

## LPS 3-02 Prospectus Filing Requirements

### PART 1 IMPLEMENTATION

- 1.1 Effective date - Local Policy Statement 3-02 dated January 20, 1989 is hereby rescinded and the following substituted therefor, effective February 4, 1991.
- 1.2 Defined terms - Terms defined in the Securities Act, S.B.C. 1985, c. 83 (the "Act") and the Securities Regulation, B.C. Reg. 270/86 (the "Regulation"), and used in this local policy statement have the same meaning as in the Act and the Regulation.

### PART 2 APPLICATION

- 2.1 Prospectus filings in British Columbia - This local policy statement applies to the filing of a prospectus with the Superintendent of Brokers (the "Superintendent") where:
  - (a) the issuer is filing the prospectus only in British Columbia; or
  - (b) the issuer is filing the prospectus under National Policy No. 1 in more than one province, including British Columbia, and falls within the filing classification contained in section 3.1.1 of Local Policy Statement 3-03 by virtue of being a junior issuer with British Columbia named as the prime jurisdiction or a junior issuer listed or planning to seek a listing on the Vancouver Stock Exchange (the "Exchange").
- 2.2 Compliance with Local Policy Statement 3-03 - Filings made by issuers referred to in section 2.1(b) must comply with the requirements of section 3.2 of Local Policy Statement 3-03 in addition to the requirements of this local policy statement. However, the form of prospectus and cross-reference sheet may be those required by another jurisdiction in the case of other than B.C. prime filings.

### PART 3 FILING OF PRELIMINARY MATERIAL

#### 3.1 Covering letter

- (a) The filing should be addressed as follows:

Deputy Superintendent, Corporate Finance  
British Columbia Securities Commission  
200-865 Hornby Street  
Vancouver, B.C.  
V6Z 2H4
- (b) A covering letter listing the documents being filed must accompany the preliminary material. The letter should identify the documents using the lettering system indicated in section 3.2 below. Where several documents of the same category (e.g. material contracts) are being filed, each document should be named separately and identified appropriately (e.g. N-1, N-2, etc.) in the sequence in which there is disclosure in the preliminary prospectus. Any non-applicable items should be indicated as such.
- (c) In the exceptional circumstances where required documents are not being filed, will be filed at a later date, or vary from the form or content prescribed in the Act or Regulation, the covering letter should describe the documents that have been omitted or varied, the reasons for the omission or variation and the expected date for filing any missing documents. In addition, if the proposed offering or the documents being filed do not

comply with the published policies of the British Columbia Securities Commission (the "Commission"), the covering letter must provide the details of and the reasons for the non-compliance.

- (d) The issuer need not refile documents already on file with the Commission provided that they are current. The covering letter should state that the documents have previously been filed and provide relevant details of the filing.
- (e) The covering letter must state the financial year end of the issuer.
- (f) Where the issuer's securities are not listed on a stock exchange and the issuer is not planning to list its securities on the Exchange, the covering letter should indicate what steps, if any, are being taken either to list the issuer's securities on another stock exchange or to establish that liquidity will exist after completion of the distribution qualified by the prospectus. The Superintendent generally will not issue a receipt for a prospectus offering equity securities of a junior issuer that has not obtained a conditional listing on a stock exchange in Canada.

3.2 Documents required - The following documents must be filed in connection with the filing of a preliminary prospectus and should be marked to correspond with the disclosure in the covering letter:

A. Fee checklist - a completed Fee Checklist in the required form, together with any applicable filing fees, including:

- (i) a preliminary prospectus filing fee in the amount prescribed by items 12 and 13 of section 183(1) of the Regulation by way of a cheque made payable to the "Minister of Finance".

Where the proceeds to be derived in British Columbia from the distribution under the prospectus cannot be ascertained at the time of the filing of the preliminary prospectus, the issuer must file an undertaking to provide a report on sales in British Columbia, together with any additional fees required under item 14 of section 183(1) of the Regulation, within 10 days of the conclusion of the distribution.

- (ii) a report filing fee in the amount prescribed by item 18 of section 183(1) of the Regulation for each report filed.

Where, within two days of filing a preliminary prospectus, the issuer requests that a preliminary receipt not be issued, the Superintendent will, upon request, refund the filing fees (less a \$500 processing fee). In all other circumstances, the Superintendent will not refund any portion of the filing fees.

B. Preliminary prospectus - three signed copies of the preliminary prospectus, including one fully bound copy containing

- (i) a copy of the financial statements,
- (ii) any future oriented financial information,
- (iii) any technical or engineering report required under Local Policy Statement 3-01 or 3-04, or a summary thereof,

- (iv) any valuation or appraisal report, including a valuation opinion required under Local Policy Statement 3-07, or a summary thereof, and
- (v) any audited statement of costs required under Local Policy Statement 3-07.

Information with respect to the price of the securities and the proceeds to be received by the issuer should be included in the preliminary prospectus.

The certificates required under sections 49 and 50 of the Act must be signed by the issuer's officers, directors and promoters and by the underwriters or agents within 3 days of the date of the preliminary prospectus and the preliminary prospectus must be filed within 10 days of the date of the preliminary prospectus. All signatures must be identified by printing or typing the name of each signatory underneath the signature in accordance with section 182 of the Regulation.

- C. Cross-reference sheet - a cross-reference sheet keying the disclosure in the preliminary prospectus to the items set out in the applicable required form (i.e. Form 12, 13, 14 or 15).
- D. Financial statements - two unsigned copies, in draft form, of the audited financial statements and any unaudited financial statements, subject to a review engagement report by the issuer's public accountant. Reference should be made to paragraphs 7100.34 and 7100.35 of the Canadian Institute of Chartered Accountants ("CICA") Handbook. One copy of the financial statements must be included in the fully bound preliminary prospectus referred to in item B of this section.

Draft financial statements must be presented in accordance with sections 104 and 113 of the Regulation. In addition, where the issuer is not a reporting issuer or where the issuer is reactivating pursuant to Local Policy Statement 3-35, the draft audited statements must be dated within 120 days of the date of the receipt for the preliminary prospectus. Reference should be made to sections 4.1 and 4.3 for further guidance relating to financial statements. In addition, issuers should be aware that section 4.4 normally requires unaudited financial statements dated within 90 days of the date of the final receipt, subject to a review engagement report.

Where the issuer has completed a business combination or proposes to enter into a business combination, reference should be made to section 4.2 concerning the additional financial statements that are required to be filed. If a material change in the business or affairs of the issuer has occurred subsequent to the date of the financial statements required to be filed under this section, reference should be made to section 4.1(d).

- E. Future-oriented financial information - where the issuer has obtained the Superintendent's prior consent under section 5.1, two unsigned copies, in draft form, of any future-oriented financial information. Reference should be made to paragraph 48 of the Auditing and Related Services Guideline of the CICA Handbook entitled "Examination of a financial forecast or projection included in a prospectus or other offering document" (the "Guideline"). One copy of the future oriented financial information must be included in the fully bound preliminary prospectus referred to in item B of this section. Reference should be made to Part 5 for further guidance relating to future oriented financial information.
- F. Audited statement of costs - where required by Local Policy Statement 3-07, two unsigned copies, in draft form, of each audited statement of costs. One copy of each audited statement of costs must be included in the fully bound preliminary prospectus referred to in item B of this section.

- G. Auditor's comfort letters - signed auditor's comfort letters for the audited statements filed under items D, E and F of this section, in accordance with section 114 of the Regulation and in the format specified in section 7100 of the CICA Handbook and paragraph 49 of the Guideline.
- H. Directors' resolution - certified copy of the directors' resolution approving the preliminary prospectus and authorizing the directors and officers to sign the preliminary prospectus.
- I. Report - two signed copies of each technical or engineering report and, if applicable, each summary report. One copy of each technical or engineering report, or a summary thereof, must be included in the fully bound preliminary prospectus referred to in item B of this section.

In lieu of signed copies, the issuer may file two unsigned copies, in draft form, of each technical or engineering report together with a comfort letter signed by the author of the report stating that he has no reason to believe that the signed report that will be filed with the final material will differ in any material respect from the draft report, except for amendments that may be made to the draft report in response to comments made by the regulatory authorities or as a result of material changes in the affairs of the issuer that occur subsequent to the date of the draft report.

If the issuer is a natural resource issuer, an engineering report should be prepared in accordance with National Policy No. 2-A or 2-B, as the case may be, Local Policy Statement 3-01 and Form 54 or 55 in respect of each major property or property on which proceeds of the offering will be expended as required by section 102 of the Regulation. The report must be accompanied by a certificate in the form prescribed by section 103 of the Regulation.

If the issuer is an industrial issuer, a technical report should be prepared in accordance with Local Policy Statement 3-04.

- J. Valuation or appraisal report - where required by Local Policy Statement 3-07, two signed copies of a valuation or appraisal report, containing a valuation opinion in support of the value attributed to any non-cash assets. One copy of each valuation or appraisal report, or a summary thereof, must be included in the fully bound preliminary prospectus referred to in item B of this section.

In lieu of signed copies, the issuer may file two unsigned copies, in draft form, of each valuation or appraisal report together with a comfort letter signed by the author of the report stating that he has no reason to believe that the signed report that will be filed with the final material will differ in any material respect from the draft report, except for amendments that may be made to the draft report in response to comments made by the regulatory authorities or as a result of material changes in the affairs of the issuer or the business to be acquired that occur subsequent to the date of the draft report.

- K. Confirmation of status or good standing - certificate respecting the status of the issuer from the British Columbia Registrar of Companies or the appropriate regulatory authority in the jurisdiction in which the issuer was incorporated, organized or continued, or a legal opinion from the filing solicitor to the same effect.
- L. Title opinion - legal opinion relating to the status of the issuer's interests in respect of each major property or property on which proceeds of the offering will be expended and the expiry dates of those interests. The opinion must be in a form satisfactory to the Superintendent, prepared by a person competent to express opinions on the laws of the jurisdiction in which the mineral interests are situate, and contain no material qualifications that are not described in the preliminary prospectus.

Where expenditures on oil and gas properties are proposed, the issuer will not be required to provide a title opinion if its working interest and financial commitments are not material to the issuer.

- M. Patent and trademark opinion - where the issuer has a registrable interest in a patent or trademark that is material to the business of the issuer and disclosed in the preliminary prospectus, a legal opinion relating to the registration of the issuer's interest in the patent or trademark and the expiry date of that interest. The opinion must be in a form satisfactory to the Superintendent, prepared by a person competent to express opinions on the laws of the jurisdiction in which the patent or trademark is registered, and contain no material qualifications that are not described in the preliminary prospectus.
- N. Material contracts - signed or certified true copies of all material contracts to which the issuer is a party.
- O. Form 4B - Form 4B for each director, officer, promoter or control person of the issuer and its existing or proposed subsidiaries. Where a promoter or control person is not an individual, a Form 4B must be filed for any individual that has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over securities carrying more than 50% (or 20%, if no individual holds more than 50%) of the voting rights attached to securities issued by the promoter or control person. This requirement must be satisfied regardless of where the promoter or control person was incorporated, organized or continued. Where a promoter or control person is a reporting issuer, no person is required to file a Form 4B with respect to that promoter or control person.

Alternatively, an individual required to file a Form 4B may make a statutory declaration that the individual has filed a Form 4B within the three year period preceding the date of the preliminary prospectus and that there has been no change in the information required to be disclosed in response to the questions dealing with change of name or business name, administrative proceedings, offences, civil proceedings, bankruptcy and settlement agreements.

The Superintendent will raise any concerns with respect to the suitability of any of the individual directors, officers, promoters or control persons of the issuer or of its existing or proposed subsidiaries during the review process.

- P. Securityholders list - where the issuer is making its first offering under a prospectus, a list of the beneficial owners of securities of the issuer stating, for each securityholder: name, address, relationship to a specific founder or promoter of the issuer, number of securities held, date and statutory exemption under which the securities were issued and price(s) per security paid. The securityholders list must identify underwriters as defined under Local Policy Statement 3-30.

Where a securityholder is not an individual, any individual that has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of and control or direction over securities carrying more than 10% of the voting rights attached to securities issued by the securityholder must also be disclosed on the securityholders list, regardless of where the securityholder was incorporated, organized or continued.

The securityholders list must provide totals of all issued securities of the issuer, including pooled or escrowed securities, that accord with the figures disclosed in the preliminary prospectus.

The securityholders list must be certified by a director or officer of the issuer to the effect that, as at a date not earlier than the date of the preliminary prospectus, to the best of the director's or officer's knowledge and belief after having made due inquiries, the information contained in the list is true.

In the event that any changes in the beneficial ownership of securities of the issuer occur before a final receipt is issued, a new securityholders list must be filed.

- Q. Escrow agreements - signed escrow agreements complying in form and content with Local Policy Statement 3-07. Where the holder of any securities subject to the terms of an escrow agreement is an issuer that is not a reporting issuer, an originally signed undertaking in the form set out as Appendix C to Local Policy Statement 3-07 must be filed.
- R. Pooling agreements - copy of the form of any voluntary pooling agreement entered into by any securityholders, together with a list of securityholders whose securities are held in pool indicating the number of securities so held for each securityholder and the total number of securities held in pool.
- S. Insider reports - if the issuer is not a reporting issuer on the date the preliminary prospectus is filed, the issuer must file for all insiders of the issuer holding securities of the issuer either signed insider reports or draft copies of the insider reports that will be filed within the time period prescribed in section 70(2) of the Act after the date of the final receipt.  
  
If signed insider reports are filed with the preliminary prospectus, additional reports will not be required to be filed under section 70(2) of the Act unless changes occur in the holdings set out in the insider reports.
- T. Letter from trust company - letter from transfer agent and escrow agent acknowledging preparedness to accept the relevant duties and responsibilities disclosed in the preliminary prospectus.
- U. Underwriting or agency agreement - signed agreement relating to the distribution of securities under the prospectus. The issuer must be a party to an agency or underwriting agreement on the date the preliminary prospectus is filed with the Superintendent or, in the alternative, the underwriting or agency agreement may be in draft form when filed, provided that the underwriter or agent has signed the certificate in the preliminary prospectus.
- V. Underwriters' undertakings - if applicable, undertakings of underwriters required by Local Policy Statement 3-30.
- W. Schedule of calculations - schedule providing the background calculations to the percentages of securities quoted in the preliminary prospectus.
- X. Confirmation of name reservation - if the securities of the issuer will be listed on a stock exchange on which they are not currently listed, written confirmation from the stock exchange that the issuer's name has been approved and reserved for use by the issuer.
- Y. Pre listing review letter - if the securities of the issuer are not currently listed, but will be listed, on the Exchange, a letter from the Listings Department of the Exchange confirming that the Exchange has no objection to the issuer making a conditional listing application.

## PART 4 FINANCIAL STATEMENTS

### 4.1 General matters

- (a) The auditor's report should be addressed to the directors of the issuer as recommended in paragraph 7100.08 of the CICA Handbook.

- (b) Comparative audited and unaudited financial statements must be presented on a period by period basis and be compiled as a single set of financial statements with supporting notes. All financial statements, including the tabular notes to the financial statements, must be presented consistently from left to right or right to left in the same chronological order.
- (c) The financial statements filed under this local policy statement, including notes thereto, must be prepared in accordance with section 3 of the Regulation. In particular, section 1500 of the CICA Handbook provides general guidance on financial statement presentation requirements.

Expenditures for exploration and development, research and development, and general and administration, whether capitalized or expensed, should be disclosed in reasonable detail either in the financial statements or in the notes or supporting schedules thereto. Reference should be made to section 104(1)(e) of the Regulation.

The notes to the financial statements should provide full disclosure concerning the matters to which they relate (for example, concerning related party transactions).

- (d) Where the financial statements filed under this local policy statement reflect little activity and the majority of the issuer's operations have taken place subsequent to the date of the financial statements, additional up-dated audited financial statements may be required by the Superintendent.

#### 4.2 Business combinations

- (a) Where the issuer has completed a business combination, as described in paragraphs 1580.01 to 1580.05 of the CICA Handbook, prior to the filing of the preliminary prospectus, and the issuer's consolidated financial statements do not include the acquired business for the last 5 years, the issuer must file additional audited financial statements for the business that was acquired for the period(s) not included in the issuer's consolidated financial statements.
- (b) Where a business combination is contemplated as part of, or in conjunction with, the prospectus offering, the issuer must file separate audited financial statements for the business to be acquired dated within 120 days of the date of the receipt for the preliminary prospectus and presented in accordance with section 104 of the Regulation.
- (c) The Superintendent may permit or require the inclusion of pro forma consolidated financial statements in the preliminary prospectus in accordance with section 106 of the Regulation for the period covered by the most recent financial statements required by item D of section 3.2 and, in addition, if that period is less than 12 months, for the last completed financial year of the combined or combining businesses.
- (d) Special consideration should be given to paragraphs 1580.16 and 1580.17 of the CICA Handbook and the CICA's Emerging Issues Committee Abstract No. 10 where a reverse take over will occur or has occurred.

4.3 Waiver of five year audit - In accordance with section 104(6) of the Regulation, the Superintendent may, upon request by an issuer, exempt the issuer from including the audited financial statements required by section 104 of the Regulation provided that the issuer includes financial statements for each of its last 5 financial years and:

- (a) at least the last completed financial year has been audited;

- (b) the prior periods are subject to accountant's comments or a review engagement report; and
- (c) the issuer complies with all other aspects of this local policy statement relating to financial statements.

#### 4.4 Final material

- (a) The financial statements contained in the prospectus must consist of audited financial statements dated within one year of the date of the final receipt, or such lesser period as the Superintendent may require. In addition, stub period unaudited financial statements dated within 90 days of the date of the final receipt, subject to a review engagement report, will normally be required.
- (b) The Superintendent may, upon request by an issuer, waive the requirement to file unaudited stub period financial statements in cases where:
  - (i) the issuer was effectively dormant between the date of its last audited financial statements and the date of the prospectus;
  - (ii) the issuer's audited financial statements are dated within 180 days of the date of the final receipt; and
  - (iii) the prospectus discloses in sufficient detail the financial activities of the issuer between the date of the audited financial statements and the date of the prospectus.

### PART 5 FUTURE ORIENTED FINANCIAL INFORMATION

- 5.1 Prior consent for inclusion of future oriented financial information - Future oriented financial information, such as financial forecasts or projections, or information selected therefrom (e.g. revenue figures), must not be included in a preliminary prospectus, technical or engineering report or valuation report unless the issuer has received the prior consent of the Superintendent to do so pursuant to section 109 of the Regulation.
- 5.2 Preparation and audit requirements - Any financial forecasts or projections must be prepared in accordance with section 4250 of the CICA Handbook and must be audited in accordance with the Guideline, except where these requirements have been waived by the Commission or the Superintendent.
- 5.3 Documents required to obtain consent - In order to obtain the consent referred to in section 5.1, the issuer must submit for review the draft future oriented financial information, the draft preliminary prospectus, historical financial statements, the draft technical or engineering report and any draft valuation report, together with the filing fee prescribed under item 20 of section 183(1) of the Regulation. Upon receipt of the Superintendent's consent, the issuer may proceed with a filing under Part 3.

### PART 6 INCOMPLETE SUBMISSIONS

- 6.1 Return of incomplete submissions - Section 183(2) of the Regulation provides that where a record is filed with the Superintendent and the record has not been completed in accordance with the Act or the Regulation, the Superintendent may return the record to the person by whom it was filed.



- 6.2 Refusal to issue receipt - A receipt for a preliminary prospectus will not be issued where:
- (a) the prescribed filing fees are not remitted;
  - (b) the filing does not contain the information or documents (such as financial statements, technical or engineering reports, material contracts or the pre listing review letter issued by the Exchange) required by this local policy statement; or
  - (c) the certificates accompanying the preliminary prospectus are not in the proper form or have not been signed by all parties.

## PART 7 THE REVIEW PROCESS

- 7.1 Issuance of receipt - In accordance with section 46 of the Act, the Superintendent will issue a receipt for a preliminary prospectus as soon as practicable after the preliminary prospectus has been filed. The receipt will be dated the date the Superintendent receives the preliminary prospectus and all other documents required to be filed under this local policy statement.
- 7.2 Cease trade order under section 64 of the Act - The Superintendent may issue a cease trade order under section 64 of the Act where, as a result of the review process, the Superintendent considers that the preliminary prospectus does not substantially comply with section 44(1) of the Act. The cease trade order will remain in effect until a fully executed revised preliminary prospectus satisfactory to the Superintendent has been filed together with confirmation from the agent or underwriter that the revised preliminary prospectus has been distributed to each recipient of the defective preliminary prospectus according to the distribution list required to be maintained under section 63 of the Act.
- 7.3 Forwarding comment letters - A copy of each comment letter issued by the Superintendent will be sent to the filing solicitor making the filing on behalf of the issuer, to the agents or underwriters and to the Exchange, if applicable. The filing solicitor must promptly provide a full copy of each comment letter to the issuer's public accountant and other professional persons whose consent letters will be included with the final material.
- 7.4 Filing of black-lined documents - All revised documents, including preliminary prospectuses, financial statements, future oriented financial information, engineering or technical reports, valuation or appraisal reports, audited statements of costs and material contracts, that are filed subsequent to the initial filing must be black-lined to indicate the changes made to them.
- 7.5 Redating of revised preliminary prospectus - A revised preliminary prospectus filed during the review process or under section 64 of the Act must be redated to a date within 10 days of the date of filing the revised preliminary prospectus and must include responses to comment letters, updated information relating to working capital and changes resulting from material changes in the business and affairs of the issuer. Reference should be made to Part 8, relating to amendments to a preliminary prospectus. New certificates are not required on a revised preliminary prospectus, except one filed under section 64 of the Act.
- 7.6 Marking of follow-up material - The front page of the covering letter and the envelope enclosing follow-up material should be marked "FOLLOW-UP" and be addressed to the appropriate staff member. Where the issuer has not been advised of the assignment of the filing to a specific staff member, "Manager, Corporate Finance" may be substituted for the name of the staff member. A copy of the follow-up material should also be sent concurrently to the appropriate listings officer at the Exchange, if applicable.

- 7.7 Exchange Review of Certain IPO Prospectuses - If an issuer is filing a prospectus only in British Columbia to qualify its initial public offering and is seeking a listing only on the Exchange, the issuer must file all documents required by this Policy with both the Commission and the Exchange. The Exchange will conduct the primary review of the IPO prospectus filing and, if appropriate, recommend to the Executive Director the issuance of a final receipt. Issuers subject to this section should refer to the Exchange's Policies with respect to additional Exchange filing requirements. The filing of a preliminary prospectus and final prospectus with the Exchange does not limit the discretion of the Executive Director to refuse to issue a preliminary or a final receipt.

## PART 8 AMENDMENTS TO A PRELIMINARY PROSPECTUS

- 8.1 Amendment to preliminary prospectus where adverse material change - If an adverse material change in the affairs of the issuer occurs after a receipt is issued for the preliminary prospectus but before a receipt is issued for the prospectus, section 47(1) of the Act requires the issuer to file an amendment to the preliminary prospectus no later than 10 days after the change occurs. The amendment may consist of either an amendment to the preliminary prospectus or an amended preliminary prospectus. Issuers are encouraged to file an amended preliminary prospectus where a substantial number of changes have been made to the original preliminary prospectus.
- 8.2 Requirements for amendment to preliminary prospectus -The Superintendent has not prescribed a form to be used by issuers for an amendment to a preliminary prospectus. However, in addition to providing disclosure concerning the material change, an amendment to a preliminary prospectus must:
- (a) be numbered and dated (eg. "Amendment No. 1 dated \* to Preliminary Prospectus dated \*");
  - (b) contain an updated "Use of Proceeds" section which, among other things, reflects the issuer's working capital position as at the amendment date; and
  - (c) have the certificates required under sections 49 and 50 of the Act attached to it and dated within 3 days of the amendment date.
- 8.3 Requirements for amended preliminary prospectus - If the issuer elects to file an amended preliminary prospectus, the date of the amended preliminary prospectus should read "Dated \* (date of original preliminary prospectus), as amended on \*". The amended preliminary prospectus should contain an updated "Use of Proceeds" section and the certificates should refer to the preliminary prospectus "dated \* as amended \*" and be dated within 3 days of the amendment date.
- 8.4 Directors' resolution - A certified copy of the directors' resolution approving the amendment to the preliminary prospectus and authorizing the directors and officers to sign the amendment must be filed with the amendment.
- 8.5 Delivery to each recipient of preliminary prospectus -A copy of the amendment to the preliminary prospectus or the amended prospectus must be sent to each recipient of the preliminary prospectus as soon as it has been filed and a receipt for it has been issued by the Superintendent.

## PART 9 FILING OF FINAL MATERIAL

- 9.1 Timing of filing

- (a) The Superintendent will notify the filing solicitor that the Superintendent is ready to receive final material once all comments have been resolved to the satisfaction of the Superintendent and the Exchange, where applicable.
- (b) A covering letter listing the documents being filed must accompany the final material. The letter should identify the documents being filed using the lettering system indicated in section 9.2 below. Any non-applicable items should be indicated as such.

9.2 Documents required - The documents that must be filed after satisfactory clearance of all comments consist of the following:

- A. Prospectus - two signed copies of the prospectus, fully bound, containing
  - (i) signed financial statements,
  - (ii) any signed future oriented financial information,
  - (iii) signed technical or engineering report, or a summary thereof,
  - (iv) any signed valuation or appraisal report, or a summary thereof,
  - (v) any signed audited statement of costs, and
  - (vi) any other supporting materials to be included in the commercial copy.

Certified copies of the supporting materials may be used if signed copies have already been filed. Reference should be made to section 4.4 for further guidance on financial statement requirements.

The certificates required under sections 49 and 50 of the Act must be signed within 3 days of the date of the prospectus. The date of the prospectus must be within 10 days of the effective date of the prospectus, being the date of the final receipt for the prospectus.

- B. Auditor's consent letters - signed consent letter, as required by section 99(2) of the Regulation, from each of the auditors who have audited the financial statements, any future oriented financial information or any audited statement of costs included in the prospectus.
- C. Public accountant's consent letters - signed consent letter, as required by section 99(2) of the Regulation, from each of the public accountants who have reviewed any of the unaudited financial statements included in the prospectus.
- D. Directors' resolutions - certified copy of the directors' resolutions approving the prospectus and the financial statements and authorizing the directors to sign the balance sheet and the directors and officers to sign the prospectus.
- E. Report - if the prospectus contains a summary of the technical or engineering report, two signed copies of the final version of the technical or engineering report.
- F. Valuation or appraisal report - if the prospectus contains a summary of a valuation or appraisal report, two signed copies of the final version of the valuation or appraisal report.

- G. Consent of author to use of report - signed consent letter, as required by section 99(2) of the Regulation, from the author of the technical or engineering report, or any valuation or appraisal report, to the use of the report or a summary thereof in the prospectus.

In the case of an author of a technical report, the consent must contain a statement of the author to the effect that the author has read the prospectus and, with respect to any part of the prospectus purporting to be made on the author's own authority as an expert or to be a copy of, or an extract from, the report, the author has, after reasonable investigation, reasonable grounds to believe and does believe that the relevant part of the prospectus is a fair and accurate representation of the report.

If the prospectus contains a summary of a technical or engineering report, the consent must also contain a statement of the author of the report to the effect that the summary report represents a fair and accurate summary of the report.

- H. Consent of other professional persons - signed consent letter from any other professional person named in the prospectus, as required by section 99(2) of the Regulation and in accordance with the policies of the Commission.
- I. Solicitor's certificate - if applicable, a solicitor's certificate as required by Local Policy Statement 3-41.
- J. Underwriting or agency agreement - signed copy of the underwriting or agency agreement, if not filed previously.

- 9.3 Offering period - The maximum offering period permitted by the Superintendent for issuers seeking a listing on the Exchange will be restricted under section 51(3) of the Act to a period ending on the earliest of

- (a) 12 months from the date of the preliminary receipt,
- (b) 180 days from the date of the final receipt, or
- (c) 120 days from the date of the issuer's next financial year end subsequent to the date of the latest audited year end financial statements contained in the prospectus.

Where the offering period is restricted as set out in subsection (c), it may be extended under section 10.5.

- 9.4 Final receipt and effective date - The request for final material to be filed will be made when the Superintendent is satisfied that all comments have been resolved, subject, where applicable, to the Exchange confirming that it is clear to accept the conditional listing. The final material must be filed at the same time with both the Superintendent and the Exchange. A final receipt will be issued as soon as practicable after the material has been filed. The date of the final receipt will be the effective date of the prospectus. The prospectus date and the effective date must be printed on the face page of the commercial copies of the prospectus.

## PART 10 AMENDMENTS TO A PROSPECTUS

- 10.1 Amendment to prospectus where material change - Section 48 of the Act requires that an issuer file an amendment to a prospectus if a material change in the affairs of the issuer occurs after a receipt is issued for the prospectus but before the completion of the distribution under the prospectus. The amendment must be filed with the Superintendent and the Exchange, if applicable, as soon as practicable and, in any event, no later than 10 days after the change

occurs. Except with the written permission of the Superintendent, the distribution under the prospectus may not proceed until the Superintendent has issued a receipt for the amendment to the prospectus.

- 10.2 Amendment to prospectus or amended prospectus - The amendment may consist of either an amendment to the prospectus or an amended prospectus. Issuers are encouraged to file an amended prospectus where a substantial number of changes have been made to the original prospectus.
- 10.3 Prospectus amending procedure - The requirements set out in sections 8.2, 8.3 and 8.4 concerning the form and content of an amendment to a preliminary prospectus apply equally to an amendment to a prospectus.
- 10.4 Directors' resolution - A certified copy of the directors' resolution approving the amendment to the prospectus and authorizing the directors and officers to sign the amendment must be filed with the amendment.
- 10.5 Extension of offering period
- (a) Subject to subsection (b), the filing of an amendment to a prospectus will not extend the maximum offering period permitted or required by the Superintendent.
  - (b) Where the offering period has been restricted as set out in section 9.3(c), the Superintendent is prepared to extend the offering period to the earlier of
    - (i) 12 months from the date of the preliminary receipt, or
    - (ii) 180 days from the date of the final receipt,provided the issuer has filed and distributed to each holder of its securities, pursuant to sections 136 and 141 of the Regulation, its most recent audited year end financial statements and incorporates these financial statements into an amendment to the prospectus.
- 10.6 Updated financial statements - Unless they are available or required to be included under section 10.5(b), updated financial statements will generally not be required to be included in the amendment. However, the amendment should disclose in sufficient detail any significant changes in the financial status of the issuer between the date of the final receipt and the date of the amendment.
- 10.7 Further consents - The Superintendent may, pursuant to section 101 of the Regulation, require that further written consents be filed under section 99 of the Regulation before issuing a receipt for an amendment to a prospectus.
- 10.8 Requirement for new preliminary prospectus filing - The Superintendent considers that, for the purposes of section 48 of the Act, a complete new filing of a preliminary prospectus, rather than an amendment, will be required where one or more material changes occur that are so significant that the issuer or its business is no longer substantially the same as described in the prospectus for which a receipt was issued.

For example, a new filing will be required where a change of control of an issuer occurs after the date of the final receipt but before the conclusion of the distribution under the prospectus.

Similarly, the Superintendent will not issue a receipt for an amendment that substantially reduces the funds available to the issuer, because such a change would normally affect the entirety of the issuer's business, and therefore its prospects. While it would be inappropriate to define a "substantial reduction" of funds, as a general rule, a reduction of over 25% of the funds that would be available to the issuer on the completion of the offering would normally require a new prospectus filing.

## PART 11 FORM 12A SUMMARY PROSPECTUS DISCLOSURE SYSTEM

### 11.1 Eligibility - An issuer that is permitted to file a prospectus on:

- (a) Form 12A - Information Required in Prospectus of a Junior Industrial Issuer (a "12A Issuer");
- (b) Form 14A - Information Required in Prospectus of a Natural Resource Issuer (a "14A Issuer");
- (c) Form 12B - Information Required in Exchange Offering Prospectus of an Industrial Issuer (a "12B Issuer"); and
- (d) Form 14B - Information Required in Exchange Offering Prospectus of a Natural Resource Issuer (a "14B Issuer");

may, in qualifying its securities for distribution, use the Summary Prospectus Disclosure System set out in this Part.

### 11.2 Documents Comprising the Summary Prospectus Disclosure System - The Summary Prospectus Disclosure System consists of:

- (a) a "summary prospectus", for:
  - (i) 12A Issuers, prepared in accordance with the Form 12A - Summary Prospectus attached as Appendix "A";
  - (ii) 14A Issuers, prepared in accordance with the Form 14A - Summary Prospectus attached as Appendix "B";
  - (iii) 12B Issuers, prepared in accordance with Form 12B - Summary Prospectus attached as Appendix "C"; and
  - (iv) 14B Issuers, prepared in accordance with Form 14B - Summary Prospectus attached as Appendix "D" and
- (b) a "base disclosure document" for:
  - (i) 12A Issuers, prepared in accordance with Form 12A;
  - (ii) 14A Issuers, prepared in accordance with Form 14A;
  - (iii) 12B Issuers, prepared in accordance with Form 12B; and
  - (iv) 14B Issuers, prepared in accordance with Form 14B.

The base disclosure document shall be incorporated by reference into and deemed to form part of the summary prospectus.

- 11.3 Filing Requirements - The preliminary summary prospectus, summary prospectus, preliminary base disclosure document and base disclosure document submitted by an issuer for filing under this Part shall be prepared and certified in accordance with the requirements of:
- (a) for 12A Issuers, the Form 12A summary prospectus and Form 12A base disclosure document;
  - (b) for 14A Issuers, the Form 14A summary prospectus and Form 14A base disclosure document;
  - (c) for 12B Issuers, the Form 12B summary prospectus and Form 12B base disclosure document; and
  - (d) for 14B Issuers, the Form 14B summary prospectus and Form 14B base disclosure document;

including the form of certificates, and shall be subject to acceptance for filing in accordance with the provisions of the legislation. Where an issuer elects to file a preliminary summary prospectus or a summary prospectus, the issuer shall concurrently file a preliminary base disclosure document or base disclosure document together with the generally required supporting documentation for such issuers. The preliminary summary prospectus and the preliminary base disclosure document, or the summary prospectus and the base disclosure document, as the case may be, will be reviewed together in accordance with applicable review procedures for such issuers.

- 11.4 Solicitor's Certificate - Concurrently with the filing of a preliminary summary prospectus or a summary prospectus, the issuer shall file one extra copy of the preliminary summary prospectus or summary prospectus together with a certificate of counsel confirming that the sections contained in the preliminary summary prospectus or summary prospectus have been extracted verbatim from the preliminary base disclosure document or base disclosure document, and, where applicable, blacklining the additions, deletions, or changes that have been made to the sections that have not been extracted verbatim from the preliminary base disclosure document or base disclosure document.
- 11.5 Delivery and Undertaking - The summary prospectus is required to be sent or delivered to a purchaser in accordance with section 66 of the Act. The summary prospectus and the base disclosure document filed under section 42 of the Act shall be accompanied by an undertaking of the Chief Executive Officer and the Chief Financial Officer of the issuer, and, on behalf of the Board of Directors of the issuer, any two directors of the issuer, to the Commission, to provide to any person or company without charge, as soon as possible upon request to the issuer, one copy of the base disclosure document.
- 11.6 Statutory Liability - Where a misrepresentation is contained in a base disclosure document filed by the issuer, the misrepresentation shall be deemed to be contained in the summary prospectus. Nothing in this Part shall be construed to provide relief from statutory civil or quasi-criminal liability arising from the provisions of the legislation.
- 11.7 Consents - Where any solicitor, auditor, accountant, engineer, appraiser, or other person or company whose profession gives authority to a statement or opinion expressed by the person is named in the summary prospectus, the base disclosure document or in a document incorporated by reference in the summary prospectus or base disclosure document, or is named as having prepared or certified a report or valuation used in the summary prospectus, base disclosure document or a document incorporated by reference into the summary prospectus or base disclosure document, the written consent of the person or company to being so named and

to the use of the report, valuation, statement or opinion shall be filed not later than the time when the summary prospectus and base disclosure document are filed.

- 11.8 Amendments and Lapse Date - This Part does not alter the requirements of the legislation under which an amendment is required. Where a change or alteration triggers an amendment under sections 47 or 48 of the Act, an amendment to the preliminary summary prospectus, preliminary base disclosure document or both, or to the summary prospectus, base disclosure document, or both, as the case may be, shall be filed with the Commission. The lapse date set out in section 50.1 of the Act applies to the summary prospectus and base disclosure document.
- 11.9 Application of Other Policy Statements - Unless inconsistent, the applicable provisions of national, uniform and local policy statements apply to the issuance of securities by way of the Summary Prospectus Disclosure System. "

## PART 12 EXCHANGE OFFERING PROSPECTUS FILING REQUIREMENTS

### 12.1 Definitions - In this Part,

- (a) "Policies" means the National, Uniform and Local Policy Statements, and Notices and Interpretation Notes of the Commission, as amended from time to time;
- (b) "EOP Qualifying Issuer" means a reporting issuer whose securities are listed on the Exchange and that satisfies any one of the following requirements:
- (i) the issuer's securities are listed on the senior board of the Exchange;
  - (ii) the issuer allocates a significant portion of the proceeds raised under the EOP to fund a specific project, property or business undertaking;
  - (iii) the issuer has not raised, by way of prospectus, statement of material facts or rights offering during the previous 12 months, together with the proceeds to be raised under the EOP, more than \$250,000; or
  - (iv) the issuer has received the Executive Director's approval to file an EOP;
- (c) "Statutory Requirements" means the Act, Regulation, Commission Rules, Forms and decisions;

### 12.2 Eligibility - Where an EOP Qualifying Issuer intends to file an exchange offering prospectus ("EOP") with the Commission and the Exchange, the EOP Qualifying Issuer is required to file on:

- (a) Form 12B - Information Required in Exchange Offering Prospectus of an Industrial Issuer, if the EOP Qualifying Issuer is an industrial issuer, and
- (b) Form 14B - Information Required in Exchange Offering Prospectus of a Natural Resource Issuers, if the EOP Qualifying Issuer is a natural resource issuer.

(See NIN#95/37) A Qualifying Issuer may use the Summary Prospectus Disclosure System set out in Part 11 of this Policy.

### 12.3 Procedure - When an EOP Qualifying Issuer files:

- (a) a preliminary EOP or final EOP in the form of Form 12B or Form 14B, as applicable; or



- (b) a summary prospectus and base disclosure document in accordance with Part 11 of this Policy

with the Exchange, the EOP Qualifying Issuer shall contemporaneously file the same with the Commission together with the documents listed under the heading "EOPs" in Part I of Appendix "E". An EOP Qualifying Issuer need not file the documents set out under Part 3 and Part 9 of this Policy that are not listed in Appendix "E". The discussion under Part 3 and Part 9 of this Policy relating to the documents listed in Appendix "E" does, however, apply. The filing of a preliminary EOP and final EOP with the Exchange does not limit the discretion of the Executive Director to refuse to issue a preliminary or a final receipt. EOP Qualifying Issuers should refer to the Exchange's Policies with respect to the Exchange's filing requirements.

- 12.4 Amendments - Sections 47 and 48 of the Securities Act apply to preliminary EOPs and final EOPs. Where an amendment is triggered under sections 47 and 48, the EOP Qualifying Issuer shall file the documents listed under "Amendments to EOPs" in Part II of Appendix "E" with the Commission. The discussion under Parts 8 and 10 of this Policy relating to these documents applies.
- 12.5 Pricing and Amendments - EOP Qualified Issuers complying with the provisions in Exchange Rule B.3, Part D or Part E regarding pricing, are reminded of their obligation to file an amendment in the event that the Funds Available or the estimated price disclosed in the EOP is materially different from the price set pursuant to Exchange Rule B.3, Part D or Part E.
- 12.6 Applications for Waivers or Exemptions - The requirements of the Policies and Statutory Requirements apply to the filing of preliminary EOPs and final EOPs. An EOP Qualifying Issuer seeking relief from the application of a Policy or Statutory Requirement is required to apply to the Executive Director or Commission, as appropriate."

## PART 13 VENTURE CAPITAL POOL FILING REQUIREMENTS

### 13.1 Definitions - In this Part,

- (a) "Exchange Policy 30" means Policy 30 of the Vancouver Stock Exchange;
- (b) "Policies" means the National, Uniform and Local Policy Statements, and Notices and Interpretation Notes of the Commission, as amended from time to time;
- (c) "Statutory Requirements" means the Act, Regulation, Commission Rules, Forms and decisions;
- (d) "VCP" means a Venture Capital Pool Company;
- (e) "VCP Program" means the Venture Capital Pool program established by the Exchange and described in Exchange Policy 30;
- (f) "VCP Qualifying Issuer" means an issuer whose securities will be listed on the Exchange, that complies with Exchange Policy 30 and that will be classified as a VCP;

- 13.2 Eligibility - Where a VCP Qualifying Issuer intends to file a VCP prospectus with the Commission and the Exchange, the VCP Qualifying Issuer must comply with the requirements of Exchange Policy 30 and file the documents required by this policy statement that are applicable to a VCP with the Commission.

- 13.3 Exemption from Certain Local Policy Statements - A VCP Qualifying Issuer is exempt from the following local policy statements of the Commission:
- (a) LPS 3-07 (Policy Guidelines Respecting Trading Shares, Performance Shares and Other Consideration) - provided that the VCP Qualifying Issuer and its security holders agree to be bound by the escrow provisions contained in Exchange Policy 30;
  - (b) LPS 3-13 (Policy Guidelines for a Venture Capital Issuer Planning to Make a Distribution);
  - (c) LPS 3-21 (Share and Unit Offerings of Unlisted Issuers and Options and Warrants Available to Registrants Participating in Such Offerings); and
  - (d) LPS 3-31 (Incentive Options to Directors and Employees - Unlisted Issuers).
- 13.4 Variation of Interim Local Policy Statement 3-17 (Registrant Due Diligence) - At the time of the initial offering of securities to the public by a VCP Qualifying Issuer, a Junior Issuer Underwriter (as defined in LPS 3-17) is expected to comply with LPS 3-17, except for Parts 6 through 9. Particularly, the Junior Issuer Underwriter is expected to conduct reasonable investigations of management of the VCP Qualifying Issuer and the stage of any negotiations that the VCP Qualifying Issuer has entered into. At the time of the Qualifying Transaction (as defined in Exchange Policy 30), the Junior Issuer Underwriter is expected to fully comply with LPS 3-17 in the preparation of the Information Circular sent to shareholders of the VCP Qualifying Issuer in connection with a meeting to approve the Qualifying Transaction.
- 13.5 Applicability of Other Requirements - Except as exempted or varied in section 13.2 or 13.3 above, the Policies and Statutory Requirements apply to the filing of preliminary VCP Prospectuses and final VCP Prospectuses. A VCP Qualifying Issuer seeking relief from the application of any other Policy or Statutory Requirement is required to apply to the Executive Director or Commission, as appropriate.
- 13.6 Similar Programs in Other Jurisdictions - The VCP Program is established under an agreement between the Commission and the Exchange that provides for ongoing regulatory reviews by the Executive Director of the operation of the VCP Program by the Exchange. The VCP Program also contains a number of structural safeguards, including certain restrictions on non-arm's length transactions that may not be included in similar programs in other jurisdictions. As a result, the Executive Director will generally not issue a receipt for a prospectus filed by an issuer complying with a similar program in another jurisdiction unless that program contains, or the issuer agrees to, similar structural safeguards and the Commission reaches an appropriate understanding with the securities commission and stock exchange in that jurisdiction regarding the operation and oversight of the program.

Effective January 1, 1996, Local Policy Statement 3-26, dated February 1, 1987, is rescinded.

DATED at Vancouver, British Columbia on December 21, 1995.

Douglas M. Hyndman  
Chair

#### APPENDIX "A"

The summary prospectus for an industrial issuer where the issuer is required to file a prospectus on Form 12A shall be in the following form. The summary prospectus may be filed under Section 42(2) of the Securities Act with a base disclosure document that complies with Form 12A.

## FORM 12A - SUMMARY PROSPECTUS

### Securities Act

## INFORMATION REQUIRED IN SUMMARY PROSPECTUS OF A JUNIOR INDUSTRIAL ISSUER

### GENERAL INSTRUCTIONS

1. The summary prospectus prepared in accordance with this form is a verbatim extract of those sections of the base disclosure document identified below, except where otherwise indicated below.
2. References to "base disclosure document" in the sections required to be extracted from the base disclosure document must be replaced by references to "summary prospectus".
3. Where cross references are included in the sections extracted from the base disclosure document and the item referred to is not included in the summary prospectus, the cross reference should be deleted.

### 1. FACE PAGE DISCLOSURE

- 1.1 Extract sections 1.1, 1.2 and 1.3 verbatim from the base disclosure document.
- 1.2 State in substantially the following form:

This [preliminary] summary prospectus extracts certain material information from the [preliminary] base disclosure document. The [preliminary] base disclosure document dated [\*], including financial statements and any reports on them [specify the dates of the financial statements and reports on the financial statements] and other reports [specify the type, date and author of report], filed with the British Columbia Securities Commission is specifically incorporated by reference into this [preliminary] summary prospectus. Copies of the [preliminary] base disclosure document may be obtained on request without charge from the issuer at the address and telephone number set out on the face page of this [preliminary] summary prospectus. The table of contents of the [preliminary] base disclosure document dated \* is included as an appendix to this [preliminary] summary prospectus.

Securities laws in British Columbia provide certain rights for security holders that are described in this [preliminary] summary prospectus. These rights are based on the disclosure made in the base disclosure document, which is incorporated into this summary prospectus by reference, and the disclosure contained in this summary prospectus. All of these rights are available to you even though you may only receive this summary prospectus.

- 1.3 Extract sections 1.4, 1.5, 1.6, 1.7 and 1.9 verbatim from the base disclosure document.

### 2. NAME AND INCORPORATION

Extract section 4.1 verbatim from the base disclosure document.

### 3. BUSINESS OF ISSUER AND USE OF PROCEEDS

- 3.1 Extract section 5.1 verbatim from the base disclosure document.
- 3.2 Extract all of section 5.2 verbatim from the base disclosure document excluding the analysis discussion.

- 3.3 Extract sections 5.3, 5.4, 6.1, 6.2, 6.3, 5.14(a) and 5.6 verbatim from the base disclosure document.
4. RISK FACTORS  
Extract section 7(a) verbatim from the base disclosure document.
5. DIRECTORS, OFFICERS AND PROMOTERS AND PAYMENTS TO INSIDERS AND PROMOTERS  
Extract sections 8.1(a) and (c), 8.3, 8.4, 8.5, 10.1, 10.2 (a)-(c), 10.2(d)(i) and 10.3 verbatim from the base disclosure document.
6. SHARE CAPITAL
  - 6.1 Extract section 11.2(b) verbatim from the base disclosure document.
  - 6.2 If a principal holder is other than a director, officer or promoter, extract section 11.4 verbatim from the Form 12A base disclosure document.
7. PLAN OF DISTRIBUTION AND DESCRIPTION OF SECURITIES OFFERED
  - 7.1 Extract section 12.3 verbatim from the base disclosure document.
  - 7.2 Where the securities to be offered are not common shares, extract sections 13.1 and 13.2 verbatim from the base disclosure document.
8. INVESTOR RELATIONS ARRANGEMENTS  
Extract item 15 verbatim from the base disclosure document.
9. LEGAL PROCEEDINGS  
Extract item 18 verbatim from the base disclosure document.
10. INSPECTION OF MATERIAL CONTRACTS  
Extract section 21.2 verbatim from the base disclosure document.
11. OTHER MATERIAL FACTS  
Extract item 22 verbatim from the base disclosure document.
12. PURCHASERS' STATUTORY RIGHTS  
Extract item 23 verbatim from the base disclosure document.
13. CERTIFICATES
  - 13.1 The preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the chief executive officer, the chief financial officer and, on behalf of the board of directors of the issuer, any two directors of the

issuer, other than the chief executive officer and chief financial officer, duly authorized to sign and any person who is a promoter of the issuer:

The foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

13.2 Where an underwriter is in a contractual relationship with the issuer or holder of securities offered by the summary prospectus, the preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the underwriter:

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

#### 14. APPENDIX

Attach the table of contents from the base disclosure document as an appendix.

\*\*\*\*\*

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.

#### APPENDIX B

The summary prospectus for a natural resource issuer where the issuer is permitted to file a prospectus on Form 14A shall be in the following form. The summary prospectus may be filed under section 42(2) of the Securities Act, S.B.C. 1985, c. 83, with a base disclosure document that complies with Form 14A.

#### FORM 14A - SUMMARY PROSPECTUS

##### **Securities Act**

#### INFORMATION REQUIRED IN SUMMARY PROSPECTUS OF A NATURAL RESOURCES ISSUER

##### GENERAL INSTRUCTIONS

1. The summary prospectus prepared in accordance with this form is a verbatim extract of those sections of the base disclosure document identified below, except where otherwise indicated.
2. References to base disclosure document in the sections required to be extracted from the base disclosure document must be replaced by references to summary prospectus.
3. Where cross references are included in the sections extracted from the base disclosure document and the item referred to is not included in the summary prospectus, the cross reference should be deleted.

1. FACE PAGE DISCLOSURE

1.1 Extract sections 1.1, 1.2 and 1.3 verbatim from the base disclosure document.

1.2 State in substantially the following form:

This [preliminary] summary prospectus extracts certain material information from the [preliminary] base disclosure document. The [preliminary] base disclosure document dated [\*], including financial statements and any reports on them [specify the dates of the financial statements and reports on them] and other reports [specify the type, date and author of the reports], filed with the British Columbia Securities Commission, is specifically incorporated by reference into this [preliminary] summary prospectus. Copies of the [preliminary] base disclosure document may be obtained on request without charge from the issuer at the address and telephone number set out on the face page of this [preliminary] summary prospectus. The table of contents of the [preliminary] base disclosure document dated [\*] is included as an appendix to this [preliminary] summary prospectus.

Securities laws in British Columbia provide certain rights for security holders that are described in this [preliminary] summary prospectus. These rights are based on the disclosure made in the base disclosure document, which is incorporated into this summary prospectus by reference, and the disclosure contained in this summary prospectus. All of these rights are available to you even though you may only receive this summary prospectus.

1.3 Extract sections 1.4, 1.5, 1.6, 1.7 and 1.9 verbatim from the base disclosure document.

2. NAME AND INCORPORATION

Extract section 4.1 verbatim from the base disclosure document.

3. BUSINESS AND PROPERTIES OF THE ISSUER

3.1 Extract section 5.1 verbatim from the base disclosure document.

3.2 Extract section 5.2 verbatim from the base disclosure document, excluding the analysis discussion.

3.3 For mineral properties, extract sections 6.1 (for Principal Properties only), 6.3, 6.4 and 6.5 verbatim from the base disclosure document.

3.4 For oil and gas properties, extract sections 6.7, 6.9, 6.10 and 6.11 verbatim from the base disclosure document.

4. COSTS OF ADMINISTRATION AND USE OF PROCEEDS

Extract sections 7(a), 8.1, 8.2 and 8.3 verbatim from the base disclosure document.

5. RISK FACTORS

Extract section 9(a) verbatim from the base disclosure document.

6. DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT AND PAYMENTS TO INSIDERS AND PROMOTERS

Extract sections 10.1, 10.3, 10.4, 10.5, 12.1, 12.2(a) - (c), 12.2(d)(i) and 12.3 verbatim from the base disclosure document.

7. SHARE CAPITAL

7.1 Extract section 13.2(b) verbatim from the base disclosure document.

7.2 Extract section 13.4 verbatim from the base disclosure document.

8. PLAN OF DISTRIBUTION AND DESCRIPTION OF SECURITIES OFFERED

8.1 Extract section 16.3 verbatim from the base disclosure document.

8.2 Where the securities to be offered are not common shares, extract sections 17.1 and 17.2 verbatim from the base disclosure document.

9. INVESTOR RELATIONS ARRANGEMENTS

Extract item 19 verbatim from the base disclosure document.

10. LEGAL PROCEEDINGS

Extract item 22 verbatim from the base disclosure document.

11. INSPECTION OF MATERIAL CONTRACTS

Extract section 25.2 verbatim from the base disclosure document.

12. OTHER MATERIAL FACTS

Extract item 26 verbatim from the base disclosure document.

13. PURCHASERS STATUTORY RIGHTS

Extract item 27 verbatim from the base disclosure document.

14. CERTIFICATES

14.1 The preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the chief executive officer, the chief financial officer and, on behalf of the board of directors of the issuer, any two directors of the issuer other than the chief executive officer and chief financial officer, duly authorized to sign, and any person who is a promoter of the issuer:

The foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

14.2 Where an underwriter is in a contractual relationship with the issuer or holder of securities offered by the summary prospectus, the preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the underwriter:

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

15. APPENDIX

Attach the table of contents from the base disclosure document as an appendix.

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.

APPENDIX "C"

The summary prospectus for an Industrial Qualifying Issuer where the issuer is permitted to file an exchange offering prospectus on Form 12B shall be in the following form. The summary prospectus may be filed under section 42 of the Securities Act with a base disclosure document that complies with Form 12B.

FORM 12B - SUMMARY PROSPECTUS

Securities Act

INFORMATION REQUIRED IN SUMMARY PROSPECTUS OF AN INDUSTRIAL ISSUER

GENERAL INSTRUCTIONS

1. The summary prospectus prepared in accordance with this form is a verbatim extract of those sections of the base disclosure document identified below, except where otherwise indicated below.
2. References to "base disclosure document" in the sections required to be extracted from the base disclosure document must be replaced by references to "summary prospectus".
3. Where cross-references are included in the sections extracted from the base disclosure document and the item referred to is not included in the summary prospectus, the cross-reference should be deleted.

1. FACE PAGE DISCLOSURE

1.1 Extract sections 1.1, 1.2 and 1.3 verbatim from the base disclosure document.

1.2 State in substantially the following form:

This [preliminary] summary prospectus extracts certain material information from the [preliminary] base disclosure document. The [preliminary] base disclosure document dated [\*], including financial statements and any reports on them [specify the dates of the financial statements and reports on the financial statements] and other reports [specify the type, date and author of report], filed with the British Columbia Securities Commission is specifically incorporated by reference into this [preliminary] summary prospectus. Copies of the [preliminary] base disclosure document may be obtained on request without charge from the issuer at the address and telephone number set out on the face page of this [preliminary] summary prospectus. The table of contents of the [preliminary] base disclosure document dated [\*] is included as an appendix to this [preliminary] summary prospectus.

Securities laws in British Columbia provide certain rights for security holders that are described in this [preliminary] summary prospectus. These rights are based on the disclosure made in the base disclosure document, which is incorporated into this



summary prospectus by reference, and the disclosure contained in this summary prospectus. All of these rights are available to you even though you may only receive this summary prospectus.

1.3 Extract sections 1.4, 1.5, 1.6, 1.8 and 1.9 verbatim from the base disclosure document.

## 2. NAME AND INCORPORATION

Extract section 4.1 verbatim from the base disclosure document.

## 3. BUSINESS OF ISSUER AND USE OF PROCEEDS

3.1 Extract section 5.1 verbatim from the base disclosure document.

3.2 Extract section 5.2 verbatim from the base disclosure document, excluding the analysis discussion.

3.3 Extract sections 5.3, 5.4, 6.1, 6.2, 6.3, 5.14(a) and 5.6 verbatim from the base disclosure document.

## 4. RISK FACTORS

Extract section 7(a) verbatim from the base disclosure document.

## 5. DIRECTORS, OFFICERS AND PROMOTERS AND PAYMENTS TO INSIDERS AND PROMOTERS

5.1 Extract sections 8.1(a) and (c), 8.3, 8.4, 8.5, 10.1, 10.2 (a) - (c), 10.2(d)(i) and 10.3 verbatim from the base disclosure document.

## 6. SHARE CAPITAL

6.1 Extract section 11.2(b) verbatim from the base disclosure document.

6.2 If a principal holder is other than a director, officer or promoter, extract section 11.4 verbatim from the base disclosure document.

## 7. PLAN OF DISTRIBUTION AND DESCRIPTION OF SECURITIES OFFERED

7.1 Extract section 14.3 verbatim from the base disclosure document.

7. Where the securities to be offered are not common shares, extract sections 15.1 and 15.2 verbatim from the base disclosure document.

## 8. INVESTOR RELATIONS ARRANGEMENTS

Extract item 17 verbatim from the base disclosure document.

## 9. LEGAL PROCEEDINGS

Extract item 20 verbatim from the base disclosure document.

## 10. INSPECTION OF MATERIAL CONTRACTS

Extract section 23.2 verbatim from the base disclosure document.

11. OTHER MATERIAL FACTS

Extract item 24 verbatim from the base disclosure document.

12. PURCHASERS' STATUTORY RIGHTS

Extract item 25 verbatim from the base disclosure document.

13. CERTIFICATES

13.1 The preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the chief executive officer, the chief financial officer and, on behalf of the board of directors of the issuer, any two directors of the issuer other than the chief executive officer and chief financial officer, duly authorized to sign, and any person who is a promoter of the issuer:

The foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

13.2 Where an underwriter is in a contractual relationship with the issuer or holder of securities offered by the summary prospectus, the preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the underwriter:

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

14. APPENDIX

Attached the table of contents from the base disclosure document as an appendix.

\*\*\*\*\*

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

APPENDIX "D"

The summary prospectus for a Natural Resource Qualifying Issuer where the issuer is permitted to file an exchange offering prospectus on Form 14B shall be in the following form. The summary prospectus may be filed under section 42 of the Securities Act, with a base disclosure document that complies with Form 14B.

FORM 14B - SUMMARY PROSPECTUS

Securities Act

## INFORMATION REQUIRED IN SUMMARY PROSPECTUS OF A NATURAL RESOURCE ISSUER

### GENERAL INSTRUCTIONS

1. The summary prospectus prepared in accordance with this form is a verbatim extract of those sections of the base disclosure document identified below, except where otherwise indicated below.
2. References to "base disclosure document" in the sections required to be extracted from the base disclosure document must be replaced by references to "summary prospectus".
3. Where cross-references are included in the sections extracted from the base disclosure document and the item referred to is not included in the summary prospectus, the cross-reference should be deleted.

### 1. FACE PAGE DISCLOSURE

- 1.1 Extract sections 1.1, 1.2 and 1.3 verbatim from the base disclosure document.

- 1.2 State in substantially the following form:

This [preliminary] summary prospectus extracts certain material information from the [preliminary] base disclosure document. The [preliminary] base disclosure document dated [\*], including financial statements and any reports on them [specify the dates of the financial statements and reports on the financial statements] and other reports [specify the type, date and author of report], filed with the British Columbia Securities Commission is specifically incorporated by reference into this [preliminary] summary prospectus. Copies of the [preliminary] base disclosure document may be obtained on request without charge from the issuer at the address and telephone number set out on the face page of this [preliminary] summary prospectus. The table of contents of the [preliminary] base disclosure document dated [\*] is included as an appendix to this [preliminary] summary prospectus.

Securities laws in British Columbia provide certain rights for security holders that are described in this [preliminary] summary prospectus. These rights are based on the disclosure made in the base disclosure document, which is incorporated into this summary prospectus by reference, and the disclosure contained in this summary prospectus. All of these rights are available to you even though you may only receive this summary prospectus.

- 1.3 Extract sections 1.4, 1.5, 1.6, 1.8 and 1.9 verbatim from the base disclosure document.

### 2. NAME AND INCORPORATION

Extract section 4.1 verbatim from the base disclosure document.

### 3. BUSINESS AND PROPERTIES OF THE ISSUER

- 3.1 Extract section 5.1 verbatim from the base disclosure document.
- 3.2 Extract section 5.2 verbatim from the base disclosure document excluding the analysis discussion.
- 3.3 For mineral properties, extract sections 6.1 (for Principal Properties only), 6.3, 6.4 and 6.5 verbatim from the base disclosure document.

3.4 For oil and gas properties, extract sections 6.7, 6.9, 6.10 and 6.11 verbatim from the base disclosure document.

4. COSTS OF ADMINISTRATION AND USE OF PROCEEDS

Extract section 7(a), 8.1, 8.2 and 8.3 verbatim from the base disclosure document.

5. RISK FACTORS

5.1 Extract section 9(a) verbatim from the base disclosure document.

6. DIRECTORS, OFFICERS AND PROMOTERS AND PAYMENTS TO INSIDERS AND PROMOTERS

Extract sections 10.1, 10.3, 10.4, 10.5, 12.1, 12.2(a) - (c), 12.2(d) (i) and 12.3 verbatim from the base disclosure document.

7. SHARE CAPITAL

7.1 Extract section 13.2(b) verbatim from the base disclosure document.

7.2 Extract section 13.4 verbatim from the base disclosure document.

8. PLAN OF DISTRIBUTION AND DESCRIPTION OF SECURITIES OFFERED

8.1 Extract section 16.3 verbatim from the base disclosure document.

8.2 Where the securities to be offered are not common shares, extract sections 17.1 and 17.2 verbatim from the base disclosure document.

9. INVESTOR RELATIONS ARRANGEMENTS

Extract item 19 verbatim from the base disclosure document.

10. LEGAL PROCEEDINGS

Extract item 22 verbatim from the base disclosure document.

11. INSPECTION OF MATERIAL CONTRACTS

Extract section 25.2 verbatim from the base disclosure document.

12. OTHER MATERIAL FACTS

Extract item 26 verbatim from the base disclosure document.

13. PURCHASERS' STATUTORY RIGHTS

Extract item 27 verbatim from the base disclosure document.

14. CERTIFICATES

14.1 The preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the chief executive officer, the chief financial officer and, on behalf of the board of directors of the issuer, any two directors of the issuer other than the chief executive officer and chief financial officer, duly authorized to sign, and any person who is a promoter of the issuer:

The foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

14.2 Where an underwriter is in a contractual relationship with the issuer or holder of securities offered by the summary prospectus, the preliminary summary prospectus and summary prospectus must include a certificate in the following form signed by the underwriter:

To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this summary prospectus as required by the Securities Act and its regulations.

15. APPENDIX

Attached the table of contents from the base disclosure document as an appendix.

\*\*\*\*\*

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

**Appendix "E"**

Exchange Offering Prospectus - Commission Filing Requirements

I. EOPs

The following types and numbers of documents should be filed with:	Preliminary EOP	Final EOP
Covering Letter (See Section 3.1 of this Policy)	1	-
Fee checklist	1	-
Prospectus (EOP or summary prospectus and base disclosure document)		
- signed	1	1
- unsigned	1	1
- blacklined	-	1
- certified blackline where required under Part 11 of this Policy, if applicable	1	1
Cross reference sheet	1	1
Audited financial statements	2	2
Stub period unaudited financial statements including a review engagement report	2	2
Future-oriented financial information, if any	2	2
Audited statement of costs, if any	2	2

Auditor's comfort letter for		
- financial statements	1	-
- future-oriented financial information	1	-
- audited statement of costs	1	-
Auditor's consent letter for		
- financial statements	-	1
- future-oriented financial information	-	1
- audited statement of costs	-	1
Public accountant's consent letter	-	1
Certified copy of directors' resolution	1	1
Undertaking to deliver base disclosure document where required under Part 11 of this Policy, if applicable	1	1
Signed engineering report and certificate of qualification (see sections 109-110 of the Securities Rules), if applicable	2	2
Signed valuation/appraisal opinion (see Local Policy Statement 3-07), if applicable	2	2
Signed certificate of qualification by consultant/specialist regarding assessment reports (see Local Policy Statement 3-17), if applicable	1	
Underwriters' undertaking to provide a due diligence report (see Local Policy Statement 3-17), if applicable	-	1
Consent of legal counsel and other professionals (see section 106 of the Securities Rules)	-	1
Signed or certified copies of all material agreements	1	-
Signed underwriters/agency agreement	1	-
Form 4B's, if applicable	1	-
Escrow agreement and undertakings, if not previously filed	1	-
Estimate of proceeds and undertaking to pay fees, if applicable	-	1
Commercial copies of the EOP (2 copies to follow)	-	-

## II. AMENDMENTS TO EOPs

The following types and numbers of documents should be filed with:	Amendments to Preliminary EOP	Amendments to Final EOP
Amendment to Prospectus (EOP or summary prospectus and base disclosure document) or Amended Prospectus (EOP or summary prospectus and base disclosure document)		
- signed	1	1
- unsigned	1	1
Certified copy of the director's resolution	1	1
Signed material contracts related to the amendment, if applicable	1	1
Signed consents (s.108 of the Securities Rules), if applicable	1	1

DATED at Vancouver, British Columbia, on December 21, 1995.

Douglas M. Hyndman  
Chair