

FORM 12B

**INFORMATION REQUIRED IN EXCHANGE OFFERING
PROSPECTUS OF AN INDUSTRIAL ISSUER**

TABLE OF CONTENTS

ITEM	TITLE	PAGE
1.	FACE PAGE DISCLOSURE	3
	1.1 Required language	3
	1.2 Preliminary prospectus disclosure	4
	1.3 Basic disclosure about the offering	4
	1.4 Distribution spread	5
	1.5 Risk factors	6
	1.6 Public and insider ownership	6
	1.7 Foreign issuers	6
	1.8 Agent	7
	1.9 Plan of distribution	7
2.	TABLE OF CONTENTS	7
3.	SUMMARY OF PROSPECTUS	7
4.	CORPORATE STRUCTURE	8
	4.1 Name and incorporation	8
	4.2 Intercorporate relationships	9
5.	BUSINESS OF THE ISSUER	9
	5.1 Description and general development	9
	5.2 Summary and analysis of financial operations	10
	5.3 Stated business objectives	13
	5.4 Milestones	14
	5.5 Acquisitions and dispositions	14
	5.6 Management	15
	5.7 Organizational structure	16
	5.8 Products	16
	5.9 Future developments	17
	5.10 Proprietary protection	18
	5.11 Operations	18
	5.12 Market	20
	5.13 Marketing plans and strategies	21
	5.14 Administration	22
6.	USE OF PROCEEDS	22
	6.1 Funds Available	22
	6.2 Principal purposes	23
	6.3 Conflicts of interest	24
7.	RISK FACTORS	24
8.	DIRECTORS, OFFICERS AND PROMOTERS	25

8.1	Name, address, occupation and security holding	25
8.2	Aggregate ownership of securities	26
8.3	Other reporting issuers	26
8.4	Corporate cease trade orders or bankruptcies	26
8.5	Penalties or sanctions	27
8.6	Individual bankruptcies	27
8.7	Conflicts of interest	27
9.	INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT	27
10.	PAYMENTS TO INSIDERS AND PROMOTERS	28
10.1	Executive compensation	28
10.2	Related party transactions	28
10.3	Proposed compensation	29
11.	SHARE CAPITAL	30
11.1	Existing and proposed share and long-term debt	30
11.2	Options and other rights to purchase securities	31
11.3	Fully diluted share capital	33
11.4	Principal holders of voting securities	34
11.5	Performance shares or escrow securities	35
12.	DIVIDEND RECORD	36
13.	PRIOR SALES AND TRADING INFORMATION	36
14.	PLAN OF DISTRIBUTION	36
14.1	Terms of the distribution agreement	36
14.2	Minimum and maximum subscription	37
14.3	Secondary offering	37
14.4	Extraprovincial offerings	37
15.	DESCRIPTION OF SECURITIES OFFERED	38
15.1	Terms	38
15.2	Modification of terms	39
16.	SPONSORSHIP AND FISCAL AGENCY AGREEMENTS	39
17.	INVESTOR RELATIONS ARRANGEMENTS	39
18.	RELATIONSHIP BETWEEN ISSUER OR SELLING SECURITY HOLDER AND AGENT	41
19.	RELATIONSHIP BETWEEN ISSUER AND PROFESSIONAL PERSONS	41
20.	LEGAL PROCEEDINGS	42
21.	AUDITOR	42
22.	REGISTRAR AND TRANSFER AGENT	42
23.	MATERIAL CONTRACTS	42

23.1	Particulars of material contracts	42
23.2	Inspection of material contracts	43
24.	OTHER MATERIAL FACTS	43
25.	PURCHASERS' STATUTORY RIGHTS	43
26.	FINANCIAL STATEMENTS, REPORTS AND OTHER EXHIBITS	44
27.	CERTIFICATES	44

The prospectus required under section 61 (2) of the securities Act for distributions of securities by an Industrial Qualifying Issuer intending to file an exchange offering prospectus with the Commission and the Vancouver Stock Exchange in accordance with Local Policy Statement 3-02 shall be in the following form.

FORM 12B

EXCHANGE OFFERING PROSPECTUS FORM

Securities Act

INFORMATION REQUIRED IN EXCHANGE OFFERING PROSPECTUS OF AN INDUSTRIAL 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. Verification of disclosure may be required.
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. Except where the context otherwise requires, "prospectus" refers to preliminary or final exchange offering prospectus as appropriate.
5. 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".
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 information subsequent to the date the information must be presented as of a date that reflects this change.
10. Each item outlines disclosure requirements. Instructions to assist you in providing this disclosure are printed in smaller type.
11. Certain terms used in this Form are defined in the Securities Act (the "**Act**"), Securities Rules (the "**Rules**") and the Interpretation Act. Certain terms defined in specific sections of this Form are in bold. Other defined terms used in this Form, which are capitalized and in bold, 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 or **Exchange**, 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, the person was not

- (a) an insider, associate, affiliate or principal (as defined in Local Policy Statement 3-07) of the issuer,
- (b) a person that has a control person, an insider holding 10% or more of the voting securities of the person, or a promoter that is
 - (i) a control person, insider or promoter of the issuer, or
 - (ii) an associate or affiliate of a control person, insider or promoter of the issuer.

"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".

"Development Costs" means costs incurred by the issuer, its subsidiaries and proposed subsidiaries relating to product research and development, material acquisitions of plant, equipment, technology and marketing rights, and does not include general and administrative costs.

"Exchange" means the Vancouver Stock Exchange.

"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 stated business 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.

"Product" means any product, service or technology of the issuer

- (a) that has a net book value representing more than 10% of the issuer's total assets,
- (b) that generates more than 10% of the issuer's gross revenues,
- (c) on which more than 10% of the proceeds of the offering will be spent, or
- (d) that is or will be the focus of the issuer's stated business objectives.

"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 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 and the Vancouver Stock Exchange 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:

NEW ISSUE [and/or] SECONDARY OFFERING DATE

[PRELIMINARY] EXCHANGE OFFERING 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 price, explain the method or formula used for determining the price (e.g., by making reference to the closing price on the **Exchange** as of a specified date). If the securities are to be offered at market price as of a specified date, disclose the market price of the security at the latest practicable date.

1.4 Distribution spread

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

	Price to public	Agents' discounts or commissions	Proceeds to issuer or selling security 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. Where the price is not determined, the **issuer** must estimate the amounts in the table using the method or formula set out on the face page of the prospectus. Where estimates are used, provide a notation to that effect as a note to 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 a firm 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 Risk factors

State the following in bold type:

INVESTMENTS IN SMALL BUSINESSES INVOLVE A HIGH DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. REFER TO "RISK FACTORS".

- I Where the above statement does not apply to an issuer listed on the senior board of the **Exchange**, a cross-reference to "Risk Factors" need only be provided.

1.6 Public and insider ownership

State, as of the completion of the offering, 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 of the issuer.

- I If there is a minimum subscription, disclose the aggregate ownership of securities on both a minimum and maximum basis.

1.7 Foreign issuers

If the **issuer** is incorporated, continued or otherwise presently 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.

1.8 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 a cross-reference to "Relationship between Issuer or Selling Security Holder and Agent".

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

1.9 Plan of distribution

State whether the offering is being made through the facilities of the **Exchange** and whether it is by firm underwriting, guaranteed agency, best efforts offering or special warrant offering. Disclose any intention to stabilize the market. Provide a cross-reference to the "Plan of Distribution".

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 securities offered by the issuer, including the offering price and the net proceeds expected to be realized by the issuer,
 - (c) the intended use of the **Funds Available**, including the amount allocated for each use,
 - (d) the stated business objectives that the issuer expects to accomplish using the **Funds Available**,
 - (e) the specific risks relating to the business disclosed in paragraph (a), and
 - (f) 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 business carried on and intended to be carried on by the **issuer**, including **Products** that the **issuer** is or will be developing or producing, and the stage of development of each of the **Products**.

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; material

changes in the types of **Products** produced or services rendered; and any material changes in the method of conducting the business or 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 *
Sales			
Gross Profit			
Research and Development Expenses			
Sales and Marketing Expenses			
General and Administrative Expenses			
Net Income (Loss)			
Working Capital			
Property, Plant and Equipment			
Deferred Research and Development			
Other Intangibles			
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 [[at the rate of one share for each \$ [*] of cumulative cash flow generated by the issuer from its operations] or [upon meeting the following conditions: [*]]]. Upon the successful completion of this offering, a total of [* shares] will be issued and outstanding.

Discuss and compare the issuer's results of operations, 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 disclosed in section 5.5 on the operating results and financial position of the issuer.

Also, 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 requirements relating to working capital items (e.g., where significant quantities of inventory are required to be carried to meet rapid delivery requirements of customers or where extended payment terms have been provided to customers),
 - (d) 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,
 - (e) whether the issuer is in arrears on the payment of dividends, interest, or principal payment on borrowing, and
 - (f) 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. The sales and gross profit disclosed in the table must be separately presented by industry and geographic segment.
 2. Net income disclosed in the table is net income after tax.
 3. 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.

4. Where the closing of the distribution under the prospectus is subject to a minimum subscription, adjust the required statement as appropriate.
5. 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 research and development, sales and marketing expenses, or general and administrative expenses.
6. 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.
7. 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 goods or services being sold or to the introduction of new **Products** or services. Where the issuer knows of events that are expected to materially affect costs or revenues, describe the event(s).
8. 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.
9. In this section, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

5.3 Stated business objectives

State the business objectives that the **issuer** expects to accomplish using the **Funds Available** and the time period in which these business objectives are expected to be achieved.

1. The **issuer's** stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is prepared in accordance with National Policy Statement No. 48. Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the **issuer** may state that it anticipates generating sufficient cash flow from sales to pay its operating costs for a specified period following completion of the offering.
2. Where the closing of the distribution under the prospectus is subject to a minimum subscription, the description of the **issuer's** stated business objectives should reflect both the minimum and maximum net proceeds to be derived by the **issuer**.
3. In this section, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

5.4 Milestones

Describe each significant event that must occur for the business objectives to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

1. Examples of significant events would include hiring of key personnel, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.

2. The milestones must be cross-referenced to the related items in the prospectus.

5.5 Acquisitions and dispositions

Disclose any material acquisitions and dispositions relating to the **issuer's** current business made by the **issuer** during the three preceding financial years and the **Stub Period**, or such shorter period as the **issuer** may have been in existence, and any intended material acquisitions or dispositions, including particulars of

- (a) the nature of the assets acquired or disposed of or to be acquired or disposed of,
 - (b) the actual or proposed date of each acquisition or disposition,
 - (c) the name of the vendor or purchaser and whether the transaction was or will be at **Arm's Length**,
 - (d) for an acquisition or disposition not at **Arm's Length**, the vendor's out of pocket costs as described in Local Policy Statement 3-07,
 - (e) the consideration, both monetary and non-monetary, paid or to be paid to or by the **issuer**,
 - (f) any material obligations that must be complied with in order to keep any acquisition or disposition agreement in good standing,
 - (g) how the consideration was determined (e.g., limited to out of pocket costs, valuation opinion or **Arm's Length** negotiations), and
 - (h) 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. The disclosure required by this section is also required of all acquisitions and dispositions where material terms of the acquisition or disposition are still outstanding.
 2. Out of pocket costs must be supported by either audited financial statements or an audited statement of costs.
 3. The granting or acquiring of any material licence agreement by the **issuer** or any predecessor is considered to be an acquisition or disposition for purposes of this section.
 4. In this section, "**issuer**" includes the issuer's subsidiaries, proposed subsidiaries and predecessor[s].

5.6 Management

Provide the following information for each member of **Management**:

- (a) state the individual's name, age, position and responsibilities with the **issuer** and relevant educational background,

- (b) state whether the individual works full time for the **issuer** or what proportion of the individual's time will be devoted to the **issuer**,
 - (c) state whether the individual is an employee or independent contractor of the **issuer**,
 - (d) state the individual's principal occupations or employment during the five years prior to the date of the prospectus, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business,
 - (ii) if applicable, that the organization was an affiliate of the **issuer**,
 - (iii) positions held by the individual,
 - (iv) whether it is still carrying on business, if known to the individual,
 - (e) describe the individual's experience in the **issuer's** industry, and
 - (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the **issuer**.
1. The description of the principal occupation of a member of **Management** must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.
 2. The disclosure in (d) (iv) is only required where the individual was or is an officer or director of the organization.
 3. In this section, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

5.7 Organizational structure

Provide a chart setting out the number of full and part-time employees or contractors currently in each department and the approximate number of full and part-time employees or contractors in each department required to meet the issuer's stated business objectives.

5.8 Products

Describe

- (a) the **Products** developed or to be developed as part of the **issuer's** stated business objectives,
- (b) the history of development of the **Products**, including estimated **Development Costs** to the **Most Recent Month End**,
- (c) the stage of development of the **Products**, including whether they are at the design, prototype, market test or commercial production stage,
- (d) if the **Products** are not at the commercial production stage or if part of the **Funds Available** will be used for research and development,
 - (i) the stage of development that **Management** anticipates will be reached using the **Funds Available**,

- (ii) the major components of the proposed development program that will be funded using the **Funds Available** and provide a **Breakdown of Costs**, and
 - (iii) whether the **issuer** is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods,
- (e) any material regulatory approvals that are required for the **issuer** to achieve its stated business objectives,
 - (f) where the development of documentation is considered to be necessary in the **issuer's** industry, the stage of development of documentation, including manuals, relating to the **Products**, and
 - (g) the potential impact of any laws, such as industry or environmental regulations or controls on ownership or profit repatriation, or economic or political conditions that may materially affect the **issuer's** operations.
1. The disclosure in (g) need only summarize the potential impact.
 2. In this section, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

5.9 **Future developments**

If the **Products** are not at the commercial production stage or if the **Products** will not be in commercial production at conclusion of the proposed development program, describe the additional steps required to get to commercial production and provide an estimate of the **Development Costs** and time periods, to the extent known, and describe any uncertainties relating to the completion of the steps, the estimate of the costs or the time periods.

1. The disclosure in this section must identify any material regulatory approvals that are required for the **issuer's Products** to be in commercial production.
2. In this section, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.

5.10 **Proprietary protection**

Where proprietary protection is normally obtained for products similar to the **Products**, describe

- (a) the proprietary protection of the **Products** including the duration of all material patents, copyrights and trade marks,
- (b) if no proprietary protection has been obtained, the steps **Management** intends to take to secure proprietary protection and, if known, the time periods for completing these steps, or explain why this proprietary protection has not or will not be obtained, and
- (c) the steps taken by the issuer, its subsidiaries and proposed subsidiaries to protect their respective know how, trade secrets and other intellectual property, including physical possession of source codes and any use of confidentiality or non-competition agreements.

- I Where the issuer, its subsidiaries and proposed subsidiaries are the licensees under any material licence agreement, provide the information required by this section, where known after reasonable investigation, with respect to the licensor.

5.11 Operations

If the **issuer** is currently marketing its **Products** or will be marketing its **Products** as part of its stated business objectives, provide the following information regarding the production and sales of its **Products**:

- (a) describe the actual or proposed method of production of the **Products** or, if the **Products** are services, the method of providing the services,
- (b) state whether the **issuer** is producing the **Products** itself, is subcontracting out production, is purchasing the **Products** or is using a combination of these methods,
- (c) disclose the location of existing property, plant and equipment, indicating whether the property, plant or equipment is owned or leased by the **issuer**,
- (d) state the payment terms, expiration dates and the terms of any renewal options of any material leases or mortgages, whether the leases or mortgages are in good standing and, if applicable, that the landlord or mortgagee is not at **Arm's Length** with the **issuer**,
- (e) disclose any specialized skill or knowledge requirements necessary for the **Products** to be produced and describe the extent that this skill or knowledge is available to the **issuer**,
- (f) disclose sources and availability of raw materials, component parts or finished products including factors that may have a material impact on the **issuer's** operations such as:
 - (i) dependence on a limited number of suppliers for essential raw materials, component parts or finished products,
 - (ii) potential shortages of raw materials, component parts or finished products, or
 - (iii) any unusual payment terms under any agreements or other arrangements with the **issuer's** principal suppliers, that may impact on the **issuer's** cash flow,
- (g) where any principal supplier of raw materials, component parts or finished products is not at **Arm's Length** with the **issuer**, disclose its name, relationship with the **issuer** and the material terms of any existing contract or arrangement with the **issuer**,
- (h) disclose the extent to which the **issuer's** business is dependent upon a single or a limited number of customers,
- (i) where any existing or proposed principal customer is not at **Arm's Length** with the **issuer**, disclose its name, relationship with the **issuer**, the material terms of any contract or arrangement with the **issuer** and the proportion of the **issuer's** total net sales made to that customer during the preceding financial year and the **Stub Period**,
- (j) describe any unusual payment terms under any agreements or other arrangements with the **issuer's** principal customers that may impact on the **issuer's** cash flow, and

- (k) disclose any proposed material changes to plant, property and equipment, manpower or sources of supply required to enable the **issuer** to meet its stated business objectives and provide a **Breakdown of Costs** for the major components of the proposed material changes that will be funded using the **Funds Available**.

I In this section, "**issuer**" including the issuer's, its subsidiaries and proposed subsidiaries.

5.12 Market

Provide the following information regarding the market for the **Products**:

- (a) describe the market segment and specific geographical area in which the **issuer** is selling or expects to sell its **Products** as contemplated by its stated business objectives or intends to sell its **Products** upon completion of its product development,
 - (b) describe material industry trends within the market segments and specific geographical areas referred to in paragraph (a) that may impact on the **issuer's** ability to meet the **issuer's** stated business objectives,
 - (c) describe the competition within the market segments and specific geographical areas referred to in paragraph (a) including, to the extent known after reasonable investigation by the **issuer**,
 - (i) names of the **issuer's** principal competitors,
 - (ii) a comparison of the principal aspects of competition (e.g., price, service, warranty or product performance) between the **issuer** and its principal competitors, and
 - (iii) potential sources of significant new competition,
 - (d) disclose the extent of market acceptance of the **Products** and the method used to determine whether market acceptance exists (e.g., market testing or surveys), including the names of the parties who performed the appropriate procedures and, if not at **Arm's Length** with the **issuer**, their relationship with the **issuer**,
 - (e) if applicable, state that obsolescence is a factor in the **issuer's** industry and describe how the **issuer** intends to maintain its competitive position,
 - (f) describe the effect of any material market controls or regulations within the market segment and specific geographical area referred to in paragraph (a) that may affect the marketing of the **Products** (e.g., marketing boards or export quotas), and
 - (g) describe the effect of any seasonal variation within the market segment and specific geographical area referred to in paragraph (a) that may affect the sales of the **Products**.
1. In this section, "**issuer**" means the issuer, its subsidiaries and proposed subsidiaries.
 2. In discussing competition, consideration must be given to substitute or alternative products that may impact on the **issuer's** ability to meet its stated business objectives.

5.13 Marketing plans and strategies

If the **issuer** is currently marketing its **Products** or will be marketing its **Products** in order to achieve its stated business objectives, provide the following information regarding the **issuer's** marketing plans and strategies:

- (a) describe when, how and by whom the **Products** are or will be marketed and, if not at **Arm's Length** with the **issuer**, their relationship with the **issuer**,
- (b) disclose any marketing programs actual or proposed to meet the **issuer's** stated business objectives and the major components of the marketing programs (e.g., trade shows, magazines, television or radio advertising),
- (c) provide a **Breakdown of Costs** for major components of the marketing programs,
- (d) disclose the **issuer's** pricing policy (e.g., at market, discount or premium), and
- (e) where after sales service, maintenance or warranties are a significant competitive factor, describe the differences between the **issuer's** policies and those of its principal competitors.

I In this section, "**issuer**" means the issuer, its subsidiaries and proposed subsidiaries.

5.14 **Administration**

Provide

- (a) the estimated aggregate monthly and total administration costs that will be incurred in order for the issuer to achieve its stated business objectives, 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** of 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 issuer is listed on the senior board of the Exchange and has material operating revenues.

6. **USE OF PROCEEDS**

6.1 **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.

6.2 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 to it on the completion of this offering to further the issuer's stated business objectives set out in "Business of the Issuer". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the issuer to achieve its stated business objectives.

- 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 Item 5. Where the issuer has not had material operating revenues, the table must include the administrative costs required for the issuer to achieve its stated business objectives, or that will be incurred over a period of 12 months, whichever is greater.
- 3. **Funds Available** not allocated to one of the principal purposes must be identified as "Working Capital To Fund Ongoing Operations" and must be sufficient to fund the issuer's operations during the offering period and, following completion of the offering, to maintain the reporting issuer in good standing under corporate and securities legislation during the time frame contemplated by its stated business objectives.
- 4. 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.
- 5. Where more than 10% of the **Funds Available** will be used to reduce or retire indebtedness 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. Where more than 10% of the **Funds Available** will be used to reduce or retire indebtedness incurred to a creditor that is an insider to the issuer or is a holder of performance shares or escrow securities, identify the creditor, the nature of the relationship to the issuer and the principal purpose for which the indebtedness was used. Disclose the particulars of the indebtedness (e.g., cash advances, wages purchased debt, etc.).
- 6. Where the prospectus is used in connection with a special warrant or similar transaction, the principal purposes for which the funds raised in such transaction must be disclosed.

Where all or a portion of these funds have been spent provide a cross-reference to the detailed discussion in Item 5 and explain how the funds were spent. The **Funds Available** must include the balance of the funds, if any, raised by the special warrant or similar transaction that have not been spent.

6.3 Conflicts of interest

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 or connected 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. Where the issuer or selling security holder is a related or connected party of the **Agent**, provide a cross-reference to "Relationship Between Issuer or Selling Security Holder and Agent".

I For the purposes of this section, reference to an **Agent** includes a special selling group member, as defined in section 78 of the **Rules**.

7. 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 particular industry in which the **issuer** operates, lack of financial expertise, dependence of the **issuer** on an unproven **Product**, environmental regulations, economic or political conditions, absence of an existing market for the **Product**, absence of an operating history, absence of profitable operations in recent periods, an erratic financial history, significant competition, conflicts of interest with **Management**, reliance on the efforts of a single individual, the arbitrary establishment of the offering price and any material differences between the laws presently governing the issuer and the British Columbia Company Act relating to security holder 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.

8. DIRECTORS, OFFICERS AND PROMOTERS

1. In this Item, "**issuer**" includes the issuer's subsidiaries and proposed subsidiaries.
2. In sections 8.3 through 8.6, information for periods prior to those indicated in the section, depending upon the materiality of the events, may be required.
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.

8.1 Name, address, occupation and security holding

List the names and the municipality of residence of all directors, officers and promoters of the **issuer** and, for each person, disclose

- (a) the current positions and offices with the **issuer**,
- (b) the principal occupations 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
- (c) as of the conclusion of the offering, 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 that the securities represent of the issued and outstanding securities of the **issuer**.

Where a director, officer or promoter is an associate of another director, officer or promoter, disclose as a footnote the relationship.

1. The disclosure is to be provided separately for the issuer and each of its subsidiaries and proposed subsidiaries.
2. Upon application, the disclosure required by this section may be waived 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 or promoter must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.
4. Where the director, officer or promoter is a member of **Management**, the information in (b), other than a current occupation, may be disclosed by a cross-reference to the page on which the information required by section 5.6 is disclosed.
5. If there is a maximum subscription that differs from the minimum subscription, disclose the percentage of the class held by the directors, officers and promoters on both a minimum and maximum basis.

8.2 Aggregate ownership of securities

State, as of the conclusion of the offering, the aggregate number of each class of voting securities of the **issuer** that are beneficially owned, directly or indirectly, by all directors, officers and promoters 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**.

1. In this section, "**issuer**" does not include the issuer's subsidiaries and proposed subsidiaries.
2. If there is a minimum subscription, disclose the aggregate ownership of securities on a minimum and maximum basis.

8.3 Other reporting issuers

Where any director, officer or promoter 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.

8.4 Corporate cease trade orders or bankruptcies

Where any director, officer or promoter 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.

8.5 Penalties or sanctions

Where any director, officer or promoter 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. Information relating to other penalties and sanctions depending on the materiality of the events may be required.

8.6 Individual bankruptcies

Where any director, officer or promoter 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.

8.7 Conflicts of interest

Disclose particulars of any existing or potential conflicts of interest of any of the directors, officers or promoters of the **issuer** as a result of their outside business interests.

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

State the name of each director, officer, promoter and member 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.

10. PAYMENTS TO INSIDERS AND PROMOTERS

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

10.1 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. Disclosure of compensation paid to persons other than executive officers, may be required.
 2. Where the **issuer** is listed on the senior board of the Exchange and has material operating revenues, the issuer need not provide the information required by (a).

10.2 Related party transactions

Where, during the three 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 5.5.

1. The disclosure required by this section is also required for all related party transactions where material terms of the transactions are still outstanding.
2. Information with respect to executive compensation need not be disclosed in this section.
3. Any debt settlement made by the **issuer** to any insider or promoter must be disclosed in this section.
4. 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 10.1 and 10.2 or \$5,000, the information required by this item may be aggregated together and classified as "miscellaneous".
5. 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.

10.3 **Proposed compensation**

Where known, provide the information required by Form 41 as modified by section 10.1 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 10.1 and 10.2 above.
2. Where the **issuer** is listed on the senior board of the Exchange and has material operating revenues, the **issuer** need only provide the information required by Form 41.

11. **SHARE CAPITAL**

11.1 **Existing and proposed share and long-term debt**

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) Issued as of [the **Most Recent Month End**] [N/A]

(b) Offering

(c) 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. 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.
 3. Set out in the table or a note thereto the number of securities of each class authorized to be issued.
 4. The information shall be updated to the **Most Recent Month End**.
 5. In columns 1 and 3 of the table, (c) is equal to the total of (a) and (b).
 6. Where the issuer has outstanding long-term debt, the information required by Item 7 of Form 12 shall be provided.
 7. As a note to the table, indicate whether there are 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.

11.2 Options and other rights to purchase securities

- (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 and number of 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) 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 an option, warrant or other right (including conversion rights) to acquire 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 revenues, 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.

11.3 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 (a) of column 1 of the table in section 11.1.
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 11.2 (with respect to options in 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**.

11.4 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% 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% 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 note 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% 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 under sections 8.3 - 8.6 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**.

11.5 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 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
- 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.

12. 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 issuer's present policy regarding future dividend payments.

I Dividends should be set out on a per security basis, shown separately for each class of securities 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.

13. PRIOR SALES AND TRADING INFORMATION

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.

14. PLAN OF DISTRIBUTION

14.1 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 **Agent** a "greenshoe" option,
- (f) the conditions, if any, under which the **Agent** may "market out",
- (g) the nature of the consideration to be paid to the **Agent**,
- (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 already released.

14.2 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.

14.3 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 distribution to be borne by the selling security holder.

14.4 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.

15. DESCRIPTION OF SECURITIES OFFERED

15.1 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 rate, 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.
- l 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.

15.2 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.

16. 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.

17. 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. Indicate whether the person providing promotional, investor relations or market stabilization securities has a market making account with the **Exchange** pursuant to **Exchange** rules.
 4. If there are no promotional or investor relations arrangements, or arrangements to stabilize the market, so state.

18. 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 of the **Rules**.
2. In this item, "**issuer**" means the issuer, its subsidiaries and proposed subsidiaries.

19. 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, a **responsible solicitor** or any partner of a **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 of the interest in or position with the **issuer** or an associate or affiliate of the **issuer** held by any partners 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.

20. LEGAL PROCEEDINGS

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

1. 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.

21. AUDITOR

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

22. 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.

23. MATERIAL CONTRACTS

23.1 Particulars of material contracts

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

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

23.2 Inspection of material contracts

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

24. 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.

25. 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.

26. 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**.

27. 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 RULES THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.