

APPENDIX B

AMENDMENTS TO FORM 45-103F1 *OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS* AND FORM 45-103F2 *OFFERING MEMORANDUM FOR QUALIFYING ISSUERS OF* MULTILATERAL INSTRUMENT 45-103 *CAPITAL RAISING EXEMPTION*

PART 1 AMENDMENTS TO FORM 45-103F1 *OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS*

1.1. Amendments to Form 45-103F1 *Offering Memorandum for Non-Qualifying Issuers*

- (1) Form 45-103F1 *Offering Memorandum for Non-Qualifying Issuers* is amended by this Part of this Instrument.
- (2) The face page is amended by striking out the words “12 months” from the phrase “You will be restricted from selling your securities for 4 months/12months/an indefinite period.” under the subheading “Resale restrictions”.
- (3) Item 10.2 is repealed and the following is substituted:

Restricted Period - For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan, state one of the following as applicable:

- (a) If the issuer is not a reporting issuer in a jurisdiction at the distribution date state:

“Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date [insert name of issuer or other term used to refer to the issuer] becomes a reporting issuer in any province or territory of Canada.”
- (b) If the issuer is a reporting issuer in a jurisdiction at the distribution date state:

“Unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the distribution date.”
- (4) Item 10.3, is amended by
 - (a) striking out “listed in Appendix A of MI 45-102” in the preamble, and

- (b) adding “Unless permitted under securities legislation,” before “You must not trade the securities”.

- (5) Instruction B.1 is repealed and the following substituted:

All financial statements included in the offering memorandum must comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107), regardless of whether the issuer is a reporting issuer or not.

- (6) Paragraph (c) of instruction B.4 is amended by
 - (a) striking out “3, 6 or 9 month interim period that” and substituting “interim period ending 9, 6, or 3 months before the end of the issuer’s financial year, if that interim period” and
 - (b) striking out “the financial statements” and substituting “any financial statements”.

- (7) Instruction B.6 is repealed and the following substituted:

If the issuer has changed its year end, refer to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) for guidance concerning interim periods in a transition year. To satisfy B.4(c) in a transition year, provide financial statements for the most recently completed interim period that ended more than 60 days before the date of the offering memorandum and ended after the date of any financial statements required under B.4(a).

- (8) Instruction B.8 is amended by
 - (a) striking out “Canadian generally accepted auditing standards (Canadian GAAS) and the” and substituting “the requirements of NI 52-107. The”, and
 - (b) adding at the end of the instruction “Refer to National Instrument 45-108 *Auditor Oversight* for requirements for auditors of reporting issuers.”
- (9) Instruction B.9 is amended by striking out “Each page of any” and substituting “All”.

- (10) Instruction B.11 is repealed and the following substituted:

The offering memorandum does not have to be updated to include interim financial statements for periods completed after the date 60 days prior to the date of the offering memorandum unless it is necessary to do so to prevent the offering memorandum from containing a misrepresentation.

- (11) Instruction C.1 is amended by adding “specified in C.4” before “for the business”.

- (12) Instruction C.2 is amended by striking out “50” and substituting “40” wherever it occurs.
- (13) Paragraph (b) of instruction C.2 is amended by adding “, excluding any investments in or advances to the business,” before “as at the end of”.
- (14) Instruction C.5 is amended by striking out “Canadian GAAS and the” and substituting “the requirements of Part 6 of NI 52-107. The”
- (15) Instruction C.8 is amended by adding “as defined in NI 51-102” after “reverse take-over”.
- (16) The following is added after instruction C.8:
9. An issuer is exempt from the requirements in C.4 if the issuer includes in the offering memorandum the financial statements required in a business acquisition report under NI 51-102.
- (17) Instruction D.2 is amended by
- (a) adding “Notwithstanding the requirements in section 3.2(2)1 of NI 52-107,” before “an audit report” and
 - (b) adding “of a non-reporting issuer “ after “offering memorandum”.
- (18) Instructions D.3 and D.4 are repealed.
- (19) Instruction D.6 is amended by
- (a) adding “or the reporting issuer does not have access to those financial statements,” to the end of paragraph (a), and
 - (b) repealing paragraph (d) and substituting the following:

the offering memorandum contains alternative disclosure for the property which includes

 - (i) an operating statement (which must be accompanied by an audit report if it is prepared as an alternative to audited annual financial statements) presenting for the business, at a minimum, the following line items:
 - (A) gross revenue,
 - (B) royalty expenses,
 - (C) production costs, and
 - (D) operating income,
 - (ii) information with respect to the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the seller of the person who prepared

- the estimates; and other relevant information regarding the property,
- (iii) actual production volumes of the property for the most recently completed year, and
 - (iv) estimated production volumes of the property for the next year, based on information in the reserve report.

PART 2 AMENDMENTS TO FORM 45-103F2 OFFERING MEMORANDUM FOR QUALIFYING ISSUERS

2.1. Amendments to Form 45-103F2 Offering Memorandum for Qualifying Issuers

- (1) Form 45-103F2 *Offering Memorandum for Qualifying Issuers* is amended by this Part of this Instrument.
- (2) Instruction A.1 is amended by striking out the words “as defined in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102)”.
- (3) Instruction B.1 is repealed and the following is substituted:

Any financial statements incorporated by reference into the offering memorandum must comply with National Instrument 51-102 *Continuous Disclosure Obligations* and National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.
- (4) Instruction C.1 is repealed and the following is substituted:

If the offering memorandum does not incorporate by reference the issuer's AIF, prospectus, information circular or filing statement (as listed in the definition of qualifying issuer) that the issuer is relying on to meet the definition of qualifying issuer, update the offering memorandum to incorporate by reference the document as soon as the document is filed on SEDAR.
- (5) Section 2.2 of Instruction D is amended by
 - (a) repealing paragraph (a) and substituting the following:

the issuer's AIF, MD&A, prospectus, information circular or filing statement (as listed in the definition of qualifying issuer) that the issuer is relying on to meet the definition of qualifying issuer
 - (b) striking out “for the annual comparative financial statements referred to in 2.2.(d) in paragraph (f) and substituting "required to be filed under NI 51-102",

- (c) repealing paragraph (g) and substituting the following:
each business acquisition report required to be filed under NI 51-102,
- (d) adding “ as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*,” after “mineral project,” in paragraph (i)
- (e) repealing paragraph (j) and substituting the following:
if the issuer has oil and gas activities, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, all documents that it is required to file under NI 51-101 after the commencement of the issuer’s current financial year.

PART 3 EFFECTIVE DATE

3.1 Effective Date

This Instrument comes into force on ?, 200?.

– BLACKLINE –

Form 45-103F1
Offering Memorandum for Non-Qualifying Issuers

Date: [Insert the date from the certificate page.]

The Issuer

Name:

Head office: Address:
 Phone #:
 E-mail address:
 Fax #:

Currently listed or quoted? [Yes/No. If yes, state where, e.g., TSX/TSX Venture Exchange.]

Reporting issuer? [Yes/No. If yes, state where.]

SEDAR filer? [Yes/No]

The Offering

Securities offered:

Price per security:

Minimum/Maximum offering: [If there is no minimum, state “\$0” as the minimum and also state: “You may be the only purchaser.”]

Payment terms:

Proposed closing date(s):

Tax consequences: There are important tax consequences to these securities. See item 6. [If tax consequences are not material, delete this item.]

Selling agent? [Yes/No. If yes, state “See item 7”. The name of the selling agent may also be stated.]

Resale restrictions

State: “You will be restricted from selling your securities for [~~4 months~~/12 months/an indefinite period]. See item 10.”

Purchaser’s rights

State: “You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.”

State in bold type:

“No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.”

[All of the above information must appear on a single cover page.]

Item 1 Use of Net Proceeds

1.1 **Net Proceeds** - Using the following table, disclose the net proceeds of the offering. If there is no minimum offering, state "\$0" as the minimum.

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$	\$
B	Selling commissions and fees	\$	\$
C	Estimated offering costs (e.g., legal, accounting, audit.)	\$	\$
D	Net proceeds: D = A - (B+C)	\$	\$

1.2 **Use of Net Proceeds** - Using the following table, provide a detailed breakdown of how the issuer will use the net proceeds. If any of the net proceeds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the net proceeds to be applied to the working capital deficiency

Description of intended use of net proceeds listed in order of priority	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$

1.3 **Reallocation** - The net proceeds must be used for the purposes disclosed in the offering memorandum. The board of directors can reallocate the proceeds to other uses only for sound business reasons. If the net proceeds may be reallocated, include the following statement:

“We intend to spend the net proceeds as stated. We will reallocate funds only for sound business reasons.”

1.4 **Working Capital Deficiency** - State the amount of any working capital deficiency of the issuer as at a date not more than 30 days prior to the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of net proceeds, state how the issuer intends to eliminate or manage the deficiency.

Item 2 Business of [name of issuer or other term used to refer to issuer]

2.1 **Structure** - State the business structure (e.g., partnership, corporation or trust), the statute and the province, state or other jurisdiction under which the issuer is incorporated, continued or organized, and the date of incorporation, continuance or organization.

2.2 **Our Business** - Describe the issuer’s business. For a non-resource issuer this may include principal products or services, operations, market and marketing plans and strategies. For a resource issuer this will require a description of principal properties (including interest held) and may include disclosure of the stage of development, reserves, geology, operations, production and mineral or resource being explored or developed. Generally, this description should not exceed 2 pages.

2.3 **Development of Business** - Describe (generally, in one or two paragraphs) the general development of the issuer’s business over at least its two most recently completed financial years and any subsequent period. Include the major events that have occurred or conditions that have influenced (favourably or unfavourably) the development of the issuer.

2.4 **Long Term Objectives** - Disclose the issuer’s long term objectives.

2.5 **Short Term Objectives and How We Intend to Achieve Them** -

- (a) Disclose the issuer’s objectives for the next 12 months.
- (b) Using the following table, disclose how the issuer intends to meet those objectives for the next 12 months.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
		\$
		\$
		\$

2.6 **Insufficient Proceeds**

If applicable, disclose that the proceeds of the offering either may not or will not be sufficient to accomplish all of the issuer’s proposed objectives and there is no assurance that alternative financing will be available.

2.7 **Material Agreements** - Disclose the key terms of all material agreements

- (a) to which the issuer is currently a party, or
 - (b) with a related party
- including the following information:
- (i) if the agreement is with a related party, the name of the related party and the relationship,
 - (ii) a description of any asset or property or interest acquired, disposed of, leased, under option, etc.,
 - (iii) purchase price and payment terms (e.g., paid in instalments, cash, securities or work commitments),

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- (iv) the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate,
- (v) the date of the agreement,
- (vi) the amount of any finder’s fee or commission paid or payable to a related party in connection with the agreement, and
- (vii) any material outstanding obligations under the agreement.

Item 3 Directors, Management, Promoters and Principal Holders

3.1 **Compensation and Securities Held** - Using the following table, provide the specified information about each director, officer and promoter of the issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the issuer (a “principal holder”). If the principal holder is not an individual, state in a note to the table the name of any person or company that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by issuer in the most recently completed financial year (or, if the issuer has not completed a financial year, since inception) and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering

3.2 **Management Experience** - Using the following table, disclose the principal occupations of the directors and senior officers over the past five years. In addition, for each individual, describe any relevant experience in a business similar to the issuer’s.

Name	Principal occupation and related experience

3.3 **Penalties, Sanctions and Bankruptcy**

- (a) Disclose any penalty or sanction (including the reason for it and whether it is currently in effect) that has been in effect during the last 10 years against
 - (i) a director, senior officer or control person of the issuer, or
 - (ii) an issuer of which a person or company referred to in (i) above was a director, senior officer or control person at the time.
- (b) Disclose any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings,

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arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any

- (i) director, senior officer or control person of the issuer, or
- (ii) issuer of which a person or company referred to in (i) above was a director, senior officer or control person at that time.

Item 4 Capital Structure

4.1 **Share Capital** - Using the following table, provide the required information about outstanding securities of the issuer (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.

Description of security	Number authorized to be issued	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering

4.2 **Long Term Debt** - Using the following table, provide the required information about outstanding long term debt of the issuer. If the securities being offered are debt securities, add a column to the table disclosing the amount of debt that will be outstanding after both the minimum and maximum offering. If the debt is owed to a related party, indicate that in a note to the table and identify the related party.

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at [a date not more than 30 days prior to the offering memorandum date]
			\$
			\$

4.3 **Prior Sales** - If the issuer has issued any securities of the class being offered under the offering memorandum (or convertible or exchangeable into the class being offered under the offering memorandum) within the last 12 months, use the following table to provide the information specified. If securities were issued for assets or services, describe in a note to the table the assets or services that were provided.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received

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			\$	\$
			\$	\$
			\$	\$

Item 5 Securities Offered

- 5.1 **Terms of Securities** - Describe the material terms of the securities being offered, including:
- (a) voting rights or restrictions on voting,
 - (b) conversion or exercise price and date of expiry,
 - (c) rights of redemption or retraction, and
 - (d) interest rates or dividend rates.
- 5.2 **Subscription Procedure** -
- (a) Describe how a purchaser can subscribe for the securities and the method of payment.
 - (b) State that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two day period).
 - (c) Disclose any conditions to closing, e.g., receipt of additional funds from other sources. If there is a minimum offering, disclose when consideration will be returned to purchasers if the minimum is not met.

Item 6 Income Tax Consequences and RRSP Eligibility

- 6.1 State: "You should consult your own professional advisers to obtain advice on the tax consequences that apply to you."
- 6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide
- (a) a summary of the significant income tax consequences to Canadian residents, and
 - (b) the name of the person or company providing the tax disclosure in (a).
- 6.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person or company providing the advice or state "Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities."

Item 7 Compensation Paid to Sellers and Finders

If any person or company has or will receive any compensation (e.g., commission, corporate finance fee or finder's fee) in connection with the offering, provide the following information to the extent applicable:

- (a) a description of each type of compensation and the estimated amount to be paid for each type,
- (b) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering),
- (c) details of any broker's warrants or agent's option (including number of securities under option, exercise price and expiry date), and
- (d) if any portion of the compensation will be paid in securities, details of the securities (including number, type and, if options or warrants, the exercise price and expiry date).

Item 8 Risk Factors

Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer's securities.

Risk factors will generally fall into the following three categories:

- (a) Investment Risk - risks that are specific to the securities being offered. Some examples include
 - arbitrary determination of price,
 - no market or an illiquid market for the securities,
 - resale restrictions, and
 - subordination of debt securities.
- (b) Issuer Risk - risks that are specific to the issuer. Some examples include
 - insufficient funds to accomplish the issuer's business objectives,
 - no history or a limited history of sales or profits,
 - lack of specific management or technical expertise,
 - management's regulatory and business track record,
 - dependence on key employees, suppliers or agreements,
 - litigation, and
 - political risk factors.
- (c) Industry Risk - risks faced by the issuer because of the industry in which it operates. Some examples include
 - environmental and industry regulation,
 - product obsolescence, and
 - competition.

Item 9 Reporting Obligations

- 9.1 Disclose the documents that will be sent to purchasers on an annual or on-going basis.
- 9.2 If corporate or securities information about the issuer is available from a government, regulatory authority, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

Item 10 Resale Restrictions

- 10.1 **General Statement** - For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan, state:

“These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.”

- 10.2 **Restricted Period** - For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan, state one of the following, as applicable:

- (a) If, ~~at the distribution date~~, the issuer is not:
- (i) ~~a reporting issuer in the Canadian province or territory in which the purchaser resides, and~~
 - (ii) ~~a SEDAR filer and a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan, state: a reporting issuer in a jurisdiction at the distribution date state:~~

“Unless permitted under securities legislation, you cannot trade the securities before the ~~earlier of the date that is 12~~**four** months and a day after the date ~~[insert name of issuer or other term used to refer to the issuer]~~¹.— becomes a reporting issuer in ~~the Canadian~~**any** province or territory in which you reside, or ~~2.~~— first becomes a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan, and a SEDAR filer ~~of Canada.~~”

- ~~(b) If, at the distribution date, the issuer is not a “qualifying issuer” (as defined under Multilateral Instrument 45-102 *Resale of Securities*) but is a SEDAR filer and a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan, state:~~

- (b) If the issuer is a reporting issuer in a jurisdiction at the distribution date state:**

“Unless permitted under ~~securities~~ **securities** legislation, you cannot trade the securities before the date that is 12 months and a day after the distribution date.”

~~(c) If, at the distribution date, the issuer is not a “qualifying issuer” and is a reporting issuer in the Canadian province or territory in which the purchaser resides, state: “Unless permitted under securities legislation, you cannot trade the securities before the date that is 12 months and a day after the distribution date.”~~
securities before

~~(d) If, at the distribution date the issuer is a “qualifying issuer”, state: “Unless permitted under securities legislation, you cannot trade the securities before the date that is 4four months and a day after the distribution date.”~~

10.3 **Manitoba Resale Restrictions** - For trades in Manitoba, if the issuer will not be a reporting issuer in a jurisdiction listed in Appendix A of MI 45-102 at the time the security is acquired by the purchaser state:

~~You~~**Unless permitted under securities legislation, you** must not trade the securities without the prior written consent of the regulator in Manitoba unless

- (a) [name of issuer or other term used to refer to issuer] has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.”

Item 11 Purchasers' Rights

State the following:

“If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.
2. **Statutory Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:
 - (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities, or

- (b) for damages against [state the name of issuer or other term used to refer to issuer and the title of any other person or company against whom the rights are available].

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within [state time period provided by the securities legislation]. You must commence your action for damages within [state time period provided by the securities legislation.]

- 3. **Contractual Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum.] If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name of issuer or other term used to refer to issuer]:
 - (a) to cancel your agreement to buy these securities, or
 - (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer or other term used to refer to issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.”

Item 12 Financial Statements

Include all financial statements required in the offering memorandum immediately before the certificate page of the offering memorandum.

Incorporates consequential amendments that arise from proposed amendments to MI 45-102 *Resale of Securities* and proposed NI 51-102 *Continuous Disclosure Obligations* and NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*

Item 13 Date and Certificate

State the following on the certificate page of the offering memorandum:

“Dated [insert the date the certificate page of the offering memorandum is signed].

This offering memorandum does not contain a misrepresentation.”

The certificate must be signed by

- (a) the chief executive officer and the chief financial officer of the issuer (or, if the issuer does not have a chief executive officer or a chief financial officer, a person acting in that capacity),
- (b) on behalf of the directors of the issuer
 - (i) by any two directors who are authorized to sign other than the persons referred to in paragraph (a), or
 - (ii) by all the directors of the issuer, and
- (c) by each promoter of the issuer.

Instructions for Completing
Form 45-103F1
Offering Memorandum for Non-Qualifying Issuers

A. General Instructions

1. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
2. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
3. The issuer may include additional information in the offering memorandum other than that specifically required by the form. However, the offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus.
4. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.
5. It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to additional information that is provided.
6. If the issuer is a limited partnership or trust, where the offering memorandum form requires disclosure about "directors", provide disclosure for the general partner(s) of the limited partnership and the trustee(s) and manager of the trust. If a general partner, trustee or manager is a corporation, provide disclosure of the directors and senior officers of the general partner or manager and trustee. If the issuer is a limited partnership, the general partner must sign as promoter of the issuer and, if the general partner is a corporation, the chief executive officer, chief financial officer and directors of the general partner must sign as the chief executive officer, chief financial officer and directors of the issuer. If the issuer is a trust, each trustee and the manager of the trust must sign as promoters of the issuer. If any trustee is a corporation, the signing officers of the trustee must also sign as promoters. If the manager of the trust is a corporation, the chief executive officer, chief financial officer and directors of the manager must sign as the chief executive officer, chief financial officer and directors of the issuer.
7. When the term "related party" is used in this form, it refers to:
 - (a) a director, officer, promoter or control person of the issuer,

Incorporates consequential amendments that arise from proposed amendments to MI 45-102 *Resale of Securities* and proposed NI 51-102 *Continuous Disclosure Obligations* and NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*

- (b) in regard to a person referred to in (a), a child, parent, grandparent or sibling, or other relative living in the same residence,
- (c) in regard to a person referred to in (a) or (b), his or her spouse or a person with whom he or she is living in a marriage-like relationship,
- (d) an insider of the issuer,
- (e) a company controlled by one or more individuals referred to in (a) to (d), and
- (f) in the case of an insider, promoter or control person that is not an individual, any person or company that controls that insider.

(If the issuer is not a reporting issuer, the reference to “insider” includes persons or companies who would be insiders of the issuer if that issuer were a reporting issuer.)

- 8. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.
- 9. Securities legislation restricts what can be told to investors about the issuer’s intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.
- 10. If an issuer uses this form in connection with a distribution under an exemption other than section 4.1 of Multilateral Instrument 45-103 *Capital Raising Exemptions*, the issuer must modify the disclosure in item 11 to correctly describe the purchaser’s rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

B. Financial Statements - General

- 1. ~~Any~~All financial statements included in the offering memorandum must be prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). Differential reporting, as discussed in section 1300 of the CICA Handbook, is not acceptable for financial statements of either the issuer or of a business for which financial statements are required in the offering memorandum comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107), regardless of whether the issuer is a reporting issuer or not.
- 2. Include all financial statements required in the offering memorandum immediately prior to the certificate page of the offering memorandum.
- 3. If the issuer has not completed one financial year, include the following financial statements of the issuer in the offering memorandum:
 - (a) statements of income, retained earnings and cash flows for the period from inception to a date not more than 60 days before the date of the offering memorandum, and
 - (b) a balance sheet dated as at the ending date of the statements required by B.3(a).

Incorporates consequential amendments that arise from proposed amendments to MI 45-102 *Resale of Securities* and proposed NI 51-102 *Continuous Disclosure Obligations* and NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*

4. If the issuer has completed one or more financial years, include the following financial statements of the issuer in the offering memorandum:
 - (a) statements of income, retained earnings and cash flows for the most recently completed financial year that ended more than 120 days before the date of the offering memorandum,
 - (b) a balance sheet as at the last day of the most recently completed financial year that ended more than 120 days before the date of the offering memorandum,
 - (c) statements of income, retained earnings and cash flows for the most recently completed ~~3, 6 or 9 month~~ interim period that **ending 9, 6, or 3 months before the end of the issuer's financial year, if that interim period** ended more than 60 days before the date of the offering memorandum, and ended after the date of ~~the~~**any** financial statements required under B.4(a), and
 - (d) a balance sheet dated as at the ending date of the statements required by B.4(c).
5. If financial statements of the issuer for a more recent annual or interim period than those required by B.3 or B.4 have been prepared, include those more recent financial statements in the offering memorandum.
6. If the issuer has changed its year end, refer to National Policy ~~51 - Changes in the Ending Date of a Financial Year and in Reporting Status~~**Instrument 51-102 Continuous Disclosure Obligations (NI 51-102)** for guidance concerning interim periods in a transition year. ~~Financial~~**To satisfy B.4(c) in a transition year, provide financial statements for the most recently completed interim period in a transition year should be provided to satisfy B.4(c) that ended more than 60 days before the date of the offering memorandum and ended after the date of any financial statements required under B.4(a).**
7. If the issuer has completed two or more financial years that ended more than 120 days from the date of the offering memorandum, the annual financial statements required under B.4(a) and (b) must include comparatives for the prior year. The interim financial statements required under B.4(c) and (d) may exclude comparatives if financial statements for the comparative periods were not previously prepared.
8. The annual financial statements required under B.4(a) and (b) must be audited in accordance with ~~Canadian generally accepted auditing standards (Canadian GAAS) and the~~**requirements of NI 52-107. The** audit report must be included in the offering memorandum. The financial statements required under B.3, B.4(c) and (d) and B.5 and the comparatives required by B.67 may be unaudited; however, if any of those financial statements have been audited, the audit report on them must be included in the offering memorandum. **Refer to National Instrument 45-108 Auditor Oversight for requirements for auditors of reporting issuers.**
9. ~~Each page of any~~**All** unaudited financial statements must indicate in bold that the financial statements have not been audited.

10. If the offering memorandum does not contain audited financial statements for the issuer's most recently completed financial year, update the offering memorandum to include the annual audited financial statements and the audit report as soon as the issuer has approved the audited financial statements, but in any event no later than the 120th day following the financial year end.
11. The offering memorandum does not have to be updated to include interim financial statements for periods completed after the date 60 days prior to the date of the offering memorandum. ~~However, unless it may be~~ necessary to include the interim financial statements in the offering memorandum do so to prevent the offering memorandum from containing a misrepresentation.
12. Refer to National Policy 48 *Future Oriented Financial Information* if future oriented financial information is included in the offering memorandum.
13. If the issuer is a limited partnership, include in the offering memorandum the financial statements required by Part B of the general partner and, if the limited partnership has active operations, of the limited partnership.

C. Financial Statements - Business Acquisitions

1. If the issuer
 - (a) has acquired a business during the past two years and the audited and/or unaudited consolidated financial statements of the issuer included in the offering memorandum do not include the results of the acquired business for 12 consecutive months, or
 - (b) is proposing to acquire a business and either:
 - (i) is obligated to complete the acquisition, or
 - (ii) has the right to acquire the business and has decided to complete the acquisition,include the financial statements specified in C.4 for the business if the test in C.2 is met, irrespective of how the issuer accounts for the acquisition.
2. Include the financial statements for a business referred to in C.1 if either:
 - (a) the issuer's proportionate share of the consolidated assets of the business exceeds ~~50~~**40**% of the consolidated assets of the issuer calculated using the most recent annual financial statements of each of the issuer and the business before the date of the acquisition or proposed date of acquisition, or
 - (b) the issuer's consolidated investments in and advances to the business as at the date of the acquisition or the proposed date of acquisition exceeds ~~50~~**40**% of the consolidated assets of the issuer, excluding any investments in or advances to

the business, as at the end of the issuer's most recently completed financial year that ended before the date of the acquisition or proposed date of acquisition.

3. Where an issuer or a business referred to in C.1 has not yet completed a financial year or has completed its first financial year that ended within 120 days of the offering memorandum date and financial statements for that year are not yet available, use the financial statements referred to in B.3(b) or B.4(d) to make the calculations in C.2.
4. If a business referred to in C.1 meets either of the threshold tests in C.2, include in the offering memorandum the following financial statements of the business:
 - (a) If the business has not completed one financial year include
 - (i) statements of income, retained earnings and cash flows for the period from inception to a date not more than 60 days before the date of the offering memorandum, and
 - (ii) a balance sheet dated as at the ending date of the statements required by C.4(a)(i).However, if the date of acquisition for a business precedes the ending date of the period referred to in C.4(a)(i), then provide financial statements for the period from inception to the date of acquisition or a date not more than 30 days before the date of acquisition.
 - (b) If the business has completed one or more financial years include
 - (i) statements of income, retained earnings and cash flows for the most recently completed financial year that ended before the date of acquisition and more than 120 days before the date of the offering memorandum,
 - (ii) a balance sheet dated as at the ending date of the statements required by C.4(b)(i),
 - (iii) statements of income, retained earnings and cash flows for either:
 - A. the most recently completed 3, 6 or 9 month interim period that ended before the date of acquisition and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under C.4(b)(i), or
 - B. the period from the first day after the financial year referred to in C.4(b)(i) to the date of acquisition or a date not more than 30 days before the date of acquisition, and
 - (iv) a balance sheet dated as at the ending date of the statements required by C.4(b)(iii).
5. The annual financial statements required under C.4(b)(i) and (ii) must be audited in accordance with ~~Canadian GAAS and the~~ **requirements of Part 6 of NI 52-107**. The audit report must be included in the offering memorandum. The financial statements required under C.4(a) and C.4(b)(iii) and (iv) may be unaudited; however, if any of those financial statements have been audited, the audit report must be included in the offering memorandum.

6. If the offering memorandum does not contain audited financial statements for a business referred to in C.1 for the business' most recently completed financial year that ended before the date of acquisition, update the offering memorandum to include those financial statements and the audit report when they are available, but in any event no later than the date 120 days following the year end.
7. The term "business" should be evaluated in light of the facts and circumstances involved. Generally, a separate entity or a subsidiary or division of an entity is a business and, in certain circumstances, a lesser component of an entity may also constitute a business, whether or not the subject of the acquisition previously prepared financial statements. The subject of an acquisition should be considered a business where there is, or the issuer expects there will be, continuity of operations. The issuer should consider:
 - (a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition, and
 - (b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the issuer instead of remaining with the vendor after the acquisition.
8. If an acquisition or a proposed acquisition has been or will be accounted for as a reverse take-over, **as defined in NI 51-102**, include financial statements for the legal subsidiary in the offering memorandum in accordance with Part B. The legal parent, as that term is defined in the CICA Handbook, is considered to be the business acquired. C.1 may require financial statements of the legal parent.
9. **An issuer is exempt from the requirements in C.4 if the issuer includes in the offering memorandum the financial statements required in a business acquisition report under NI 51-102.**

D. Financial Statement - Exemptions

1. An issuer will satisfy the financial statement requirements of this form if it includes the financial statements required by securities legislation for a prospectus.
2. **Notwithstanding the requirements in section 3.2(2)1 of NI 52-107, an** audit report on financial statements contained in an offering memorandum **of a non-reporting issuer** may contain a reservation relating to opening inventory unless the issuer previously filed an audit report on financial statements for the same entity for a prior year in which there was a reservation relating to inventory.
3. ~~The financial statements of a person or company incorporated or organized in a jurisdiction outside of Canada that are included in an offering memorandum, may be prepared in accordance with a body of generally accepted accounting principles, other than Canadian GAAP, if those accounting principles are as comprehensive as Canadian GAAP (e.g., U.S. GAAP) and cover substantially the same core subject matter as~~

~~Canadian GAAP, including recognition and measurement principles and disclosure requirements ("foreign GAAP"), if the notes to the financial statements~~

- ~~(a) explain and quantify the effect of material differences between Canadian GAAP and foreign GAAP that relate to measurements and those differences are not so pervasive as to render the financial statements misleading, and~~
- ~~(b) provide disclosure consistent with Canadian GAAP requirements to the extent not already reflected in the financial statements.~~

3. [Repealed by amendments to MI 45-103 •, 2004.]

~~4. The financial statements of a person or company incorporated or organized in a jurisdiction outside of Canada that are included in an offering memorandum, may be audited in accordance with a body of generally accepted auditing standards, other than Canadian GAAS, provided that~~

- ~~(a) those auditing standards are substantially equivalent to Canadian GAAS, requiring audit work that is comparable in scope, nature and timing to the work required in connection with an audit in accordance with Canadian GAAS, and~~
- ~~(b) the auditor's report is accompanied by a statement of the auditor
 - ~~(i) disclosing any material differences in the form and content of the foreign auditor's report as compared to a Canadian auditor's report, and~~
 - ~~(ii) unless the auditing standards are U.S. GAAS, confirming that the auditing standards applied are substantially equivalent to Canadian GAAS.~~~~

4. [Repealed by amendments to MI 45-103 •, 2004.]

5. If an acquisition is, or will be, an investment accounted for using the equity method, as that term is defined in the CICA Handbook, financial statements for a business required by C.4 are not required to be included in the offering memorandum if:

- (a) the offering memorandum includes disclosure for the periods for which financial statements are required under Part C that:
 - (i) summarizes the assets, liabilities and results of operations of the business, and
 - (ii) describes the issuer's proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the issuer's share of earnings;
- (b) the financial information provided under D.5(a) for any completed financial year has been audited, or has been derived from audited financial statements of the business; and
- (c) the offering memorandum discloses that:
 - (i) the financial information provided under D.5(a) for any completed financial year has been audited, or identifies the financial statements from which the financial information provided under D.5(a) has been derived; and
 - (ii) the audit opinion with respect to the financial information or financial statements referred to in D.5(c)(i) was issued without a reservation of opinion.

If the financial information included in an offering memorandum under D.5(a) has been derived from financial statements of a business incorporated or organized in a foreign jurisdiction that have been prepared in accordance with foreign GAAP, the information must be accompanied by a note that explains and quantifies the effect of material differences between Canadian GAAP and the foreign GAAP.

6. Financial statements relating to the acquisition or proposed acquisition of a business that is an interest in an oil and gas property are not required to be included in an offering memorandum if:
- (a) the required financial statements do not exist, **or the reporting issuer does not have access to those financial statements.**
 - (b) the acquisition was not or will not be accounted for as a “reverse take-over” as defined in the CICA Handbook,
 - (c) the property did not or does not constitute a “reportable segment” of the seller, as defined in section 1701 of the CICA Handbook, at the time of acquisition and
 - (d) the offering memorandum contains alternative disclosure for the property which includes ~~at least:~~
 - ~~(i)~~ **(i)** an operating statement (which must be accompanied by an audit report if it is prepared as an alternative to audited annual financial statements) presenting **for the business**, at a minimum, the following line items:
 - ~~(iA)~~ **(iA)** gross revenue,
 - ~~(iiB)~~ **(iiB)** royalty expenses,
 - ~~(iiiC)~~ **(iiiC)** production costs, **and**
 - ~~(ivD)~~ **(ivD)** operating income, **and**
 - ~~(v)~~ **if a material fact, A. ii)** information with respect to ~~reserve estimates and estimates of future net revenue and production volumes~~ **the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the seller of the person who prepared the estimates,** and other relevant information regarding the property,
 - ~~B. (iii)~~ **(iii)** actual production volumes of the property for the most recently completed year, and
 - ~~C. (iv)~~ **(iv)** estimated production volumes of the property for the next year, based on information in the reserve report.
7. Financial statements for a business that is an interest in an oil and gas property or for the acquisition or proposed acquisition by an issuer of a property are not required to be audited if:
- (a) the property was acquired prior to December 31, 2000, and the offering memorandum states that, despite making reasonable efforts, the issuer was unable to obtain audited operating statements because the seller refused to provide such audited statements or to permit access to the information necessary to audit the statements, or

- (b) during the 12 months preceding the date of the acquisition or the proposed date of an acquisition, the daily average production of the property on a barrel of oil equivalent basis (with gas converted to oil in the ratio of six thousand cubic feet of gas being the equivalent of one barrel of oil) is less than 20 per cent of the total daily average production of the seller for the same or similar periods and:
- (i) despite reasonable efforts during the purchase negotiations, the issuer was prohibited from including in the purchase agreement the rights to obtain an audited operating statement of the property,
 - (ii) the purchase agreement includes representations and warranties by the seller that the amounts presented in the operating statement agree to the seller's books and records, and
 - (iii) the offering memorandum discloses
 - ~~1.~~1. that the issuer was unable to obtain an audited operating statement,
 - ~~2.~~2. the reasons for that inability,
 - ~~3.~~3. the fact that the purchase agreement includes the representations and warranties referred to in D.7(b)(ii), and
 - ~~4.~~4. that the results presented in the operating statements may have been materially different if the statements had been audited.

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Form 45-103F2
Offering Memorandum for Qualifying Issuers

Date: [Insert the date from the certificate page.]

The Issuer

Name:

Head office: Address:

Phone #:

E-mail address:

Fax #:

Where currently listed or quoted? [e.g., TSX/TSX Venture Exchange]

The Offering

Securities offered:

Price per security:

Minimum/Maximum offering: [If there is no minimum state "\$0" as the minimum and also state: "You may be the only purchaser."]

Payment terms:

Proposed closing date(s):

Tax consequences: "There are important tax consequences to these securities. See item 6." [If tax consequences are not material, delete this item.]

Selling agent? [Yes/No. If yes, state "See item 7". The name of the selling agent may also be stated.]

Resale restrictions

State: "You will be restricted from selling your securities for 4 months. See item 10".

Purchaser's rights

State: "You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11."

State in bold type:

"No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8."

[All of the above information must appear on a single cover page.]

Item 1 Use of Net Proceeds

1.1 **Net Proceeds** - Using the following table, disclose the net proceeds of the offering. If there is no minimum offering, state "\$0" as the minimum.

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	\$	\$
B	Selling commissions and fees	\$	\$
C	Estimated offering costs (e.g., legal, accounting, audit)	\$	\$
D	Net proceeds: D = A - (B+C)	\$	\$

1.2 **Use of Net Proceeds** - Using the following table, provide a detailed breakdown of how the issuer will use the net proceeds. If any of the net proceeds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If the issuer has a working capital deficiency, disclose the portion, if any, of the net proceeds to be applied to the working capital deficiency.

Description of intended use of net proceeds listed in order of priority.	Assuming min. offering	Assuming max. offering
	\$	\$
	\$	\$

1.3 **Reallocation** - The net proceeds must be used for the purposes disclosed in the offering memorandum. The board of directors can reallocate the proceeds to other uses only for sound business reasons. If the net proceeds may be reallocated, include the following statement:

"We intend to spend the net proceeds as stated. We will reallocate funds only for sound business reasons."

1.4 **Working Capital Deficiency** - State the amount of any working capital deficiency of the issuer as at a date not more than 30 days prior to the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of net proceeds, state how the issuer intends to eliminate or manage the deficiency.

1.5 **Insufficient Proceeds** - If applicable, disclose that the proceeds of the offering either may not or will not be sufficient to accomplish all of the issuer's proposed objectives and that there is no assurance that alternative financing will be available.

Item 2 Information About [name of issuer or other term used to refer to issuer]

2.1 **Business Summary** - Briefly (in one or two paragraphs) describe the business intended to be carried on by the issuer over the next 12 months. State whether this represents a change of business. If the issuer is a non-resource issuer, describe the products that the issuer is or will be developing or producing and the stage of development of each of the products. If the issuer is a natural resource issuer, state: whether the issuer's principal properties are primarily in the exploration or in the development or production stage; what resources the issuer is engaged in exploring, developing or producing; and the locations of the issuer's principal properties.

2.2 **Existing Documents Incorporated by Reference** - State:

"Information in the documents listed in the table below has been incorporated by reference into this offering memorandum from documents filed with securities regulatory authorities in Canada. The documents incorporated by reference are available for viewing on the SEDAR website at www.sedar.com. In addition, copies of the documents may be obtained on request without charge from [insert complete address and telephone and the name of a contact person].

Documents listed in the table and information provided in those documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement in this offering memorandum or in any other subsequently filed document that is also incorporated by reference in this offering memorandum."

Using the following table, list all of the documents incorporated by reference (as required by Instruction D.2.2):

Description of document (In the case of material change reports, provide a brief description of the nature of the material change)	Date of document

2.3 **Existing Documents Not Incorporated by Reference** - State:

"Other documents available on the SEDAR website (for example, most press releases, take-over bid circulars, prospectuses and rights offering circulars) are not incorporated by reference into this offering memorandum unless they are specifically referenced in the table above. Your rights as described in item 11 of this offering memorandum apply only in respect of information contained in this offering memorandum and documents or information incorporated by reference."

2.4 **Existing Information Not Incorporated by Reference** - Certain specified information (as outlined in Instruction C.2.4) contained in the documents incorporated by reference may be, but is not required to be, incorporated by reference into the offering memorandum. If the issuer does not wish to incorporate that information into the

offering memorandum, the issuer must state that and include a statement in the offering memorandum identifying:

- (a) the information that is not being incorporated by reference, and
- (b) the document in which the information is contained.

2.5 Future Documents Not Incorporated by Reference - State:

“Documents filed after the date of this offering memorandum are not deemed to be incorporated into this offering memorandum. However, if you subscribe for securities and an event occurs, or there is a change in our business or affairs, that makes the certificate to this offering memorandum no longer true, we will provide you with an update of this offering memorandum, including a newly dated and signed certificate, and will not accept your subscription until you have re-signed the agreement to purchase the securities.”

Item 3 Directors, Officers, Promoters and Principal Holders

3.1 Using the following table, provide information about each director, senior officer, promoter and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the issuer (a “principal holder”). If the principal holder is not an individual, state in a note to the table the name of any person or company that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality of principal residence	Position(s) with the issuer

3.2 State: “You can obtain further information about directors and senior officers from [insert the name and date of the document(s) with the most current information, e.g., management information circular, annual information form or material change report].”

3.3 State: “Current information regarding the securities held by directors, senior officers and principal holders can be obtained from [refer to the SEDI website at www.sedi.ca or, if information cannot be obtained from the SEDI website, refer to the securities regulatory authority(ies) from which the information can be obtained, including any website(s)]. [Name of issuer or other term used to refer to issuer] can not guarantee the accuracy of this information.”

Item 4 Capital Structure

Using the following table, provide the required information about outstanding securities of the issuer (including options, warrants and other securities convertible into shares). If necessary, notes to the table may be added to describe the material terms of the securities.

Description of security	Number authorized to be issued	Number outstanding as at [a date not more than 30 days prior to the offering memorandum date]	Number outstanding after min. offering	Number outstanding after max. offering

Item 5 Securities Offered

5.1 **Terms of Securities** - Describe the material terms of the securities being offered, including:

- (a) voting rights or restrictions on voting,
- (b) conversion or exercise price and date of expiry,
- (c) rights of redemption or retraction, and
- (d) interest rates or dividend rates.

5.2 **Subscription Procedure** -

- (a) Describe how a purchaser can subscribe for the securities and the method of payment.
- (b) State that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two day period).
- (c) Disclose any conditions to closing e.g., receipt of additional funds from other sources. If there is a minimum offering, disclose when consideration will be returned to purchasers if the minimum is not met.

Item 6 Income Tax Consequences and RRSP Eligibility

6.1 State: "You should consult your own professional advisers to obtain advice on the tax consequences that apply to you".

6.2 If income tax consequences are a material aspect of the securities being offered (e.g., flow-through shares), provide

- (a) a summary of the significant income tax consequences to Canadian residents, and
- (b) the name of the person or company providing the tax disclosure in (a).

6.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person or company providing the advice or state "Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities."

Item 7 Compensation Paid to Sellers and Finders

If any person or company has or will receive any compensation (e.g., commission, corporate finance fee or finder's fee) in connection with the offering, provide the following information to the extent applicable:

- (a) a description of each type of compensation and the estimated amount to be paid for each type,
- (b) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering),
- (c) details of any broker's warrants or agent's option (including number of securities under option, exercise price and expiry date), and
- (d) if any portion of the compensation will be paid in securities, details of the securities (including number, type and, if options or warrants, the exercise price and expiry date).

Item 8 Risk Factors

Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer's securities.

Risk factors will generally fall into the following three categories:

- (a) Investment Risk - risks that are specific to the securities being offered. Some examples include
 - arbitrary determination of price,
 - no market or an illiquid market for the securities,
 - resale restrictions, and
 - subordination of debt securities.
- (b) Issuer Risk - risks that are specific to the issuer. Some examples include
 - insufficient funds to accomplish the issuer's business objectives,
 - no history or a limited history of sales or profits,
 - lack of specific management or technical expertise,
 - management's regulatory and business track record,
 - dependence on key employees, suppliers or agreements,
 - litigation, and
 - political risk factors.
- (c) Industry Risk - risks faced by the issuer because of the industry in which it operates. Some examples include
 - environmental and industry regulation,
 - product obsolescence, and
 - competition.

Item 9 Reporting Obligations

9.1 Disclose the documents that will be sent to purchasers on an annual or on-going basis.

- 9.2 If corporate or securities information about the issuer is available from a government, regulatory authority, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

Item 10 Resale Restrictions

For trades in Alberta, British Columbia, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island and Saskatchewan state:

“These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date.”

Item 11 Purchasers' Rights

State the following:

“If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.
2. **Statutory Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:
 - (a) [name of issuer or other term used to refer to issuer] to cancel your agreement to buy these securities, or
 - (b) for damages against [state the name of issuer or other term used to refer to issuer and the title of any other person or company against whom the rights are available].

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within [state time period provided by the securities legislation]. You must commence your action for damages within [state time period provided by the securities legislation].

4. **Contractual Rights of Action in the Event of a Misrepresentation** - [Insert this section only if the securities legislation of the jurisdiction in which the purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum.] If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name of issuer or other term used to refer to issuer]:
- (a) to cancel your agreement to buy these securities, or
 - (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer or other term used to refer to issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer or other term used to refer to issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.”

Item 12 Date and Certificate

State the following on the certificate page of the offering memorandum:

“Dated [insert the date the certificate page of the offering memorandum is signed].

This offering memorandum does not contain a misrepresentation.”

The certificate must be signed by

- (a) the chief executive officer and the chief financial officer of the issuer (or, if the issuer does not have a chief executive officer or a chief financial officer, a person acting in that capacity),
- (b) on behalf of the directors of the issuer
 - (i) by any two directors who are authorized to sign other than the persons referred to in paragraph (a), or
 - (ii) by all the directors of the issuer, and
- (c) by each promoter of the issuer.

Instructions for Completing
Form 45-103F2
Offering Memorandum for Qualifying Issuers

A. General Instructions

1. Only a "qualifying issuer" ~~as defined in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102)~~ may use this form.
2. An issuer using this form to draft an offering memorandum must incorporate by reference certain parts of its existing continuous disclosure base. An issuer that does not want to do this must use Offering Memorandum Form 45-103F1.
3. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.
4. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure about an item that does not apply.
5. The issuer may include additional information in the offering memorandum other than that specifically required by the form. However, the offering memorandum is generally not required to contain the level of detail and extent of disclosure required by a prospectus.
6. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.
7. It is an offence to make a misrepresentation in the offering memorandum. This applies both to information that is required by the form and to additional information that is provided.
8. If the issuer is a limited partnership or trust, where the offering memorandum form requires disclosure about "directors", provide disclosure for the general partner(s) of the limited partnership and the trustee(s) and manager of the trust. If a general partner, trustee or manager is a corporation, provide disclosure of the directors and senior officers of the general partner or manager and trustee. If the issuer is a limited partnership, the general partner must sign as promoter of the issuer and, if the general partner is a corporation, the chief executive officer, chief financial officer and directors of the general partner must sign as the chief executive officer, chief financial officer and directors of the issuer. If the issuer is a trust, each trustee and the manager of the trust must sign as promoters of the issuer. If any trustee is a corporation, the signing officers of the trustee must also sign as promoters. If the manager of the trust is a corporation,

the chief executive officer, chief financial officer and directors of the manager must sign as the chief executive officer, chief financial officer and directors of the issuer.

9. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.
10. Securities legislation restricts what can be told to investors about the issuer's intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.
11. If an issuer uses this form in connection with a distribution under an exemption other than section 4.1 of Multilateral Instrument 45-103 *Capital Raising Exemptions*, the issuer must modify the disclosure in item 11 to correctly describe the purchaser's rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

B. Financial Statements

1. Any financial statements incorporated by reference into the offering memorandum must ~~be prepared in accordance with Canadian generally accepted accounting principles. Any audit must be conducted in accordance with Canadian generally accepted auditing standards.~~ **comply with National Instrument 51-102 *Continuous Disclosure Obligations* and National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.**
2. Refer to National Policy 48 *Future Oriented Financial Information* if future oriented financial information is included in the offering memorandum.

C. Required Updates to the Offering Memorandum

1. If the offering memorandum does not incorporate by reference either (a) ~~the audited financial statements for the issuer's most recently completed financial year (including the audit report), or~~ (b) ~~the issuer's current AIF (as defined in MI 45-102),~~ **the issuer's AIF, MD&A prospectus, information circular or filing statement (as listed in the definition of qualifying issuer) that the issuer is relying on to meet the definition of qualifying issuer,** update the offering memorandum to incorporate by reference the document as soon as the document is filed on SEDAR ~~but, in any event, no later than the 120th day following the financial year end.~~;
2. Except for documents referred to in C.1, the offering memorandum does not have to be updated to incorporate by reference interim financial statements or other documents referred to in D.2.2 unless it is necessary to do so to prevent the offering memorandum from containing a misrepresentation.

D. Specific Instructions

Item 2: Information about the Issuer

2.2 **Existing Documents Incorporated by Reference** - In addition to any other document that an issuer may choose to incorporate by reference, the issuer must incorporate the following documents:

- (a) ~~the issuer's current AIF (as defined in MI 45-102),~~
(a) the issuer's AIF, prospectus, information circular or filing statement (as listed in the definition of qualifying issuer) that the issuer is relying on to meet the definition of qualifying issuer,
- (b) material change reports, except confidential material change reports, filed after the commencement of the issuer's current financial year,
- (c) the interim financial statements for the issuer's most recently completed financial period for which the issuer prepares interim financial statements that are required to be filed,
- (d) the financial statements, together with the accompanying report of the auditor, for the issuer's most recently completed financial year for which annual financial statements are required to be filed,
 - (e) if, before the offering memorandum is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under 2.2(c) and (d) is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication,
- (f) management's discussion and analysis (MD&A) ~~for the annual comparative financial statements referred to in 2.2(d),~~ **required to be filed under NI 51-102,**
- (g) ~~MD&A for the issuer's interim financial statements, to the extent that the issuer is required to file interim MD&A with a Canadian securities regulatory authority,~~
(g) each business acquisition report required to be filed under NI 51-102,
- (h) except as provided in D.2.4, information circulars or, if the issuer is not required under securities legislation to prepare information circulars, annual filings that, in each case, are required to be filed after the commencement of the issuer's current financial year,
- (i) if the issuer has a mineral project, **as defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects,** technical reports, certificates and consents required to be filed under NI 43-101 that, in each case, are required to be filed after the commencement of the issuer's current financial year, and
- (j) ~~on implementation of~~ **if the issuer has oil and gas activities, as defined in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities,** technical reports, certificates, consents and ~~other~~ **all** documents that, in each case, are **it is required to file** under that instrument to be filed **NI 51-101** after the commencement of the issuer's current financial year.

An issuer may incorporate any additional document provided that the document is available for viewing on the SEDAR website and that, on request by a purchaser, the issuer provides a copy of the document to the purchaser, without charge.

- 2.4 ***Existing Information Not Incorporated by Reference*** - An issuer is not required to incorporate by reference in an offering memorandum the disclosure required:
- (a) under securities legislation, in an information circular or annual filing of:
 - (i) the repricing downward of options or free standing stock appreciation rights,
 - (ii) the composition of the compensation committee of the board of directors of the issuer and its report on executive compensation, or
 - (iii) a graph comparing the yearly percentage change in the issuer's cumulative total shareholder return on publicly traded securities with the cumulative total return of a broad equity market index of a published industry or line-of business index or other issuers,
 - (b) by an exchange or other market on which the issuer's securities trade, in the issuer's information circular regarding the issuer's corporate governance practices.

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