

The prospectus required under Section 61 (2) of the Securities Act for a Natural Resource issuer (1) distributing securities solely in British Columbia, (2) distributing securities in British Columbia but not meeting the minimum listing requirements for the senior board of the VSE, or (3) where otherwise required or permitted by the Executive Director, shall be in the following form.

FORM 14A

Securities Act

INFORMATION REQUIRED IN PROSPECTUS OF A NATURAL RESOURCE ISSUER

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FORM 14A

Securities Act

INFORMATION REQUIRED IN PROSPECTUS OF A NATURAL RESOURCE ISSUER

GENERAL INSTRUCTIONS

1. This form provides a guideline to issuers in determining the extent of disclosure that is required to provide investors with full, true and plain disclosure of all material facts. Depending on the circumstances of the particular issuer, additional disclosure may be necessary.
2. All disclosure contained in the prospectus must be factual and non-promotional. Prospectuses are required to contain material facts. Statements of opinions, beliefs or views must not be made unless the statements are made on the authority of experts and consents are obtained and filed. The Executive Director may require verification of disclosure.
3. The disclosure contained in the prospectus must be understandable to readers and, in particular, should avoid the use of jargon. If technical terms are required, these terms shall be defined in a glossary that must be included in the prospectus.
4. This form may be used as a base disclosure document where the issuer elects to use a summary prospectus as permitted by Local Policy Statement 3-02. In that case, references to "prospectus" in this form are to be replaced by references to "base disclosure document".
5. Except where the context otherwise requires, "prospectus" refers to preliminary or final prospectus as appropriate.
6. In specific items, the instructions indicate that "issuer" includes the issuer's subsidiaries and proposed subsidiaries. In other circumstances, "issuer" may include the issuer's subsidiaries and proposed subsidiaries if the context reasonably requires. An entity can only be considered a proposed subsidiary if the entity will be a subsidiary on completion of the offering.
7. Where information as to the identity of a person is disclosed, disclose whether the person is at **Arm's Length** to the issuer or, if not, the relationship of the person to the issuer. Where the person is not at **Arm's Length** and is not an individual, disclose the name of any individual who is an insider of the person by virtue of paragraph (c) of the definition of insider in the **Act**.
8. Whenever disclosure is required to be made of costs paid or to be paid by the issuer, disclose the portion of the costs paid or to be paid to insiders or holders of performance shares or escrow securities.
9. When disclosure is required as of a specific date and there has been a significant or material change in the requested information subsequent to that date, the information must be presented as of a date that reflects this change.
10. Upon application only, unless otherwise permitted by an instruction, the Executive Director may waive the extent of disclosure required under certain items where the distribution is not an initial public offering and the issuer has material operating revenues.
11. Each item outlines disclosure requirements. Instructions to assist you in providing this disclosure are printed in smaller type.
12. Certain terms used in this Form are defined in the Securities Act, (the "**Act**"), Securities Rules (the "**Rules**"), Interpretation Act, and National Policy Statements, Nos. 2-A and 2-B. Certain terms defined in specific sections of the form are in bold type. Other defined terms used in this Form, which are capitalized and in bold type, are as follows:

"Agent" means underwriter.

"Arm's Length" means in relation to an arm's length transaction, unless otherwise determined by the Executive Director, a transaction between the issuer and a person that, at any time from the

date of the transaction until the date of completion of the transaction, or in the case of an initial public offering until the date of completion of the initial public offering, the person was not

- (a) an insider, associate, affiliate or principal (as defined in Local Policy Statement No. 3-07) of the issuer,
- (b) a person that
 - (i) has a control person, insider or promoter that is a control person, insider or promoter of the issuer, or
 - (ii) has a control person, insider or promoter that is an associate or affiliate of a control person, insider or promoter of the issuer

except where the person's insiders that are described in paragraphs (i) and (ii) hold in total less than 10% of the voting securities of the person.

"Breakdown of Costs" means a schedule of costs associated with the specific classification, separately itemizing each component that represents 10% or more of the total costs, with all other costs being grouped together under the heading "miscellaneous costs".

"Funds Available" means the aggregate of

- (a) the net proceeds to be derived by the issuer from the sale of the securities offered under the prospectus,
- (b) the estimated minimum working capital available to the issuer, its subsidiaries and proposed subsidiaries as of the **Most Recent Month End**, and
- (c) the amounts and sources of other funds that will be available to the issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of the offering.

"Management" means all directors, officers, employees and contractors whose expertise is critical to the issuer, its subsidiaries and proposed subsidiaries in providing the issuer with a reasonable opportunity to achieve its objectives.

"Most Recent Month End" means the latest month end prior to the date of the prospectus or revised preliminary prospectus or, where the date of the prospectus or revised preliminary prospectus is within ten days of the end of the latest month, the month end prior to the end of that month.

"Principal Properties" means the **Properties** on which the issuer intends to expend a material part of the **Funds Available**.

"Properties" includes all the properties, mines, plants, facilities, and installations presently owned, leased, held under option, or presently intended to be owned, leased, or held under option by the issuer, its subsidiaries and proposed subsidiaries.

"Stub Period" means the period between the issuer's most recently completed financial year and the **Most Recent Month End**.

1. FACE PAGE DISCLOSURE

1.1 Required language

State in bold print at the top of the face page of the prospectus the following:

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

1.2 Preliminary prospectus disclosure

State in red ink on the left hand side of the face page of the preliminary prospectus the following legend or any variation that may be permitted:

This is a preliminary prospectus relating to these securities, a copy of which has been filed with the British Columbia Securities Commission but which has not yet become final for the purpose of a distribution. Information contained herein is subject to completion or amendment. The securities may not be sold nor may offers to buy be accepted prior to the time a receipt is obtained from the British Columbia Securities Commission for the final prospectus.

1.3 Basic disclosure about the offering

Provide the following information:

INITIAL PUBLIC OFFERING [or] NEW ISSUE [and/or] SECONDARY OFFERING

DATE

[PRELIMINARY] PROSPECTUS

[Name of Issuer
Head Office Address
Telephone Number]

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

I If it is impracticable to state the offering price, the method by which it is to be determined shall be explained. In addition, if the securities are to be offered at market price, indicate the market involved and the market price as of the latest practicable date.

1.4 Distribution spread

Provide details of all securities offered for cash in substantially the following form:

	Agents'	Proceeds to
Price to	discounts or	issuer or
		selling
		security

public

commissions

holder

Per Security

Total

1. Where amounts are not known to the issuer at the date of the preliminary prospectus, the issuer must estimate the amounts in the table provided a notation to that effect is made under the table.
2. Only commissions paid or payable in cash by the issuer or selling security holder and discounts granted are to be included in the table. Other commissions or consideration, including warrants, options, finders fees, sponsorship fees, fiscal agency payments or other similar payments, shall be set out as a note to the table.
3. Where the issuer has granted the **Agent** a "greenshoe" option, disclose the number of additional securities that may be issued if the option is exercised as a note to the table.
4. Where the prospectus discloses a plan of distribution not involving an underwriting or other subscription guarantee, the closing of the distribution under the prospectus must be subject to a minimum subscription and, where the prospectus also discloses a maximum subscription that differs from the minimum subscription, totals must be provided for both the minimum and maximum subscriptions.
5. If any of the securities being offered are for the account of a security holder, provide a cross-reference to "Plan of Distribution - Secondary Offering".
6. Where the prospectus is used in connection with a special warrant or similar transaction, state the amount that has been received by the issuer in the sale of the special warrants or in a similar transaction as a note to the table. If the funds are held in a special trust disclose the conditions for release or whether the funds have already been released.

1.5 **Market for securities**

- (a) In a preliminary prospectus, state the following:

An application has been made to conditionally list the securities offered under this prospectus on the _____ Exchange. Listing is subject to the issuer fulfilling all the listing requirements of the Exchange.

- (b) In a final prospectus, state the following:

The _____ Exchange has conditionally listed the securities being offered under this prospectus. The listing is subject to the issuer fulfilling all of the listing requirements of the _____ Exchange, including prescribed distribution and financial requirements, on or before _____ .

Disclose any intention to stabilize the market. Provide a cross-reference to the "Plan of Distribution".

I Where the preliminary prospectus is also being filed in another jurisdiction and that jurisdiction will not permit disclosure that a conditional listing application has been made, the statement required by (a) may be omitted provided the issuer confirms in writing to the Executive Director that a conditional listing application has been made with a stock exchange.

1.6 Risk factors

State the following in bold type:

AN INVESTMENT IN NATURAL RESOURCE ISSUERS INVOLVE A SIGNIFICANT DEGREE OF RISK. THE DEGREE OF RISK INCREASES SUBSTANTIALLY WHERE THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION AS OPPOSED TO THE DEVELOPMENT STAGE. REFER TO "RISK FACTORS".

1.7 Public and insider ownership

Disclose the aggregate number of voting securities that will be held by the public and the aggregate number of voting securities that will be held by promoters, insiders, holders of performance shares or escrow securities and **Agents** as a group, each as a percentage of the total issued and outstanding voting securities, upon the completion of the offering.

1.8 Foreign issuers

If the **issuer** is incorporated, continued or otherwise governed under the laws of a jurisdiction other than Canada or a province or territory of Canada, state the following (with the bracketed information completed as appropriate):

[All of] [Certain of] the directors and officers of the issuer and [all of] [certain of] the experts named herein reside outside of Canada. [[Substantially] all of the assets of these persons and of the issuer may be located outside of Canada.] Although the issuer has appointed [insert name and address of agent for service] as its agent for service of process in British Columbia, it may not be possible for investors to effect service of process within British Columbia upon the directors, officers and experts referred to above. It may also not be possible to enforce against the issuer, [certain of] its directors and officers, and [certain of] the experts named herein judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

1.9 Agent

State the name and address of the **Agent**. If the **issuer** or selling security holder is a related or connected party of the **Agent**, summarize the nature of the relationship and provide cross-reference to "Relationship between Issuer or Selling Security Holder and Agent".

I In this subsection, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

2. TABLE OF CONTENTS

Include a table of contents setting out the headings of each section in the prospectus and the page number on which each section starts.

3. SUMMARY OF PROSPECTUS

State:

The following is a summary of the principal features of this offering. More detailed information is contained in the body of the prospectus.

Provide a brief description of the following items:

- (a) the principal business of the issuer, its subsidiaries and proposed subsidiaries,
 - (b) the name and location of the **Principal Properties** and the natural resource(s) being targeted,
 - (c) the securities offered by the issuer, including the offering price and the net proceeds expected to be realized by the issuer,
 - (d) the intended use of the **Funds Available**, including the amount allocated for each use,
 - (e) the expertise and experience of **Management** with respect to the business of the issuer,
 - (f) the specific risks relating to the business and to the **Principal Properties** disclosed in paragraphs (a) and (b), and
 - (g) any other information considered appropriate under the circumstances.
1. Where this document is a base disclosure document used in connection with a summary prospectus, this section is not required in the base disclosure document.
 2. Appropriate cross-references must be made to items and page numbers in the prospectus.
 3. Normally, the summary should not exceed two pages in length.

4. CORPORATE STRUCTURE

4.1 Name and incorporation

Provide

- (a) the full name of the issuer, the address of its registered office and its address for service in Canada,
- (b) the laws under which the issuer was incorporated or organized, the laws under which the issuer is presently governed, and the date the issuer came into existence,
- (c) the full name of each of the issuer's subsidiaries or proposed subsidiaries, the laws under which they were incorporated or organized, the laws under which they are presently governed, the date they came into existence and the date they became subsidiaries of the issuer,
- (d) if applicable, that the issuer has been a party to any amalgamation, arrangement or continuance or has changed its name, the laws governing the event, any prior names of the issuer, and that the issuer has consolidated or split its share capital, the date of the share consolidation or split and the ratio,

- (e) relevant details of the issuer's form of organization and structure, where the issuer is not a company, and
- (f) if material, a summary of the differences, with respect to security holder rights and remedies, between the laws under which the issuer is presently governed and the British Columbia Company Act.

4.2 Intercorporate relationships

Illustrate by way of a diagram or otherwise the intercorporate relationships among the issuer, its parent, subsidiaries and proposed subsidiaries. For each subsidiary and proposed subsidiary, state the percentage of voting securities owned or to be owned by its parent.

If the securities offered under the prospectus are being issued in connection with, or pursuant to, an amalgamation, merger, reorganization or arrangement, illustrate by way of a diagram or otherwise the intercorporate relationships both before and after the completion of the proposed transaction.

5. BUSINESS OF THE ISSUER

5.1 Description and general development

Describe the nature of the business carried on and intended to be carried on by the **issuer**.

Disclose the year of commencement of operations and summarize the general development of the business of the **issuer** during the five preceding financial years and the **Stub Period**, or such shorter period as the **issuer** may have been in existence. Provide disclosure for earlier periods if material to an understanding of the development of the business.

1. In describing developments, include disclosure of the following: the nature and results of any bankruptcy, receivership or similar proceedings; the nature and results of any material reorganization; material prior litigation (including any series of proceedings based on similar causes of action); the nature and date of any prior trading, suspensions, or cease trade orders made against the **issuer** by any regulatory authority; and material changes in the type of business undertaken.
2. Where this document will be used as a base disclosure document, the disclosure in this section should be in sufficient detail so that when it is extracted to the summary prospectus from the base disclosure document it will provide investors with a reasonable understanding of the **issuer's** business.
3. In this section, "**issuer**" includes the issuer's subsidiaries, proposed subsidiaries and predecessor(s).

5.2 Summary and analysis of financial operations

Provide the information indicated in the table set out below with respect to the issuer's financial operations during the last two financial years and any period subsequent to the most recent financial year end for which financial statements are included in the prospectus. Provide a cross-reference to the financial statements included in the prospectus.

TABLE

	*Month Period Ending *	Year Ending *	Year Ending *
Revenues			
Gross Profit			
Exploration and Development Expenses			
General and Administrative Expenses			
Net Income (Loss)			
Working Capital			
Properties			
Deferred Exploration and Development			
Other Assets			
Long Term Liabilities			
Shareholders' Equity			
Dollar Amount			
Number of Securities			

State the following as a note to the number of securities in the table (with the bracketed information completed as appropriate):

There are [* shares] issued and outstanding as of the date of this prospectus, of which [*] are [performance shares or escrow securities] that will be released from escrow only upon obtaining the consent of the appropriate regulatory authority. Upon the successful completion of this offering, a total of [* shares] will be issued and outstanding.

Discuss and compare the results of the issuer's operations and activities, including the reasons for any substantial variations, for the periods included in the table, and the anticipated impact of these historical operations on the future activities of the issuer. Include, to the extent reasonably practicable, a description of the impact of acquisitions or dispositions of **Properties** disclosed in Item 6 on the operating results and financial position of the issuer.

Where an issuer has material operating revenues include a discussion of liquidity on a historical and prospective basis in the context of the issuer's business and focus on the ability of the issuer to generate adequate amounts of cash and cash equivalents when needed. This discussion, at a minimum, should identify and describe the following,

- (a) any known trends or expected fluctuations in the issuer's liquidity, taking into account known demands, commitments, events or uncertainties, and where a deficiency is identified indicate the course of action that has been taken or is proposed to be taken to remedy the deficiency,

- (b) those balance sheet conditions or income or cash flow items that may be indicators of the issuer's liquidity condition,
 - (c) the nature and extent of legal or practical restrictions on the ability of subsidiaries to transfer funds to the issuer and the impact such restrictions have had or are expected to have on the ability of the issuer to meet its obligations,
 - (d) whether the issuer is in arrears on the payment of dividends, interest, or principal payment on borrowing, and
 - (e) whether the issuer is in default on any debt covenants at the present time or was in default during the most recently completed financial year and any period subsequent to the most recent financial year end for which financial statements are included in the prospectus.
1. Net income disclosed in the table is net income after tax.
 2. Where it would be meaningful to an investor, include in the table any prior periods covered by the financial statements included in the prospectus and provide an analysis of the issuer's results of operations for those periods.
 3. Where the closing of the distribution under the prospectus is subject to a minimum subscription, adjust the required statement as appropriate.
 4. In the discussion identify any unusual or extraordinary events or transactions or any significant economic changes that materially affect income from continuing operations and describe the extent to which income from continuing operations was affected.
 5. Describe in the discussion the extent to which any changes in net sales or revenues are attributable to changes in selling prices or to changes in the volume or quantity of products being sold.
 6. The analysis must discuss all significant expenditures. An expenditure would generally be considered significant where the expenditure represents 20% or more of the total expenditures included in a material classification, such as deferred or expensed exploration and development, properties, or general and administrative expenses.
 7. Where there has been a significant or material change in operations from the date of the information in the table, the analysis of operations and variations in operations must discuss the change.

6. PROPERTIES OF THE ISSUER

1. Except where otherwise permitted by the Executive Director, the information required by this item shall be derived from or supported by information obtained from property reports required under section 109 of the **Rules** and prepared in accordance with Form 54 or Form 55, as the case may be, and/or from material contracts to which the **issuer** is a party. Where information is based on property reports, identify the report title, author and date, and that they are available for inspection upon request (see section 25.2).
2. All information required in this item shall be presented on a property by property basis.

3. When disclosure is required for the **Properties** of the **issuer**, describe all **Principal Properties** first, identifying them as such, before discussing the remaining **Properties** of the **issuer**.
4. Sufficient detail should be included in this item, so as to provide an investor with an opportunity to adequately evaluate the geological merits and/or economic prospects of the **Principal Properties** without having to refer to the Form 54 or Form 55 property reports.
5. At a minimum, include a property location map and a property plan map. Additional maps that would facilitate an investor's evaluation of the **Properties** may be required by the Executive Director.
6. In this item, "**issuer**" includes the issuer's subsidiaries, proposed subsidiaries and predecessor[s].

6A MINERAL PROPERTIES

6.1 Location, description and acquisition

Provide the following information for each of the **Properties** of the **issuer**:

- (a) the name of, the location of, the size of, and the number of claims and concessions of the **Property**,
- (b) the nature (claim, title, lease, option, or other interest) and status (patented, unpatented, etc.) of the interest under which the **issuer** has or will have the rights to hold or operate the **Property**, and the expiry date, if applicable, and
- (c) the details of the acquisition or proposed acquisition of the **Property** by the **issuer**, including particulars of:
 - (i) the actual or proposed date of each acquisition,
 - (ii) the name of the vendor and whether the transaction was or will be at **Arm's Length**,
 - (iii) for an acquisition not at **Arm's Length**, the vendor's out of pocket costs as described in Local Policy Statement No. 3-07,
 - (iv) the consideration, both monetary and non-monetary, including securities, carried interest, royalties and finders fees, paid or to be paid by the **issuer**,
 - (v) any material obligations that must be complied with in order to keep any acquisition agreement and property in good standing, including work progress with stated due dates where applicable,
 - (vi) how the consideration was determined (e.g. limited to out of pocket costs, valuation opinion, or **Arm's Length** negotiations), and
 - (vii) any valuation opinion required by a policy of a securities regulatory authority or a stock exchange to support the value of the consideration paid in connection with a transaction not previously approved by the Executive Director or the stock exchange, or that has been approved within the preceding financial year and the

Stub Period, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets.

1. A description of the location of the **Properties** will include such things as the country, province, state, latitude and longitude, township and range, distance from a geographic marker, and elevation.
2. In providing the information requested by (b), indicate the type of interest (e.g., fee simple, leasehold, royalty, reservation, option, farmout, farmin or other type of interest and any variation thereof), including the percentage interest in the **Properties** held by the **issuer**, as well as the date on which the **issuer** has the right to hold or operate the **Properties**. In addition, indicate whether or not a title report has been obtained. If so, disclose any material qualifications to the title report and the relationship to the **issuer** of the individual providing the title report.
3. Out of pocket costs must be supported by either audited financial statements or an audited statement of costs.
4. Where the distribution is not an initial public offering, the disclosure required by (c) need only be provided for all acquisitions within the last three years and for all acquisitions where material obligations under the terms of the acquisition are still outstanding.

6.2 Exploration and development history

Describe

- (a) all prospecting, exploration, development and operations previously done by operators other than the **issuer** on the **Principal Properties**, including the names of the previous operators, years during which the work was done and the results they achieved, in so far as known after reasonable inquiry, and
 - (b) all prospecting, exploration, development and operations previously done by the **issuer** on the **Properties**, including a **Breakdown of Costs** for the work done, referring to section 5.2, where appropriate.
- I Where the distribution is not an initial public offering, the **Breakdown of Costs** need only be provided for **Principal Properties**.

6.3 Geology, mineral deposits and reserves

For each of the **Principal Properties**, describe:

- (a) the general geology and structure of the **Principal Property**,
- (b) the type of, dimensions of, and grade of any mineralization,
- (c) the mineral deposits and their dimensions, including the identity of their principal metallic or other constituents, in so far as known, and where the work done has established the existence of reserves of proven, probable or possible ore, or other mineralization,
 - (i) the estimated tonnage and grade of such class of mineral reserves,
 - (ii) whether the reserve is mineable or *in situ*, and

- (iii) the name of the person making the estimates, the nature of the person's relationship to the **issuer**, and the date the estimates were made,
 - (d) the current extent and condition of any underground exploration and development, and any underground plant and equipment,
 - (e) the current extent and condition of any surface exploration and development, and any surface plant and equipment, and
 - (f) any other results that would allow for a more accurate evaluation of the geological merits of each **Principal Property**.
1. In providing the disclosure requested in (a), include such information as the rock type, amount of alluvial cover, faults, fissures and alterations.
 2. Disclose whether any of the **Principal Properties** are without a known body of commercial ore and whether the proposed program is an exploratory search for ore.

6.4 Proposed exploration and development program

Disclose the nature and extent of the proposed exploration and development program that is to be carried out by the **issuer** using the **Funds Available** or by third parties under farmout or option agreements. Additionally, provide:

- (a) a timetable for this program, describing each significant component of the program, and identifying the planned commencement and completion date of each significant component,
 - (b) a **Breakdown of Costs** for this proposed program with reference to Item 8, and
 - (c) a description of the general topography, vegetation, climate, infrastructure, means of access, source of labour and power sources that may affect the program.
1. In (a) include approximate dates for commencing and completing the planned exploration program, for releasing exploration results, and for obtaining the necessary regulatory approvals.
 2. Significant components of the program include geological mapping, trenching, drilling, underground works, bulk sampling, feasibility study, etc.
 3. If the exploration and development program is divided into stages, indicate whether proceeding with a subsequent stage in the program is contingent upon the results achieved on an earlier stage.
 4. Disclose the name and relationship to the **issuer** of the engineer on whose recommendation or report the **issuer** is relying in formulating its exploration and development program.
 5. The disclosure in (c) is only required when these factors may be potential impediments to commercial exploration. Examples may include limitations on the exploration season due to climate or effects on operations due to environmental regulations.

6.5 Other properties

Describe the plans that the **issuer** has for the **Properties** other than **Principal Properties**.

6.6 Dispositions

Disclose any material dispositions of **Properties** made by the **issuer** as of the **Most Recent Month End**. Provide details of the disposition including particulars of the consideration, how the consideration was determined and whether the vendor was at **Arm's Length**.

- I Where the distribution is not an initial public offering, the disclosure required need only be provided for dispositions within the last three years and for dispositions where material obligations under the terms of the dispositions are still outstanding.

6B OIL AND GAS PROPERTIES

- I Where the distribution is not an initial public offering, the disclosure required under this item with respect to minor interests in **Properties** that are not material to the **issuer**, may be aggregated in summary form by geographical location provided that the interest and the consideration paid is set out for each of the **Properties** in which the minor interest is held.

6.7 Location, description and acquisition

Provide the following information for each of the **Properties** of the **issuer**:

- (a) the name and location by field (or geographical area if a field name has not been designated),
- (b) the nature (title, lease, option or other interest) and status of the interest under which the **issuer** has or will have the rights to hold or operate the **Property**, and the expiry date, if applicable,
- (c) the working interest, the net revenue interest (both before and after pay out), together with the gross area of the lease, the assigned petroleum and natural gas rights (all depths, certain depths or formation), the expiry date of the lease and the royalties payable,
- (d) the total number of wells, including producing, shut-in, disposal, suspended and abandoned (identifying separately oil and gas wells in each category), and the amount of acreage available for further exploration and/or development,
- (e) the proximity of the **Property** to pipelines or other means of transportation, and
- (f) the details of the acquisition or proposed acquisition of the **Property** by the **issuer**, including particulars of:
 - (i) the actual or proposed date of each acquisition,
 - (ii) the name of the vendor and whether the transaction was or will be at **Arm's Length**,
 - (iii) for an acquisition not at **Arm's Length**, the vendor's out of pocket costs as described in Local Policy Statement No. 3-07,

- (iv) the consideration, both monetary and non-monetary, including securities, carried interest, royalties and finders fees, paid or to be paid by the **issuer**,
 - (v) any material obligations that must be complied with in order to keep any acquisition agreement and property in good standing, including work progress with stated due dates where applicable,
 - (vi) how the consideration was determined (e.g. limited to out of pocket costs, valuation opinion or **Arm's Length** negotiations), and
 - (vii) any valuation opinion required by a policy of a securities regulatory authority or a stock exchange to support the value of the consideration paid in connection with a transaction not previously approved by the Executive Director or the stock exchange, or that has been approved within the preceding financial year and the **Stub Period**, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets.
1. In providing the information requested by (b), indicate the type of interest (e.g. fee simple, leasehold, royalty, reservation or other types of interests and variations thereof) including the percentage interest in the **Properties** held by the **issuer**. In addition, indicate whether or not a title report has been obtained. If so, disclose any material qualifications to the title report and the relationship to the **issuer** of the individual providing the title report.
 2. Out of pocket costs must be supported by either audited financial statements or an audited statement of costs.
 3. Where the distribution is not an initial public offering, the disclosure required by (f) need only be provided for all acquisitions within the last three years and for all acquisitions where material obligations under the terms of the acquisition are still outstanding.

6.8 Production history

Provide details on the net crude oil, natural gas liquids, natural gas and sulphur production of the **issuer** for each of the last five completed financial years preceding the date of the preliminary prospectus, and for the current year as of the **Most Recent Month End**. The details should include the net cash flow to the **issuer** derived from the production.

- I The disclosure required in this section includes any production in which the **issuer** has had any type of interest.

6.9 Drilling activity

As of the **Most Recent Month End**, state:

- (a) the number of wells the **issuer** has drilled or has participated in the drilling of,
- (b) the number of such wells completed as producing wells and the number abandoned as dry holes, and
- (c) the amount expended by the **issuer** and its subsidiaries on these drilling and exploration activities with reference to section 5.2.

- I In providing the information requested in (c), do not include the amounts expended for payments made for and under leases or other similar interest.

6.10 Geology and reserve summaries

For all **Principal Properties**, describe:

- (a) the petroleum geology in the area using the available geophysical, geochemical, geological and production data,
- (b) the net quantity (after the deduction of royalties) and type (crude oil, natural gas, natural gas liquids, sulphur, etc.) of the estimated **reserves** of the **issuer**, together with the value assigned to the **reserves** on a net cash flow basis, using discount rates at 0, 10, 15, and 20%, and
- (c) any other relevant details that will be of assistance to a prospective investor in evaluating the geological merits of each **Principal Property**.

State in bold print that the values reported under paragraph (b) above may not necessarily be fair market value of the **reserves**. Indicate whether the values are before or after income tax. Provide disclosure regarding the degree of risk assigned to the values, particularly of probable additional **reserves**, including a statement in bold print disclosing the approximate amount, or alternatively the approximate average percentage, by which the volume of probable **reserves** or their values have been reduced to allow for the risk associated with obtaining production from probable **reserves**. Where no percentage or calculated amounts as contemplated in the preceding sentence have been used to allow for the risk, describe the method otherwise employed to allow for such risk.

1. In paragraph (b), "**reserves**" include reserves as defined in National Policy Statement No. 2-B.
2. The information required by (b) should be provided by jurisdiction, category (producing, non-producing, etc.) and type of **reserve**.
3. In accordance with National Policy Statement No. 2-B, dollar values must be calculated at current prices and costs, unless under contract as to price, to all future time.
4. Provide a summary table of the assumptions employed regarding prices, costs, inflation and other factors used. Identify the source of the data used in the estimates, including any comments the author of the report might have respecting the soundness of the data.
5. Provide the estimated total capital costs necessary to achieve the net cash flow and the amount of such costs estimated to be incurred in each of the first two years of cash flow estimates.

6.11 Proposed exploration and development program

Disclose the nature and extent of the proposed exploration and development program that is to be carried out by the **issuer** using the **Funds Available** or by third parties under farmout or option agreements. Additionally, provide:

- (a) a timetable for this proposed program, describing each significant component of the program, and identifying the planned commencement and completion dates of each significant component,

- (b) a **Breakdown of Costs** for this proposed program with reference to Item 8, and
- (c) a description of the general topography, vegetation, climate, infrastructure (including pipelines), means of access, source of labour and power sources that may affect the program.
 - 1. In (a) include approximate dates for commencing and completing the planned exploration program, for releasing exploration results, and for obtaining the necessary regulatory approvals.
 - 2. If the exploration and development program is divided into stages, disclose whether proceeding with a subsequent stage in the program is contingent upon the results achieved on an earlier stage.
 - 3. The disclosure in (c) is only required when these factors may be potential impediments to commercial exploration. Examples may include limitations on the exploration season due to climate or effects on operations due to environmental regulations.
 - 4. Disclose the name and relationship to the **issuer** of the engineer on whose recommendation or report the **issuer** is relying in formulating its exploration and development program.

6.12 **Other properties**

Describe the plans that the **issuer** has for the **Properties** other than **Principal Properties**.

6.13 **Dispositions**

Disclose any material dispositions of **Properties** made by the **issuer** as of the **Most Recent Month End**. Provide details of the disposition including particulars of the consideration, how the consideration was determined and whether the vendor was at **Arm's Length**.

- I Where the distribution is not an initial public offering, the disclosure required need only be provided for dispositions within the last three years and for dispositions where material obligations under the terms of the dispositions are still outstanding.

7. **ADMINISTRATION**

Provide:

- (a) the estimated aggregate monthly and total administration costs that will be incurred in order for the issuer to carry out its proposed exploration and development program or that will be incurred over a period of twelve months (whichever is greater), the time period during which these costs will be incurred, and any anticipated variations in the monthly amounts during that period, and
- (b) a **Breakdown of Costs** for the monthly administration costs disclosed in paragraph (a), including any anticipated variations.
 - 1. Administrative support includes professional fees, transfer agent fees, management fees, rent, travel, investor relations and other administrative costs, such as those costs required to maintain a reporting issuer in good standing, whether incurred by the issuer or its subsidiaries.

2. The disclosure under this item is not required where the distribution is not an initial public offering and the issuer has material operating revenues.

8. USE OF PROCEEDS

8.1 Funds Available

Provide a breakdown of **Funds Available** as follows:

- (a) the net proceeds to be derived by the issuer from the sale of the securities offered under the prospectus,
 - (b) the estimated working capital available to the issuer, its subsidiaries and proposed subsidiaries as of the **Most Recent Month End**, and
 - (c) the amounts and sources of other funds that will be available to the issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of the offering.
1. In each prospectus and revised preliminary prospectus, the amount of working capital must be updated to the **Most Recent Month End**.
 2. Where other sources of funds will be available to the issuer, identify the material terms, including the timing, and identity of the person providing the funds.

8.2 Principal purposes

Provide in tabular form, a description of each of the principal purposes, with amounts, for which the **Funds Available** will be used. Where the closing of the distribution under the prospectus is subject to a minimum subscription, provide separate columns disclosing the use of proceeds for the minimum and maximum subscriptions.

State the following:

The issuer will spend the funds available on the completion of this offering to carry out its proposed exploration and development program set out in "Properties of the Issuer". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. The issuer will only redirect the funds to other properties and will do so only on the basis of a written recommendation from an independent, professional geologist or engineer.

Where the issuer does not have material operating revenues, state the following (with the bracketed information completed as appropriate):

The issuer's working capital available to fund ongoing operations will be sufficient to meet its administration costs for [*] months.

1. If there is a maximum subscription that differs from the minimum subscription, identify the order of priority for the principal purposes.
2. Statements as to principal purposes for which the **Funds Available** are to be used must be specific and be cross-referenced to the estimated costs disclosed in Items 6 and 7. Where the issuer has not had material operating revenues, the table must include the

administration costs required for the issuer to achieve its objectives or that will be incurred over a period of 12 months, whichever is greater.

3. When disclosing expenditures made on specific **Properties**, indicate whether they are **Principal Properties**, or not.
4. **Funds Available** not allocated to one of the principal purposes must be identified as "Working Capital to Fund Ongoing Operations".
5. Where **Funds Available** will be paid to an insider or holder of performance shares or escrow securities, identify, either in the table or by way of a note to the table, the person, amount of the payments and principal purposes to which the payments relate.
6. Where more than 10% of the **Funds Available** will be used to reduce or retire indebtedness and where the indebtedness was incurred within the two preceding years, the principal purposes for which the indebtedness was used and to whom the money was paid must be disclosed, and where the creditor is an insider to the issuer or is a holder of performance shares or escrow securities, identify the creditor and the nature of the relationship to the issuer.
7. Where the prospectus is used in connection with a special warrant or similar transaction, the principal purposes for which the funds were raised in such transaction must be disclosed. Where all or a portion of these funds have been spent, provide cross-reference to the detailed discussion in Item 6 and explain how the funds were spent. The **Funds Available** will include the balance of the funds, if any, raised by the special warrant or similar transaction that have not been spent.

8.3 Conflicts of interest

Where the issuer is a related party or connected party of the **Agent**, or where the securities to be offered are out of the holdings of a selling security holder who is a related party or connected party of the **Agent**, provide a summary of the nature of the relationship between the **Agent** and the issuer, or the **Agent** and the selling security holder, as the case may be.

State the extent to which the proceeds of the distribution will be applied, directly or indirectly, for the benefit of the **Agent** or any related party of the **Agent**. Where the proceeds will not be applied for the benefit of the **Agent** or any related party of the **Agent**, so state. Provide a cross-reference to the information required by Item 20.

1. For example, disclosure would be required in most cases where the issuer received a loan from the **Agent** and thus would be a connected party of the **Agent**. Reference should be made to section 78 of the **Rules** for further requirements.
2. For the purposes of this section, reference to an **Agent** includes a special selling group member, as defined in section 78 of the **Rules**.

9. RISK FACTORS

List the risks that could be considered to be material to an investor as follows:

- (a) risks relating to the nature of the business of the **issuer**,
- (b) risks relating to the nature of the offering, and

- (c) any other risks.
- 1. Risk factors may include but are not limited to such matters as cash flow and liquidity problems, inexperience of **Management** in start up operations, inexperience of **Management** in the natural resource industry, lack of financial expertise, general risks inherent in natural resource exploration, environmental regulations, economic or political conditions, unpredictability of resource prices, absence of an operating history, absence of profitable operations in recent periods, an erratic financial history, conflicts of interest with **Management**, reliance on the efforts of a single individual, possible land title conflicts (e.g. native land claims, title uncertainty), foreign property laws (e.g. limited rights to property, susceptibility to expropriation, etc.), the arbitrary establishment of offering price and any material differences between the laws presently governing the issuer and the B.C. Company Act relating to security holders rights and remedies.
- 2. With respect to (a), the most significant risk factors should be disclosed at the top of the list.
- 3. In this Item, "**issuer**" means the issuer, its subsidiaries and proposed subsidiaries.

10. **DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT**

- 1. In this Item, "**issuer**" means the issuer, its subsidiaries and proposed subsidiaries.
- 2. In sections 10.3 through 10.6, the Executive Director may require information for periods prior to those indicated in the section depending upon the materiality of the events.
- 3. Provide the information required by this Item for each proposed nominee for election or appointment as a director of the **issuer** and indicate clearly that the individual is a proposed nominee.

10.1 **Name, address, occupation and security holding**

List the name, age and the municipality of residence for all directors, officers, promoters and other members of **Management** of the **issuer**, and for each person, disclose

- (a) the current position and office with the **issuer**,
- (b) the nature of expertise and relevant educational background in the **issuer's** business,
- (c) the principal occupation during the five years prior to the date of the prospectus and, where the principal occupation is that of an officer of a company other than the **issuer**, state the name of the company and the principal business in which it was engaged, and
- (d) the number of securities (including options) of the **issuer** beneficially owned, directly or indirectly, indicating the number of performance shares or escrow securities held in escrow and the percentage of the class to be held on conclusion of the offering.

Where a director, officer, promoter or other member of **Management** is an associate of another director, officer, promoter or other member of **Management**, disclose as a footnote the relationships.

- 1. The disclosure is to be provided separately for the issuer and each of its subsidiaries and proposed subsidiaries.

2. Upon application, the Executive Director may waive the disclosure required by this section where the operations of a subsidiary or a proposed subsidiary are not material to the issuer's operations.
3. The description of the principal occupation of a director, officer, promoter or other member of **Management** must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.
4. If there is a maximum subscription that differs from the minimum subscription, disclose the percentage of the class held by the principal holders on both a minimum and maximum basis.

10.2 Aggregate ownership of securities

State the aggregate number of each class of voting securities of the **issuer** that at the completion of the offering are beneficially owned, directly or indirectly, by all directors, officers, promoters and other members of **Management** of the **issuer**, as a group, and then state the percentage that number will represent of the total issued and outstanding voting securities of the **issuer** at the completion of the offering.

I In this section, "**issuer**" does not include the issuer's subsidiaries and proposed subsidiaries.

10.3 Other reporting issuers

Where any director, officer, promoter or other member of **Management** of the **issuer** is, or within the five years prior to the date of the prospectus has been, a director, officer or promoter of any other reporting issuer, state the name of the individual, the number of reporting issuers for which the individual acted, the names of those issuers and the periods during which the individual has so acted.

10.4 Corporate cease trade orders or bankruptcies

Where any director, officer, promoter or other member of **Management** of the **issuer** is, or within the five years prior to the date of the prospectus has been, a director, officer or promoter of any other issuer 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 issuer access to any statutory exemptions for a period of more than 30 consecutive days, state the fact and describe the reasons and whether the order is still in effect, or
- (b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person, state the fact.

10.5 Penalties or sanctions

Where any director, officer, promoter or other member of **Management** of the **issuer** has, within the ten years prior to the date of the prospectus, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud, describe the penalties or sanctions imposed.

1. Penalties or sanctions include charges that have been laid or notices of hearing that have been issued as of the date of the prospectus.
2. The Executive Director may require information relating to other penalties and sanctions depending on the materiality of the events.

10.6 Individual bankruptcies

Where any director, officer, promoter or other member of **Management** of the **issuer** has, within the five years prior to the date of the prospectus, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual, state the fact.

10.7 Conflicts of interest

Disclose particulars of any existing or potential conflicts of interest of any director, officer, promoter or other member of **Management** of the **issuer** as a result of their outside business interests.

11. INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT

State the name of all directors, officers, promoters and other members of **Management** and each of their respective associates or affiliates who is or has been indebted to the **issuer** at any time during the preceding financial year and the **Stub Period** and state, for each person,

- (a) the largest amount of indebtedness outstanding at any time,
- (b) the nature of the indebtedness and the purpose for which it was incurred,
- (c) the amount presently outstanding,
- (d) the rate of interest paid or charged,
- (e) the terms of repayment,
- (f) the nature of any security granted to the **issuer**, and
- (g) if the person is an associate or affiliate of a director, officer or member of **Management**, the person's relationship to the director, officer or member of **Management** of the **issuer**.

1. In this Item, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.
2. Provide the information required by this Item for each proposed nominee for election or appointment as a director of the **issuer** and indicate clearly that the individual is a proposed nominee.

12. PAYMENTS TO INSIDERS AND PROMOTERS

I In this Item, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

12.1 Executive compensation

Provide the information required by Form 41 with the following changes:

- (a) disclosure must be provided for each of the **issuer's** four most highly compensated executive officers, in addition to the CEO, regardless of the amount of their compensation, and
- (b) in addition to the periods required under Form 41, disclosure must be provided for the **Stub Period**.
 1. The Executive Director may require disclosure of compensation paid to persons other than executive officers.
 2. Where the **issuer** has material operating revenues, the **issuer** need only provide the information required by Form 41.

12.2 Related party transactions

Where, during the five preceding financial years and the **Stub Period**, or such shorter period as the **issuer** may have been in existence, the **issuer** has acquired assets or services from an insider, promoter or member of **Management** and their respective associates or affiliates, disclose the following for each acquisition:

- (a) the name of the individual,
 - (b) the nature of the assets or services,
 - (c) the form and value of the consideration, and
 - (d) where the **issuer** has acquired assets,
 - (i) the cost of the assets to the seller, and
 - (ii) where the consideration referred to in paragraph (c) above exceeds the seller's out of pocket costs, a cross-reference to the valuation opinion disclosed in section 6.1 (c) (vii) or 6.7 (f) (vii).
1. Information with respect to executive compensation need not be disclosed in this section.
 2. Any debt settlements made by the **issuer** to any insider or promoter must be disclosed in this section. The settlement need not be disclosed where the distribution is not an initial public offering, the settlement was entered into more than 2 years ago, is not subject to obtaining regulatory or security holder's approval, and there are no obligations under the settlement still outstanding.
 3. For acquisitions where the consideration is not in excess of the greater of 10% of the aggregate compensation or consideration paid to the individual under sections 12.1 and 12.2 or \$5,000, the information required by this item may be aggregated together and classified as "miscellaneous".
 4. As an alternative to the disclosure required in (b), provide a cross-reference to the page(s) of the prospectus where the required disclosure is made.

12.3 Proposed compensation

Where known, provide the information required by Form 41 as modified by section 12.1 with respect to the amounts that the **issuer** anticipates it will pay during the 12 month period following completion of the offering.

1. The amounts referred to in this section include the forms of compensation referred to in sections 12.1 and 12.2 above.
2. Where the **issuer** has material operating revenues, the **issuer** need only provide the information required by Form 41.

13. SHARE CAPITAL

13.1 Existing and proposed share and long-term debt capital

Provide, in the tabular form indicated or, where appropriate, in notes to the table, particulars of the share and long-term debt capital of the issuer.

TABLE

	Column 1	Column 2	Column 3
	Number of issued securities	Price per security	Total consideration
(a) Prior issuance of securities			
(b) Issued as of [the Most Recent Month End]		[N/A]	
(c) Offering			
(d) To be issued if all securities being offered are sold		[N/A]	

1. A separate table shall be prepared for each class or kind of securities that the issuer has issued or will have issued upon completion of the offering.
2. Set out in the table or a note thereto the number of securities of each class authorized to be issued.
3. If there is a minimum subscription, disclose the number of securities that are offered and that would be issued on both a minimum and maximum basis.
4. The information shall be updated to the **Most Recent Month End**.

5. In (a) of the table list prior issuances aggregated on the basis of the same price per security and type of consideration. Where the distribution is not an initial public offering, the disclosure required by (a) may be omitted.
6. Where the consideration for any of the prior issuances included in the table is other than cash, describe in a note cross-referenced to the prior issuances set out in (a) of the table the method of determining the value of the consideration (e.g. out of pocket costs, valuation opinion, **Arm's Length** negotiation or, in the case of services, determination by directors based on estimated fair market value).
7. In columns 1 and 3 of the table, (b) is equal to the total of (a), and (d) is equal to the total of (b) and (c).
8. Where the issuer has outstanding long-term debt, the information required by Item 7 of Form 14 shall be provided.
9. As a note to the table, indicate whether there are any restrictions on the transferability of the securities (e.g. hold periods, escrow or pooling agreements) and summarize the nature of the restrictions (including the dates hold periods expire and shares are released, and the related number of shares). Where the information is provided elsewhere the disclosure may be provided by a cross-reference to the page in the prospectus where the disclosure is contained.

13.2 **Options and other rights to purchase shares**

- (a) Disclose, as of the **Most Recent Month End** prior to the date of the prospectus, the following information respecting each **option** that is held or will be held upon completion of the offering by any person:
 - (i) the name of each person and the reasons that the **option** was granted,
 - (ii) the name of the grantor and the nature of the **option** granted to each person (e.g. options, **Agent's** warrants or other warrants),
 - (iii) the designation, number of the securities subject to the **option** and any material anti-dilution provisions,
 - (iv) the purchase price of the securities subject to the **option** or the formula by which the purchase price will be determined,
 - (v) the expiration date of the **option**, and
 - (vi) if there is a published market for the securities, the market value of the securities subject to the **option** as of the date of grant and the **Most Recent Month End**.
- (b) State the aggregate number of each class or kind of securities that are subject to **options** described in paragraph (a) (iii) above.
- (c) State the following:

There are no assurances that the options, warrants or other rights described above will be exercised in whole or in part.

1. In this section, "option" means option, warrant or other right to purchase securities of the **issuer** granted by the **issuer**, selling security holder, insider, promoter, control person or holder of performance shares.
2. In this section, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.
3. The information shall be updated to the **Most Recent Month End**.
4. Where the issuer has material operating revenue the information required for directors, officers and employees under (a) may be aggregated for options of the same type, grant date, exercise price and expiry date on the basis of the following categories:
 - (i) all members of management as a group and all directors who are not also members of management as a group, indicating the aggregate number of members of management and the aggregate number of directors to whom the information applies, without naming them,
 - (ii) all members of management of all subsidiaries of the issuer as a group and all directors of such subsidiaries who are not also members of management as a group, without naming them, excluding individuals referred to in clause (i),
 - (iii) by all other employees of the issuer as a group, without naming them, and
 - (iv) by all other employees of the subsidiaries of the issuer as a group, without naming them.

13.3 Fully diluted share capital

Provide the information indicated in the table set out below for each class of securities of the issuer.

TABLE

	Number of Securities	Percentage of Total
(a) Issued as of the Most Recent Month End		
(b) Offered under the prospectus		
(c) Securities reserved for future issue as of the Most Recent Month End		
Total	_____	_____
		100

1. (a) is the amount indicated in (b) of column 1 of the table in section 13.1.

2. If there is a minimum subscription, disclose the number of securities offered and total on both a minimum and maximum basis.
3. (c) is the amount indicated in paragraph (b) from section 13.2 (with respect to options on securities of the issuer granted by the issuer only).
4. A separate table shall be prepared for each class or kind of securities that the issuer has issued or will have issued upon completion of the offering.
5. The information shall be updated to the **Most Recent Month End**.

13.4 Principal holders of voting securities

Provide as of the **Most Recent Month End**, the information indicated in the table set out below for each person who has, or is known by the issuer to have:

- (a) direct or indirect beneficial ownership of,
 - (b) control or direction over, or
 - (c) a combination of direct or indirect beneficial ownership of and of control or direction over,
- voting securities that will constitute more than 10 per cent of any class of such securities upon completion of the offering.

TABLE

Column 1	Column 2	Column 3	Column 4
Name and municipality of residence	Number of securities	Percentage of class prior to the offering	Percentage of class after the offering

1. Where a person that is not an individual is shown by the issuer as owning directly or indirectly more than 10 per cent of any class of such securities, identify the individual shareholders of the person as required by General Instruction 7. The name of such individuals should be disclosed in a footnote to the table.
2. If voting securities will be issued prior to, concurrently with or immediately following the offering, indicate as far as practicable the respective holding of voting securities that will exist after giving effect to the issue.
3. If there is a maximum subscription that differs from the minimum subscription, disclose the percentage of the class held by the principal holders on both a minimum and maximum basis.
4. If, to the knowledge of the issuer or the **Agent**, more than 10 per cent of any class of voting securities of the issuer are held or are to be held subject to any voting trust or other similar agreement/arrangement, state the designation of such securities, the number or amount held or to be held and the duration of the agreement. Give the names

and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

5. Where a person identified in the table is a control person of the issuer and is not a director, officer or promoter of the issuer, provide the disclosure required for sections 10.3 - 10.6 for the control person. If the control person is a corporation, the disclosure must be provided for the control persons of the corporation.
6. A separate table shall be prepared for each class or kind of voting securities that the issuer has issued or will have issued upon completion of the offering.
7. The information shall be updated to the **Most Recent Month End**.

13.5 **Performance shares or escrow securities**

Where the issuer has performance shares or escrow securities issued as of the date of the prospectus, state

- (a) the number of performance shares or escrow securities,
 - (b) the estimated percentage that the performance shares or escrow securities will represent of the total issued and outstanding voting securities of the issuer, upon the completion of the offering,
 - (c) the names of the beneficial owners of the performance shares or escrow securities and the number of performance shares or escrow securities owned by each and, with respect to owners of performance shares, why the person is a principal as defined in Local Policy Statement No. 3-07,
 - (d) the name of the escrow agent,
 - (e) the date of the escrow agreement and the conditions governing the transfer, release and cancellation of the performance shares or escrow securities, and
 - (f) the rights or obligations of a person who ceases to be a principal, dies or becomes bankrupt to retain, transfer or surrender to the issuer for cancellation the performance shares or escrow securities.
- I If there is a maximum subscription that differs from the minimum subscription, disclose the percentage that the performance shares or escrow securities will represent on both a minimum and maximum basis.

14. **DIVIDEND RECORD**

State the amount of dividends or other distributions, if any, paid by the issuer during its last five preceding financial years and the **Stub Period**, or such shorter period as the issuer may have been in existence. Where dividends have been paid in the past, indicate the issuers present policy regarding future dividend payments.

- I Dividends should be set out on a per share basis, shown separately for each class of shares in respect of each of the financial years and the **Stub Period**. Appropriate adjustments shall be made to reflect changes in capitalization during the period.

15. **PRIOR SALES AND TRADING INFORMATION**

Where the distribution is not an initial public offering, state the prices at which securities of the class offered by the prospectus have been sold within the 12 months prior to the date of the preliminary prospectus, or are to be sold, by the issuer or selling security holder where such prices differ from those at which the securities are offered by the prospectus. State the number of securities sold or to be sold at each price.

For each exchange or quotation system upon which the securities offered are listed or quoted, provide a weekly trading history (high, low and volume) for at least six weeks prior to the date of the prospectus and monthly for the preceding 12 months.

16. PLAN OF DISTRIBUTION

16.1 Terms of the distribution agreement

With respect to the agreement entered into between the issuer and the **Agents**, state

- (a) the names of the **Agents**,
 - (b) the date of the agreement,
 - (c) the nature of the **Agents'** obligation to take up and pay for any of the securities being offered,
 - (d) the number of securities expected to be sold by each of the **Agents** and whether any arrangements have been made for selling group participation,
 - (e) the number of additional securities that may be issued, if the issuer has granted the **Agents** a "greenshoe" option,
 - (f) the conditions, if any, under which the **Agents** may "market out",
 - (g) the nature of the consideration to be paid to the **Agents**,
 - (h) the conditions, if any, under which any of the proceeds are to be held in trust or escrow pending completion of the offering,
 - (i) the number of days following the completion of the offering by which the issuer will receive the net proceeds of the offering from the **Agents** or the date by which the **Agents** are to purchase the securities, and
 - (j) whether there is any intention to stabilize the market.
- I Where the prospectus is used in connection with a special warrant or similar transaction and the funds are held in a special trust disclose the conditions for release or whether the funds have been released.

16.2 Minimum and maximum subscription

Where the prospectus discloses a plan of distribution not involving a firm underwriting or other subscription guarantee, it must also disclose the amount of the minimum and maximum subscriptions.

16.3 Secondary offering

If any of the securities being offered are for the account of a security holder, name the security holder and state the number of the securities owned by that security holder, the number to be offered and the number to be owned by that security holder after the completion of the distribution. Disclose the date the security holder acquired the securities and the cost to the security holder in the aggregate and on a per security basis. State that the securities of the selling security holder will not be sold until the distribution of the issuer is complete and the portion of the expenses of the distribution to be borne by the selling security holder.

16.4 Extrajurisdictional offerings

Disclose whether there are any agreements or arrangements to sell any portion of the offering outside of British Columbia. If so, disclose in what other jurisdictions the offering may be sold, the identity of the person who will be selling the securities in the other jurisdictions and the estimated portion of the offering, if any, to be sold outside of Canada.

I Agreements or arrangements include those made with a selling group outside of British Columbia or with clients of the **Agents** who are not residents of British Columbia.

17. DESCRIPTION OF SECURITIES OFFERED

17.1 Terms

Describe the securities being offered and summarize their material attributes and characteristics, including, if applicable:

- (a) dividend rights,
 - (b) voting rights,
 - (c) liquidation or distribution rights,
 - (d) pre-emptive rights,
 - (e) conversion rights,
 - (f) if the securities are subscription warrants or rights, the period during which, and the price at which, the warrants or rights are exercisable,
 - (g) redemption, purchase for cancellation or surrender provisions,
 - (h) sinking or purchase fund provisions,
 - (i) if the securities are obligations, provisions with respect to interest rates, maturity, nature and priority of any security for the obligations, permissible substitutions for security, negative covenants, name of the trustee under any indenture relating to the obligations and the nature of any material relationship between the trustee and the issuer or any of its affiliates, and
 - (j) provisions as to modification, amendment or variation of any such rights or provisions.
- I If the rights attaching to the securities being offered 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 offered, include information regarding such other

securities in order to enable investors to understand the rights attaching to the securities being offered.

17.2 **Modification of terms**

If the rights of holders of the securities may be modified otherwise than pursuant to a mechanism provided for by governing legislation relating to the securities, briefly describe the method by which those rights may be modified.

18. **SPONSORSHIP AND FISCAL AGENCY AGREEMENTS**

If the issuer has entered into any agreement with any registrant to sponsor the issuer or to provide corporate finance services for the issuer or its securities, either now or in the future, disclose the following information regarding these services:

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

19. **INVESTOR RELATIONS ARRANGEMENTS**

If the issuer has entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the issuer or its securities, or to engage in activities for the purpose of stabilizing the market, either now or in the future, disclose the following information regarding these services:

- (a) the date of the agreement and the anticipated date that the services will commence,
- (b) the name, principal business and place of business of the person providing the services,
- (c) the background of the person providing the services,
- (d) whether the person has, or is known by the issuer to have:
 - (i) direct or indirect beneficial ownership of,
 - (ii) control or direction over, or
 - (iii) a combination of direct or indirect beneficial ownership of and of control or direction over,securities of the issuer,
- (e) whether the person has any right to acquire securities of the issuer, either in full or partial compensation for services,

- (f) the consideration both monetary and non-monetary paid or to be paid by the issuer, including whether any payments will be made in advance of services being provided,
 - (g) if the issuer does not have sufficient funds to pay for the services, how the issuer intends to pay for the services, and
 - (h) the nature of the services to be provided, including the period during which the services will be provided.
1. Include any arrangements made by the issuer or any other person on behalf of the issuer or on the person's own initiative where the issuer knows, after reasonable enquiry, that such an arrangement exists.
 2. The disclosure in (c) and (h) need only summarize the background and nature of services.
 3. If there are no promotional or investor relations arrangements, or arrangements to stabilize the market, so state.

20. RELATIONSHIP BETWEEN ISSUER OR SELLING SECURITY HOLDER AND AGENT

Where the **issuer** is a related party or connected party, as defined in the **Rules**, of an **Agent** or where the securities to be offered are out of the holdings of a selling security holder who is a related party or connected party of the **Agent**, describe

- (a) the nature of the relationship or connection between the **issuer** and the **Agent** or the selling security holder and the **Agent**, as the case may be, including,
 - (i) the basis on which the **issuer** or selling security holder is a related party or connected party of the **Agent**,
 - (ii) the name of each relevant related party of the **Agent**,
 - (iii) the details of the ability of the **Agent** or any related party of the **Agent** to affect materially the operations of the issuer, and
 - (iv) whether the **issuer** is indebted to the **Agent** or any related party of the **Agent** and, if so, provide particulars of such indebtedness, and
- (b) the extent to which the proceeds of the issue will be applied, directly or indirectly, for the benefit of the **Agent** or any related party of the **Agent**.

(For example, where the **issuer** has received a loan from the **Agent**, the **issuer** would be a connected party of the **Agent** and would have to comply with section 78 of the **Rules**.)

1. For the purpose of this item, reference to an **Agent** includes a special selling group member as defined in section 78 (1) of the **Rules**.
2. In this item, "**issuer**" means the issuer, its subsidiaries and proposed subsidiaries.

21. RELATIONSHIP BETWEEN ISSUER AND PROFESSIONAL PERSONS

Disclose the nature and extent of any beneficial interest, direct or indirect, in any securities or property, of the **issuer** or of an associate or affiliate of the **issuer**, held by a professional person referred to in section 106 (2) of the **Rules**, a **responsible solicitor** or any partner of a **responsible solicitor's** firm. Also, disclose whether the professional person, the **responsible solicitor** or any partner of the **responsible solicitor's** firm is, or is expected to be elected, appointed or employed as a director, senior officer or employee of the **issuer** or of an associate or affiliate of the **issuer**, or is a promoter of the **issuer** or of an associate or affiliate of the **issuer**.

1. The interest of a **responsible solicitor** and all partners of that **responsible solicitor's** firm may be shown in the aggregate. Disclosure regarding the interest of or position with the **issuer** or an associate or affiliate of the **issuer** held by any partner of the **responsible solicitor's** firm is only required where known by the **responsible solicitor** after reasonable inquiry.
2. In this section, "**responsible solicitor**" means the solicitor who is primarily responsible for the preparation of or for advice to the **issuer**, selling security holder or **Agent** with respect to the contents of the prospectus.
3. In this section, "**issuer**" includes the **issuer's** subsidiaries and proposed subsidiaries.

22. **LEGAL PROCEEDINGS**

Describe any outstanding and, if known, contemplated legal proceedings that are material to the business and affairs of the issuer.

- I Include the name of the court or agency, the date the proceedings were instituted, the principal parties to the proceedings, the nature of the proceedings, the amount claimed, if any, whether the proceedings are being contested, the present status of the proceedings and, if a legal opinion is referred to in the prospectus, the name of counsel providing that opinion.

23. **AUDITOR**

State the name and address of the auditor of the issuer.

24. **REGISTRAR AND TRANSFER AGENT**

State the name of the issuer's registrar and transfer agent where the issuer has branch registers for transfers of its securities, state the location (by municipalities) of the registers.

25. **MATERIAL CONTRACTS**

25.1 **Particulars of material contracts**

Disclose all material contracts to which the issuer is a party, including

- (a) the date of each contract,
- (b) the parties to each contract,
- (c) the consideration paid or payable by or to the issuer, and
- (d) the general nature of each contract.

- I As an alternative to the disclosure required in this section, provide a cross-reference to the page(s) of the prospectus where the required disclosure with respect to a particular contract is made.

25.2 Inspection of contracts and reports

State a reasonable time and place in the Province at which a copy of any material contract or report may be inspected during distribution of the securities being offered under the prospectus.

26. OTHER MATERIAL FACTS

Give particulars of any other material facts relating to the securities proposed to be offered and not disclosed elsewhere in the prospectus.

27. PURCHASERS' STATUTORY RIGHTS

State the following:

The British Columbia Securities Act provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. The Securities Act further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the Securities Act. The purchaser should refer to sections 83, 131, 135 and 140 of the Securities Act for the particulars of these rights or consult with a legal advisor.

Where the distribution involves a distribution of securities to be issued pursuant to the exercise of special warrants (or in connection with a similar type of transaction), state the following (with bracketed information completed as appropriate):

In the event that a holder of a special warrant, who acquires a [identify underlying securities] of the issuer upon the exercise of a special warrant as provided for in this prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of the special warrant(s) but also of the [private placement or other exempt transaction] pursuant to which the special warrant(s) were initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid on the acquisition of the special warrant(s). 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 special warrants under section 131 of the Securities Act or otherwise at law.

- I Where this document is a base disclosure document used in connection with a summary prospectus, this section is not required in the base disclosure document because it is contained in the summary prospectus.

28. FINANCIAL STATEMENTS, REPORTS AND OTHER EXHIBITS

Include the financial statements, reports and other exhibits required by applicable local policy statements or by the **Act** and **Rules**.

29. CERTIFICATES

Provide the certificates of the issuer, **Agent** and promoter as required by the **Act** and **Rules**.

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.
