

**National Instrument 44-101**  
***Short Form Prospectus Distributions***

**Form 44-101F1**  
***Short Form Prospectus***

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INSTRUCTIONS

- (1) *The objective of the short form prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to, and, in Québec, not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.*
- (2) *Terms used and not defined in this Form that are defined or interpreted in the Instrument shall bear that definition or interpretation. Other definitions are set out in National Instrument 14-101 Definitions.*
- (3) *In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgement in the particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.*
- (4) *Unless an item specifically requires disclosure only in the preliminary short form prospectus, the disclosure requirements set out in this Form apply to both the preliminary short form prospectus and the short form prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary short form prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.*

- (5) *Any information required in a short form prospectus may be incorporated by reference in the short form prospectus, other than confidential material change reports. Clearly identify in a short form prospectus any document incorporated by reference. If an excerpt of a document is incorporated by reference, clearly identify the excerpt in the short form prospectus by caption and paragraph of the document. Any material incorporated by reference in a short form prospectus is required under sections 4.1 and 4.2 of the Instrument to be filed with the short form prospectus unless it has been previously filed.*
- (6) *The disclosure must be understandable to readers and presented in an easy to read format. The presentation of information should comply with the plain language principles listed in section 4.2 of Companion Policy 44-101CP Short Form Prospectus Distributions. If technical terms are required, clear and concise explanations should be included.*
- (7) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*
- (8) *Where the term “issuer” is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, and in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed, to also include disclosure with respect to the issuer’s subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company.*
- (9) *An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.*
- (10) *If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*
- (11) *If the term “class” is used in any item to describe securities, the term includes a series of a class.*
- (12) *Disclosure in a preliminary short form prospectus or short form prospectus must be consistent with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101) if the issuer is engaged in oil and gas activities (as defined in NI 51-101).*

## Item 1 Cover Page Disclosure

### 1.1 Required Language - State in italics at the top of the cover page the following:

“No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.”

### 1.2 Preliminary Short Form Prospectus Disclosure - Every preliminary short form prospectus shall have printed in red ink and italics on the top of the cover page the following, with the bracketed information completed:

“A copy of this preliminary short form prospectus has been filed with the securities regulatory authority[ies] in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authority[ies].”

## INSTRUCTION

*Issuers shall complete the bracketed information by*

- (a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the short form prospectus;*
- (b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or*
- (c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdiction]).*

### 1.3 Disclosure Concerning Documents Incorporated by Reference - State the following in italics on the cover page, with the first sentence in bold type and the bracketed information completed:

“**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at [insert complete address and telephone number], and are also available electronically at [www.sedar.com](http://www.sedar.com). [Insert if the offering is made in Québec - “For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the secretary of the

issuer at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.”]

- 1.4 Basic Disclosure about the Distribution** - State the following, immediately below the disclosure required under sections 1.1, 1.2 and 1.3, with the bracketed information completed:

[PRELIMINARY] SHORT FORM PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]

(Date)

[Name of Issuer]

[number and type of securities qualified for distribution under the short form prospectus, including any options or warrants, and the price per security]

- 1.5 Name and Address of Issuer** - State the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the issuer’s head and registered office.

**1.6 Distribution**

- (1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	<b>Price to public</b>	<b>Underwriting discounts or commissions</b>	<b>Proceeds to issuer or selling security holders</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Per security			
Total			

- (2) If there is an over-allotment option, describe the terms of the option and the fact that the short form prospectus qualifies both the grant of the option and the issuance or transfer of securities that will be issued or transferred if the option is exercised.
- (3) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum subscriptions, if applicable.
- (4) If debt securities are distributed at a premium or a discount, state in bold type the effective yield if held to maturity.

- (5) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.
- (6) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling security holder and discounts granted. Set out in a note to the table
  - (a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling security holder;
  - (b) consideration other than discounts granted and cash paid or payable by the issuer or selling security holder, other than securities described in section 1.10 below; and
  - (c) any finder's fees or similar required payment.
- (7) If a security is being distributed for the account of a selling security holder, state the name of the selling security holder and a cross-reference to the applicable section in the short form prospectus where further information about the selling security holder is provided. State the portion of expenses of the distribution to be borne by the selling security holder and, if none of the expenses of the distribution are being borne by the selling security holder, include a statement to that effect and discuss the reasons why this is the case.

**1.7 Non-Fixed Price Distributions** - If the securities are being distributed at non-fixed prices, disclose

- (a) the discount allowed or commission payable to the underwriter;
- (b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling security holder;
- (c) that the securities to be distributed under the short form prospectus will be distributed, as applicable, at
  - (i) prices determined by reference to the prevailing price of a specified security in a specified market,
  - (ii) market prices prevailing at the time of sale, or
  - (iii) prices to be negotiated with purchasers;



- (d) that prices may vary as between purchasers and during the period of distribution;
- (e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date;
- (f) if the price of the securities will be the market price prevailing at the time of sale, the market price at the latest practicable date; and
- (g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling security holder.

**1.8 Reduced Price Distributions** - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus, include in bold type a cross-reference to the section in the short form prospectus where disclosure concerning the possible price decrease is provided.

### **1.9 Market for Securities**

- (1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.
- (2) Disclose any intention to stabilize the market and provide a cross-reference to the section in the short form prospectus where further information about market stabilization is provided.
- (3) If no market for the securities being distributed under the short form prospectus exists or is to exist after the distribution, state the following in bold type:

“There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors.”

### **1.10 Underwriter(s)**

- (1) State the name of each underwriter.
- (2) If applicable, comply with the requirements of National Instrument 33-105 *Underwriting Conflicts* for cover page prospectus disclosure.

- (3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

“We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution.”

- (4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus.
- (5) If there is no underwriter involved in the distribution, provide a statement in bold type to the effect that no underwriter has been involved in the preparation of the short form prospectus or performed any review of the contents of the short form prospectus.
- (6) Provide the following tabular information:

<b>Underwriters' Position</b>	<b>Maximum size or number of securities held</b>	<b>Exercise period/ Acquisition date</b>	<b>Exercise price or average acquisition price</b>
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer			
Total securities under option			
Other compensation securities			

## INSTRUCTIONS

- (1) *Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.*
- (2) *If debt securities are being distributed, express the information as a percentage.*

**1.11 International Issuers** - If the issuer, a selling security holder, a credit supporter of the securities being distributed under the short form prospectus or a promoter of the issuer is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada state the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

“The [issuer, selling security holder, credit supporter and/or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the issuer, selling security holder, credit supporter and/or promoter] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to collect from [the issuer, selling security holder, credit supporter or promoter] judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation.”

**1.12 Restricted Securities** – If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

**1.13 Earnings Coverage Ratios** – If any of the earnings coverage ratios required to be disclosed under section 6.1 is less than one-to-one, disclose this fact in bold type.

### **Item 2 Summary Description of Business**

**2.1 Summary of Description of Business** - Provide a brief summary on a consolidated basis of the business carried on and intended to be carried on by the issuer.

### **Item 3 Consolidated Capitalization**

**3.1 Consolidated Capitalization** - Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer’s financial statements most recently filed in accordance with the applicable CD rule, including any material change that will result from the issuance of the securities being distributed under the short form prospectus.

## **Item 4 Use of Proceeds**

**4.1 Proceeds** - State the estimated net proceeds to be received by the issuer or selling security holder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling security holder from the sale of the securities distributed. If the short form prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

### **4.2 Principal Purposes**

- (1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer. If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.
- (2) If more than 10 percent of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used and, if the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and the outstanding amount owed.

## **Item 5 Plan of Distribution**

**5.1 Disclosure of Market Out** - If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions, include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

“Under an agreement dated [insert date of agreement] between [insert name of issuer or selling security holder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security holder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling security holder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.”

- 5.2 Best Efforts Offering** - Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 5.1.
- 5.3 Determination of Price** - Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process for determining the estimates.
- 5.4 Over-Allotments** - If the issuer, a selling security holder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, disclose this information.
- 5.5 Minimum Distribution** - If a minimum amount of funds is required under the issue and the securities are to be distributed on a best efforts basis, state the minimum amount required to be raised and the maximum that could be raised. Also indicate that the distribution will not continue for a period of more than 90 days after the date of the receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless each of the persons and companies who subscribed within that period has consented to the continuation. State that during that period funds received from subscriptions will be held by a depository who is a registrant, bank or trust company and if the minimum amount of funds is not raised, the funds will be returned to the subscribers unless the subscribers have otherwise instructed the depository.
- 5.6 Reduced Price Distributions** - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus and thereafter change, from time to time, the price at which securities are distributed under the short form prospectus in accordance with the procedures permitted by the Instrument, disclose that, after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the short form prospectus, the offering price may be decreased, and further changed from time to time, to an amount not greater than the initial offering price disclosed in the short form prospectus and that the compensation realized by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling security holder.
- 5.7 Listing Application** - If application has been made to list or quote the securities being distributed, include a statement in substantially the following form with the bracketed information completed:

“The issuer has applied to [list/quote] the securities distributed under this short form prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market].”

**5.8 Conditional Listing Approval** - If application has been made to list or quote the securities being distributed and conditional listing approval has been received, include a statement in substantially the following form, with the bracketed information completed:

“[name of exchange or other market] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of the issuer] fulfilling all of the requirements of the [name of exchange or market] on or before [date], [including distribution of these securities to a minimum number of public security holders.]”

**5.9 Constraints** - If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

## **Item 6 Earnings Coverage Ratios**

### **6.1 Earnings Coverage Ratios**

- (1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):
  1. The earnings coverage ratio based on the most recent 12 month period included in the issuer’s current annual financial statements. If there has been a change in year end and the issuer’s most recent financial year is less than nine months in length, also disclose the earnings coverage calculation for its old financial year. If the issuer’s financial year is less than 12 months in length, the earnings coverage should be calculated on an annualized basis.
  2. The earnings coverage ratio based on the 12 month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been, or are required to have been, incorporated by reference into the short form prospectus.
- (2) Adjust the ratios referred to in subsection (1) to reflect
  - (a) the issuance of the securities being distributed under the short form prospectus, based on the price at which these securities are expected to be distributed;
  - (b) in the case of a distribution of preferred shares,
    - (i) the issuance of all preferred shares issued since the date of the annual or interim financial statements, and

- (ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual or interim financial statements and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the short form prospectus;
  - (c) the issuance of all long-term financial liabilities, as defined in accordance with the issuer's GAAP;
  - (d) the repayment, redemption or other retirement of all long-term financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual or interim financial statements and all long-term financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the short form prospectus; and
  - (e) the servicing costs that were incurred, or are expected to be incurred, in relation to the adjustments.
- (3) If the issuer is distributing, or has outstanding, debt securities that are accounted for, in whole or in part, as equity, disclose in notes to the ratios required under subsection (1)
  - (a) that the ratios have been calculated excluding the carrying charges for those securities that have been reflected in equity in the calculation of the issuer's interest and dividend obligations;
  - (b) that if those securities had been accounted for in their entirety as debt for the purpose of calculating the ratios required under subsection (1), the entire amount of the annual carrying charges for those securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and
  - (c) the earnings coverage ratios for the periods referred to in subsection (1), calculated as though those securities had been accounted for as debt.
- (4) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the earnings required to achieve a ratio of one-to-one.
- (5) If the short form prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratio and disclose it in the prospectus.

## INSTRUCTIONS

- (1) *Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.*

- (2) *Earnings coverage is calculated by dividing an entity's earnings (the numerator) by its interest and dividend obligations (the denominator).*
- (3) *For the earnings coverage calculation*
  - (a) *the numerator should be calculated using consolidated net income before interest and income taxes;*
  - (b) *imputed interest income from the proceeds of a distribution should not be added to the numerator;*
  - (c) *an issuer may also present, as supplementary disclosure, a coverage calculation based on earnings before discontinued operations and extraordinary items;*
  - (d) *for distributions of debt securities, the appropriate denominator is interest expense determined in accordance with the issuer's GAAP, after giving effect to the new debt issue and any retirement of obligations, plus the amount of interest that has been capitalized during the period;*
  - (e) *for distributions of preferred shares*
    - (i) *the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual interest requirements, including the amount of interest that has been capitalized during the period, less any retirement of obligations, and*
    - (ii) *dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and*
  - (f) *for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt being offered pursuant to the short form prospectus.*
- (4) *The denominator represents a pro forma calculation of the aggregate of an issuer's interest obligations on all long-term debt and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect*



- (a) *the issuance of all long-term debt and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual or interim financial statements;*
  - (b) *the issuance of the securities that are to be distributed under the short form prospectus, based on a reasonable estimate of the price at which these securities will be distributed;*
  - (c) *the repayment or redemption of all long-term debt since the date of the annual or interim financial statements, all long-term debt to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual or interim financial statements and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus; and*
  - (d) *the servicing costs that were incurred, or will be incurred, in relation to the above adjustments.*
- (5) *In certain circumstances, debt obligations may be classified as current liabilities because such obligations, by their terms, are due on demand, are due within one year, or are callable by the creditor. If the issuer is distributing, or has outstanding, debt securities that are classified as current liabilities, disclose*
- (a) *in the notes to the ratios required under subsection 6.1(1) that the ratios have been calculated excluding the carrying charges for those debt securities reflected as current liabilities;*
  - (b) *that if those debt securities had been classified in their entirety as long term debt for the purposes of calculating the ratios under subsection 6.1(1), the entire amount of the annual carrying charges for such debt securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and*
  - (c) *the earnings coverage ratios for the periods referred to in subsection 6.1(1), calculated as though those debt securities had been classified as long term debt.*
- (6) *For debt securities, disclosure of earnings coverage shall include language similar to the following:*
- “[Name of the issuer]’s interest requirements, after giving effect to the issue of [the debt securities to be distributed under the short*

*form prospectus], amounted to \$• for the 12 months ended •. [Name of the issuer]’s earnings before interest and income tax for the 12 months then ended was \$•, which is • times [name of the issuer]’s interest requirements for this period.”*

- (7) *For preferred share issues, disclosure of earnings coverage shall include language similar to the following:*

*“[Name of the issuer]’s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the short form prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to \$• for the 12 months ended •. [Name of the issuer]’s interest requirements for the 12 months then ended amounted to \$•. [Name of the issuer]’s earnings before interest and income tax for the 12 months ended • was \$•, which is • times [name of the issuer]’s aggregate dividend and interest requirements for this period.”*

- (8) *If the earnings coverage ratio is less than one-to-one, disclose the dollar amount of the coverage deficiency (i.e. the dollar amount of earnings required to attain a ratio of one-to-one).*
- (9) *Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.*

## **Item 7 Description of Securities Being Distributed**

**7.1 Equity Securities** - If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics that are not described elsewhere in a document incorporated by reference in the short form prospectus including, as applicable,

- (a) dividend rights;
- (b) voting rights;
- (c) rights upon dissolution or winding up;
- (d) pre-emptive rights;
- (e) conversion or exchange rights;
- (f) redemption, retraction, purchase for cancellation or surrender provisions;

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

**7.2 Debt Securities** - If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt that are not described elsewhere in a document incorporated by reference in the short form prospectus, including

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions;
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates; and
- (h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

**7.3 Asset-backed Securities** - If asset-backed securities are being distributed, describe

- (a) the material attributes and characteristics of the asset-backed securities, including
  - (i) the rate of interest or stipulated yield and any premium,
  - (ii) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be

made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

- (iii) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,
  - (iv) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,
  - (v) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and
  - (vi) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets;
- (b) information on the underlying pool of financial assets, for the period from the date as at which the following information was presented in the issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary short form prospectus, of
- (i) the composition of the pool as of the end of the period,
  - (ii) income and losses from the pool for the period, presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets, and
  - (iii) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
- (c) the type or types of the financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets;

- (d) any person or company who
  - (i) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,
  - (ii) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,
  - (iii) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if
    - (A) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,
    - (B) a replacement provider of the services is likely to achieve materially worse results than the current provider,
    - (C) the current provider of the services is likely to default in its service obligations because of its current financial condition, or
    - (D) the disclosure is otherwise material,
  - (iv) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or
  - (v) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so;
- (e) the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in paragraph (d);
- (f) the terms of any material relationships between
  - (i) any of the persons or companies referred to in paragraph (d) or any of their respective affiliates, and
  - (ii) the issuer;

- (g) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in paragraph (d) and the terms on which a replacement may be appointed; and
- (h) any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

## INSTRUCTIONS

- (1) *Present the information required under paragraph (b) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in clause (a)(vi) have occurred, are being satisfied or may be satisfied.*
- (2) *If the information required under paragraph (b) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected such that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.*
- (3) *Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in paragraph (d) and the contractual arrangements underlying the asset-backed securities is encouraged.*

### **7.4 Derivatives** - If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

- (a) the calculation of the value or payment obligations under the derivatives;
- (b) the exercise of the derivatives;
- (c) the settlement of exercises of the derivatives;
- (d) the underlying interest of the derivatives;
- (e) the role of a calculation expert in connection with the derivatives;
- (f) the role of any credit supporter of the derivatives; and

(g) the risk factors associated with the derivatives.

**7.5 Other Securities** - If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

**7.6 Special Warrants, etc.** – If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of Special Warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus:

“In the event that a holder of a Special Warrant, who acquires a [*identify underlying security*] of the issuer upon the exercise of the Special Warrant as provided for in this short form prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this short form prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder’s exercise of its Special Warrant(s) but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the [*underwriter or issuer, as the case may be*] on the acquisition of the Special Warrant. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrant under applicable securities legislation or otherwise at law.”

#### INSTRUCTION

*If the short form prospectus is qualifying the distribution of securities issued upon the exercise of securities other than Special Warrants, replace the term “Special Warrant” with the type of the security being distributed.*

#### **7.7 Restricted Securities**

(1) If the issuer has outstanding, or proposes to distribute under the short form prospectus, restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of:

(a) the voting rights attached to the restricted securities and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same or greater on a per security basis than those attached to the restricted securities;

- (b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of restricted securities; and
  - (c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled.
- (2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection shall include, in bold type, a statement of the rights the holders do not have.
  - (3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after giving effect to the issuance of the securities being offered.

**7.8 Modification of Terms** - Describe provisions as to modification, amendment or variation of any rights or other terms attached to the securities being distributed. If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

**7.9 Ratings** - If the issuer has asked for and received a stability rating, or if the issuer receives any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

- (a) each security rating, including a provisional rating or stability rating, received from an approved rating organization;
- (b) the name of each approved rating organization that has assigned a rating for the securities to be distributed;
- (c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's classification system;
- (d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating;



- (e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed;
- (f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and
- (g) any announcement made by, or any proposed announcement known to the issuer to be made by, an approved rating organization that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this paragraph.

#### **7.10 Other Attributes**

- (1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.
- (2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

#### **INSTRUCTION**

*This Item requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.*

#### **Item 8 Selling Security Holder**

**8.1 Selling Security Holder** - If any of the securities being distributed are to be distributed for the account of a security holder, state the following:

- 1. The name of the security holder.
- 2. The number or amount of securities owned by the security holder of the class being distributed.
- 3. The number or amount of securities of the class being distributed for the account of the security holder.

4. The number or amount of securities of the issuer of any class to be owned by the security holder after the distribution, and the percentage that number or amount represents of the total outstanding.
5. Whether the securities referred to in paragraph 2, 3 or 4 are owned both of record and beneficially, of record only, or beneficially only.

## **Item 9 Mineral Property**

- 9.1 Mineral Property** – If a material part of the proceeds of the distribution is to be expended on a particular mineral property and if the current AIF does not contain the disclosure required under section 5.4 of Form 51-102F2 for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under section 5.4 of Form 51-102F2.

## **Item 10 Significant Acquisitions**

### **10.1 Significant Acquisitions**

- (1) Describe any acquisition
  - (a) that the issuer has completed within 75 days prior to the date of the short form prospectus;
  - (b) that is a significant acquisition for the purposes of Part 8 of NI 51-102 or would be if it were not a reverse takeover, as defined in NI 51-102; and
  - (c) for which the issuer has not yet filed a business acquisition report under NI 51-102.
- (2) Describe any proposed acquisition that
  - (a) has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high; and
  - (b) would be a significant acquisition for the purposes of Part 8 of NI 51-102 or would be if it were not a reverse takeover, as defined in NI 51-102, if completed as of the date of the short form prospectus.
- (3) If disclosure about an acquisition or proposed acquisition is required under subsection (1) or (2), include financial statements or other information of the acquisition or proposed acquisition if
  - (a) the acquisition or proposed acquisition is a reverse takeover; or

- (b) the acquisition or proposed acquisition is not a reverse takeover but the inclusion of the financial statements is necessary for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec disclosure of all material facts likely to affect the value or the market price of, the securities being distributed.

## INSTRUCTIONS

- (1) *For the description of the acquisition or proposed acquisition, include the information required by sections 2.1 through 2.6 of Form 51-102F4. For a proposed acquisition, modify this information as necessary to convey that the acquisition is not yet completed.*
- (2) *The requirement of subsection (3) must be satisfied by including either (i) the financial statements or other information required by Part 8 of NI 51-102 for significant acquisitions, or (ii) satisfactory alternative financial statements or other information.*

## **Item 11 Documents Incorporated by Reference**

### **11.1 Mandatory Incorporation by Reference**

- (1) In addition to any other document that an issuer may choose to incorporate by reference, specifically incorporate by reference in the short form prospectus, by means of a statement in the short form prospectus to that effect, the documents set forth below:
  - 1. The issuer's current AIF, if it has one.
  - 2. The issuer's current annual financial statements, if any, and related MD&A.
  - 3. The issuer's interim financial statements most recently filed or required to have been filed under the applicable CD rule in respect of an interim period, if any, subsequent to the financial year in respect of which the issuer has filed its current annual financial statements or has included annual financial statements in the short form prospectus, and the related interim MD&A.
  - 4. If, before the prospectus is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under paragraphs 2 and 3 is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication.

5. Any material change report, except a confidential material change report, filed under Part 7 of NI 51-102 or Part 11 of NI 81-106 since the end of the financial year in respect of which the issuer's current AIF is filed.
  6. Any business acquisition report filed by the issuer under Part 8 of NI 51-102 for acquisitions completed since the beginning of the financial year in respect of which the issuer's current AIF is filed, unless the issuer
    - (a) incorporated the BAR by reference into its current AIF, or
    - (b) incorporated at least 9 months of the acquired business or related businesses operations into the issuer's most recent audited financial statements.
  7. Any information circular filed by the issuer under Part 9 of NI 51-102 or Part 12 of NI 81-106 since the beginning of the financial year in respect of which the issuer's current AIF is filed.
  8. Any other disclosure document which the issuer has filed pursuant to an undertaking to a provincial or territorial securities regulatory authority since the beginning of the financial year in respect of which the issuer's current AIF is filed.
  9. Any other disclosure document of the type listed in paragraphs 1 through 7 which the issuer has filed pursuant to an exemption from any requirement under the applicable CD rule since the beginning of the financial year in respect of which the issuer's current AIF is filed.
- (2) In the statement incorporating the documents listed in subsection (1) by reference in a short form prospectus, clarify that the documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that is also incorporated by reference in the short form prospectus.

## INSTRUCTIONS

- (1) *Paragraph 4 of subsection (1) requires issuers to incorporate only the news release or other public communication through which more recent financial information is released to the public. However, if the financial statements from which the information in the news release has been derived have been filed, then the financial statements must be incorporated by reference.*

- (2) *Issuers must provide a list of the material change reports and business acquisition reports required under paragraphs 5 and 6 of subsection (1), giving the date of filing and briefly describing the material change or acquisition, as the case may be, in respect of which the report was filed.*
- (3) *Any material incorporated by reference in a short form prospectus is required under sections 4.1 and 4.2 of the Instrument to be filed with the short form prospectus unless it has been previously filed.*

**11.2 Mandatory Incorporation by Reference of Future Documents** - State that any documents, of the type described in section 11.1, if filed by the issuer after the date of the short form prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the short form prospectus.

**11.3 Issuers without a Current AIF or Current Annual Financial Statements**

- (1) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(1) of the Instrument, include the disclosure, including financial statements, that would otherwise have been required to have been included in a current AIF and current annual financial statements under section 11.1.
- (2) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(2) of the Instrument, include the disclosure, including financial statements, provided in accordance with Item 14.2 or 14.5 of Form 51-102F5 in the information circular referred to in paragraph 2.7(2)(b) of the Instrument.

**INSTRUCTION**

*If an issuer is required to include disclosure under subsection (2), it must include the historical financial statements of any issuer that was a party to the reorganization and any other information contained in the information circular that was used to construct financial statements for the issuer.*

**11.4 Significant Acquisition for Which No Business Acquisition Report is Filed**

- (1) If the issuer has,
  - (a) since the beginning of the most recently completed financial year in respect of which annual financial statements are included in the short form prospectus; and
  - (b) more than 75 days prior to the date of filing the preliminary short form prospectus;

completed a transaction that would have been a significant acquisition for the purposes of Part 8 of NI 51-102 if the issuer had been a reporting issuer at the time of the transaction, and the issuer has not filed a business acquisition report in respect of the transaction, include the financial statements and other information in respect of the transaction that is prescribed by Form 51-102F4.

- (2) If the issuer was exempt from the requirement to file a business acquisition report in respect of a transaction because the disclosure that would normally be included in a business acquisition report was included in another document, include that disclosure in the short form prospectus.

## INSTRUCTION

*Disclosure required by section 11.3 or 11.4 to be included in the short form prospectus may be incorporated by reference from another document or included directly in the short form prospectus.*

## **Item 12 Additional Disclosure for Issues of Guaranteed Securities**

**12.1 Credit Supporter Disclosure** - Provide disclosure about each credit supporter, if any, that has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities to be distributed, by complying with the following:

1. If the credit supporter is a reporting issuer and has a current AIF, incorporating by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the credit supporter were the issuer of the securities.
2. If the credit supporter is not a reporting issuer and has a class of securities registered under section 12(b) or 12(g) of the 1934 Act, or is required to file reports under section 15(d) of the 1934 Act, incorporating by reference into the short form prospectus all 1934 Act filings that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the 1933 Act if the securities distributed under the short form prospectus were being registered on Form S-3 or Form F-3.
3. If neither paragraph 1 nor paragraph 2 applies to the credit supporter, providing directly in the short form prospectus the same disclosure that would be contained in the short form prospectus through the incorporation by reference of the documents referred to in Item 11 if the credit supporter were the issuer of the securities and those documents had been prepared by the credit supporter.
4. Providing such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market

price, of the securities to be distributed, including the credit supporter's earnings coverage ratios under Item 6 as if the credit supporter were the issuer of the securities.

### **Item 13 Exemptions for Certain Issues of Guaranteed Securities**

**13.1 The Issuer is a Wholly Owned Subsidiary of the Credit Supporter** - Despite Items 6 and 11, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 through 4, 6 and 7 of subsection 11.1(1) or include in the short form prospectus its earnings coverage ratios under section 6.1, if

- (a) a credit supporter has provided full and unconditional credit support for the securities being distributed;
- (b) the credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;
- (c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into securities of the credit supporter;
- (d) the issuer is a direct or indirect wholly owned subsidiary of the credit supporter;
- (e) no other subsidiary of the credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed; and
- (f) the issuer includes the following information in the short form prospectus:
  - (i) if
    - (A) the issuer has no operations or only minimal operations that are independent of the credit supporter, and
    - (B) the impact of any subsidiaries of the credit supporter on a combined basis, excluding the issuer, on the consolidated financial results of the credit supporter is minor,  
  
a statement that the financial results of the issuer are included in the consolidated financial results of the credit supporter, or
  - (ii) for the periods covered by the credit supporter's financial statements included in the short form prospectus under section

12.1, consolidating summary financial information for the credit supporter presented with a separate column for each of the following:

- (A) the credit supporter,
- (B) the issuer,
- (C) any other subsidiaries of the credit supporter on a combined basis,
- (D) consolidating adjustments, and
- (E) the total consolidated amounts.

**13.2 The Issuer and One or More Subsidiary Credit Supporters are Wholly Owned Subsidiaries of the Parent Credit Supporter** - Despite Items 6, 11 and 12, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 through 4, 6 and 7 of subsection 11.1(1), include in the short form prospectus its earnings coverage ratios under section 6.1, or include in the short form prospectus the disclosure of one or more subsidiary credit supporters required by section 12.1, if

- (a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;
- (b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;
- (c) the guarantees or alternative credit supports are joint and several;
- (d) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into securities of the parent credit supporter;
- (e) the issuer and each subsidiary credit supporter is a direct or indirect wholly owned subsidiary of the parent credit supporter; and
- (f) the issuer includes the following information in the short form prospectus:
  - (i) if
    - (A) each of the issuer and each subsidiary credit supporter has no operations or only minimal operations that are independent of the parent credit supporter, and



- (B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financial results of the parent credit supporter is minor,

a statement that the financial results of the issuer and all subsidiary credit supporters are included in the consolidated financial results of the parent credit supporter, or

- (ii) for the periods covered by the parent credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:
  - (A) the parent credit supporter,
  - (B) the issuer,
  - (C) each subsidiary credit supporter on a combined basis,
  - (D) any other subsidiaries of the parent credit supporter on a combined basis,
  - (E) consolidating adjustments, and
  - (F) the total consolidated amounts.

**13.3 One or More Credit Supporters are Wholly Owned Subsidiaries of the Issuer -** Despite Item 12, an issuer is not required to include in the short form prospectus the disclosure required by section 12.1 for one or more credit supporters if

- (a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed;
- (b) if there is more than one credit supporter, the guarantee or alternative credit supports are joint and several;
- (c) the securities being distributed are non-convertible debt securities or non-convertible preferred shares;
- (d) each credit supporter is a direct or indirect wholly owned subsidiary of the issuer; and
- (e) the issuer includes the following information in the short form prospectus:

- (i) if
  - (A) the issuer has no operations or only minimal operations that are independent of the credit supporter(s), and
  - (B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial results of the issuer is minor,a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, or
- (ii) for the periods covered by the issuer's financial statements included in the short form prospectus under Item 11, consolidating summary financial information for the issuer, presented with a separate column for each of the following:
  - (A) the issuer,
  - (B) the credit supporters on a combined basis,
  - (C) any other subsidiaries of the issuer on a combined basis,
  - (D) consolidating adjustments, and
  - (E) the total consolidated amounts.

## INSTRUCTIONS

- (1) *Summary Financial Information*
  - (a) *Summary financial information includes the following line items:*
    - (i) *sales or revenues;*
    - (ii) *income from continuing operations before extraordinary items;*
    - (iii) *net earnings;*
    - (iv) *currents assets;*
    - (v) *non-current assets;*
    - (vi) *current liabilities; and*

- (vii) *non-current liabilities.*
- (b) *Despite instruction (1)(a), if GAAP permits the preparation of an entity's balance sheet without classifying assets and liabilities between current and non-current then the following items may be omitted from the entity's summary financial information if alternative meaningful financial information is provided which is more appropriate to the industry:*
  - (i) *current assets;*
  - (ii) *non-current assets;*
  - (iii) *current liabilities; and*
  - (iv) *non-current liabilities.*
- (c) *An entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the issuer or parent credit supporter included in the short form prospectus.*
- (d) *The parent entity column should account for investments in all subsidiaries under the equity method.*
- (e) *All subsidiary entity columns should account for investments in non-credit supporter subsidiaries under the equity method.*
- (2) *For the purposes of Item 13, an entity is considered to be a wholly owned subsidiary if the parent entity owns voting securities representing 100 per cent of the votes attached to the outstanding voting securities of the subsidiary.*
- (3) *For the purposes of Item 13, the impact of subsidiaries, on a combined basis, on the financial results of the parent is minor if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than 3% of the total consolidated amounts.*
- (4) *For the purposes of Item 13, "parent credit supporter" means a credit supporter of which the issuer is a subsidiary and "subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter.*

## **Item 14 Relationship between Issuer or Selling Securityholder and Underwriter**

**14.1 Relationship between Issuer or Selling Securityholder and Underwriter** - If the issuer or selling security holder is a connected issuer or related issuer of an underwriter of the

distribution, or if the issuer or selling security holder is also an underwriter, comply with the requirements of National Instrument 33-105 *Underwriting Conflicts*.

## INSTRUCTION

*For the purposes of section 14.1, “connected issuer” and “related issuer” have the same meanings as in National Instrument 33-105 Underwriting Conflicts.*

### **Item 15 Interest of Experts**

#### **15.1 Names of Experts** – Name each person or company

- (a) who is named as having prepared or certified a statement, report or valuation in the short form prospectus or an amendment to the short form prospectus, either directly or in a document incorporated by reference; and
- (b) whose profession or business gives authority to the statement, report or valuation made by the person or company.

#### **15.2 Interest of Experts** – For each person or company referred to in section 15.1, provide the disclosure that would be required under section 16.2 of Form 51-102F2, as of the date of the short form prospectus, as if that person or company were a person or company referred to in section 16.1 of Form 51-102F2.

#### **15.3 Exemption** – Sections 15.1 and 15.2 do not apply to a person or company if the disclosure regarding that person or company required under section 15.2 is already disclosed in the issuer’s current AIF.

### **Item 16 Promoters**

#### **16.1 Promoters**

- (1) For a person or company that is, or has been within the three years immediately preceding the date of the preliminary short form prospectus, a promoter of the issuer or of a subsidiary of the issuer state, to the extent not disclosed elsewhere in a document incorporated by reference in the short form prospectus,
  - (a) the person or company’s name;
  - (b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised by the person or company;
  - (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the

promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return; and

- (d) for an asset acquired within the three years before the date of the preliminary short form prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter
  - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
  - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer, the promoter, or an affiliate of the issuer or of the promoter, and
  - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.
- (2) If a promoter of the issuer has been a director, executive officer or promoter of any person or company during the 10 years ending on the date of the preliminary short form prospectus, that while that person was acting in that capacity,
  - (a) was the subject of a cease trade or similar order, or an order that denied the person or company access to any exemptions under provincial or territorial securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
  - (b) was subject to an event that resulted, after the director, executive officer or promoter ceased to be a director, executive officer or promoter, in the company or person being subject to a cease trade or similar order or an order that denied the relevant company or person access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
  - (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

- (3) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter has been subject to
  - (a) any penalties or sanctions imposed by a court relating to provincial or territorial securities legislation or by a provincial or territorial securities regulatory authority or has entered into a settlement agreement with a provincial or territorial securities regulatory authority; or
  - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.
- (4) Despite subsection (3), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.
- (5) If a promoter of the issuer has, within the 10 years before the date of the preliminary short form prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

## **Item 17 Risk Factors**

**17.1 Risk Factors** - Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed.

### **INSTRUCTION**

*Issuers may cross-reference to specific risk factors relevant to the securities being distributed that are discussed in their current AIF.*

## **Item 18 Other Material Facts**

**18.1 Other Material Facts** - Give particulars of any material facts about the securities being distributed that are not disclosed under any other items or in the documents incorporated by reference into the short form prospectus and are necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed.

## **Item 19 Exemptions from the Instrument**

**19.1 Exemptions from the Instrument** - List all exemptions from the provisions of the Instrument, including this Form, granted to the issuer applicable to the distribution or the short form prospectus, including all exemptions to be evidenced by the issuance of a receipt for the short form prospectus pursuant to section 8.2 of the Instrument.

## **Item 20 Statutory Rights of Withdrawal and Rescission**

**20.1 General** - Include a statement in substantially the following form, with the bracketed information completed:

“Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province [or territory] for the particulars of these rights or consult with a legal adviser.”

**20.2 Non-fixed Price Offerings** - In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the short form prospectus is filed, the second sentence in the legend in section 20.1 with a statement in substantially the following form:

“This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed.”

## **Item 21 Certificates**

**21.1 Officers, Directors and Promoters** - Include a certificate in the following form signed by

- (a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer,

- (b) on behalf of the board of directors of the issuer, any two directors of the issuer duly authorized to sign, other than the persons referred to in paragraph (a), and
- (c) any person or company who is a promoter of the issuer:

“This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if offering made in Québec - “For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.”]”

**21.2 Underwriters** - If there is an underwriter, include a certificate in the following form signed by the underwriter or underwriters who, with respect to the securities being distributed, are in a contractual relationship with the issuer or selling security holders:

“To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if offering made in Québec - “For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.”]”

**21.3 Related Credit Supporters** - If disclosure concerning a credit supporter is prescribed by section 12.1, including if a credit supporter is exempt from the requirements of section 12.1 under section 13.2 or 13.3, and the credit supporter is a related credit supporter, an issuer shall include a certificate of the related credit supporter in the form required in section 21.1 signed by

- (a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the related credit supporter in a capacity similar to a chief executive officer and a person acting on behalf of the related credit supporter in a capacity similar to that of a chief financial officer; and



- (b) on behalf of the board of directors of the related credit supporter, any two directors of the related credit supporter duly authorized to sign, other than the persons referred to in paragraph (a).

## INSTRUCTION

*For the purposes of section 21.3, “related credit supporter” means a credit supporter of the issuer that is an affiliate of the issuer.*

### **21.4 Amendments**

- (1) Include in an amendment to a short form prospectus that does not restate the short form prospectus the certificates required under sections 21.1, 21.2 and, if applicable, section 21.3 with the reference in each certificate to “this short form prospectus” omitted and replaced by “the short form prospectus dated [insert date] as amended by this amendment”.
- (2) Include in an amended and restated short form prospectus the certificates required under sections 21.1, 21.2 and, if applicable, section 21.3 with the reference in each certificate to “this short form prospectus” omitted and replaced by “this amended and restated short form prospectus”.

**21.5 Date of Certificates** – The date of certificates in a preliminary short form prospectus, a short form prospectus or an amendment to a preliminary short form prospectus or short form prospectus shall be within three business days before the date of filing the preliminary short form prospectus, short form prospectus or amendment, as applicable.

[Amended December 29, 2006]