

FORM 62-104F3

DIRECTORS' CIRCULAR

Part 1 General Provisions

(a) Defined Terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) and to National Instrument 14-101 *Definitions*.

(b) Plain Language

Write the directors' circular so that readers are able to understand it. Refer to the plain language principles listed in section 2.6 of Companion Policy 62-104CP. If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and Headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Directors' Circular

Item 1. Name of Offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of Offeree Issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Names of Directors of the Offeree Issuer

State the name of each director of the offeree issuer.

Item 4. Ownership of Securities of Offeree Issuer

State the number, designation and the percentage of outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

- (a) by each director and officer or other insider of the offeree issuer, and
- (b) where known after reasonable enquiry, by
 - (i) each associate or affiliate of an insider of the offeree issuer,
 - (ii) every associate or affiliate of the offeree issuer, and
 - (iii) any person acting jointly or in concert with the offeree issuer.

In each case where none are owned, directed or controlled, so state.

Item 5. Acceptance of Take-Over Bid

If known after reasonable enquiry, state the name of every person named in item 4 who has accepted or intends to accept the offer and the number of securities in respect of which such person has accepted or intends to accept the offer.

Item 6. Ownership of Securities of Offeror

If a take-over bid is made by or on behalf of an offeror that is an issuer, state the number, designation and percentage of outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

- (a) by the offeree issuer,
- (b) by each director, officer or other insider of the offeree issuer, and
- (c) if known after reasonable enquiry, by
 - (i) each associate or affiliate of an insider of the offeree issuer,

- (ii) every affiliate or associate of the offeree issuer , and
- (iii) any person acting jointly or in concert with the offeree issuer.

In each case where no securities are so owned, directed or controlled, so state.

Item 7. Relationship Between the Offeror and the Directors and Officers of the Offeree Issuer

Disclose the particulars of any arrangement, agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the take-over bid is successful. State also whether any directors or officers of the offeree issuer are also directors or officers of the offeror or any subsidiary of the offeror and identify those persons.

Item 8. Arrangements Between Offeree Issuer and Officers and Directors

Disclose the particulars of any arrangement, agreement, commitment or understanding made or proposed to be made between the offeree issuer and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the take-over bid is successful.

Item 9. Interests of Directors and Officers of the Offeree Issuer in Material Transactions With Offeror

State whether any director or officer of the offeree issuer and their associates and, where known to the directors or officers after reasonable inquiry, whether any person who owns more than 10 per cent of any class of equity securities of the offeree issuer for the time being outstanding has any interest in any material transaction to which the offeror is a party, and if so, state particulars of the nature and extent of such interest.

Item 10. Trading by Directors, Officers and Other Insiders

(1) State the number of securities of the offeree issuer traded, the purchase or sale price and the date of each transaction during the six month period preceding the date of the directors' circular by the offeree issuer and each director, officer or other insider of the offeree issuer, and, if known after reasonable enquiry, by

- (a) each associate or affiliate of an insider of the offeree issuer,
- (b) every affiliate or associate of an insider of the offeree issuer, and
- (c) any person acting jointly or in concert with the offeree issuer.

(2) Disclose the number and price of securities of the offeree issuer of the class of securities subject to the bid or convertible into securities of that class that have been issued to the directors, officers and other insiders of the offeree issuer during the two-year period preceding the date of the circular.

Item 11. Additional Information

If any information required to be disclosed by the take-over bid circular prepared by the offeror has been presented incorrectly or is misleading, supply any additional information which would make the information in the circular correct or not misleading.

Item 12. Material Changes in the Affairs of Offeree Issuer

State the particulars of any information known to any of the directors or officers of the offeree issuer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim or annual financial statement of the offeree issuer.

Item 13. Other Material Information

State the particulars of any other information known to the directors of the offeree issuer but not already disclosed that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer. This would include

- (a) any securityholder or voting trust agreement that the offeree issuer has access to and that can reasonably be regarded as material to a depositing security holder under the bid,
- (b) any securityholders' rights plans or other similar plans,

- (c) any valuation or fairness opinion obtained by the directors of the offeree issuer,
- (d) any plans or proposals for material changes in the affairs of the offeree issuer or a going private or other transaction, or
- (e) any other contract of the offeree issuer or a subsidiary of the offeree issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of its securityholders generally.

Item 14. Recommending Acceptance or Rejection of Bid

Include either a recommendation to accept or reject the take-over bid and the reasons for such recommendation or a statement that the directors are unable to make or are not making a recommendation. If no recommendation is made, state the reasons for not making a recommendation. If the directors of an offeree issuer are considering recommending acceptance or rejection of a take-over bid after the sending of the directors' circular, state that fact.

Item 15. Response of Offeree Issuer

(1) Describe any transaction, directors' resolution, agreement in principle or signed contract of the offeree issuer in response to the bid.

(2) Disclose whether there are any negotiations underway in response to the bid which relate to or would result in

- (a) an extraordinary transaction such as a merger or reorganization involving the offeree issuer or a subsidiary,
- (b) the purchase, sale or transfer of a material amount of assets by the offeree issuer or a subsidiary,
- (c) a competing take-over bid,
- (d) a bid by the offeree issuer for its own securities or for those of another issuer, or

- (e) any material change in the present capitalization or dividend policy of the offeree issuer.

If there is an agreement in principle, give full particulars.

Item 16. Approval of Directors' Circular

State that the directors' circular has been approved and its sending has been authorized by the directors of the offeree issuer.

Item 17. Statement of Rights

Include the following statement of rights provided under the securities legislation of the jurisdiction relating to this circular:

Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to such security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

Item 18. Certificate

Include a certificate in the following form signed by two directors of the issuer, duly authorized to sign on behalf of the directors.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Item 19. Date of Directors' Circular

Specify the date of the directors' circular.