "Target Company" includes any entity or combination of assets that is the subject of the Qualifying Transaction. If the Target Company is a business (as this term is used in any General Prospectus Rules), financial statements of the Target Company are required by this Form.

45.2 Target Company Predecessor Entities and Combined Financial Statements

- (1) The financial statements of the Target Company required under Items 45 and 46 to be included in the filing statement/information circular include the financial statements of predecessor entities that carried on the business of the Target Company, even though the predecessor entities may have been different legal entities, and even though the Target Company has not existed for three years and was incorporated after the predecessor entities commenced operations.
- (2) The financial statements of the Target Company required under Items 45 and 46 shall be presented on a combined basis where businesses carried on in different legal entities but under the same

beneficial ownership or management are combined to form the Target Company or a predecessor entity to the Target Company.

INSTRUCTIONS:

- (1) *If the Target Company is not a business, Target Company financial statements under Items 45 and 46 are not required. In most cases, the Target Company is a business. Issuers concluding a Target Company is not a business should consider a pre-filing consultation with the Exchange on the conclusion.*
- (2) *A business is often carried on by the same beneficial owners but different legal owners. In cases where beneficial ownership or management of a business is unchanged, different legal ownership of the business should not be interpreted as a reason for not including Target Company financial statements in a filing statement/information circular. The period of existence for a Target Company is, for financial reporting purposes, the period when the Target Company has the same beneficial owners.*
- (3) *Financial statements covering periods of continuous beneficial ownership where legal ownership changes are often called "continuity-of-interest" financial statements. Financial statements covering more than one entity under common beneficial ownership are often called "combined" financial statements. There are cases where one set of financial statements will be prepared under both a "continuity-of-interests" and a "combined" basis.*
- (4) *If "continuity-of-interests" or "combined" financial statements cannot be prepared, additional financial statements for stand alone entities will be required to be filed in the filing statement/information circular.*
- (5) *Issuers are encouraged to consult with the Exchange on a pre-filing basis to ascertain what "continuity-of-interest" or "combined" financial statements should be in an filing statement/information circular.*

45.3 Target Company Divisional Financial Statements - The financial statements of the Target Company required under this Item to be included in the filing statement/information circular include stand-alone financial statements of the Target Company while it was a division, unit or component of a larger entity.

INSTRUCTIONS:

- (1) *The terms "divisional" and "carve-out" financial statements are often used interchangeably although a distinction is possible. Some companies maintain separate financial records and prepare financial statements for a business activity or unit which is operated as a division. Financial statements prepared from these financial records are often referred to as "divisional" financial statements. In certain 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 Instructions (3), (4) and (5) applies to the preparation of both divisional and carve-out financial statements unless otherwise stated.*
- (2) *For the purposes of this instruction, the term "parent" refers to the vendor from whom the issuer purchased the business.*
- (3) *When complete financial records of the business to be 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.*
- (4) *When complete financial records of the business to be acquired do not exist, carve-out financial statements should generally be prepared in accordance with the following guidelines:*

- (a) **Allocation of Assets and Liabilities** - A balance sheet should include all assets and liabilities directly attributable to the business.
 - (b) **Allocation of Revenues and Expense** - Income statements should include all revenues and expenses directly attributable to the business. Some fundamental expenditures may be shared by the business and its parent in which case the parent's management must determine a reasonable basis for allocating a share of these common expenses to the business. Examples of such common expenses include salaries, rent, depreciation, professional fees, general and administration.
 - (c) **Allocation of Income and Capital Taxes** - Income and capital taxes should be calculated as if the entity had been a separate legal entity and filed a separate tax return for the period presented.
 - (d) **Disclosure of Basis of Preparation** - The financial statements should include a note describing the basis of preparation. If expenses have been allocated as discussed in Instruction 4(b), the financial statements should include a note describing the method of allocation for each significant line item, at a minimum.
 - (e) **Statements of Assets Acquired, Liabilities Assumed, and Statements of Operations** - When it is impracticable to prepare carve-out financial statements of a business, an issuer may be required to include in its prospectus for the business an audited statement of assets acquired and liabilities assumed and a statement of operations. Such a statement of operations should exclude only those indirect operating costs, such as corporate overhead, not directly attributable to the business. If these costs were previously allocated to the business and there is a reasonable basis of allocation, they should not be excluded. Issuers are encouraged to consult with the Exchange on a pre-filing basis when this circumstance arises.
- (5) Issuers are encouraged to consult with the Exchange on a pre-filing basis to ascertain what divisional financial statements should be in the filing statement/information circular.

Item 46: Financial Statements of the Target Company

46.1 Annual Financial Statements of the Target Company - Subject to Items 46.3 and 46.8, the following annual financial statements relating to the Target Company should be included in the filing statement/information circular:

1. Statements of income, retained earnings and cash flows for:
 - (a) each of the three most recently completed financial years ended more than 90 days before the date of the filing statement/information circular; or
 - (b) if the Target Company has not completed three financial years, each completed financial year ended more than 90 days before the date of the filing statement/information circular; or
 - (c) if the Target Company has not completed one financial year, the financial period from the date of formation to a date not more than 90 days before the date of the filing statement/information circular.

2. A balance sheet as at:
 - (a) the last day of the most recently completed financial year, if any, ended more than 90 days before the date of the filing statement/information circular;
 - (b) the last day of the immediately preceding financial year, if any; or
 - (c) if the Target Company has not completed one financial year, as at a date not more than 90 days before the date of the filing statement/information circular.

INSTRUCTIONS:

- (1) Issuers are strongly encouraged to integrate the financial statements required under Item 46.1 into one set of financial statements covering off all required periods.
- (2) Issuers must ensure that the level of assurances required under NI 41-101 for the audit or review of financial statements accompany, or are included with, financial statements filed under Item 46.

46.2 Interim Financial Statements of the Target Company – Subject to paragraph (2) of Item 46.3, an information circular shall include the following interim financial statements of the Target Company:

1. Statements of income, retained earnings and cash flows for the most recently completed interim period that ended more than 60 days before the date of the filing statement/information circular and for the comparable period in the immediately preceding financial year.
2. A balance sheet as at the last day of the most recently completed interim period referred to in paragraph 1.

INSTRUCTION:

- (1) Target Companies integrating their interim and annual financial statements are not required to present both year-to-date and most recently completed interim statements of income, retained earnings and cash flows in accordance with Handbook paragraph 1751.16.

46.3 Additional Financial Statements or Financial Information of the Target Company Filed or Released

- (1) If, before the date of the filing statement/information circular, financial information about the Target Company for a period more recent than the financial period for which financial statements are required under Item 46.1 or Item 46.2 is publicly disseminated by, or on behalf of, the Target Company through news release or otherwise, the filing statement/information circular shall include the content of the news release or public communication.
- (2) If the Target Company's annual financial statements are included in the filing statement/information circular for a financial year ended 90 days or less before the date of the filing statement/information circular, the financial statements for the most recently completed interim period of the Target Company may be omitted from the filing statement/information circular.

46.4 Audit Requirement of Financial Statements of the Target Company - Financial statements of a Target Company included in the filing statement/information circular must be accompanied by an auditor's report without a reservation of opinion.

INSTRUCTIONS:

- (1) *Any audit report containing a reservation of opinion is a significant filing deficiency. Issuers should consult on a pre-filing basis with the Exchange in respect of any audit report containing a reservation of opinion.*
- (2) *There are limited cases where the Exchange may permit the inclusion of an audit report containing a reservation of opinion.*

46.5 Exception to Audit Requirement for Interim Financial Statements of the Target Company - Despite Item 46.4, an auditor's report for the Target Company's interim financial statements required to be included under Item 46.2 or Item 46.3 may be omitted from the filing statement/information circular.

46.6 Exception to Audit Requirement for Financial Statements in Certain Circumstances - Despite Item 46.7, a Target Company may omit from the filing statement/information circular an auditor's report for its financial statements for the second and third most recently completed financial years for which financial statements are included in the filing statement/information circular if:

- (a) the auditor has not issued an auditor's report on the financial statements;
- (b) the most recently completed financial year for which audited financial statements are included in the filing statement/information circular is not less than twelve months in length; and
- (c) the Target Company is a junior issuer (as that term is defined under applicable General Prospectus Rules)

46.7 Exception to Annual Statement Requirement if More Recent Annual Financial Statements Included - The Target Company's financial statements for the earliest financial year otherwise required under Item 46.1 paragraph (a) may be omitted from the filing statement/information circular if audited financial statements of the Target Company are included in the filing statement/information circular for a financial year ended 90 days or less before the date of the filing statement/information circular.

46.8 Exception to Annual Financial Statement Requirement if Financial Year End has Changed - Despite Item 46.1, if a Target Company changed its financial year end once during any of the financial years for which financial statements are required to be included in the filing statement/information circular, the Target Company's financial statements for the transition year may be included in the filing statement/information circular in satisfaction of the financial statements for one of the years under Item 46.1 provided that the transition year is at least nine months.

INSTRUCTION:

- (1) *Target companies that changed a financial year-end during the period for which financial statements are included in a filing statement/information circular should consult National Instruments 51-102 and 81-106 for guidance.*

Item 47: Target Company Acquisitions or Proposed Acquisitions of Other Businesses

47.1 Target Company Acquisitions or Proposed Acquisitions of Other Businesses – If a Target Company made a significant acquisition or a significant disposition (as that term is used in Canadian Securities Laws) during its three most recently completed financial years, or proposes to make an acquisition or disposition of a business (other than the Issuer), provide the disclosure required by NI 41-101 if the Target Company was the issuer.

INSTRUCTIONS:

- (1) See the instructions to Item 45.2 about what constitutes a business.
- (2) The significance of an acquisition should be measured against the Target Company, not the issuer.

Item 48: Financial Statements of the Resulting Issuer

48.1 Pro Forma Financial Statements for the Resulting Issuer -

- (1) Subject to Item 48.2, the following *pro forma* financial statements of the Issuer should be included in the filing statement/information circular:
 1. A *pro forma* balance sheet of the Issuer prepared as at the date of the Issuer's most recent balance sheet included in the filing statement/information circular to give effect to, as if they had taken place as at the date of the *pro forma* balance sheet, the acquisition of the Target Company.
 2. A *pro forma* income statement of the Issuer prepared to give effect to the acquisition of the Target Company for each of the financial periods referred to in the following paragraphs, as if it had taken place at the beginning of the most recently completed financial year of the Issuer for which audited financial statements are included in the filing statement/information circular:
 - (a) the most recently completed financial year of the Issuer for which audited financial statements are included in the filing statement/information circular; and
 - (b) the most recently completed interim period of the Issuer for which financial statements are included in the filing statement/information circular.
- (2) the Issuer shall include in the *pro forma* financial statements a description of the underlying assumptions on which the *pro forma* financial statements are prepared, cross-referenced to each related *pro forma* adjustment.
- (3) if both of the following conditions are satisfied:
 - (a) the *pro forma* income statement is not prepared using the income statement of the business for the pre-acquisition period, and
 - (b) the financial year end of the Target Company differs from the Issuer's year end by more than 93 days,then despite paragraph 2 of subsection (1), for purposes of preparing the *pro forma* income statement, the income statement of the Target Company shall be for a period of twelve consecutive months ending no more than 93 days from the Issuer's year end.
- (4) Subject to paragraph (3) above, if the *pro forma* income statement referred to in clause (1)2(a) above includes results of the Target Company which are also included in the *pro forma* income statement referred to in clause (1)2(a), there shall be disclosed in a note to the *pro forma* financial statements of the revenue, expenses, gross profit and income from continuing operations included in each *pro forma* income statement for the overlapping period.

48.2 Exception for Pro Forma Income Statements – Despite Item 48.1, *pro forma* income statements are not required to be included in a filing statement/information circular where all of the following conditions are met:

- (a) The Issuer has no operations other than interest income and costs of pursuing a qualifying transaction;
- (b) The Target Company has not made a significant acquisition or disposition and does not propose to make a significant acquisition or disposition requiring disclosure under Item 48; and
- (c) The Issuer discloses in the notes to its *pro forma* balance sheet,
 - (i) a continuity of its share capital on a *pro forma* basis giving effect to all the transactions recorded on the *pro forma* balance sheet; and
 - (ii) a statement of its *pro forma* effective income tax rate applicable to consolidated operations.

INSTRUCTIONS:

- (1) *In most cases, pro forma income statements combining the results of operations of the Target Company with the Issuer combines the results of a going concern with a shell company have little value.*
- (2) *Issuers should carefully consider the Target Company's history before concluding that pro forma income statements should not be included in the filing statement/information circular. Issuers are encouraged to consult with the Exchange on a pre-filing basis with respect to this exception.*

48.3 Compilation Report for Pro Forma Financial Statements - The *pro forma* financial statements included in a filing statement/information circular under this Item 48 may, but need not, be accompanied by a compilation report signed by the auditor and prepared in accordance with the Handbook.

INSTRUCTION:

- (1) *A public accountant signing a compilation report must consent to the inclusion of the compilation report in the filing statement/information circular. This may be done either in a separate consent letter or in the same letter consenting to the inclusion of an audit report.*

CERTIFICATES

Item 49: Certificates

49.1 Certificate of the Issuer - The filing statement/information circular must contain a certificate in the following form with bracketed information completed, signed by the chief executive officer, the chief financial officer, and, on behalf of the board of directors, any two directors of the issuer, other than the foregoing, duly authorized to sign:

“The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of CPC] assuming Completion of the Qualifying Transaction.”

49.2 Certificate of Target Company - Where the proposed Qualifying Transaction involves the acquisition of a Target Company, the filing statement/information circular must contain a certificate in the following form with bracketed information completed, signed by the chief executive officer, chief financial officer, and, on behalf of the board of directors, any two directors of the Target Company, other than the foregoing, duly authorized to sign:

“The foregoing, as it relates to [name of Target Company] constitutes full, true and plain disclosure of all material facts relating to the securities of the [name of Target Company].”

INSTRUCTIONS:

- (1) *Where a board of directors consists of only three directors, two of whom are the chief executive officer and the chief financial officer, the certificate may be signed by all directors of the board.*
- (2) *Where the Exchange is satisfied upon evidence or on submission that either, or both of, the chief executive officer or chief financial officer of the issuer or Target Company is for adequate cause not available to sign a certificate in the filing statement/information circular, the certificate may, with the consent of the Exchange, be signed by any other responsible officer or officers of the issuer or Target Company in lieu of either, or both of, the chief executive officer or chief financial officer.*
- (3) *The Exchange will generally require the Certificate of the Issuer and the Certificate of the Target Company to be executed by those officers or directors who will be officers or directors of the Resulting Issuer.*

49.3 Certificate of the Sponsor – If the Resulting Issuer will be a mining or an oil and gas issuer, the Principal Properties of which are outside of Canada or the United States, include a certificate in the following form signed on behalf of the Sponsor by an officer of the Sponsor duly authorized to sign:

“To the best of our information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to [insert name of the CPC] assuming Completion of the Qualifying Transaction.”

Item 50: Acknowledgement – Personal Information

50.1 Acknowledgement – The following acknowledgement may be included in the filing statement/information circular but must, in any event, be filed with the Exchange on the date of filing of the final filing statement/information circular. The acknowledgement must be signed by at least one director or officer of the issuer, duly authorized to sign.

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of [this Form], as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to [this Form]; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

APPENDIX 1

FORM 3B1 - INFORMATION REQUIRED IN AN INFORMATION CIRCULAR FOR A QUALIFYING TRANSACTION/FORM 3B2 INFORMATION REQUIRED IN A FILING STATEMENT FOR A QUALIFYING TRANSACTION

Definitions

“**Affiliate**” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“**Associate**” when used to indicate a relationship with a person or company, means

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
 - (i) that person’s spouse or child, or

- but
- (ii) any relative of the person or of his spouse who has the same residence as that person;
 - (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“CPC” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

“Company” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“Completion of the Qualifying Transaction” means the date the Final Exchange Bulletin is issued by the Exchange.

“Control Person” means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“Exchange” means the TSX Venture Exchange Inc.

“Final Exchange Bulletin” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“Insider” if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

“Majority of the Minority Approval” means the approval of the Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non Arm’s Length Parties to the CPC;
- (b) Non Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if the CPC holds its own shares, the CPC, and

- (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction

at a properly constituted meeting of the common shareholders of the CPC.

“Non Arm’s Length Party” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“Non Arm’s Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Person” means a Company or individual.

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

“Resulting Issuer” means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the Exchange.

“Sponsor” has the meaning specified in Exchange *Policy 2.2 – Sponsorship and Sponsorship Requirements*.

“Target Company” means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

“Vendors” means one or all of the beneficial owners of the Significant Assets (other than a Target Company(ies)).

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