Gazette officielle du Québec

Part 2

No. 22
1 June 2005

Laws and Regulations

Volume 137

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Legal deposit – 1st Quarter 1968
Bibliothèque nationale du Québec

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Gouvernement du Québec

O.C. 467-2005, 18 May 2005

Environment Quality Act
(R.S.Q., c. Q-2)

Quality of drinking water
— Amendments

Regulation to amend the Regulation respecting the quality of drinking water

WHEREAS subparagraphs *e*, *h*.1, *h*.2, *j* and *l* of the first paragraph of section 31, section 45, paragraph *a* of section 45.2, paragraphs *a*, *b*, *d*, *o* to *p* and *t* of section 46, section 86, paragraph *a* of section 87 and section 109.1 of the Environment Quality Act (R.S.Q., c. Q-2) confer on the Government the power to make regulations on the matters set forth therein;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1) and section 124 of the Environment Quality Act, a draft Regulation was published in the *Gazette officielle du Québec* of 14 July 2004 with a notice that it could be made by the Government on the expiry of 60 days following that publication;

WHEREAS it is expedient to make the Regulation with amendments, considering the comments received following publication in the *Gazette officielle du Québec*;

IT IS ORDERED, therefore, on the recommendation of the Minister of Sustainable Development, Environment and Parks:

THAT the Regulation to amend the Regulation respecting the quality of drinking water, attached to this Order in Council, be made.

ANDRÉ DICAIRE,
Clerk of the Conseil exécutif

Regulation to amend the Regulation respecting the quality of drinking water*

Environment Quality Act
(R.S.Q., c. Q-2, s. 31, 1st par., subpars. *e*, *h*.1, *h*.2, *j* and *l*, s. 45, s. 45.2, par. *a*, s. 46, pars. *a*, *b*, *d*, *o*, *o*.1, *o*.2, *p* and *t*, s. 86, s. 87, par. *a*, and s. 109.1)

1. The Regulation respecting the quality of drinking water is amended in section 1

(1) by striking out the paragraph numbers before the definitions and placing the definitions in alphabetical order;

(2) by inserting the following definitions in alphabetical order:

"distribution facility" means a distribution system, except equipment used to collect or treat water intended for human consumption;

"drinking water" means water intended for ingestion by human beings;

"water intended for human consumption" means drinking water or water intended for personal hygiene;

(3) by adding ", except an establishment in respect of which the person in charge has sent the notice referred to in section 44.1" after "camping sites" in the definition of "tourist establishment";

(4) by replacing the definition of "distribution system" by the following definition:

"distribution system" means mains, a system of mains or equipment used to collect, treat, store or supply water intended for human consumption. In the case of a building connected to a waterworks system, all mains supplying the building and located downstream of the property limit or the shut-off valve are excluded.";

* The Regulation respecting the quality of drinking water, made by Order in Council 647-2001 dated 30 May 2001 (2001, *G.O.* 2, 2641), was last amended by the regulation made by Order in Council 586-2004 dated 16 June 2004 (2004, *G.O.* 2, 2023). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Québec Official Publisher, 2005, updated to 1 March 2005.

(5) by adding the following paragraphs:

"The enterprises, institutions and establishments referred to in this section may also mean, as the context requires, the buildings or premises in which their activities are carried on.

Where this Regulation requires the number of persons supplied to be determined, the method in Schedule 0.1 must be used.".

2. Section 2 is amended by adding "or the Act respecting the Société des alcools du Québec (R.S.Q., c. S-13)".

3. Section 3 is amended by inserting "of drinking water" after "quality".

4. Section 4 is amended by adding the following paragraph:

"The provisions become applicable, however, if the treatment system supplying one or more enterprises is modified or a water treatment system is installed.".

5. Section 5 is amended

(1) by striking out ", before being supplied," in the first paragraph;

(2) by replacing subparagraph 2 of the third paragraph by the following:

"(2) at least one sample of water per week is collected for a period of not less than 120 consecutive days and at least 90% of the samples have fewer than 20 fecal coliform bacteria per 100 ml of water collected, and the average turbidity over 30 consecutive days is lower than 1 NTU;

(2.1) one sample of raw or supplied water is collected at least once a month for a period of not less than 120 consecutive days and none of the disinfection by-product analysis parameters following simulation of the treatment and distribution conditions shows a concentration greater than the standards of quality set out in Schedule 1;".

6. Section 6 is amended by adding the following paragraphs:

"For any other groundwater disinfection treatment or oxidation facility, the person in charge of the facility must, every month, collect or have at least one sample collected of the raw water taken or stored that supplies the facility to test for the presence of *Escherichia coli* bacteria.

Rechlorination stations are not subject to the requirements of the first and second paragraphs.".

7. Section 7 is amended

(1) by replacing "section 13 or" by "the second paragraph of section 6, section 13 or section";

(2) by striking out ", before being supplied,".

8. Section 8 is amended by inserting "the continuous" before "disinfection is carried out" in the second paragraph.

9. Section 9 is amended

(1) by replacing "Any distribution system that supplies disinfected water" by "Every continuous disinfection treatment facility";

(2) by adding the following paragraph:

"Continuous disinfection equipment for one building only and rechlorination stations are not subject to the requirements of the first paragraph.".

10. The following is inserted after section 9:

"**9.1.** Where the person in charge of a distribution system installs a treatment system in an immovable not owned by the person to comply with section 5 or 6 or with the standards of quality set out in Schedule I, the person in charge must also provide, by contract with the owner or lessee of the immovable, as the case may be, for access to the immovable for the purpose of maintaining the system and monitoring water quality.

In the case of a disinfection system or a system to remove volatile or radioactive substances, the equipment must be installed at the water inlet.".

11. The following is inserted after section 10:

"**10.1.** Every person in charge of a distribution facility to which this Division applies is required to send to the Minister of Sustainable Development, Environment and Parks a signed declaration containing the information in Schedule 3. The person in charge must also send to the Minister any changes to that information.".

12. Section 11 is amended by replacing the second paragraph by the following:

"The samples to be collected pursuant to the first paragraph must be collected from the tap where the water is put at the disposal of users, after the water has

run for at least 5 minutes and, for the same day of sampling, from the tap of different users. In addition, the water sampled must not have undergone treatment by an individual treatment system other than a system referred to in section 9.1.".

13. Section 12 is amended by striking out "and have as its object the analysis of facultatively aerobic or anaerobic heterotrophic bacteria, in addition to total coliform bacteria and fecal coliform bacteria or *Escherichia coli* bacteria" in the first paragraph.

14. Section 13 is replaced by the following:

"**13.** Where water supplied by a distribution system comes in whole or in part from non-disinfected groundwater having a vulnerability index for the bacteriological protection area that is greater than 100 using the DRASTIC method, the person in charge of the distribution system must collect or have one sample collected of the raw water taken or stored that supplies the distribution system at least once a month to test for the presence of *Escherichia coli* bacteria and enterococci bacteria if works or activities likely to alter the microbiological quality of the water are present within the bacteriological protection area of the catchment site established on the basis of a 200-day groundwater migration time.

Where water supplied by a distribution system comes in whole or in part from non-disinfected groundwater having a vulnerability index for the virological protection area that is greater than 100 using the DRASTIC method, the person in charge of the distribution system must also collect or have one sample collected of the raw water taken or stored that supplies the distribution system at least once a month to test for the presence of F–specific coliphage viruses if works or human activities such as a sewer system, the spreading of septic tank sludge or a domestic waste water infiltration field likely to alter the microbiological quality of the water are present or are carried on within the virological protection area of the catchment site established on the basis of a 550-day groundwater migration time.".

15. Section 14 is amended

(1) by replacing the first paragraph by the following:

"**14.** The person in charge of a distribution system must, for the purpose of testing for the inorganic substances listed in Schedule 1 other than nitrates+nitrites and nitrites, chloramines and bromates, collect or have at least one sample of the water supplied collected annually between July 1st and October 1st, or if the distribution system is not in service from July 1st to October 1st, at any other period when it is in service.";

(2) by replacing "He must also, for the control of nitrates" in the second paragraph by "The person must also, for the purpose of testing for nitrates+nitrites";

(3) by adding the following paragraph:

"This section does not apply to a distribution system supplied by another distribution system that is subject to the inorganic substances testing requirements.".

16. Section 15 is amended

(1) by replacing the first paragraph by the following:

"If the water supplied by a distribution system is treated by ozonation, the person in charge of the distribution system must, for the purpose of testing for bromates, collect or have at least one sample of the water supplied collected annually between July 1st and October 1st, or if the distribution system is not in service from July 1st to October 1st, at any other period when it is in service.";

(2) by replacing "analysis report prescribed" in the second paragraph by "analysis request form furnished";

(3) by adding the following paragraph:

"This section does not apply to a distribution system supplied by another distribution system that is subject to the bromate and chloramine testing requirements.".

17. Section 17 is amended

(1) by inserting "referred to in section 5" after "distribution system";

(2) by replacing "analysis report prescribed" by "analysis request form furnished";

(3) by adding the following paragraph:

"If the analysis of a water sample collected pursuant to the first paragraph shows that the pH value is lower than 6.5 or greater than 8.5, the person in charge of the distribution system must immediately inform the Minister and describe the measures implemented to assess and, if required, to control the corrosion in the distribution system.".

18. Section 18 is amended

(1) by replacing "for the control of" in the first paragraph by "for the purpose of testing for the";

(2) by striking out "annually," in the first paragraph after "collected";

(3) by replacing "or a house of detention" in the second paragraph by ", a house of detention or several such establishments or institutions";

(4) by replacing "bound to make only one sampling of the water supplied per year, between July 1st and October 1st to control trihalomethanes" in the second paragraph by "required to collect only one sample of the water supplied per year for the purpose of testing for trihalomethanes, between July 1st and October 1st or, if the establishment or institution is not in service between July 1st and October 1st, at any other period when it is in service";

(5) by adding the following paragraph:

"For the purposes of the calculations of the standards of quality set out in Schedule 1 as regards total trihalomethanes, the person in charge must take the average of the values obtained in the preceding four quarters. If in any one quarter more than one value is obtained, the person in charge must average the values and use the result obtained as the value for that quarter.".

19. Section 19 is amended by adding the following paragraph:

"This section does not apply to a distribution system supplied by another distribution system that is subject to the testing requirements for the substances listed in Schedule 2.".

20. Section 22 is replaced by the following:

"**22.** Every continuous disinfection treatment facility (ozone, chlorine dioxide, chlorine, chloramines) for water supplied by a distribution system must have a device that takes continuous measurements of the free residual disinfectant concentration installed at the outlet of each continuous disinfection treatment unit. The device must have an alarm system capable of warning of a breakdown or defective operation, or of non-compliance with section 8.

If the water supplied is disinfected by means of continuous ultraviolet radiation, the treatment facility must have an alarm system capable of warning of a breakdown or defective operation, or that the lamp intensity has fallen below the required level.

In addition, every continuous disinfection treatment facility that treats water supplied by a distribution system referred to in section 5 must have a device that takes continuous measurements of the turbidity of the water installed downstream of each filtration unit, or in the absence of filtration, at the outlet of the facility. The device must have an alarm system capable of warning of a breakdown or defective operation, or of non-compliance with this Regulation as regards turbidity.

The person in charge of a distribution system that has a continuous disinfection treatment facility must, for the purposes of the first paragraph and for each 4-hour period, enter each day in a record the lowest concentration of free residual disinfectant measured in the period, the measurement of water volume and flow rate in the disinfection reserves corresponding to the lowest free residual disinfectant concentration and, in the case referred to in the third paragraph, the measurement of turbidity. The water temperature must also be measured by the person in charge and entered in the record each day, as must the water pH if chlorine is used as a disinfectant. The date and the names of the persons taking the measurements must also be entered. The person in charge must sign the record, keep it in paper form for a minimum of 2 years and make it available to the Minister of Sustainable Development, Environment and Parks.

For continuous disinfection treatment facilities with software that allows for continuous calculation of the removal rate for the viruses and parasites to which sections 5 and 6 refer, the paper copy of the record referred to in the fourth paragraph may consist of a listing of the removal levels achieved by the disinfection treatment facility at any given time. The person in charge must sign the record, keep it in paper form for a minimum of 2 years and make it available to the Minister.

This section does not apply to a continuous disinfection treatment facility that supplies 20 persons or less.

22.1. For the purposes of section 22, the following adaptations are permitted for a distribution system that has a continuous disinfection treatment facility that only supplies populations served by tank trucks north of the 55th parallel or a population of 500 persons or less, and for one or more health and social services institutions, educational institutions, houses of detention or tourist establishments:

(1) no continuous measurement equipment is required;

(2) the measurements may be taken by means of daily sampling over not fewer than 5 days per week; the alarm system installed may be limited to warning of a breakdown or defective operation of the continuous disinfection treatment facility;

(3) for the purposes of the third paragraph of section 22, the measurements may be taken by means of daily sampling over not fewer than 5 days per week and the alarm system is not required; and

(4) the entries in the record may be made at each sampling for all the measurements taken.".

21. Section 23 is amended

(1) by replacing "disinfected" in the first paragraph by "chlorinated";

(2) by replacing "analysis report prescribed" in the first paragraph by "analysis request form furnished";

(3) by deleting the second paragraph.

22. Sections 24 and 25 are revoked.

23. Section 26 is amended by adding the following paragraphs:

"In the territories located north of the 55th parallel, the samples collected pursuant to sections 11, 14, 15, 18 and 19 must be collected at the outlet of the reservoir where the owner or operator of the tank truck is supplied with water.

Sections 21 and 23 do not apply to water supplied by a tank truck north of the 55th parallel.".

24. Section 27 is amended by replacing the first paragraph by the following:

"**27.** The owner or operator of a tank truck must fill the tank with water that complies with the standards of quality set out in Schedule 1.".

25. Section 28 is amended

(1) by inserting ", and the origin of the water" in the second paragraph after "who took them";

(2) by replacing "he shall keep an up-to-date register" in the second paragraph by "the owner or operator must maintain a record" and "shall be preserved and kept at the disposal of the Minister for a minimum period of 5 years" by "must be kept for a minimum of 2 years and be made available to the Minister";

(3) by adding the following paragraph:

"This section does not apply to the territories located north of the 55th parallel.".

26. Section 30 is amended by replacing the second paragraph by the following:

"Every person who collects or has a water sample collected pursuant to this Regulation must sign the analysis request form furnished by the Minister to certify that the sampling, and the preservation and sending of the sample to a laboratory accredited by the Minister of Sustainable Development, Environment and Parks under section 118.6 of the Environment Quality Act have taken place in compliance with the requirements of this Regulation.

The person in charge of the distribution system must keep a copy of the analysis request form sent to the accredited laboratory for a minimum of two years and make it available to the Minister.".

27. Section 31 is replaced by the following:

"**31.** The water samples collected pursuant to subparagraph 2 of the third paragraph of section 5, section 6, sections 11 to 14, the first paragraph of section 15, sections 18 to 21, 26, 39, 40 and 42 must be sent for analysis to laboratories accredited by the Minister of Sustainable Development, Environment and Parks under section 118.6 of the Environment Quality Act. The analysis request forms furnished by the Minister must also be sent with the samples.

North of the 55th parallel, any Northern village constituted under the Act respecting Northern villages and the Kativik Regional Government (R.S.Q., c. V-6.1) is considered to be a laboratory accredited by the Minister under section 118.6 of the Environment Quality Act.".

28. Section 32 is amended

(1) by inserting ", section 27" after "section 23" in the first paragraph;

(2) by replacing the second paragraph by the following:

"The person who analyses the sample must certify that the analysis was carried out in accordance with those methods. The certification is to be made on the analysis request form furnished by the Minister of Sustainable Development, Environment and Parks, which must be kept and be made available to the Minister for a minimum of two years.".

29. Section 33 is amended

(1) by replacing "Minister of the Environment, by electronic means and on the record prescribed" by "Minister of Sustainable Development, Environment and Parks using an information technology medium furnished to the laboratory";

(2) by replacing "analysis reports" by "analysis request forms".

30. Section 34 is replaced by the following:

"**34.** The third paragraph of section 35 and sections 36 to 41 do not apply to a distribution system supplying one residence only.

Sections 39 and 40 do not apply to a distribution system to which section 10 does not apply.".

31. Section 35 is amended

(1) by replacing "does not comply with any of the standards of quality defined in Schedule 1 or contains total coliform bacteria" at the end of the first paragraph by "shows the presence of fecal coliform bacteria or *Escherichia coli* bacteria, total coliform bacteria, enterococci bacteria or F-specific coliphage viruses";

(2) by inserting the following after the first paragraph:

"If the water does not comply with one of the other standards of quality set out in Schedule 1 or contains more than 80 µg/L of trihalomethanes, the laboratory must immediately communicate that information to the persons referred to in the first paragraph.";

(3) by replacing the second paragraph by the following:

"Every result showing the presence of fecal coliform bacteria or *Escherichia coli* bacteria, enterococci bacteria or F–specific coliphage viruses must also be immediately communicated by the laboratory to the Minister of Sustainable Development, Environment and Parks and to the public health director of the region concerned. If the water does not comply with one of the other standards of quality set out in Schedule 1 or contains more than 80 µg/L of trihalomethanes, the laboratory must communicate that information to those persons as soon as possible during working hours.".

32. The following is inserted after section 35:

"**35.1.** In the event of the failure of the coagulation system, the sedimentation system, the filtering system, the disinfection system or the entire treatment system, the person in charge must immediately inform the Minister of Sustainable Development, Environment and Parks and describe the necessary remedial measures. The person in charge must also immediately inform the public health director of the region concerned.

Where the person in charge of a distribution system that has a continuous disinfection treatment facility becomes aware as a consequence of section 22 or 22.1 that the standards set out in section 8 or in the second paragraph of paragraph 6 of Schedule 1 have been exceeded, the person must immediately implement remedial measures and inform the Minister as soon as possible during working hours. The person in charge must also inform the public health director of the region concerned as soon as possible.".

33. Section 36 is amended by replacing the second paragraph by the following:

"If the water contains fecal coliform bacteria or *Escherichia coli* bacteria, the person in charge of the distribution system, or the owner or operator of the tank truck, is also required on being so informed to notify the users in question using the media, by sending individual written notices or by any other appropriate means, that the water at their disposal is unfit for consumption and of the precautions to be taken, including an advisory to boil water for at least one minute before it is ingested. If the users include health and social services institutions or educational institutions, they must be notified individually. The Minister of Agriculture, Fisheries and Food entrusted under the Food Products Act (R.S.Q., c. P-29) with protecting the health and safety of consumers must also be immediately informed if institutions supplied by water governed by that Act are affected.

In the case of an enterprise, an educational institution, a house of detention, a health and social services institution or a tourist establishment, the notice required by the second paragraph may be given as provided in section 38.".

34. Section 37 is amended by adding the following sentence: "If the presence of fecal coliform bacteria or *Escherichia coli* bacteria is detected, the persons in charge of those systems must, on being so informed, notify the users as provided in the second, third and fourth paragraphs of section 36.".

35. Section 39 is amended

(1) by replacing the first paragraph by the following:

"**39.** If the water at the disposal of a user that originates from a distribution system or tank truck does not comply with one of the bacterial parameters in Schedule 1, or if a distribution system is supplied by another distribution system for which a boil advisory has been issued pursuant to section 36, the person in charge of the system, or the owner or operator of the vehicle must, over 2 days separated by less than 72 hours, collect or have the minimum number of samples as determined in the table below collected for the purpose of bacteriological monitoring of the water supplied.

Users concerned	Minimum number of samples per day
500 persons or fewer	2
501 to 5,000 persons	4
5,001 to 20,000 persons	1 per 1,000 persons
20,001 persons and over	20

";

(2) by replacing "report prescribed" in the second paragraph by "analysis request form furnished";

(3) by replacing "raw groundwater that supplies the system must be collected per day during 2 consecutive days, for the purposes of checking" in the third paragraph after "2 samples of" by "the raw groundwater taken or stored that supplies the system must be collected per day, separated by at least 2 hours, for at least 1 day to test for";

(4) by striking out the last sentence of the fourth paragraph;

(5) by adding the following sentence at the end of the fifth paragraph: "If the analysis of a sample of raw water collected in accordance with this section shows that the water contains *Escherichia coli* bacteria or enterococci bacteria, the boil advisory may not be lifted without the necessary remedial measures having been implemented.".

36. The following is inserted after section 39:

"**39.1.** If raw water contamination is detected after testing pursuant to section 6, 13 or 39, the person in charge of the system must immediately inform the Minister of Sustainable Development, Environment and Parks and the director of public health in the region concerned and describe the necessary remedial measures.".

37. Section 40 is amended

(1) by replacing the first paragraph by the following:

"**40.** If the water put at the disposal of a user that originates from a distribution system or tank truck does not comply with one of the parameters for organic or inorganic substances, radioactive substances or activities, or turbidity, set out in Schedule 1, the person in charge of the distribution system, or the owner or operator of the vehicle must, over 2 days separated by less than 72 hours, collect or have at least one sample per day collected for the purpose of testing the water supplied for those parameters. In the case of a standard based on the average of quarterly sampling, the 2-day sampling requirement is replaced by the requirement to certify to the Minister the efficiency of the necessary remedial measures.";

(2) by inserting ", 19" in the third paragraph after "15".

38. Section 42 is amended

(1) by replacing "he has reasons to suspect that the water supplied" by "there are reasons to suspect that the water put at the disposal of the user";

(2) by inserting "or in section 17" after "Schedule 1";

(3) by adding the following paragraph:

"If the quality of the water put at the disposal of the user shows a gross alpha activity greater than 0.1 Bq/L or a gross beta activity greater than 1 Bq/L, the person in charge of the distribution system or, as the case may be, the owner or operator of the tank truck must, as soon as possible, take the necessary remedial measures to enable testing for the presence of radioactive substances in the water.".

39. Section 43 is amended by replacing "one residence" in paragraphs 1 and 3 by "20 persons or less".

40. Section 44 is replaced by the following:

"**44.** All the duties relating to the operation and monitoring of a catchment, treatment or distribution facility for water intended for human consumption, including the duties relating to the supply of such water by a tank truck, must be carried out by a certified person.

In addition, all the maintenance and repair work on a distribution facility for water intended for human consumption, and all the stages involved in putting distribution facilities into service after remedial or extension work must be carried out by or under the immediate supervision of a certified person.

For the purposes of this section, a certified person is a person who holds a diploma, certificate or other attestation recognized by the Minister of Education, Recreation and Sports or by Emploi-Québec or the minister responsible for Emploi-Québec for the production or distribution of water intended for human consumption. Attestations or certificates issued for the purposes of this section by Emploi-Québec or the minister responsible for Emploi-Québec must be renewed every 5 years.

The certification requirement also applies to persons responsible for collecting water for analysis, unless the persons are employed by a laboratory accredited for that purpose by the Minister of Sustainable Development, Environment and Parks under section 118.6 of the Environment Quality Act.".

41. The following Chapter is inserted after section 44:

"**CHAPTER V.1**
SPECIAL PROVISIONS FOR CERTAIN SEASONAL TOURIST ESTABLISHMENTS

44.1. The person in charge of a seasonal tourist establishment may put water that does not comply with the standards of quality set out in Schedule 1 at the disposal of users, to be used for personal hygiene, from the date of receipt by the Minister of Sustainable Development, Environment and Parks of a notice from the person in charge stating that the water is not being treated in accordance with the standards in section 5 or 6 and that the water is not suitable as drinking water.

The person in charge is subject only to the requirements of this Chapter.

44.2. The person in charge of a seasonal tourist establishment must install pictograms in such manner that they are visible by any person at taps supplying water that is not suitable as drinking water. The pictograms must be at least 10 cm in height by 10 cm in width and show a glass of water appearing in a red circle crossed by an oblique red bar.

If the person in charge of the seasonal tourist establishment installs such pictograms in a building having premises where food is stored or commercially prepared, the person must immediately so inform the Minister of Agriculture, Fisheries and Food.

44.3. The person in charge of a seasonal tourist establishment supplying more than 20 persons south of the 50th parallel must also, each month and with a minimum of 10 days between samplings, collect at least one sample of the water used for personal hygiene to test for the number of *Escherichia coli* bacteria present.

The person must also enter in a record the date and the name of the person who collected the sample and the number of *Escherichia coli* bacteria present in the sample. The paper copy of the record must be made available to the Minister of Sustainable Development, Environment and Parks for a minimum of 2 years after the date of the last entry.

44.4. The water samples collected pursuant to section 44.3 must be sent for analysis to laboratories accredited by the Minister of Sustainable Development, Environment and Parks under section 118.6 of the Environment Quality Act. The person in charge of the seasonal tourist establishment must keep a copy of the analysis request furnished by the accredited laboratory and the analysis report for a minimum of 2 years and make them available to the Minister.

44.5. If the presence of more than 20 *Escherichia coli* bacteria per 100 ml is detected in a sample collected pursuant to section 44.3, the person in charge of the seasonal tourist establishment must immediately implement the necessary remedial measures or cease supplying the water. As well, the person must immediately inform the Minister of Sustainable Development, Environment and Parks and describe the remedial measures implemented. The person must also immediately inform the public health director of the region concerned.".

42. Section 45 is replaced by the following:

"**45.** Every person who, in contravention of section 3, puts water intended for human consumption that does not comply with the standards of quality set out in Schedule 1 at the disposal of a user, or does not install the required pictograms as provided in this Regulation, is liable

(1) to a fine of $2,000 to $20,000 in the case of a natural person;

(2) to a fine of $4,000 to $40,000 in the case of a legal person.".

43. Section 46 is replaced by the following:

"**46.** In the case of a contravention of any of sections 5 to 9.1, 27, 29, 36, 39.1 and 42, the owner or operator of the distribution system or tank truck, as the case may be, is liable to the fines set out in section 45.

The following persons are also liable to those fines:

(1) every person who enters false or inaccurate data in a record, report or other document referred to in sections 10.1, 22, 22.1, 23, 28, the second paragraph of section 30, the first and second paragraphs of section 39 and the second paragraph of section 44.3, or fails to enter the data prescribed by those sections in those records, reports or documents; and

(2) every person who contravenes section 44.".

44. The following is inserted after section 47:

"**47.1.** Any offence against sections 11, 12, 14, 15, 17 to 19, 21, the first or third paragraph of section 30, the third, fourth or fifth paragraph of section 39, section 40 or the first paragraph of section 44.3 renders the offender liable

(1) to a fine of $2,000 to $25,000 in the case of a natural person;

(2) to a fine of $5,000 to $60,000 in the case of a legal person.".

45. Section 48 is amended by replacing "Any" by "Every" and "47" by "47.1".

46. Section 53 is amended

(1) by replacing "the water supplied by which on the 28 June 2001 comes in whole or in part from surface water and is not subject to any treatment including flocculation, slow filtration or membrane filtration shall be exempt from the application of the provisions of section 5" and the first and second dashes by "supplying water on 28 June 2001 that consists in whole or in part of surface water that undergoes no treatment including flocculation, slow filtration or membrane filtration are exempt from the application of section 5 until 28 June 2008";

(2) by deleting the third paragraph.

47. The following is inserted after section 53:

"**53.1.** The person in charge of a system covered by section 10.1 must send the information required by that section to the Minister of Sustainable Development, Environment and Parks before 1 December 2005.".

48. Section 55 is amended by adding "for the facilities of municipalities and intermunicipal boards supplying residences, and on 1 December 2007 in all other cases" after "2005".

49. Schedule 0.1 appearing as Schedule I to this Regulation is inserted before Schedule 1.

50. Schedule 1 is amended

(1) by replacing "destinée à la consommation humaine" in the French text of the heading by "potable";

(2) by inserting "F-specific" in subparagraph *a* of paragraph 1 before "coliphage";

(3) by deleting subparagraph *g* of paragraph 1;

(4) by inserting the following line in alphabetical order in the table in paragraph 2:

"

Copper (Cu)	1

";

(5) by replacing all that appears opposite "Other organic substances" in the second last line of paragraph 3 by "Maximum average concentration calculated over 4 consecutive quarters (µg/L)";

(6) by replacing the table in paragraph 4 by the following:

"

Radioactive substances	**Maximum concentration (Bq/L)**
Cesium-137	10
Iodine–131	6
Radium–226	0.6
Strontium–90	5
Tritium	7,000

";

(7) by deleting paragraph 5 relating to pH;

(8) by replacing the second paragraph of paragraph 6 by the following:

"In addition, in the case of coagulated, filtered or disinfected water, the turbidity must not exceed 0.5 NTU in more than 5% of the measurements entered in the record pursuant to section 22 or 22.1 over a period of 30 consecutive days; despite the foregoing, the limit of 0.5 NTU will be increased to 1 NTU if filtration is carried out by means of a slow filtration process or with diatomaceous earth, or decreased to 0.1 NTU if it is carried out by means of a membrane filtration process. If any other filtration is carried out without coagulation, the limit of 0.5 NTU in 5% of the measurements is increased to an average value of 1 NTU for that period.".

51. Schedule 3 appearing as Schedule II to this Regulation is added after Schedule 2.

52. The Regulation is amended by replacing "Minister of the Environment" wherever that title appears by "Minister of Sustainable Development, Environment and Parks".

53. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

SCHEDULE I
(s. 49)

"**SCHEDULE 0.1**
(s. 1)

METHOD TO DETERMINE THE NUMBER OF USERS SUPPLIED

System supplying residences : the maximum number of persons supplied by the operator or 2.5 persons multiplied by the number of residences supplied.

Establishment offering camping sites : the number of camping sites of the establishment multiplied by 2.5 persons, to which is added the maximum number of regular employees of the establishment present on the same work shift.

Establishment offering sleeping accommodations : the number of persons supplied is determined by the number of beds (in single-bed equivalents) in the establishment, increased by the number of regular non-resident employees on the same work shift.

Establishment offering restaurant services : the number of persons supplied is determined by the number of seated places in the establishment increased by the number of regular employees of the establishment on the same work shift. In the case of an establishment for which the Régie des alcools, des courses et des jeux has issued a permit, the number of places is the number indicated on the permit, increased by the number of regular employees on the same work shift. In the case of a canteen, convenience store or restaurant not having seating accommodation for users but providing glasses of water or access to toilets, refer to the calculation under Public place.

Educational institution : the number of persons supplied is determined by the accommodation capacity of the institution, increased by the number of regular employees of the institution working on the premises.

Health and social services institution or house of detention : the number of persons supplied is determined by the accommodation capacity of the institution or house of detention, increased by the number of regular employees of the institution or house of detention on the same work shift.

Public place : if there is a book or register of the number of persons who visited the place in the previous year, the number of persons supplied is determined by the average daily number of visitors during the open period, increased by the maximum number of regular employees on the same work shift. The number of persons supplied may also be determined, if applicable, by the number of seated places for persons waiting for the service offered by the place, increased by the number of regular employees on the same work shift. In the absence of data, the number of persons supplied is 500.

Place not accessible to the public : the number of regular employees on the same work shift indicated on the declaration made by the person in charge if the employer puts water intended for human consumption at the disposal of employees through piping.".

SCHEDULE II
(s. 51)

"**SCHEDULE 3**
(s. 10.1)

DECLARATION BY THE PERSON IN CHARGE OF A DISTRIBUTION FACILITY

— Identification of distribution system :

— Type of establishment or institution according to user base :

— Name of owner of distribution facility :

— Address :

— Telephone :

— Name of operator if different from owner :

— Address :

— Telephone :

— Operation start date and end date :

— Chlorinated water : yes/no

— Ozonated water : yes/no

— Chloraminated water : yes/no

— Water disinfected on a continuous basis : yes/no

— Surface water in whole or in part : yes/no

— Supplied by another distribution facility subject to testing requirements : yes/no

— Total number of persons supplied :

— Signature of person in charge of the distribution facility

— Date of the declaration".

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Gouvernement du Québec

O.C. 468-2005, 18 May 2005

Environment Quality Act
(R.S.Q., c. Q-2)

Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains

WHEREAS section 2.1 of the Environment Quality Act (R.S.Q., c. Q-2) provides that it shall be the responsibility of the Minister of Sustainable Development, Environment and Parks to elaborate and propose to the Government a protection policy for lakeshores, riverbanks, littoral zones and floodplains, to implement such policy and to coordinate its application ;

WHEREAS, in a report published in January 1997 following the flooding that occurred in the Saguenay region in July 1996, the Commission scientifique et technique sur la sécurité des barrages determined that the current Politique de protection des rives, du littoral et des plaines inondables, adopted by Décret 103-96 dated 24 January 1996, does not allow for adequate protection of floodplains and consequently, that the measures in that Policy should be reviewed ;

WHEREAS it is expedient to replace that Policy to enhance the management of land use in floodplains ;

WHEREAS it is desirable that the new Policy be made readily available to the entire population of Québec ;

WHEREAS, under paragraph 6 of section 4 of the Regulation respecting the *Gazette officielle du Québec*, made by Order in Council 1259-97 dated 24 September 1997, the Government may order that a document published in the French edition of Part 2 also be published in English ;

IT IS ORDERED, therefore, on the recommendation of the Minister of Sustainable Development, Environment and Parks :

THAT the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains, attached to this Order in Council, be adopted and also be published in the English edition of the *Gazette officielle du Québec*.

ANDRÉ DICAIRE,
Clerk of the Conseil exécutif

PROTECTION POLICY FOR LAKESHORES, RIVERBANKS, LITTORAL ZONES AND FLOODPLAINS

Environment Quality Act
(R.S.Q., c. Q-2, s. 2.1)

PREAMBLE

Lakeshores, riverbanks, littoral zones and floodplains are critical to the survival of the ecological and biological components of watercourses and bodies of water. In keeping with its desire to grant them adequate, minimum protection, the Government of Québec adopted the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains on December 22, 1987, acting on the recommendation of the Minister of Sustainable Development, Environment and Parks pursuant to section 2.1 of the Environment Quality Act (R.S.Q., c. Q-2).

In 1991, the Government broadened the application of the Policy to cover all watercourses in Québec. The Policy was revised in 1996 to address various problems that had been encountered in implementing it. In order to enable the adoption of measures better suited to objectives pursued, the new Policy among other things allowed regional county municipalities and urban communities to submit a management plan for its lakeshores, riverbanks or littoral zones for approval and to adopt special protection measures departing wholly or in part from the measures set out in the Policy.

Although the Policy seeks to clarify the types of activity that may or may not be carried on in the targeted environments, the management plan mechanism enables allowance to be made for certain special circumstances, in consideration of the quality of the environment or the degree to which the environment has been artificialized. Strict enforcement of the Policy in such circumstances may not always be realistic, making it necessary to adopt different measures while nevertheless continuing to ensure adequate protection, enhancement and, if need be, rehabilitation of riparian zones.

The Policy needs to be further revised to enhance its content so as to more adequately protect high-velocity floodplain zones, to expand the scope of application of floodplain management plans and to restate the measures in the Agreement respecting flood risk mapping applied to floodplain preservation entered into on September 7, 1994 with the Government of Canada.

This Policy provides a minimal prescriptive framework; it does not prevent the various government and municipal authorities concerned, according to their respective jurisdictions, from adopting additional protection measures in response to special circumstances.

1. OBJECTIVES

— To ensure the sustainability of bodies of water and watercourses, and to maintain and improve their quality by ensuring adequate, minimum protection of lakeshores, riverbanks, littoral zones and floodplains;

— To prevent the degradation and erosion of lakeshores, riverbanks, littoral zones and floodplains by encouraging their preservation in their natural state;

— To preserve and maintain the quality and biodiversity of the environment by limiting activities which may give greater accessibility to and permit the development of lakeshores, riverbanks, littoral zones and floodplains;

— In the case of floodplains, to ensure the safety of persons and the protection of property;

— To protect plants and wildlife characteristic of floodplains by taking into account the biological characteristics of that environment, and to ensure the natural streamflow is not impeded;

— To promote the rehabilitation of degraded riparian zones using the most natural techniques possible.

2. DEFINITIONS AND SCOPE

2.1 **High-water mark**

For the purposes of this Policy, "high-water mark" refers to the line which marks the limit of the littoral zone and the shoreline or riverbank.

The high-water mark corresponds to the natural high-water mark, namely:

(a) the point where predominantly terrestrial plants succeed predominantly aquatic plants, or

where there are no aquatic plants, the point closest to the water where terrestrial plants no longer grow.

Plants considered to be aquatic plants are all hydrophytes, including submergents, floating plants, emergents and emerged herbaceous and woody plants characteristic of open marshes and swamps.

(b) where a water retaining structure exists, the maximum operating water level of the hydraulic structure for the upstream portion of the body of water;

(c) where there is a legally erected retaining wall, the top of the structure;

If the high-water mark cannot be determined using the above criteria, it may be sited as follows:

(d) where the information is available, the two-year flood limit, considered to correspond to the mark established according to the botanical criteria defined in paragraph (a).

2.2 **Lakeshore and riverbank**

For the purposes of this Policy, lakeshore or riverbank refers to a strip of land bordering a lake or watercourse and extending inland from the high-water mark. The width of the shore or bank to be protected is measured horizontally.

The lakeshore or river bank is at least 10 metres wide where:

— the slope is less than 30%; or

— the slope is greater than 30% with a bank less than 5 metres high.

The lakeshore or river bank is at least 15 metres wide where:

— the slope is continuous and greater than 30%; or

— the slope is greater than 30% with a bank over 5 metres high.

The Forest Act (R.S.Q., c. F-4.1) and the regulatory provisions concerning forest management standards that apply to forests in the domain of the State also contain special protection measures for lakeshores and riverbanks.

2.3 **Littoral zone**

For the purposes of this Policy, littoral zone refers to the part of a lake or watercourse that extends from the high-water mark to the centre of the body of water.

2.4 **Floodplain**

For the purposes of this Policy, floodplain refers to the area occupied by a lake or watercourse during flood periods. The floodplain corresponds to the geographic extent of the flooded area whose limits have been identified using

— a map approved under the agreement entered into between the Government of Québec and the Government of Canada respecting flood-risk mapping applied to floodplain preservation;

— a map published by the Government of Québec;

— a map integrated into a land use planning and development plan, interim control by-law or municipal planning by-law;

— 20-year flood elevations, 100-year flood elevations, or both, as established by the Government of Québec; or

— 20-year flood elevations, 100-year flood elevations, or both, as referred to in a land use planning and development plan, interim control by-law or municipal planning by-law.

If there is inconsistency in the application of those various means and, according to the law applicable, any one of them could govern a given situation, the most recent map or the most recent flood elevation, as the case may be, recognized as valid by the Minister of Sustainable Development, Environment and Parks, is to be used to delineate the extent of the floodplain.

2.5 **High-velocity zone**

This zone corresponds to the part of a floodplain that may be flooded during a 20-year flood event.

2.6 **Low-velocity zone**

This zone corresponds to the part of a floodplain beyond the high-velocity zone that may be flooded during a 100-year flood event.

2.7 **Sanitation cutting**

Sanitation cutting consists in the cutting or harvesting of deficient, defective, dying, damaged or dead trees in a stand.

2.8 **Watercourse**

This Policy applies to all constant or intermittent watercourses. Ditches, as defined in Subsection 2.9, are not included in the concept of watercourse. In public forests, the Policy applies to the categories of watercourses defined in regulation concerning forest management standards made under the Forest Act.

2.9 **Ditch**

Ditch refers to a narrow excavated channel, used to carry off surface water from adjacent land, whether road ditches, boundary ditches which drain adjacent lands only, or ditches used to drain a single piece of land.

2.10 **Flood-proofing**

Flood-proofing a structure, undertaking or development consists in the implementation of various measures listed in Annex 1 designed to provide the necessary protection against possible flood damage.

3. LAKESHORES, RIVERBANKS AND LITTORAL ZONES

3.1 **Prior authorization for activities on lakeshores, riverbanks and littoral zones**

All structures, undertakings and works that are liable to destroy or alter the vegetation cover of a lakeshore or riverbank, expose the soil or affect the stability of the lakeshore or riverbank or encroach on the littoral zone are subject to prior authorization. The pre-verification should be performed as part of the process when permits or other forms of authorization are issued by municipal authorities, the Government or its departments or bodies, according to their respective jurisdictions. The authorizations granted by municipal and government authorities are to take into account the scope for action allowed by the measures relating to lakeshores and riverbanks and those relating to littoral zones.

Structures, undertakings and works connected with forest management activities and subject to the Forest Act and its regulations are not subject to the prior authorization of municipalities.

3.2 **Measures relating to lakeshores and riverbanks**

All structures, undertakings and works are in principle prohibited on lakeshores and riverbanks. The following structures, undertakings and works may be permitted provided they are consistent with other protection measures recommended for floodplains:

(a) the maintenance, repair and demolition of existing structures and undertakings used for purposes other than municipal, commercial, industrial, public or public access purposes;

(b) structures, undertakings and works for municipal, commercial, industrial, public or public access purposes, including their maintenance, repair and demolition, if an authorization must be obtained under the Environment Quality Act;

(c) the construction or enlargement of a main building for purposes other than municipal, commercial, industrial, public or public access purposes, provided that

— the size of the lot does not allow for the construction or enlargement of the main building once the buffer strip has been established, and the construction or enlargement cannot reasonably take place elsewhere on the land;

— the lot was subdivided before the coming into force of the first applicable municipal by-law that prohibits construction on the lakeshore or riverbank;

— the lot is not located in a high-risk erosion or landslide area identified in the land use planning and development plan; and

— a buffer strip of a minimum of 5 metres is maintained in its current state, or preferably returned to its former natural state;

(d) the construction or erection of a subordinate structure or an appurtenance such as a garage, shed or pool is possible on the part of a lakeshore or riverbank that is no longer in its natural state, provided that

— the size of the lot does not allow for the construction or erection of the subordinate structure or appurtenance once the buffer strip has been established;

— the lot was subdivided before the coming into force of the first applicable municipal by-law that prohibits construction on the lakeshore or riverbank;

— a buffer strip of a minimum of 5 metres is maintained in its current state, or preferably returned to its former natural state; and

— the subordinate structure or appurtenance is sited without excavation or fill;

(e) the following vegetation-related undertakings and works:

— forest management activities subject to the Forest Act and its regulations;

— sanitation cutting;

— harvesting of 50% of stems 10 centimetres or more in diameter, provided that at least 50% of the forest cover is maintained in private woodlots used for forestry or agricultural purposes;

— felling required for an authorized structure or undertaking;

— felling required to create a 5-metre-wide access to a body of water whose shore or bank has a slope of less than 30%;

— pruning and trimming required to create a 5-metre-wide view window if the slope of the lakeshore or riverbank is greater than 30%, or to create a trail or stairs giving access to the body of water;

— for the purpose of restoring permanent and sustainable vegetation cover, the seeding or planting of plants, trees or shrubs, and the related work involved;

— all methods used to harvest herbaceous vegetation if the slope of the lakeshore or riverbank is less than 30%, and only on the top of the bank if the slope is greater than 30%.

(f) cultivation of soil for agricultural purposes provided that a strip of vegetation at least 3 metres wide, measured from the high-water mark, is preserved and, where there is a bank and the top of the bank is less than 3 metres from the high-water mark, provided that the width of the strip of vegetation to be preserved is a minimum of 1 metre wide at the top of the bank; and

(g) the following undertakings and works:

— installation of fencing;

— installation or creation of outlets for sub-surface and surface drainage systems and pumping stations;

— creation of water crossings for fording, culverts and bridges and the related access roads;

— aquaculture facilities;

— septic installations that conform to the regulation concerning waste water disposal systems for isolated dwellings made under the Environment Quality Act;

— where the slope, soil type and site conditions prevent the restoration of vegetation cover and the return of a lakeshore or riverbank to its natural state, undertakings or works to stabilize the soil using vegetation or mechanical means such as riprap, gabions or retaining walls. Preference should be given to the technique most likely to promote the eventual establishment of natural plant growth;

— private wells;

— reconstruction or widening of an existing road, including farm and forest roads;

— undertakings and works required for the structures, undertakings and works authorized in littoral zones under Subsection 3.3;

— forest management activities subject to the Forest Act and its regulation pertaining to standards of forest management for forests in the domain of the State.

3.3 **Measures relating to littoral zones**

All structures, undertakings and works are in principle prohibited in littoral zones.

The following structures, undertakings and works may be permitted provided they are consistent with other protection measures recommended for floodplains:

(a) wharves, shelters or docks on pilings or made of floating platforms;

(b) creation of water crossings for fording, culverts and bridges;

(c) aquaculture facilities;

(d) water intakes;

(e) creation for agricultural purposes of inlet or diversion channels for the catchment of water in cases where an authorization must be obtained under the Environment Quality Act for the creation of such canals;

(f) encroachment on the littoral zone that is required for works authorized on the lakeshores or riverbanks;

(g) cleanup and maintenance in watercourses, without disturbing the bed, carried out by a municipal authority pursuant to the powers and duties assigned to them by law;

(h) structures, undertakings and works for municipal, commercial, industrial, public or public access purposes, including their maintenance, repair and demolition, for which an authorization must be obtained under the Environment Quality Act (R.S.Q., c. Q-2), the Act respecting the conservation and development of wildlife (R.S.Q., c. C-61.1), the Watercourses Act (R.S.Q., c. R-13) or any other statute; and

(i) maintenance, repair and demolition of existing structures and works that are not used for municipal, industrial, commercial, public or public access purposes.

4. FLOODPLAINS

4.1 **Prior authorization for activities in floodplains**

All structures, undertakings and works that are liable to alter the water regime, interfere with the free flow of water during flood periods, disturb plant or wildlife habitats or threaten the safety of persons or property are subject to prior authorization. The pre-verification should be performed as part of the process when permits or other forms of authorization are issued by municipal authorities, the Government or its departments or bodies, according to their respective jurisdictions. The authorizations granted by municipal and government authorities are to take into account the scope for action allowed by the measures relating to floodplains, protect the integrity of the environment and ensure that the free flow of water is maintained.

Structures, undertakings and works connected with forest management activities and subject to the Forest Act and its regulations as well as agricultural activities that do not require filling or the removal of fill are not subject to the prior authorization of municipalities.

4.2 **Measures relating to the high-velocity zones of floodplains**

All structures, undertakings and works are in principle prohibited in the high-velocity zone of a floodplain and in identified floodplains where high-velocity zones are not distinguished from low-velocity zones, subject to the measures under Subsections 4.2.1 and 4.2.2.

4.2.1 **Permitted structures, undertakings and works**

Despite the principle set forth above, the following structures, undertakings and works may be allowed in those zones, provided they are consistent with the protection measures applicable to lakeshores, riverbanks and littoral zones:

(a) works to maintain land in good condition, to maintain, repair, modernize or demolish existing structures and undertakings, provided the flood-prone area of the land does not increase as a result of the works; however, when work is carried out to modernize or reconstruct infrastructures associated with a public thoroughfare, the flood-prone area of the undertaking may be increased by 25% for public safety reasons or to bring the infrastructure into conformity with applicable standards; in all cases, major work on a structure or undertaking should entail flood-proofing the entire structure or undertaking;

(b) installation by governments, government departments or bodies of structures or devices such as wharves, breakwaters, canals, locks and fixed navigation aids essential to marine traffic; appropriate flood-proofing measures should be applied to any part of an undertaking situated below the flood level of the 100-year flood elevation;

(c) linear, underground public utility facilities such as pipelines, power lines, telephone lines, water mains and sewers that have no service entrance for structures and undertakings situated in the high-velocity zone;

(d) construction of underground waterworks or sewer systems in built-up areas not supplied by services with a view to supplying the structures and undertakings existing on the date of coming into force of the first municipal by-law prohibiting new constructions;

(e) septic installations for existing structures or undertakings; the planned installation must be in conformity with the regulation concerning waste water disposal systems for isolated dwellings made under the Environment Quality Act;

(f) improvement or replacement of an existing domestic well or an existing well serving a business establishment by a tubular (artesian) well; the well must be built so that the permanent sealing of the annular space eliminates all risk of contamination, and so that it is durable enough to prevent submersion;

(g) an open-air undertaking, other than a golf course, intended for recreation purposes and that does not require filling or the removal of fill;

(h) reconstruction of an undertaking or structure destroyed by a disaster other than a flood; all reconstructed undertakings and structures should be flood-proofed in conformity with the requirements of the Policy;

(i) development of wildlife habitats that does not require filling and development of wildlife habitats that requires filling, but in the latter case, only if an authorization must be obtained under the Environment Quality Act;

(j) agricultural land drainage works;

(k) forest management activities that do not require filling or the removal of fill, and that are subject to the Forest Act and its regulations; and

(l) agricultural activities that do not require filling or the removal of fill.

4.2.2 **Structures, undertakings and works eligible for an exemption**

Certain structures, undertakings and works may also be permitted if they are consistent with other protection measures applicable to lakeshores, riverbanks and littoral zones, and if they have been exempted pursuant to the provisions of the Act respecting land use planning and development (R.S.Q., c. A-19.1). Annex 2 to this Policy lists the criteria that a metropolitan community, a regional county municipality or a city exercising the powers of a regional county municipality should use to determine the eligibility of an application for an exemption. The following structures, undertakings and works are eligible for an exemption:

(a) any project to widen, raise, create an entrance or exit, bypass or to realign along their present axis existing thoroughfares including railroads;

(b) thoroughfares crossing bodies of water and their access roads;

(c) any project to construct new aboveground public utilities such as pipelines, power lines, telephone lines, and infrastructures connected with water mains and sewers, with the exception of new thoroughfares;

(d) municipal wells used for the catchment of groundwater;

(e) undertakings located aboveground and used for the catchment of surface water;

(f) waste water treatment plants;

(g) flood protection works undertaken by governments or government departments or bodies, or by municipalities, to protect areas already built-up, and special flood prevention undertakings designed to protect existing

structures and undertakings used for public, municipal, industrial, commercial, agricultural or public access purposes;

(h) flood prevention works designed to protect zones bounded by land having an elevation higher than the 100-year flood elevation and that are flooded only by the backing up of water mains;

(i) any undertaking:

— to expand a shipbuilding, shipping or port facility;

— to expand an agricultural, industrial, commercial or public facility;

— to enlarge a structure and its dependencies without changing the zoning typology;

(j) commercial fishing and aquaculture facilities;

(k) development of land for recreational purposes or for agricultural or forest management activities that requires filling or the removal of fill, involving undertakings such as roads, footpaths and bicycle paths; flood protection undertakings and golf courses are not eligible for an exemption;

(l) development of wildlife habitats that requires filling, and for which an authorization need not be obtained under the Environment Quality Act; and

(m) dams used for municipal, industrial, commercial or public purposes, for which an authorization must be obtained under the Environment Quality Act.

4.3 **Measures relating to the low-velocity zones of floodplains**

The following are prohibited in the low-velocity zone of a floodplain:

(a) all structures and undertakings which are not flood-proofed; and

(b) filling works other than works required to flood-proof authorized structures and undertakings.

Structures, undertakings and works may be permitted in the low-velocity zone of a floodplain if flood-proofing measures other than those listed in Annex 1 have been found to be sufficient in connection with an exemption granted under the Act respecting land use planning and development by a metropolitan community, a regional county municipality or a city exercising the powers of a regional county municipality.

5. SPECIAL PROTECTION MEASURES UNDER A MANAGEMENT PLAN

5.1 **Objectives**

To enable a metropolitan community, a regional county municipality or a city exercising the powers of a regional county municipality, as part of a revision or amendment of a land use planning and development plan, to:

— submit a management plan for lakeshores, riverbanks, littoral zones and floodplains in its territory;

— develop special measures (standards) to protect, enhance or rehabilitate designated lakeshores, riverbanks, littoral zones and floodplains in response to special circumstances; more specifically, in the case of floodplains, to develop special protection measures for a designated part of the territory to govern urban consolidation and prohibit the expansion of built-up areas;

— integrate the measures into an overall plan that takes into account and strives to harmonize the various activities within the territory.

The management plan and the special protection and enhancement measures approved for lakeshores, riverbanks, littoral zones and floodplains replace, to the extent specified therein, the measures set out in this Policy for the bodies of water and watercourses to which the Policy applies.

5.2 **General eligibility criteria**

Management plans must entail an improvement in the general state of the environment in the territory in which they are implemented.

Management plans should be developed with priority given to riparian and littoral zones which are degraded or located in highly developed urban areas, rather than to zones which are still in their natural state.

Special protection and enhancement measures should target riparian and littoral zones of special interest for their biological diversity.

Section 25.2 of the Forest Act provides that special standards may be imposed to protect lakeshores, riverbanks and littoral zones in forests in the domain of the State, where circumstances so require. The special circumstances and standards are to be examined during the process of amending or revising land use planning and development plans, on the recommendation of the metropolitan communities, regional county municipalities or cities exercising the powers of a regional county

municipality. The Ministère des Ressources naturelles et de la Faune is responsible for the making and enforcement of the measures.

5.3 **Specific eligibility criteria for plans relating to floodplains**

In addition to the undertakings, structures and works permitted under Chapter 4 of this Policy concerning floodplains, certain undertakings, structures and works may be allowed under a management plan, either because they are specifically permitted or are eligible for an exemption (Subsections 4.2 and 4.3). The undertakings, structures and works that may be allowed are those incidental to

— the development of a high-velocity zone bounded by a low-velocity zone, if those areas are not considered to have environmental value;

— additional development in built-up urban areas (net density greater than 5.0 structures per hectare or 35 structures per linear kilometre, per street side) served by a waterworks or sewer system, or both, before 18 May 2005 or before the date on which the extent of the floodplain was identified, whichever date is more recent; a sector is considered built-up if 75% of the lots are occupied by a main structure; new structures must be limited to additions to an existing built-up site, the expansion areas being excluded.

Analysis of the acceptability of the management plan shall take into account the following criteria:

— the management plan must set out the definitive development conditions for all the floodplains in one or more municipalities;

— the safety of residents must be ensured in the event of an evacuation, for example, by flood-proofing thoroughfares without blocking the free flow of water; an annual inspection program must be developed and implemented in cases where the management plan includes protection works;

— the hydraulic impact of works and structures permitted under the management plan must be minor; the free flow of water and natural streamflow must be ensured;

— if the management plan cannot be implemented without the loss of plant and wildlife habitat or the loss of flood routing capacity (capacity to store a volume of water as a way of limiting the impact of flooding elsewhere in the territory), compensatory measures must be implemented in the territory of the municipality or elsewhere on the same watercourse; the management plan must therefore include an assessment of the ecological value of the site (prior inventory of plants and wildlife), an estimate of the volume of fill required and the projected area that the fill will cover, and an estimate of the anticipated loss of habitat;

— the management plan must take into account the Government's orientations and policies; it must provide for access by the population to the watercourses and bodies of water through the maintenance of adequate existing access points or the creation of new access points if existing ones are insufficient;

— the management plan must include final subdivision of the areas concerned;

— the management plan must provide for the flood-proofing of undertakings and structures to be erected; the plan must also provide an assessment of the status of existing structures and undertakings with respect to flood-proofing and contain possible solutions to remedy difficulties encountered;

— the management plan must provide for the provision of waterworks and sewer services in sectors to be consolidated;

— the management plan must establish an implementation schedule;

— the management plan must take into account the titles of ownership of the State and in particular of water property in the domain of the State.

5.4 **Content**

Management plans should be developed having regard to the objectives of this Policy and include the following elements:

5.4.1 **Identification:**

— of the territory covered by a management plan;

— of the bodies of water and watercourses or parts thereof concerned;

— of the floodplains concerned.

5.4.2 **Rationale for the management plan:**

The reasons for presenting a management plan may vary in nature. The metropolitan community, regional county municipality or city exercising the powers of a regional county municipality should justify its reasons

for proposing a management plan for the lakeshores, riverbanks, littoral zones and floodplains in its territory, and for developing special measures to protect, enhance or rehabilitate those areas in addition to or in replacement of the provisions of this Policy.

5.4.3 **Characteristics of the territory covered by the management plan :**

— a general description of the physical environment and hydrographic network, and a general ecological description of the surroundings ;

— a general description of land occupation ;

— characterization of the state of the bodies of water and watercourses and their shorelines or banks (quality of water and the shorelines and banks, soil type, artificialized sectors, sectors in their natural state, erosion-prone sectors, etc.) ;

— a description of sectors of special interest (unique plant or wildlife habitat, rare vegetation community, environment protecting a threatened or vulnerable species or species likely to be threatened or vulnerable, archaeological site, etc.) ;

— a description of sectors with recreational or tourism potential and interest for public access.

and, in addition, where the management plan includes a floodplain :

— the location of water and sewer infrastructures serving the territory and, section by section, the date of coming into force of the by-law providing for their installation ;

— a land use plan indicating for each lot the existing structures and their construction date, if they are occupied on a seasonal or permanent basis, and their status in terms of flood-proofing ;

— a plan showing the roadway surface level of thoroughfares and their status in terms of flood-proofing.

5.4.4 **Protection and enhancement of the sectors covered by the management plan :**

— identification of sectors to be enhanced or rehabilitated ;

— a description of the enhancement or rehabilitation measures ;

— the impact of the enhancement or rehabilitation on natural surroundings (wildlife, plants, hydraulic regime) and human surroundings ;

— identification of zones targeted by special protection measures ;

— identification of the attenuation, mitigation and flood-proofing measures to be applied ;

— identification of the protection standards to be applied ;

and, in addition, where the management plan includes a floodplain :

— identification of landsites on which a structure and its dependencies may be built pursuant to section 116 of the Act respecting land use planning and development ;

— where the territory is not served by a waterworks or sewer system, the installation planning for the system ;

— measures proposed to flood-proof existing structures and undertakings.

6. IMPLEMENTATION

Section 2.1 of the Environment Quality Act provides that it shall be the responsibility of the Minister of Sustainable Development, Environment and Parks "to elaborate and propose to the Government a protection policy for lakeshores, riverbanks, littoral zones and floodplains, to implement such policy and to coordinate its application."

Under the Act respecting land use planning and development, municipalities are responsible for adopting and enforcing by-laws to implement the principles of this Policy in accordance with the land use planning and development plans and complementary documents of the metropolitan communities, regional county municipalities or cities exercising the powers of a regional county municipality into which the objectives and provisions of this Policy have been integrated.

That Act provides that the Minister of Sustainable Development, Environment and Parks may request that a planning by-law in force be amended if the Minister is of the opinion that it is not consistent with the policy of the Government or, considering the distinctive features of the locality, it fails to provide adequate protection for lakeshores, riverbanks, littoral zones and floodplains.

Responsibility for implementing the Policy on lands in the domain of the State is shared between the Government and the municipalities. The Minister of Natural Resources and Wildlife is responsible for the application of the Act respecting the lands in the domain of the State (R.S.Q., c. T-8.1) and its regulations, while the municipalities are responsible for implementing this Policy for lands in the domain of the State as regards the structures, undertakings and works of persons who have acquired land rights in those lands.

The Minister of Natural Resources and Wildlife, who administers the Forest Act and its regulations including the regulation concerning standards of forest management in forests in the domain of the State, is also responsible for implementing the Policy as regards management activities in forests in the domain of the State. The activities of the regional county municipalities in unorganized territories and the activities of local municipalities must be consistent with those of the Department.

Where required by the Environment Quality Act, structures, undertakings and works for municipal, commercial, industrial, public or public access purposes, whether on private land or in forests in the domain of the State, must be authorized by the Minister of Sustainable Development, Environment and Parks and, where applicable, by the Government.

Authorization must be obtained from the Minister of Natural Resources and Wildlife for structures, undertakings and works in a littoral zone, and more specifically in a fish habitat, where the Act respecting the conservation and development of wildlife and its regulations so provide. The Ministère des Ressources naturelles et de la Faune, through its wildlife protection officers, is also responsible for controlling the administration of the federal fisheries legislation which also protects fish habitat.

As indicated above, this Policy sets out minimal measures; additional protection measures may be initiated by government authorities and municipalities in response to special circumstances.

Lastly, the Government, its departments and bodies and the municipalities will comply with the restrictions the Policy imposes on their works, structures and undertakings as a means of ensuring the Policy is implemented. In addition, in administering programs under which financial assistance is provided to third parties, the Government, its departments and bodies and the municipalities will ensure that no assistance is granted for structures, undertakings or works that have no place on lakeshores or riverbanks or in littoral zones, and that no assistance is granted for undertakings or works in a floodplain, unless those undertakings or works are permitted under this Policy, or for structures, except to facilitate the flood-proofing or relocation of existing structures.

7. INFORMATION AND EDUCATION

The Ministère du Développement durable, de l'Environnement et des Parcs will provide municipalities with technical support by making available a guide for the application of this Policy explaining the technical aspects associated with protecting, rehabilitating and enhancing riparian zones.

The Ministère du Développement durable, de l'Environnement et des Parcs may also use other means to provide additional information to the metropolitan communities, regional county municipalities and cities exercising the powers of a regional county municipality, local municipalities and the public on the objectives and nature of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains, and to help them better understand that the survival of lakes and watercourses depends not only on protecting them from pollution but also on maintaining aquatic and riparian zones in their natural state and rehabilitating degraded areas.

ANNEX 1

FLOOD-PROOFING MEASURES APPLICABLE TO STRUCTURES, UNDERTAKINGS AND WORKS IN FLOODPLAINS

Authorized structures, undertakings and works must comply with the following flood-proofing standards, adapted to the specific context of the infrastructure concerned:

1. no opening (window, base window, door, garage, etc.) may be lower than the 100-year flood elevation;

2. no ground floor is allowed at a level that is lower than the level of the 100-year flood elevation;

3. drains must have a non-return valve;

4. for any structure or part of a structure built below the 100-year flood level, a study must show the structure's resistance to flooding and must include calculations relating to:

— waterproofing;

— structural stability;

— reinforcement necessary;

— seepage water pumping capacity; and

— resistance of the concrete to compression and tension;

5. the filling of land should be restricted to protecting the area immediately around the structure or undertaking concerned and should not extend to the entire landsite; the average slope downward from the top of the fill next to the protected structure or undertaking should not be less than $33^{1}/_{3}$% (vertical to horizontal ratio of 1:3).

When implementing flood-proofing measures, if the 100-year flood elevation was not established at the time the limits of a mapped floodplain were delineated, the elevation of the highest reference floodwater level should be used to replace the 100-year flood elevation in determining the limits of the floodplain, to which 30 centimetres should be added for safety reasons.

ANNEX 2

CRITERIA PROPOSED FOR DETERMINING THE ELIGIBILITY OF AN APPLICATION FOR AN EXEMPTION

An application for an exemption can only be assessed for eligibility if it is accompanied by the appropriate supporting documents. The application should provide a detailed cadastral survey of the site for which a works, undertaking or structure is planned and should show that the works, undertaking or structure satisfies the following five criteria, and accordingly, respects the public safety and environmental protection objectives set out in the Policy:

1. human safety is ensured and private and public property is protected because suitable flood-proofing and protection measures have been integrated;

2. natural streamflow is not impeded; the probable changes in the hydraulic regime of a watercourse must be identified and specific information relating to impediments to ice movement, reduction in flow area, potential erosion risks and risk of an increase in the flood level upstream that may be caused by a works, structure or undertaking must be given;

3. the integrity of the territories is maintained by avoiding filling and by demonstrating that the proposed works, undertakings and structures cannot be reasonably located somewhere other than in the floodplain;

4. the quality of the water, the plants and wildlife representative of wetlands and their habitats, and in particular threatened or vulnerable species, is protected to preclude damage; the potential environmental impacts of a structure, undertaking or works must be assessed taking into account the characteristics of the materials used for flood-proofing;

5. public interest for a works, undertaking or structure has been demonstrated.

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Gouvernement du Québec

Agreement

An Act respecting elections and referendums in municipalities
(R.S.Q., c. E-2.2)

AGREEMENT CONCERNING NEW METHODS OF VOTING FOR AN ELECTION USING "ACCU-VOTE ES 2000" BALLOT BOXES

AGREEMENT ENTERED INTO

BETWEEN

The MUNICIPALITY OF LACHUTE, a legal person established in the public interest, having its head office at 380, rue Principale, Lachute, Province of Québec, represented by the mayor, Mister Daniel Mayer, and the clerk, Mtre Louise Beaulieu, under resolution number 51-02-2005, hereinafter called

THE MUNICIPALITY

AND

Mtre Marcel Blanchet, in his capacity as CHIEF ELECTORAL OFFICER OF QUÉBEC, duly appointed to that office under the Election Act (R.S.Q., c. E-3.3), acting in that capacity and having his main office at 3460, rue de La Pérade, Sainte-Foy, Province of Québec, hereinafter called

THE CHIEF ELECTORAL OFFICER

AND

the Honourable Nathalie Normandeau, in her capacity as MINISTER OF MUNICIPAL AFFAIRS AND REGIONS, having his main office at 10, rue Pierre-Olivier-Chauveau, Québec, Province of Québec, hereinafter called

THE MINISTER

WHEREAS the council of the MUNICIPALITY, by its resolution number 419-12-2004, passed at its meeting of December 6, 2004, expressed the desire to avail itself of the provisions of the Act respecting elections and referendums in municipalities and to enter into an agreement with the CHIEF ELECTORAL OFFICER and the MINISTER in order to allow the use of electronic ballot boxes for the regular election of November 6, 2005 in the MUNICIPALITY;

WHEREAS under sections 659.2 and 659.3 of the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2):

"**659.2.** A municipality may, in accordance with an agreement made with the Minister of Municipal Affairs, Sports and Recreation and the Chief Electoral Officer, test new methods of voting during a poll. The agreement may provide that it also applies to polling held after the poll for which the agreement was entered into; in such case, the agreement shall provide for its period of application.

The agreement must describe the new methods of voting and mention the provisions of this Act it amends or replaces.

The agreement has the effect of law.

659.3. After polling during which a test mentioned in section 659.2 is carried out, the municipality shall send a report assessing the test to the Minister of Municipal Affairs, Sports and Recreation and the Chief Electoral Officer.";

WHEREAS the MUNICIPALITY expressed the desire to avail itself of those provisions to hold a regular election on November 6, 2005 and, could, with the necessary adaptations, avail itself of those provisions for elections held after the date of the agreement, the necessary adaptations to be included in an addendum to this agreement;

WHEREAS it is expedient to provide the procedure that applies to the territory of the MUNICIPALITY for that regular election;

WHEREAS an agreement must be entered into between the MUNICIPALITY, the CHIEF ELECTORAL OFFICER and the MINISTER;

WHEREAS the MUNICIPALITY is solely responsible for the technological choice elected;

WHEREAS the council of the MUNICIPALITY passed, at its meeting of February 7, 2005, resolution number 51-02-2005 approving the text of the agreement and authorizing the mayor and the clerk or secretary-treasurer to sign this agreement;

WHEREAS the returning officer of the MUNICIPALITY is responsible for the application of this agreement and the means necessary to carry it out;

THEREFORE, the parties agree to the following:

1. PREAMBLE

The preamble to this agreement is an integral part of the agreement.

2. INTERPRETATION

Unless stated otherwise, expressly or as a result of the context of a provision, the following expressions, terms and words have, for the purposes of this agreement, the meaning and application given in this section.

2.1 "Electronic ballot box" means an apparatus containing a vote tabulator, a memory card, a printer, a cardboard or, where necessary, plastic recipient for ballot papers and a modem, where necessary.

2.2 "Vote tabulator" means a device that uses an optical scanner to detect a mark made in a circle on a ballot paper by an elector.

2.3 "Memory card" means a memory device that computes and records the marks made by an elector for each of the candidates whose names are printed on the ballot paper and the number of rejected ballot papers according to the subdivisions of the vote tabulator program.

2.4 "Recipient for ballot papers" means a box into which the ballot paper cards fall.

2.5 Where applicable, "transfer box" means the box in which the ballot paper cards are placed when a plastic recipient is used for the electronic ballot box.

2.6 "Ballot paper card" means the card on which the ballot paper or papers are printed.

2.7 "Refused card" means a ballot paper card the insertion of which into the tabulator is refused.

2.8 "Confidentiality sleeve" means a sleeve designed to receive the ballot paper card.

3. ELECTION

3.1 For the purposes of the regular election of November 6, 2005 in the municipality, a sufficient number of Accu-Vote ES 2000 model electronic ballot boxes will be used.

3.2 Before the publication of the notice of election, the municipality must take the necessary steps to provide its electors with adequate information concerning the testing of the new method of voting.

4. SECURITY MECHANISMS

The electronic ballot boxes used must include the following security mechanisms:

(1) a report displaying a total of "zero" must be automatically produced by an electronic ballot box upon being turned on on the first day of advance polling and on polling day;

(2) a verification report must be generated on a continuous basis and automatically saved on the memory card, and must record each procedural operation;

(3) the electronic ballot box must not be placed in "end of election" mode while the poll is still under way;

(4) the compilation of results must not be affected by any type of interference once the electronic ballot box has been placed in "election" mode;

(5) each electronic ballot box must be equipped with a back-up power source (battery) able to operate for two to five hours, unless all the electronic ballot boxes are connected to a generator;

(6) if a ballot box is defective, the memory card may be removed and transferred immediately into another electronic ballot box in order to allow the procedure to continue.

5. PROGRAMMING

Each memory card used is specially programmed either by the firm Technologies Nexxlink inc., or by the returning officer under the supervision of the firm Technologies Nexxlink inc., to recognize and tally ballot papers in accordance with this agreement.

6. AMENDMENTS TO THE ACT RESPECTING ELECTIONS AND REFERENDUMS IN MUNICIPALITIES

6.1 **Election officers**

Section 68 of the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2) is amended by inserting the words "senior deputy returning officer, assistant to the senior deputy returning officer" after the word "assistant".

6.2 **Senior deputy returning officer, assistant to the senior deputy returning officer, deputy returning officer and poll clerk**

The following is substituted for section 76 of the Act:

"**76.** The returning officer shall appoint the number of senior deputy returning officers and assistants to the senior deputy returning officer that he deems necessary for each polling place.

The returning officer shall appoint a deputy returning officer and a poll clerk for each polling station.".

6.3 **Duties of the senior deputy returning officer, assistant to the senior deputy returning officer and deputy returning officer**

The following is substituted for section 80 of the Act:

"**80.** The senior deputy returning officer shall, in particular,

(1) see to the installation and preparation of the electronic ballot box;

(2) ensure that the polling is properly conducted and maintain order in the vicinity of the electronic ballot box;

(3) facilitate the exercise of the right to vote and ensure that voting is secret;

(4) ensure that the electronic ballot box functions correctly;

(5) print out the results compiled by the electronic ballot box at the closing of the poll;

(6) complete an overall statement of votes from the partial statements and the results compiled by the electronic ballot box;

(7) give the returning officer, at the closing of the poll, the results compiled by the electronic ballot box, the overall statement and the partial statement or statements of votes;

(8) when a ballot paper card has been refused by the tabulator, ask the elector to return to the polling booth, mark all the circles and go to the polling station in order to obtain another ballot paper card;

(9) advise the returning officer immediately of any defect in the memory card or the electronic ballot box.

80.1. The assistant to the senior deputy returning officer shall, in particular,

(1) assist the senior deputy returning officer in the latter's duties;

(2) receive any elector referred by the senior deputy returning officer;

(3) verify the polling booths in the polling place;

(4) get the pencils and confidentiality sleeves back from the senior deputy returning officer and redistribute them to each deputy returning officer.

80.2. The deputy returning officer shall, in particular,

(1) see to the arrangement of the polling station;

(2) ensure that the polling is properly conducted and maintain order in the polling station;

(3) facilitate the exercise of the right to vote and ensure that voting is secret;

(4) make sure of electors' identity;

(5) give the electors a ballot paper card, a confidentiality sleeve and a pencil to exercise their right to vote;

(6) receive from electors any ballot paper cards that are refused by the tabulator and give them another ballot paper card, and record the occurrence in the poll book.".

6.4 **Discretion of the Chief Electoral Officer upon observing an error, emergency or exceptional circumstance**

The following is substituted for section 90.5 of the Act:

"**90.5.** Where, during the election period, within the meaning of section 364, it comes to the attention of the Chief Electoral Officer that, subsequent to an error, emergency or exceptional circumstance, a provision referred to in section 90.1 or in the agreement provided for in section 659.2 of the Act respecting elections and referendums in municipalities does not meet the demands of the resultant situation, the Chief Electoral Officer may adapt the provision in order to achieve its object.

The Chief Electoral Officer shall first inform the Minister of Municipal Affairs, Sports and Recreation of the decision he intends to make.

Within 30 days following polling day, the Chief Electoral Officer shall transmit to the President or the Secretary General of the National Assembly a report of the decisions made pursuant to the first paragraph. The President shall table the report in the National Assembly within 30 days of receiving it or, if the National Assembly is not sitting, within 30 days of resumption.".

6.5 **Notice of election**

The following is added after paragraph 7 of section 99 of the Act:

"(8) the fact that the method of voting is voting by means of electronic ballot boxes.".

6.6 **Polling subdivisions**

The following is substituted for section 104 of the Act:

"**104.** The returning officer shall divide the list of electors into polling subdivisions.

The polling subdivisions shall have a number of electors determined by the returning officer. That number shall not be greater than 750 electors.".

6.7 **Verification of electronic ballot box**

The Act is amended by inserting the following subdivision after subdivision 1 of Division IV of Chapter VI of Title I:

"***§1.1*** *Verification of electronic ballot box*

173.1. The returning officer shall, at least five days before the first day fixed for the advance poll and at least three days before the day fixed for the polling, test the electronic ballot box to ensure that the vote tabulator accurately detects the mark made on a ballot paper and that it tallies the number of votes cast accurately and precisely, in the presence of a representative of the firm Technologies Nexxlink inc. and the representatives of the candidates.

173.2. During the testing of the electronic ballot box, adequate security measures must be taken by the returning officer to guarantee the integrity of the system as a whole and of each component used to record, compile and memorize results. The returning officer must ensure that no electronic communication that could change the programming of the electronic ballot box, the recording of data, the tallying of votes, the memorization of results or the integrity of the system as a whole may be established.

173.3. The returning officer shall conduct the test by performing the following operations:

(1) he shall mark the memory card with the returning officer's initials and insert it into the electronic ballot box;

(2) he shall insert into the electronic ballot box a pre-determined number of ballot paper cards, previously marked and tallied manually. The ballot paper cards shall include

(a) a sufficient and pre-determined number of ballot papers correctly marked to indicate a vote for each of the candidates;

(b) a sufficient and pre-determined number of ballot papers that are not correctly marked;

(c) a sufficient and pre-determined number of ballot papers marked to indicate a vote for more than one candidate for the same office;

(d) a sufficient and pre-determined number of blank ballot papers;

(3) he shall place the electronic ballot box in "end of election" mode and ensure that the results compiled by the electronic ballot box are consistent with the manually-compiled results;

(4) once the test has been successfully completed, he shall reset the memory card to zero and seal it; the returning officer and the representatives who wish to do so shall note the number entered on the seal;

(5) he shall place the tabulator in the travel case and place a seal on it; the returning officer and the representatives who wish to do so shall note the number entered on the seal;

(6) where an error is detected, the returning officer shall determine with certitude the cause of the error, make the necessary corrections and proceed with a further test, and shall repeat the operation until the optical scanner of the vote tabulator accurately detects the mark made on a ballot paper and until a perfect compilation of results is obtained. Any error or discrepancy observed shall be noted in the test report;

(7) he may not change the programming for the scanning of the mark in a circle without supervision from the firm Technologies Nexxlink inc. ".

6.8 **Mobile polling station**

The said Act is amended by inserting the following sections after section 175:

"**175.1.** The electors shall indicate their vote on the same type of ballot paper as that used in an advance polling station. After marking the ballot paper, each elector shall insert it in the confidentiality sleeve and place it in the ballot box provided for that purpose. At the close of the mobile poll, the deputy returning officer and the mobile poll clerk shall seal the ballot box and affix their initials to it."

175.2. The deputy returning officer shall, before the opening of the advance polling station, give the senior deputy returning officer the ballot box containing the ballot papers from the mobile polling station.

The senior deputy returning officer shall, in the presence of the assistant to the senior deputy returning officer, remove from the ballot box the confidentiality sleeves containing the ballot papers and insert the ballot papers, one by one, in the electronic ballot box.".

6.9 **Advance polling**

The following is substituted for sections 182, 183 and 185 of the Act:

"**182.** After the close of the advance polling station, the poll clerk shall enter the following particulars in the poll book:

(1) the number of ballot paper cards received from the returning officer;

(2) the number of electors who were given a ballot paper card;

(3) the number of spoiled, refused or cancelled ballot paper cards and the number of unused ballot paper cards;

(4) the names of the persons who have performed duties as election officers or as representatives.

The deputy returning officer shall place in separate envelopes the spoiled, refused or cancelled ballot paper cards, the unused ballot paper cards, the forms, the poll book and the list of electors. The deputy returning officer shall then seal the envelopes. The deputy returning officer, the poll clerk and the representatives who wish to do so shall affix their initials to the seals of the envelopes. The envelopes, except those containing the list of electors, shall be given to the senior deputy returning officer for deposit in a box reserved for that purpose.

182.1. The senior deputy returning officer, in the presence of the candidates or of their representative who wish to be present, shall seal the recipient for ballot papers, and then place the electronic ballot box in its travel case and place a seal the case. The senior deputy returning officer and the representatives who wish to do so shall note the number entered on the seal.

The senior deputy returning officer shall then give the recipient or recipients for ballot papers, the transfer box and the envelopes containing the list of electors to the returning officer or to the person designated by the returning officer.

The returning officer shall have custody of the recipient or recipients for ballot papers until the results of the advance poll have been compiled and then for the time prescribed for the conservation of electoral documents.

183. Immediately before the time fixed for the opening of the polling station on the second day, where applicable, the senior deputy returning officer, before the persons present, shall open the transfer box and give each deputy returning officer the poll books, the envelopes containing unused ballot paper cards and the forms. Each deputy returning officer shall open the envelopes and take possession of their contents. The spoiled, refused or cancelled ballot paper cards shall remain in the transfer boxes, which the senior deputy returning officer shall seal.

The senior deputy returning officer, before the persons present, shall remove the seal from the travel case of the tabulator.

The returning officer, or the person designated by the returning officer, shall give each deputy returning officer the list of electors of the grouped polling station or stations, where applicable.

At the close of the second day of advance polling, where applicable, the senior deputy returning officer, the deputy returning officer and the poll clerk shall perform the same actions as at the close of the first day of advance polling. In addition, the senior deputy returning officer shall withdraw the memory card from the electronic ballot box, place it in an envelope, seal the envelope, place the envelope in the recipient for ballot papers, and seal the recipient.

The spoiled, refused or cancelled ballot paper cards from the second day shall be placed in separate sealed envelope by the deputy returing officer. They shall also be placed in a sealed transfer box.

The deputy returning officer, the poll clerk and the representatives who wish to do so shall affix their initials to the seal.

185. From 7:00 p.m. on polling day, the returning officer or the person designated by the returning officer shall print out the results compiled by the electronic ballot box at an advance polling station, in the presence of the deputy returning officers, the poll clerks and the representatives who wish to be present.

The results shall be printed out at the location determined by the returning officer. The print-out shall be performed in accordance with the rules applicable to the printing-out of the results from polling day, adapted as required.".

6.10 **Booths**

The following is substituted for section 191 of the Act:

"**191.** Where electronic ballot boxes are used in an election, the polling station shall have the number of polling booths determined by the returning officer.".

6.11 **Ballot papers**

The following is substituted for section 193 of the Act:

"**193.** With the exception of the entry stating the office to be filled, the ballot papers shall be printed by reversing process so that, on the obverse, the indications appear in white on a black background and the circles provided to receive the elector's mark appear in white on an orange vertical strip.".

Section 195 of the Act is revoked.

6.12 **Identification of the candidates**

Section 196 of the Act is amended

(1) by substituting the following for the first paragraph:

"**196.** The ballot paper card shall contain a ballot paper for the office of mayor and the ballot papers for the office or offices of councillor. Each ballot paper shall allow each candidate to be identified. It shall contain, on the obverse:";

(2) by adding the following after subparagraph 3 of the first paragraph:

"(4) the offices in question and, where applicable, the number of the seat to be filled. The indications of the offices in question shall correspond to those contained in the nomination papers.".

6.13 **Ballot paper cards**

The following is substituted for section 197 of the Act:

"**197.** The ballot paper cards shall contain on the obverse, as shown in the Schedule,

(1) the name of the municipality;

(2) the indication "municipal election" and the date of the poll;

(3) the ballot papers;

(4) the bar code.

The ballot paper cards shall contain, on the reverse, as shown in the Schedule,

(1) a space intended to receive the initials of the deputy returning officer;

(2) a space intended to receive the number of the polling subdivision;

(3) the name and address of the printer;

(4) the bar code.".

6.14 **Confidentiality sleeve**

The Act is amended by inserting the following after section 197:

"**197.1.** The returning officer shall ensure that a sufficient number of confidentiality sleeves are available. Confidentiality sleeves shall be sufficiently opaque to ensure that no mark affixed on the ballot paper may be seen through them.".

6.15 **Withdrawal of a candidate**

Section 198 of the Act is amended by adding the following paragraphs at the end:

"Where electronic ballot boxes are used in an election, the returning officer shall ensure that the memory card is adjusted so that it does not take into account the candidates who have withdrawn.

Any vote in favour of those candidates before or after their withdrawal is null.".

6.16 **Withdrawal of authorization or recognition**

Section 199 of the Act is amended by adding the following paragraph at the end:

"Where electronic ballot boxes are used in an election, the returning officer shall ensure that the memory card is adjusted so that it does not take into account the party or the ticket from which recognition has been withdrawn.".

6.17 **Number of electronic ballot boxes**

The following is substituted for section 200 of the Act:

"**200.** The returning officer must ensure that there are as many electronic ballot boxes as polling places available and that a sufficient number of replacement electronic ballot boxes are available in the event of a breakdown or technical deficiency.

The returning officer shall ensure that a sufficient number of recipients for ballot paper cards and, where applicable, of transfer boxes are available for each electronic ballot box.".

6.18 **Provision of polling materials**

Section 204 of the Act is amended by substituting the word "recipient" for the words "ballot box" in the second line of the first paragraph.

6.19 **Examination of the electronic ballot box and polling materials**

The following is substituted for section 207 of the Act:

"**207.** In the hour preceding the opening of the polling stations, the senior deputy returning officer, before the persons present, shall initialize the electronic ballot box for the polling place. The senior deputy returning officer

shall ensure that the electronic ballot box displays a total of zero recorded ballot papers by verifying the printed report of the electronic ballot box.

The senior deputy returning officer shall keep the report and show it to any person present who wishes to examine it.

The senior deputy returning officer shall examine the documents and materials provided by the returning officer.

207.1. In the hour preceding the opening of the polling stations, the deputy returning officer and poll clerk shall examine the documents and polling materials provided by the returning officer.".

The following is substituted for section 209 of the Act:

"**209.** Immediately before the hour fixed for the opening of the polling stations, the senior deputy returning officer, before the deputy returning officers, the poll clerks and the representatives of the candidates present, shall ensure that the recipient of the electronic ballot box is empty.

The recipient shall then be sealed by the senior deputy returning officer. The senior deputy returning officer and the representatives present who wish to do so shall affix their initials to the seal. The electronic ballot box shall be placed in such a way that it is in full view of the polling officers and the electors.".

POLLING PROCEDURE

6.20 **Presence at the polling station**

The following is substituted for the third paragraph of section 214 of the Act:

"In addition, only the deputy returning officer, the poll clerk and the representatives assigned to the polling station, together with the returning officer, the election clerk, the assistant to the returning officer, the senior deputy returning officer and the assistant to the senior deputy returning officer may be present at the station. The officer in charge of information and order may be present, at the request of the deputy returning officer for as long as may be required. The poll runner may be present for the time required to perform his duties. Any other person assisting an elector under section 226 may be present for the time required to enable the elector to exercise his right to vote.".

6.21 **Initialling of ballot papers**

The following is substituted for section 221 of the Act:

"**221.** The deputy returning officer shall give the ballot paper card to which the elector is entitled to each elector admitted to vote, after initialling the ballot paper card in the space reserved for that purpose and entering the number of the polling subdivision. The deputy returning officer shall also give the elector a confidentiality sleeve and a pencil.

The deputy returning officer shall instruct the elector how to insert the ballot paper card in the confidentiality sleeve after having voted.".

6.22 **Voting**

The following is substituted for section 222 of the Act:

"**222.** The elector shall enter the polling booth and, using the pencil given by the deputy returning officer, mark one of the circles on the ballot paper or papers opposite the indications pertaining to the candidates whom the elector wishes to elect to the offices of mayor, councillor or councillors.

The elector shall insert the ballot paper card, without folding it, into the confidentiality sleeve in such a way that the deputy returning officer's initials can be seen.".

6.23 **Following the vote**

The following is substituted for section 223 of the Act:

"**223.** After marking the ballot paper or papers and inserting the ballot paper card in the confidentiality sleeve, the elector shall leave the polling booth and go to the electronic ballot box.

The elector shall allow the senior deputy returning officer to examine the initials of the deputy returning officer.

The elector or, at the elector's request, the senior deputy returning officer shall insert the ballot paper card on the reverse side into the electronic ballot box without removing it from the confidentiality sleeve.".

6.24 **Automatic acceptance**

The Act is amended by inserting the following after section 223:

"**223.1.** The electronic ballot box shall be programmed to accept automatically every ballot paper card that is inserted on the reverse side and that was given by the deputy returning officer to an elector.

223.2. If a ballot paper card becomes blocked in the recipient for ballot paper cards, the senior deputy returning officer, in the presence of the representatives of the candidates who wish to be present, shall open the recipient, restart the electronic ballot box, close it and seal the recipient again in their presence, before authorizing voting to resume.

The senior deputy returning officer must report to the returning officer the time during which voting was stopped. Mention of that fact shall be made in the poll book.

If a ballot paper card becomes blocked in the tabulator, the senior deputy returning officer, in the presence of the representatives of the candidates who wish to be present, shall unblock the tabulator and restart the electronic ballot box.".

6.25 **Cancelled ballots**

The following is substituted for section 224 of the Act:

"**224.** The senior deputy returning officer shall prevent the insertion into the electronic ballot box of any ballot paper card that is not initialled or that is initialled by a person other than the deputy returning officer of a polling station. The elector must return to the polling station.

The deputy returning officer of the polling station in question shall, if his initials are not on the ballot paper card, initial it before the persons present, provided that the ballot paper card is *prima facie* a ballot paper card given to the elector by the deputy returning officer that was not initialled by oversight or inadvertence. The elector shall return to insert the ballot paper card into the electronic ballot box.

If the ballot paper card has been initialled by a person other than the deputy returning officer, or if the ballot paper card is not a ballot paper card given to the elector by the deputy returning officer, the deputy returning officer of the polling station in question shall cancel the ballot paper card.

The occurrence shall be recorded in the poll book.".

6.26 **Visually impaired person**

Section 227 of the Act is amended:

(1) by substituting the following for the second and third paragraphs:

"The assistant to the senior deputy returning officer shall set up the template and the ballot paper card, give them to the elector, and indicate to the elector the order in which the candidates' names appear on the ballot papers and the particulars entered under their names, where such is the case.

The senior deputy returning officer shall help the elector insert the ballot paper card into the electronic ballot box."; and

(2) by striking out the fourth paragraph.

COMPILATION OF RESULTS AND ADDITION OF VOTES

6.27 **Compilation of results**

The following is substituted for sections 229 and 230 of the Act:

"**229.** After the closing of the poll, the senior deputy returning officer shall place the electronic ballot box in "end of election" mode and print out the results compiled by the electronic ballot box. The representatives assigned to the polling stations at the polling place may be present.

The report on the compiled results shall indicate the total number of ballot paper cards, the number of rejected ballot papers and the number of valid votes for each office.

230. After the closing of the poll, the deputy returning officer of each polling station in the polling place shall complete the partial statement of votes according to section 238 and shall give a copy of it to the senior deputy returning officer.

The poll clerk of the polling station shall enter the following particulars in the poll book:

(1) the number of ballot paper cards received from the returning officer;

(2) the number of electors admitted to vote;

(3) the number of spoiled, refused or cancelled ballot paper cards and the number of unused ballot paper cards;

(4) the names of the persons who have performed duties as election officers or representatives assigned to that station.".

The Act is amended by inserting the following after section 230:

230.1. The senior deputy returning officer shall ensure, before the persons present, that the results entered on the printed report of the electronic ballot box and the total number of unused, spoiled, refused and cancelled ballot paper cards entered on the partial statement of votes of each deputy returning officer correspond to the total number of ballot paper cards issued by the returning officer.

230.2. Using the partial statement or statements of votes, the senior deputy returning officer shall complete an overall statement of votes in a sufficient number so that each representative assigned to a polling station or each candidate can have a copy of it.".

6.28 **Compiling sheet**

Section 231 of the Act is revoked.

6.29 **Counting of the votes**

Section 232 of the Act is revoked.

6.30 **Rejected ballot papers**

The following is substituted for section 233 of the Act:

"**233.** The electronic ballot box shall be programmed in such a way as to reject any ballot paper that

(1) has not been marked;

(2) has been marked in favour of more than one candidate;

(3) has been marked in favour of a person who is not a candidate.

For the purposes of the poll, the memory card shall be programmed in such a way as to ensure that the electronic ballot box processes and conserves all the ballot paper cards inserted, in other words both the cards containing valid ballot papers and those containing rejected ballot papers, except any ballot paper cards that have been refused.".

6.31 **Rejected ballot papers, procedural omission, valid ballot papers**

Sections 233 to 236 of the Act, adapted as required, shall apply only in the case of a judicial recount.

6.32 **Contested validity**

The following is substituted for section 237 of the Act:

"**237.** The poll clerk, at the request of the senior deputy returning officer, shall enter in the poll book every objection raised by a representative present at the printing out of the results compiled by an electronic ballot box in respect of the validity of the results.".

6.33 **Partial statement of votes, overall statement of votes and copy given to representatives of candidates**

The following is substituted for section 238 of the Act:

"**238.** The deputy returning officer shall draw up the partial statement of votes, setting out

(1) the number of ballot paper cards received from the returning officer;

(2) the number of spoiled, refused or cancelled ballot paper cards that were not inserted into the electronic ballot box;

(3) the number of unused ballot paper cards.

The deputy returning officer shall make two copies of the partial statement of votes, one of which must be given to the senior deputy returning officer.

Using the partial statements of votes and the results compiled by the electronic ballot box, the senior deputy returning officer shall draw up an overall statement of votes.

The senior deputy returning officer shall immediately give a copy of the overall statement of votes to the representatives.".

Section 240 of the Act is revoked.

6.34 **Separate, sealed and initialled envelopes given to the returning officer**

The following is substituted for sections 241, 242 and 243 of the Act:

"**241.** After the closing of the poll, each deputy returning officer shall place in separate envelopes the list of electors, the poll book, the forms, the spoiled, refused or cancelled ballot paper cards that were not inserted into the electronic ballot box, the unused ballot paper cards and the partial statement of votes. Each deputy returning officer shall seal the envelopes and place them in a recipient, seal it and give it to the senior deputy returning officer. The deputy returning officer, the poll clerk and the representatives assigned to the polling station who wish to do so shall initial the seals.

242. After the results compiled by the electronic ballot box have been printed, in the presence of the candidates or representatives who wish to be present, the senior deputy returning officer:

— if the plastic recipient has been used for the electronic ballot box, place the ballot paper cards from the recipient of the electronic ballot box in a transfer box. Next, he shall remove the memory card from the electronic ballot box and insert it in an envelope with a copy of the report on the results compiled by the electronic ballot box. He shall seal the envelope, initial it, allow the representatives who wish to do so to initial it and place it in the transfer box. He shall seal and initial the transfer box and allow the representatives who wish to do so to initial it;

— if the cardboard recipient is used for the electronic ballot box, remove the cardboard recipient containing the ballot papers. Next, he shall remove the memory card from the electronic ballot box and insert it in an envelope with a copy of the report on the results compiled by the electronic ballot box. He shall seal the envelope, initial it, allow the representatives who wish to do so to initial it and place it in the cardboard recipient. He shall seal and initial the cardboard recipient and allow the representatives who wish to do so to initial it.

The senior deputy returning officer give the transfer boxes or the cardboard recipients to the returning officer or to the person designated by the returning officer.

243. The senior deputy returning officer shall place in an envelope a copy of the overall statement of votes stating the results of the election and the partial statements of votes. The senior deputy returning officer shall then seal and initial the envelope and give it to the returning officer.

The representatives assigned to the polling stations may initial the seal.".

Section 244 of the Act is revoked.

6.35 **Addition of votes**

The following is substituted for section 247 of the Act:

"**247.** The returning officer shall proceed with the addition of the votes using the overall statement of votes drawn up by each senior deputy returning officer.".

6.36 **Adjournment of the addition of votes**

The following is substituted for section 248 of the Act:

"**248.** The returning officer shall, if unable to obtain an overall statement of votes that should have been provided, adjourn the addition of votes until the statement has been obtained.

Where it is not possible to obtain an overall statement of votes, or the printed report on the results compiled by an electronic ballot box, the returning officer shall, in the presence of the senior deputy returning officer and the candidates concerned or their representatives if they so wish, print out the results using the memory card taken from the transfer box opened in the presence of the persons listed above.".

6.37 **Placing in envelope**

The following is substituted for section 249 of the Act:

"**249.** After printing and examining the results, the returning officer shall place them in an envelope together with the memory card.

The returning officer shall seal the envelope, put the envelope in the transfer box and then seal the box.

The returning officer, the candidates and the representatives present may initial the seals.".

6.38 **New counting of the votes**

The following is substituted for section 250 of the Act:

"**250.** Where it is not possible to print a new report on the results compiled using the memory card, the returning officer, on the date, at the time and at the place that he

determines, in the presence of the candidates or their representatives who wish to be present, shall recover the ballot paper cards used for the office or offices concerned and shall insert them, one by one, in the opening of the electronic ballot box equipped with a new programmed memory card. He shall then print out the results compiled by the electronic ballot box.".

6.39 **Notice to the Minister**

Section 251 of the Act is amended by substituting the words "overall statement of votes, the report on the results compiled by the electronic ballot box and the ballot paper cards" for the words "statement of votes and the ballot papers" in the first line of the first paragraph.

6.40 **Access to ballot papers**

The following is substituted for section 261 of the Act:

"**261.** Except for the purposes of an examination of rejected ballot papers pursuant to this agreement, the returning officer or the person responsible for providing access to the documents held by the municipality may not issue copies of the ballot papers used, or allow any person to examine the ballot papers, without being required to do so by an order issued by a court or judge.".

6.41 **Application for a recount**

Section 262 of the Act is amended by substituting the words "an electronic ballot box" for the words "a deputy returning officer, a poll clerk or the returning officer" in the first and second lines of the first paragraph.

7. EXAMINATION OF REJECTED BALLOT PAPERS

Within 120 days from the date on which an election is declared or contested, the returning officer must, at the request of the Chief Electoral Officer or the Minister, examine the rejected ballot papers to ascertain the grounds for rejection. The returning officer must verify the ballot paper cards contained in the recipients for ballot papers.

The returning officer must notify the candidates or their representatives that they may be present at the examination. The Chief Electoral Officer and the Minister shall be notified and they may delegate their representatives. The representative of the company that sold or rented out the electronic ballot boxes must attend the examination to explain the operation of the mechanism for rejecting ballot papers and to answer questions from the participants.

The programming parameters for rejecting ballot papers must be disclosed to the participants.

The examination of the rejected ballot papers shall in no way change the results of the poll or be used in a court to attempt to change the results of the poll.

A report on the examination must be drawn up by the returning officer and include, in particular, the assessment sheet for the grounds for rejection and a copy of the related ballot paper. Any other relevant comment concerning the conduct of the poll must also be included.

Prior to the examination of the rejected ballot papers, the rejected ballot papers must be separated from the other ballot papers, using the electronic ballot box duly programmed by the representative of the firm, and a sufficient number of photocopies must be made for the participants present. The candidates or their representatives may be present during this operation.

8. DURATION AND APPLICATION OF AGREEMENT

The returning officer of the municipality is responsible for the application of this agreement and, consequently, for the proper conduct of the trial application of the new method of voting during general elections and by-elections held before December 31, 2015.

9. AMENDMENT

The parties agree that this agreement may be amended if need be to ensure the proper conduct of the general elections or subsequent by-elections provided for in the agreement.

Mention of that fact shall be made in the assessment report.

10. ASSESSMENT REPORT

Within 120 days following the regular election held on November 6, 2005, the returning officer of the municipality shall forward, in accordance with section 659.3 of the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2), an assessment report to the Chief Electoral Officer and the Minister setting out relevant ways to improve the trial and addressing, in particular, the following points:

— the preparations for the election (choice of the new method of voting, communications plan, etc.);

— the conduct of the advance poll and the poll;

— the cost of using the electronic voting system:

– the cost of adapting election procedures;

– non-recurrent costs likely to be amortized;

– a comparison between the actual polling costs and the estimated polling costs using the new methods of voting and the projected cost of holding the regular election on November 6, 2005 using traditional methods;

— the number and duration of incidents during which voting was stopped, if any;

— the advantages and disadvantages of using the new method of voting;

— the results obtained during the addition of the votes and the correspondence between the number of ballot paper cards issued to the deputy returning officers and the number of ballot paper cards returned used and unused;

— the examination of rejected ballot papers, if it has been completed.

11. APPLICATION OF THE ACT RESPECTING ELECTIONS AND REFERENDUMS IN MUNICIPALITIES

The Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2) shall apply to the regular election held on November 6, 2005 in the municipality, subject to the provisions of the Act that this agreement amends or replaces.

12. EFFECT OF THE AGREEMENT

This agreement has effect from the time when the returning officer performs the first act for the purposes of an election to which this agreement applies.

AGREEMENT SIGNED IN THREE COPIES:

In Lachute, on this 22th day of the month of February of the year 2005

THE MUNICIPALITY OF LACHUTE

By: _____
DANIEL MAYER, *Mayor*

_____
LOUISE BEAULIEU, *Clerk*

In Québec, on this 2th day of the month of March of the year 2005

THE CHIEF ELECTORAL OFFICER

_____
MARCEL BLANCHET

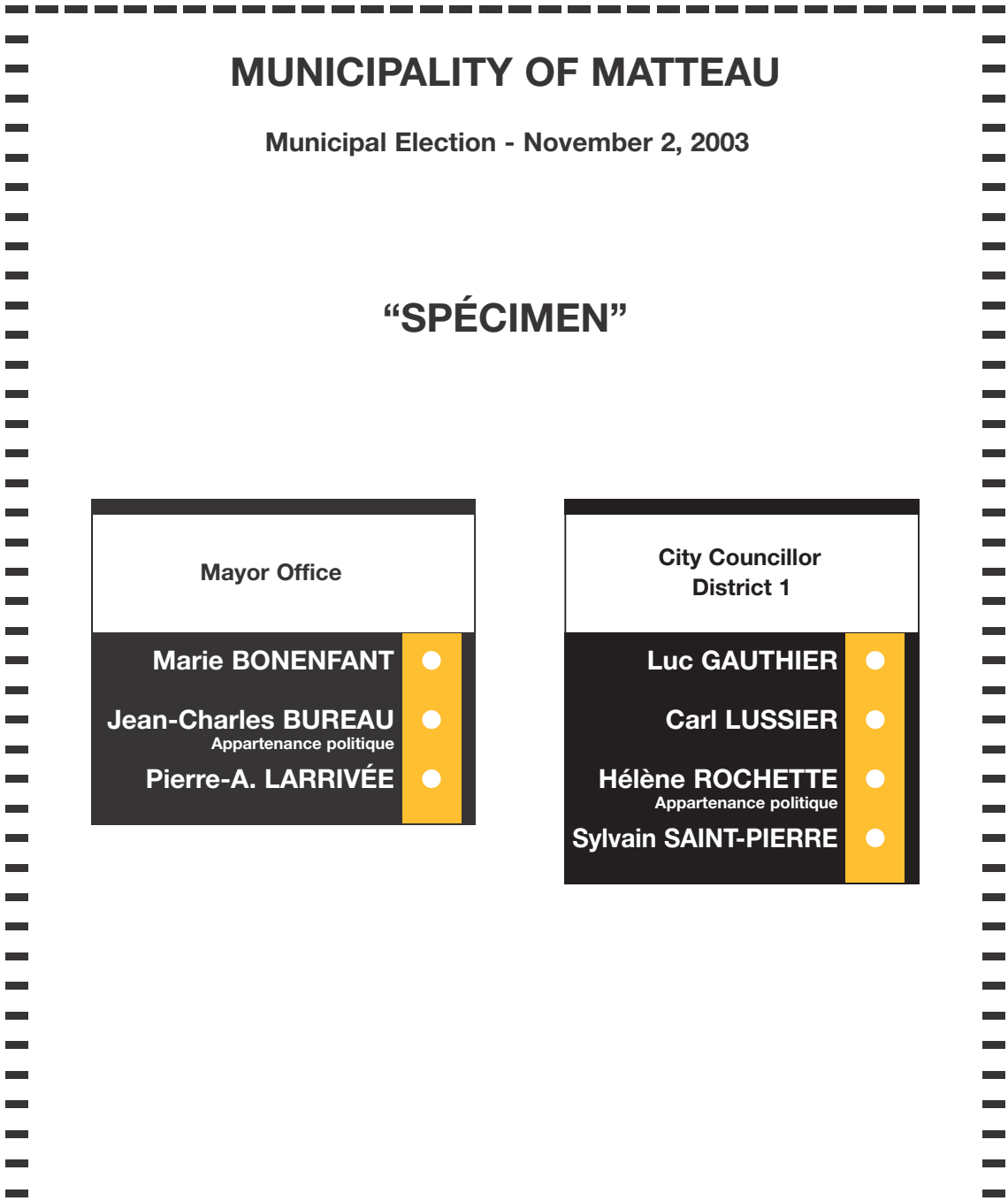
In Québec, on this 3th day of the month of May of the year 2005

THE MINISTER OF MUNICIPAL AFFAIRS AND REGIONS

_____
DENYS JEAN, *Deputy Minister*

SCHEDULE

MODEL BALLOT PAPER HOLDER



Initials of the deputy returning officer

Polling subdivion

Printer name
Adress
City
Postal code

Gouvernement du Québec

Agreement

An Act respecting elections and referendums in municipalities
(R.S.Q., c. E-2.2)

AGREEMENT CONCERNING NEW METHODS OF VOTING FOR AN ELECTION USING COMPUTERIZED POLLING STATIONS AND "ACCU-VOTE ES 2000" BALLOT BOXES

AGREEMENT ENTERED INTO

BETWEEN

The MUNICIPALITY OF Marieville, a legal person established in the public interest, having its head office at 682, Saint-Charles Street in Marieville, Province of Québec, represented by the mayor, Michel Marchand, and the clerk or secretary-treasurer, Nancy Forget, under resolution number M05-04-135, hereinafter called

THE MUNICIPALITY

AND

Mr. Marcel Blanchet, in his capacity as CHIEF ELECTORAL OFFICER OF QUÉBEC, duly appointed to that office under the Election Act (R.S.Q., c. E-3.3), acting in that capacity and having his main office at 3460, rue de La Pérade, Sainte-Foy, Province of Québec, hereinafter called

THE CHIEF ELECTORAL OFFICER

AND

Ms. Nathalie Normandeau, in her capacity as MINISTER OF MUNICIPAL AFFAIRS AND REGIONS, having her main office at 10, rue Pierre-Olivier-Chauveau, Québec, Province of Québec, hereinafter called

THE MINISTER

WHEREAS the council of the MUNICIPALITY, by its resolution No. M05-03-118, passed at its meeting of March 14, 2005, expressed the desire to avail itself of the provisions of the Act respecting elections and referendums in municipalities and to enter into an agreement with the CHIEF ELECTORAL OFFICER and the MINISTER in order to allow the use of electronic ballot boxes for the general election of November 6, 2005 in the MUNICIPALITY;

WHEREAS under sections 659.2 and 659.3 of the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2):

"**659.2.** A municipality may, in accordance with an agreement made with the Minister of Municipal Affairs, Sports and Recreation and the Chief Electoral Officer, test new methods of voting during a poll. The agreement may provide that it also applies to polling held after the poll for which the agreement was entered into; in such case, the agreement shall provide for its period of application.

The agreement must describe the new methods of voting and mention the provisions of this Act it amends or replaces.

The agreement has the effect of law.

659.3. After polling during which a test mentioned in section 659.2 is carried out, the municipality shall send a report assessing the test to the Minister of Municipal Affairs, Sports and Recreation and the Chief Electoral Officer.";

WHEREAS the MUNICIPALITY expressed the desire to avail itself of those provisions to hold a general election on November 6, 2005 and, could, with the necessary adaptations, avail itself of those provisions for elections held after the date of the agreement, the necessary adaptations to be included in an addendum to this agreement;

WHEREAS it is expedient to provide the procedure that applies to the territory of the MUNICIPALITY for that general election;

WHEREASan agreement must be entered into between the MUNICIPALITY, the CHIEF ELECTORAL OFFICER and the MINISTER;

WHEREASthe MUNICIPALITY is solely responsible for the technological choice elected;

WHEREASthe council of the MUNICIPALITY passed, at its meeting of April 4, 2005, resolution No. M05-04-135 approving the text of the agreement and authorizing the mayor and the clerk or secretary-treasurer to sign this agreement;

WHEREASthe returning officer of the MUNICIPALITY is responsible for the application of this agreement and the means necessary to carry it out;

THEREFORE, the parties agree to the following:

1. PREAMBLE

The preamble to this agreement is an integral part of the agreement.

2. INTERPRETATION

Unless stated otherwise, expressly or as a result of the context of a provision, the following expressions, terms and words have, for the purposes of this agreement, the meaning and application given in this section.

2.1 "Computerized polling station" means an apparatus consisting of the following devices:

— a computer with the list of electors for the polling place stored in its memory (the computers at the same polling place are linked together);

— a card reader for cards with bar codes;

— one or more printers per polling place for printing the list of electors who voted during the advance poll or on polling day.

2.2 "Electronic ballot box" means an apparatus containing a vote tabulator, a memory card, a printer, a cardboard or, where necessary, plastic recipient for ballot papers and a modem, where necessary.

2.3 "Vote tabulator" means a device that uses an optical scanner to detect a mark made in a circle on a ballot paper by an elector.

2.4 "Memory card" means a memory device that computes and records the marks made by an elector for each of the candidates whose names are printed on the ballot paper and the number of rejected ballot papers according to the subdivisions of the vote tabulator program.

2.5 "Recipient for ballot papers" means a box into which the ballot paper cards fall.

2.6 Where applicable, "transfer box" means the box in which the ballot paper cards are placed when a plastic recipient is used for the electronic ballot box.

2.7 "Ballot paper card" means the card on which the ballot paper or papers are printed.

2.8 "Refused card" means a ballot paper card the insertion of which into the tabulator is refused.

2.9 "Confidentiality sleeve" means a sleeve designed to receive the ballot paper card.

3. ELECTION

3.1 For the purposes of the general election of November 6, 2005 in the municipality, a sufficient number of Accu-Vote ES 2000 model electronic ballot boxes will be used.

3.2 Before the publication of the notice of election, the municipality must take the necessary steps to provide its electors with adequate information concerning the testing of the new method of voting.

4. SECURITY MECHANISMS

4.1 **Computerized polling stations**

The list of electors for a polling place must correspond to the list of electors for that polling place as drawn up and revised by the returning officer. Access to the computers at a polling place must be secured by a password.

4.2 **Electronic ballot boxes**

The electronic ballot boxes used must include the following security mechanisms:

(1) a report displaying a total of "zero" must be automatically produced by an electronic ballot box upon being turned on on the first day of advance polling and on polling day;

(2) a verification report must be generated on a continuous basis and automatically saved on the memory card, and must record each procedural operation;

(3) the electronic ballot box must not be placed in "end of election" mode while the poll is still under way;

(4) the compilation of results must not be affected by any type of interference once the electronic ballot box has been placed in "election" mode;

(5) each electronic ballot box must be equipped with a back-up power source (battery) able to operate for two to five hours, unless all the electronic ballot boxes are connected to a generator;

(6) if a ballot box is defective, the memory card may be removed and transferred immediately into another electronic ballot box in order to allow the procedure to continue.

5. PROGRAMMING

Each memory card used is specially programmed either by the firm Technologies Nexxlink inc., or by the returning officer under the supervision of the firm Technologies Nexxlink inc., to recognize and tally ballot papers in accordance with this agreement.

6. AMENDMENTS TO THE ACT RESPECTING ELECTIONS AND REFERENDUMS IN MUNICIPALITIES

6.1 **Election officers**

Section 68 of the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2) is amended by inserting the words "senior deputy returning officer, assistant to the senior deputy returning officer" after the word "assistant".

6.2 **Senior deputy returning officer, assistant to the senior deputy returning officer, deputy returning officer and poll clerk**

The following is substituted for section 76 of the Act:

"**76.** The returning officer shall appoint the number of senior deputy returning officers and assistants to the senior deputy returning officer that he deems necessary for each polling place.

The returning officer shall appoint a deputy returning officer and a poll clerk for each polling station.".

6.3 **Duties of the senior deputy returning officer, assistant to the senior deputy returning officer and deputy returning officer**

The following is substituted for section 80 of the Act:

"**80.** The senior deputy returning officer shall, in particular,

(1) see to the installation and preparation of the electronic ballot box;

(2) ensure that the polling is properly conducted and maintain order in the vicinity of the electronic ballot box;

(3) facilitate the exercise of the right to vote and ensure that voting is secret;

(4) ensure that the electronic ballot box functions correctly;

(5) print out the results compiled by the electronic ballot box at the closing of the poll;

(6) complete an overall statement of votes from the partial statements and the results compiled by the electronic ballot box;

(7) give the returning officer, at the closing of the poll, the results compiled by the electronic ballot box, the overall statement and the partial statement or statements of votes;

(8) when a ballot paper card has been refused by the tabulator, ask the elector to return to the polling booth, mark all the circles and go to the polling station in order to obtain another ballot paper card;

(9) advise the returning officer immediately of any defect in the memory card or the electronic ballot box.

80.1. The assistant to the senior deputy returning officer shall, in particular,

(1) assist the senior deputy returning officer in the latter's duties;

(2) receive any elector referred by the senior deputy returning officer;

(3) verify the polling booths in the polling place;

(4) get the pencils and confidentiality sleeves back from the senior deputy returning officer and redistribute them to each deputy returning officer.

80.2. The deputy returning officer shall, in particular,

(1) see to the arrangement of the polling station;

(2) ensure that the polling is properly conducted and maintain order in the polling station;

(3) facilitate the exercise of the right to vote and ensure that voting is secret;

(4) make sure of electors' identity;

(5) give the electors a ballot paper card, a confidentiality sleeve and a pencil to exercise their right to vote;

(6) receive from electors any ballot paper cards that are refused by the tabulator and give them another ballot paper card, and record the occurrence in the poll book.".

6.4 **Duties of the poll clerk**

The following is substituted for section 81 of the Act:

"**81.** The poll clerk shall, in particular,

(1) enter in the poll book the particulars relating to the conduct of the polling;

(2) note on the screen and on the paper list of electors "has voted" next to the names of electors to whom the deputy returning officer has given ballot paper cards;

(3) assist the deputy returning officer.".

6.5 **Discretion of the Chief Electoral Officer upon observing an error, emergency or exceptional circumstance**

The following is substituted for section 90.5 of the Act:

"**90.5.** Where, during the election period, within the meaning of section 364, it comes to the attention of the Chief Electoral Officer that, subsequent to an error, emergency or exceptional circumstance, a provision referred to in section 90.1 or in the agreement provided for in section 659.2 of the Act respecting elections and referendums in municipalities does not meet the demands of the resultant situation, the Chief Electoral Officer may adapt the provision in order to achieve its object.

The Chief Electoral Officer shall first inform the Minister of Municipal Affairs and Regions of the decision he intends to make.

Within 30 days following polling day, the Chief Electoral Officer shall transmit to the President or the Secretary General of the National Assembly a report of the decisions made pursuant to the first paragraph. The President shall table the report in the National Assembly within 30 days of receiving it or, if the National Assembly is not sitting, within 30 days of resumption.".

6.6 **Notice of election**

The following is added after paragraph 7 of section 99 of the Act:

"(8) the fact that the method of voting is voting by means of electronic ballot boxes.".

6.7 **Polling subdivisions**

The following is substituted for section 104 of the Act:

"**104.** The returning officer shall divide the list of electors into polling subdivisions.

The polling subdivisions shall have a number of electors determined by the returning officer. That number shall not be greater than 750 electors.".

6.8 **Verification of computerised polling stations and electronic ballot box**

The Act is amended by inserting the following subdivisions after subdivision 1 of Division IV of Chapter VI of Title I:

"***§1.1*** *Verification of computerized polling stations*

173.1. The returning officer shall, at a time considered to be expedient but at the latest before the polling stations open on the first day of advance polling or before the polling stations open on polling day, in cooperation with the firm's representative and, if necessary, the representatives of the candidates, for all polling places, ensure that all computers contain the list of electors for that place. In particular, the returning officer shall perform the following tests:

(1) searching for an elector using the card with the bar code;

(2) searching for an elector using the keyboard, typing either the elector's name or address;

(3) indicating to the computer that a certain number of electors have voted and ensuring that each computer in the polling place displays "has voted" for the electors concerned;

(4) printing out the list of electors who have voted, in a non-cumulative way, by elector number and polling subdivision, and ensuring that the results are consistent with the data entered in the computer.

§1.2 *Verification of electronic ballot box*

173.2. The returning officer shall, at least five days before the first day fixed for the advance poll and at least three days before the day fixed for the polling, test the electronic ballot box to ensure that the vote tabulator accurately detects the mark made on a ballot paper and that it tallies the number of votes cast accurately and

precisely, in the presence of a representative of the firm Technologies Nexxlink inc. and the representatives of the candidates.

173.3. During the testing of the electronic ballot box, adequate security measures must be taken by the returning officer to guarantee the integrity of the system as a whole and of each component used to record, compile and memorize results. The returning officer must ensure that no electronic communication that could change the programming of the electronic ballot box, the recording of data, the tallying of votes, the memorization of results or the integrity of the system as a whole may be established.

173.4. The returning officer shall conduct the test by performing the following operations:

(1) he shall mark the memory card with the returning officer's initials and insert it into the electronic ballot box;

(2) he shall insert into the electronic ballot box a predetermined number of ballot paper cards, previously marked and tallied manually. The ballot paper cards shall include

(a) a sufficient and pre-determined number of ballot papers correctly marked to indicate a vote for each of the candidates;

(b) a sufficient and pre-determined number of ballot papers that are not correctly marked;

(c) a sufficient and pre-determined number of ballot papers marked to indicate a vote for more than one candidate for the same office;

(d) a sufficient and pre-determined number of blank ballot papers;

(3) he shall place the electronic ballot box in "end of election" mode and ensure that the results compiled by the electronic ballot box are consistent with the manually-compiled results;

(4) once the test has been successfully completed, he shall reset the memory card to zero and seal it; the returning officer and the representatives who wish to do so shall note the number entered on the seal;

(5) he shall place the tabulator in the travel case and place a seal on it; the returning officer and the representatives who wish to do so shall note the number entered on the seal;

(6) where an error is detected, the returning officer shall determine with certitude the cause of the error, make the necessary corrections and proceed with a further test, and shall repeat the operation until the optical scanner of the vote tabulator accurately detects the mark made on a ballot paper and until a perfect compilation of results is obtained. Any error or discrepancy observed shall be noted in the test report;

(7) he may not change the programming for the scanning of the mark in a circle without supervision from the firm Technologies Nexxlink inc.".

6.9 **Mobile polling station**

The said Act is amended by inserting the following sections after section 175:

"**175.1.** The electors shall indicate their vote on the same type of ballot paper as that used in an advance polling station. After marking the ballot paper, each elector shall insert it in the confidentiality sleeve and place it in the ballot box provided for that purpose. At the close of the mobile poll, the deputy returning officer and the mobile poll clerk shall seal the ballot box and affix their initials to it.

175.2. The deputy returning officer shall, before the opening of the advance polling station, give the senior deputy returning officer the ballot box containing the ballot papers from the mobile polling station.

The senior deputy returning officer shall, in the presence of the assistant to the senior deputy returning officer, remove from the ballot box the confidentiality sleeves containing the ballot papers and insert the ballot papers, one by one, in the electronic ballot box.".

6.10 **Advance polling**

The following is substituted for sections 182, 183 and 185 of the Act:

"**182.** After the close of the advance polling station, the poll clerk shall enter the following particulars in the poll book:

(1) the number of ballot paper cards received from the returning officer;

(2) the number of electors who were given a ballot paper card;

(3) the number of spoiled, refused or cancelled ballot paper cards and the number of unused ballot paper cards;

(4) the names of the persons who have performed duties as election officers or as representatives.

The deputy returning officer shall place in separate envelopes the spoiled, refused or cancelled ballot paper cards, the unused ballot paper cards, the forms, the poll book and the list of electors. The deputy returning officer shall then seal the envelopes. The deputy returning officer, the poll clerk and the representatives who wish to do so shall affix their initials to the seals of the envelopes. The envelopes, except those containing the list of electors, shall be given to the senior deputy returning officer for deposit in a box reserved for that purpose.

182.1. The senior deputy returning officer, in the presence of the candidates or of their representative who wish to be present, shall seal the recipient for ballot papers, and then place the electronic ballot box in its travel case and place a seal the case. The senior deputy returning officer and the representatives who wish to do so shall note the number entered on the seal.

The senior deputy returning officer shall then give the recipient or recipients for ballot papers, the transfer box and the envelopes containing the list of electors to the returning officer or to the person designated by the returning officer.

The returning officer shall have custody of the recipient or recipients for ballot papers until the results of the advance poll have been compiled and then for the time prescribed for the conservation of electoral documents.

183. Immediately before the time fixed for the opening of the polling station on the second day, where applicable, the senior deputy returning officer, before the persons present, shall open the transfer box and give each deputy returning officer the poll books, the envelopes containing unused ballot paper cards and the forms. Each deputy returning officer shall open the envelopes and take possession of their contents. The spoiled, refused or cancelled ballot paper cards shall remain in the transfer boxes, which the senior deputy returning officer shall seal.

The senior deputy returning officer, before the persons present, shall remove the seal from the travel case of the tabulator.

The returning officer, or the person designated by the returning officer, shall give each deputy returning officer the list of electors of the grouped polling station or stations, where applicable.

At the close of the second day of advance polling, where applicable, the senior deputy returning officer, the deputy returning officer and the poll clerk shall perform the same actions as at the close of the first day of advance polling. In addition, the senior deputy returning officer shall withdraw the memory card from the electronic ballot box, place it in an envelope, seal the envelope, place the envelope in the recipient for ballot papers, and seal the recipient.

The spoiled, refused or cancelled ballot paper cards from the second day shall be placed in separate sealed envelope by the deputy returning officer. They shall also be placed in a sealed transfer box.

The deputy returning officer, the poll clerk and the representatives who wish to do so shall affix their initials to the seal.

185. From 7:00 p.m. on polling day, the returning officer or the person designated by the returning officer shall print out the results compiled by the electronic ballot box at an advance polling station, in the presence of the deputy returning officers, the poll clerks and the representatives who wish to be present.

The results shall be printed out at the location determined by the returning officer. The print-out shall be performed in accordance with the rules applicable to the printing-out of the results from polling day, adapted as required.".

6.11 **Booths**

The following is substituted for section 191 of the Act:

"**191.** Where electronic ballot boxes are used in an election, the polling station shall have the number of polling booths determined by the returning officer.".

6.12 **Ballot papers**

The following is substituted for section 193 of the Act:

"**193.** With the exception of the entry stating the office to be filled, the ballot papers shall be printed by reversing process so that, on the obverse, the indications appear in white on a black background and the circles provided to receive the elector's mark appear in white on an orange vertical strip.".

Section 195 of the Act is revoked.

6.13 **Identification of the candidates**

Section 196 of the Act is amended

(1) by substituting the following for the first paragraph:

"**196.** The ballot paper card shall contain a ballot paper for the office of mayor and the ballot papers for the office or offices of councillor. Each ballot paper shall allow each candidate to be identified. It shall contain, on the obverse:";

(2) by adding the following after subparagraph 3 of the first paragraph:

"(4) the offices in question and, where applicable, the number of the seat to be filled. The indications of the offices in question shall correspond to those contained in the nomination papers.".

6.14 **Ballot paper cards**

The following is substituted for section 197 of the Act:

"**197.** The ballot paper cards shall contain on the obverse, as shown in the Schedule,

(1) the name of the municipality;

(2) the indication "municipal election" and the date of the poll;

(3) the ballot papers;

(4) the bar code.

The ballot paper cards shall contain, on the reverse, as shown in the Schedule,

(1) a space intended to receive the initials of the deputy returning officer;

(2) a space intended to receive the number of the polling subdivision;

(3) the name and address of the printer;

(4) the bar code.".

6.15 **Confidentiality sleeve**

The Act is amended by inserting the following after section 197:

"**197.1.** The returning officer shall ensure that a sufficient number of confidentiality sleeves are available. Confidentiality sleeves shall be sufficiently opaque to ensure that no mark affixed on the ballot paper may be seen through them.".

6.16 **Withdrawal of a candidate**

Section 198 of the Act is amended by adding the following paragraphs at the end:

"Where electronic ballot boxes are used in an election, the returning officer shall ensure that the memory card is adjusted so that it does not take into account the candidates who have withdrawn.

Any vote in favour of those candidates before or after their withdrawal is null.".

6.17 **Withdrawal of authorization or recognition**

Section 199 of the Act is amended by adding the following paragraph at the end:

"Where electronic ballot boxes are used in an election, the returning officer shall ensure that the memory card is adjusted so that it does not take into account the party or the ticket from which recognition has been withdrawn.".

6.18 **Number of electronic ballot boxes**

The following is substituted for section 200 of the Act:

"**200.** The returning officer must ensure that there are as many electronic ballot boxes as polling places available and that a sufficient number of replacement electronic ballot boxes are available in the event of a breakdown or technical deficiency.

The returning officer shall ensure that a sufficient number of recipients for ballot paper cards and, where applicable, of transfert boxes are available for each electronic ballot box.".

6.19 **Provision of polling materials**

Section 204 of the Act is amended by substituting the word "recipient" for the words "ballot box" in the second line of the first paragraph.

6.20 **Examination of the electronic ballot box and polling materials**

The following is substituted for section 207 of the Act:

"**207.** In the hour preceding the opening of the polling stations, the senior deputy returning officer, before the persons present, shall initialize the electronic ballot box for the polling place. The senior deputy returning officer shall ensure that the electronic ballot box displays a total of zero recorded ballot papers by verifying the printed report of the electronic ballot box.

The senior deputy returning officer shall keep the report and show it to any person present who wishes to examine it.

The senior deputy returning officer shall examine the documents and materials provided by the returning officer.

207.1. In the hour preceding the opening of the polling stations, the deputy returning officer and poll clerk shall examine the documents and polling materials provided by the returning officer.".

The following is substituted for section 209 of the Act:

"**209.** Immediately before the hour fixed for the opening of the polling stations, the senior deputy returning officer, before the deputy returning officers, the poll clerks and the representatives of the candidates present, shall ensure that the recipient of the electronic ballot box is empty.

The recipient shall then be sealed by the senior deputy returning officer. The senior deputy returning officer and the representatives present who wish to do so shall affix their initials to the seal. The electronic ballot box shall be placed in such a way that it is in full view of the polling officers and the electors.".

POLLING PROCEDURE

6.21 **Presence at the polling station**

The following is substituted for the third paragraph of section 214 of the Act:

"In addition, only the deputy returning officer, the poll clerk and the representatives assigned to the polling station, together with the returning officer, the election clerk, the assistant to the returning officer, the senior deputy returning officer and the assistant to the senior deputy returning officer may be present at the station. The officer in charge of information and order may be present, at the request of the deputy returning officer for as long as may be required. The poll runner may be present for the time required to perform his duties. Any other person assisting an elector under section 226 may be present for the time required to enable the elector to exercise his right to vote.".

6.22 **Initialling of ballot papers**

The following is substituted for section 221 of the Act:

"**221.** The deputy returning officer shall give the ballot paper card to which the elector is entitled to each elector admitted to vote, after initialling the ballot paper card in the space reserved for that purpose and entering the number of the polling subdivision. The deputy returning officer shall also give the elector a confidentiality sleeve and a pencil.

The deputy returning officer shall instruct the elector how to insert the ballot paper card in the confidentiality sleeve after having voted.".

6.23 **Voting**

The following is substituted for section 222 of the Act:

"**222.** The elector shall enter the polling booth and, using the pencil given by the deputy returning officer, mark one of the circles on the ballot paper or papers opposite the indications pertaining to the candidates whom the elector wishes to elect to the offices of mayor, councillor or councillors.

The elector shall insert the ballot paper card, without folding it, into the confidentiality sleeve in such a way that the deputy returning officer's initials can be seen.".

6.24 **Following the vote**

The following is substituted for section 223 of the Act:

"**223.** After marking the ballot paper or papers and inserting the ballot paper card in the confidentiality sleeve, the elector shall leave the polling booth and go to the electronic ballot box.

The elector shall allow the senior deputy returning officer to examine the initials of the deputy returning officer.

The elector or, at the elector's request, the senior deputy returning officer shall insert the ballot paper card on the reverse side into the electronic ballot box without removing it from the confidentiality sleeve.".

6.25 **Automatic acceptance**

The Act is amended by inserting the following after section 223:

"**223.1.** The electronic ballot box shall be programmed to accept automatically every ballot paper card that is inserted on the reverse side and that was given by the deputy returning officer to an elector.

223.2. If a ballot paper card becomes blocked in the recipient for ballot paper cards, the senior deputy returning officer, in the presence of the representatives of the candidates who wish to be present, shall open the recipient, restart the electronic ballot box, close it and seal the recipient again in their presence, before authorizing voting to resume.

The senior deputy returning officer must report to the returning officer the time during which voting was stopped. Mention of that fact shall be made in the poll book.

If a ballot paper card becomes blocked in the tabulator, the senior deputy returning officer, in the presence of the representatives of the candidates who wish to be present, shall unblock the tabulator and restart the electronic ballot box.".

6.26 **Cancelled ballots**

The following is substituted for section 224 of the Act:

"**224.** The senior deputy returning officer shall prevent the insertion into the electronic ballot box of any ballot paper card that is not initialled or that is initialled by a person other than the deputy returning officer of a polling station. The elector must return to the polling station.

The deputy returning officer of the polling station in question shall, if his initials are not on the ballot paper card, initial it before the persons present, provided that the ballot paper card is *prima facie* a ballot paper card given to the elector by the deputy returning officer that was not initialled by oversight or inadvertence. The elector shall return to insert the ballot paper card into the electronic ballot box.

If the ballot paper card has been initialled by a person other than the deputy returning officer, or if the ballot paper card is not a ballot paper card given to the elector by the deputy returning officer, the deputy returning officer of the polling station in question shall cancel the ballot paper card.

The occurrence shall be recorded in the poll book.".

6.27 **Visually impaired person**

Section 227 of the Act is amended:

(1) by substituting the following for the second and third paragraphs:

"The assistant to the senior deputy returning officer shall set up the template and the ballot paper card, give them to the elector, and indicate to the elector the order in which the candidates' names appear on the ballot papers and the particulars entered under their names, where such is the case.

The senior deputy returning officer shall help the elector insert the ballot paper card into the electronic ballot box."; and

(2) by striking out the fourth paragraph.

COMPILATION OF RESULTS AND ADDITION OF VOTES

6.28 **Compilation of results**

The following is substituted for sections 229 and 230 of the Act:

"**229.** After the closing of the poll, the senior deputy returning officer shall place the electronic ballot box in "end of election" mode and print out the results compiled by the electronic ballot box. The representatives assigned to the polling stations at the polling place may be present.

The report on the compiled results shall indicate the total number of ballot paper cards, the number of rejected ballot papers and the number of valid votes for each office.

230. After the closing of the poll, the deputy returning officer of each polling station in the polling place shall complete the partial statement of votes according to section 238 and shall give a copy of it to the senior deputy returning officer.

The poll clerk of the polling station shall enter the following particulars in the poll book:

(1) the number of ballot paper cards received from the returning officer;

(2) the number of electors admitted to vote;

(3) the number of spoiled, refused or cancelled ballot paper cards and the number of unused ballot paper cards;

(4) the names of the persons who have performed duties as election officers or representatives assigned to that station.".

The Act is amended by inserting the following after section 230:

"**230.1.** The senior deputy returning officer shall ensure, before the persons present, that the results entered on the printed report of the electronic ballot box and the total number of unused, spoiled, refused and cancelled ballot paper cards entered on the partial statement of votes of each deputy returning officer correspond to the total number of ballot paper cards issued by the returning officer.

230.2. Using the partial statement or statements of votes, the senior deputy returning officer shall complete an overall statement of votes in a sufficient number so that each representative assigned to a polling station or each candidate can have a copy of it.".

6.29 **Compiling sheet**

Section 231 of the Act is revoked.

6.30 **Counting of the votes**

Section 232 of the Act is revoked.

6.31 **Rejected ballot papers**

The following is substituted for section 233 of the Act:

"**233.** The electronic ballot box shall be programmed in such a way as to reject any ballot paper that

(1) has not been marked;

(2) has been marked in favour of more than one candidate;

(3) has been marked in favour of a person who is not a candidate.

For the purposes of the poll, the memory card shall be programmed in such a way as to ensure that the electronic ballot box processes and conserves all the ballot paper cards inserted, in other words both the cards containing valid ballot papers and those containing rejected ballot papers, except any ballot paper cards that have been refused.".

6.32 **Rejected ballot papers, procedural omission, valid ballot papers**

Sections 233 to 236 of the Act, adapted as required, shall apply only in the case of a judicial recount.

6.33 **Contested validity**

The following is substituted for section 237 of the Act:

"**237.** The poll clerk, at the request of the senior deputy returning officer, shall enter in the poll book every objection raised by a representative present at the printing out of the results compiled by an electronic ballot box in respect of the validity of the results.".

6.34 **Partial statement of votes, overall statement of votes and copy given to representatives of candidates**

The following is substituted for section 238 of the Act:

"**238.** The deputy returning officer shall draw up the partial statement of votes, setting out

(1) the number of ballot paper cards received from the returning officer;

(2) the number of spoiled, refused or cancelled ballot paper cards that were not inserted into the electronic ballot box;

(3) the number of unused ballot paper cards.

The deputy returning officer shall make two copies of the partial statement of votes, one of which must be given to the senior deputy returning officer.

Using the partial statements of votes and the results compiled by the electronic ballot box, the senior deputy returning officer shall draw up an overall statement of votes.

The senior deputy returning officer shall immediately give a copy of the overall statement of votes to the representatives.".

Section 240 of the Act is revoked.

6.35 **Separate, sealed and initialled envelopes given to the returning officer**

The following is substituted for sections 241, 242 and 243 of the Act:

"**241.** After the closing of the poll, each deputy returning officer shall place in separate envelopes the list of electors, the poll book, the forms, the spoiled, refused or cancelled ballot paper cards that were not inserted into the electronic ballot box, the unused ballot paper cards and the partial statement of votes. Each deputy returning officer shall seal the envelopes, place them in a recipient, seal it, and give it to the senior deputy returning officer. The deputy returning officer, the poll clerk and the representatives assigned to the polling station who wish to do so shall initial the seals.

242. After the results compiled by the electronic ballot box have been printed, in the presence of the candidates or representatives who wish to be present, the senior deputy returning officer:

— if the plastic recipient has been used for the electronic ballot box, place the ballot paper cards from the recipient of the electronic ballot box in a transfer box. Next, he shall remove the memory card from the electronic ballot box and insert it in an envelope with a copy of the report on the results compiled by the electronic ballot box. He shall seal the envelope, initial it, allow the representatives who wish to do so to initial it and place it in the transfer box. He shall seal and initial the transfer box and allow the representatives who wish to do so to initial it;

— if the cardboard recipient is used for the electronic ballot box, remove the cardboard recipient containing the ballot papers. Next, he shall remove the memory card from the electronic ballot box and insert it in an envelope with a copy of the report on the results compiled by the electronic ballot box. He shall seal the envelope, initial it, allow the representatives who wish to do so to initial it and place it in the cardboard recipient. He shall seal and initial the cardboard recipient and allow the representatives who wish to do so to initial it.

The senior deputy returning officer give the transfer boxes or the cardboard recipients to the returning officer or to the person designated by the returning officer.

243. The senior deputy returning officer shall place in an envelope a copy of the overall statement of votes stating the results of the election and the partial statements of votes. The senior deputy returning officer shall then seal and initial the envelope and give it to the returning officer.

The representatives assigned to the polling stations may initial the seal.".

Section 244 of the Act is revoked.

6.36 **Addition of votes**

The following is substituted for section 247 of the Act:

"**247.** The returning officer shall proceed with the addition of the votes using the overall statement of votes drawn up by each senior deputy returning officer.".

6.37 **Adjournment of the addition of votes**

The following is substituted for section 248 of the Act:

"**248.** The returning officer shall, if unable to obtain an overall statement of votes that should have been provided, adjourn the addition of votes until the statement has been obtained. Where it is not possible to obtain an overall statement of votes, or the printed report on the results compiled by an electronic ballot box, the returning officer shall, in the presence of the senior deputy returning officer and the candidates concerned or their representatives if they so wish, print out the results using the memory card taken from the transfer box opened in the presence of the persons listed above.".

6.38 **Placing in envelope**

The following is substituted for section 249 of the Act:

"**249.** After printing and examining the results, the returning officer shall place them in an envelope together with the memory card. The returning officer shall seal the envelope, put the envelope in the transfer box and then seal the box. The returning officer, the candidates and the representatives present may initial the seals.".

6.39 **New counting of the votes**

The following is substituted for section 250 of the Act:

"**250.** Where it is not possible to print a new report on the results compiled using the memory card, the returning officer, on the date, at the time and at the place that he determines, in the presence of the candidates or their representatives who wish to be present, shall recover the ballot paper cards used for the office or offices concerned and shall insert them, one by one, in the opening of the electronic ballot box equipped with a new programmed memory card. He shall then print out the results compiled by the electronic ballot box.".

6.40 **Notice to the Minister**

Section 251 of the Act is amended by substituting the words "overall statement of votes, the report on the results compiled by the electronic ballot box and the ballot paper cards" for the words "statement of votes and the ballot papers" in the first line of the first paragraph.

6.41 **Access to ballot papers**

The following is substituted for section 261 of the Act:

"**261.** Except for the purposes of an examination of rejected ballot papers pursuant to this agreement, the returning officer or the person responsible for providing access to the documents held by the municipality may not issue copies of the ballot papers used, or allow any person to examine the ballot papers, without being required to do so by an order issued by a court or judge.".

6.42 **Application for a recount**

Section 262 of the Act is amended by substituting the words "an electronic ballot box" for the words "a deputy returning officer, a poll clerk or the returning officer" in the first and second lines of the first paragraph.

7. EXAMINATION OF REJECTED BALLOT PAPERS

Within 120 days from the date on which an election is declared or contested, the returning officer must, at the request of the Chief Electoral Officer or the Minister, examine the rejected ballot papers to ascertain the grounds for rejection. The returning officer must verify the ballot paper cards contained in the recipients for ballot papers.

The returning officer must notify the candidates or their representatives that they may be present at the examination. The Chief Electoral Officer and the Minister shall be notified and they may delegate their representatives. The representative of the company that sold or rented out the electronic ballot boxes must attend the examination to explain the operation of the mechanism for rejecting ballot papers and to answer questions from the participants.

The programming parameters for rejecting ballot papers must be disclosed to the participants.

The examination of the rejected ballot papers shall in no way change the results of the poll or be used in a court to attempt to change the results of the poll.

A report on the examination must be drawn up by the returning officer and include, in particular, the assessment sheet for the grounds for rejection and a copy of the related ballot paper. Any other relevant comment concerning the conduct of the poll must also be included.

Prior to the examination of the rejected ballot papers, the rejected ballot papers must be separated from the other ballot papers, using the electronic ballot box duly programmed by the representative of the firm, and a sufficient number of photocopies must be made for the participants present. The candidates or their representatives may be present during this operation.

8. DURATION AND APPLICATION OF AGREEMENT

The returning officer of the municipality is responsible for the application of this agreement and, consequently, for the proper conduct of the trial application of the new method of voting during general elections and by-elections held before December 31st, 2009.

9. AMENDMENT

The parties agree that this agreement may be amended if need be to ensure the proper conduct of the general elections or subsequent by-elections provided for in the agreement.

Mention of that fact shall be made in the assessment report.

10. ASSESSMENT REPORT

Within 120 days following the general election held on November 6, 2005 the returning officer of the municipality shall forward, in accordance with section 659.3 of the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2), an assessment report to the Chief Electoral Officer and the Minister setting out relevant ways to improve the trial and addressing, in particular, the following points:

— the preparations for the election (choice of the new method of voting, communications plan, etc.);

— the conduct of the advance poll and the poll;

— the cost of using the electronic voting system:

– the cost of adapting election procedures;

– non-recurrent costs likely to be amortized;

– a comparison between the actual polling costs and the estimated polling costs using the new methods of voting and the projected cost of holding the general election on November 6, 2005 using traditional methods;

— the number and duration of incidents during which voting was stopped, if any;

— the advantages and disadvantages of using the new method of voting;

— the results obtained during the addition of the votes and the correspondence between the number of ballot paper cards issued to the deputy returning officers and the number of ballot paper cards returned used and unused;

— the examination of rejected ballot papers, if it has been completed.

11. APPLICATION OF THE ACT RESPECTING ELECTIONS AND REFERENDUMS IN MUNICIPALITIES

The Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2) shall apply to the general election held on November 6, 2005 in the municipality, subject to the provisions of the Act that this agreement amends or replaces.

12. EFFECT OF THE AGREEMENT

This agreement has effect from the time when the returning officer performs the first act for the purposes of an election to which this agreement applies.

AGREEMENT SIGNED IN THREE COPIES:

In Marieville on this 12th day of the month of April of the year 2005

THE MUNICIPALITY OF MARIEVILLE

By: _____
MICHEL MARCHAND, *Mayor*

_____
NANCY FORGET, *Clerk or Secretary-Treasurer*

In Québec, on this 19th day of the month of April of the year 2005

THE CHIEF ELECTORAL OFFICER

_____
MARCEL BLANCHET

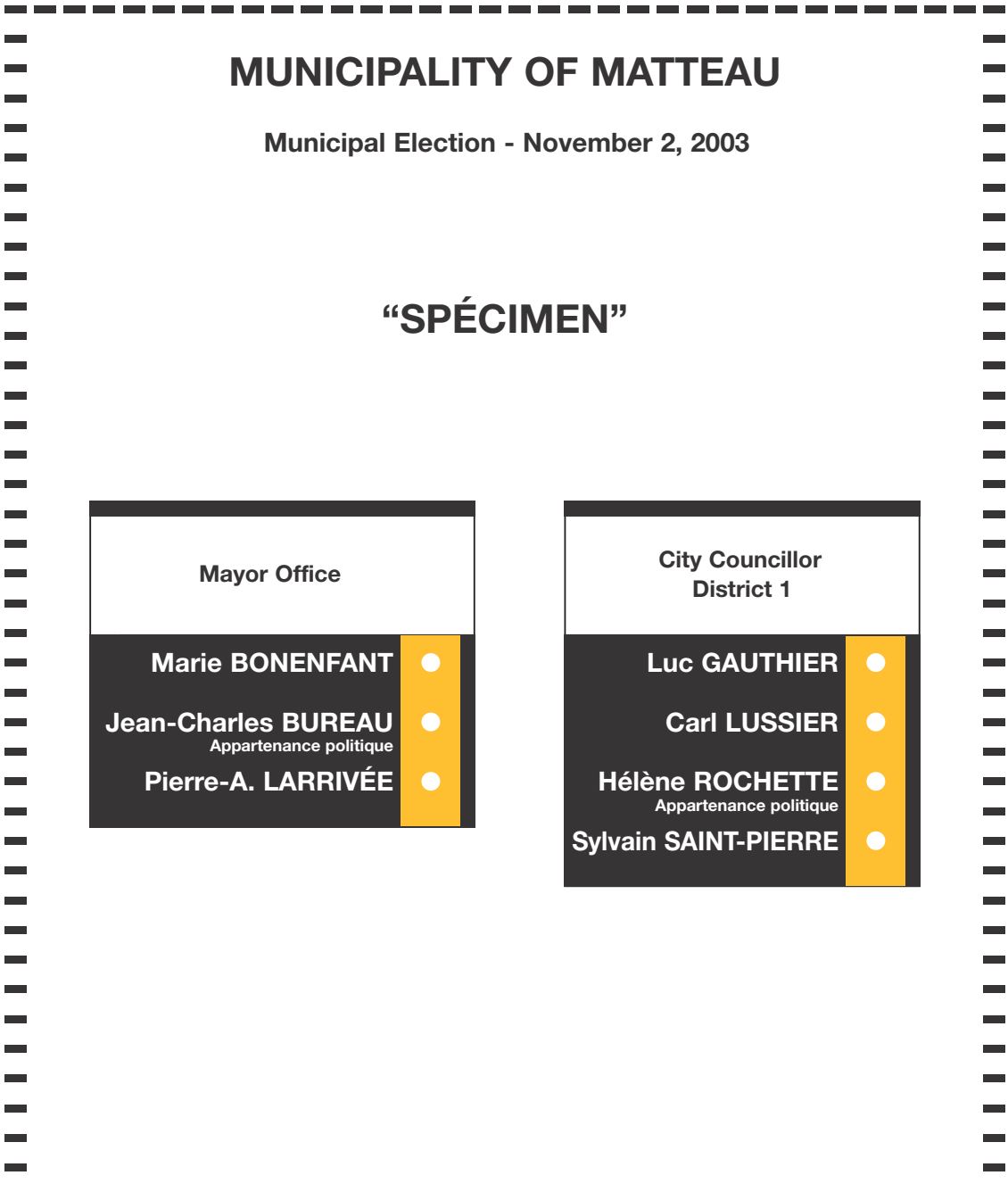
In Québec, on this 5th day of the month of May of the year 2005

THE MINISTER OF MUNICIPAL AFFAIRS AND REGIONS

_____
DENYS JEAN, *Deputy Minister*

SCHEDULE

MODEL BALLOT PAPER HOLDER



Initials of the deputy returning officer

Polling subdivion

Printer name
Adress
City
Postal code

M.O., 2005

Order number AM 2005-022 of the Minister of Natural Resources and Wildlife dated 13 May 2005

An Act respecting the conservation and development of wildlife
(R.S.Q., c. C-61.1; 2004, c. 11)

CONCERNING the Regulation to amend the Regulation respecting hunting

THE MINISTER OF NATURAL RESOURCES AND WILDLIFE,

CONSIDERING sections 54.1 and 56 of the Act respecting the conservation and development of wildlife (R.S.Q., c. C-61.1), amended respectively by sections 8 and 37 of Chapter 11 of the statutes of 2004, which provide that the Minister may make regulations on the matters set forth therein;

CONSIDERING section 164 of the Act, amended by section 35 of Chapter 11 of the statutes of 2004, which provides that a regulation made in particular under sections 54.1 and 56 of the Act is not subject to the publication requirements set out in section 8 of the Regulations Act (R.S.Q., c. R-18.1);

CONSIDERING the making of the Regulation respecting hunting by Minister's Order 99021 dated 27 July 1999 which provides in particular for the conditions for the hunting of any animal or any animal of a class of animals;

CONSIDERING that it is expedient to amend certain provisions of that Regulation;

ORDERS AS FOLLOWS:

The Regulation to amend the Regulation respecting hunting, attached hereto, is hereby made.

Québec, 13 May 2005

PIERRE CORBEIL,
Minister of Natural Resources and Wildlife

Regulation to amend the Regulation respecting hunting *

An Act respecting the conservation and development of wildlife
(R.S.Q., c. C-61.1, s. 54.1, par. 1 and s. 56, 2nd, 3rd and 4th pars; 2004, c. 11, ss. 8 and 37)

1. The Regulation respecting hunting is amended in section 13 by replacing the fourth paragraph by the following:

"The number of black bear hunting licences for non-residents for Area 13 and Areas 13 and 16, excluding the controlled territories referred to in Chapter IV of the Act respecting the conservation and development of wildlife, is limited to 720 and 157 per year respectively.".

2. Section 14 is amended by replacing "CXIX to CXXV" in the fourth paragraph as regards moose by "CXIX, CXXI to CXXV".

3. Section 17 is amended

(1) by replacing the first paragraph by the following:

"**17.** In areas 2, 3, 4, 6, 7, 10 to 16, 18, 22 and 26 to 28, moose hunting is permitted in 2005, 2007 and 2009; in the Jaro and Mitchinamecus controlled zones, only moose with antlers and female moose more than one year old may be hunted. In the Collin and Louise-Gosford controlled zones, only moose with antlers and moose calves may be hunted. However, in 2007 and 2009 in the eastern part of Area 27 shown on the plan in Schedule XI, only moose with antlers and moose calves may be hunted.";

(2) by striking out "Buteux-Bas-Saguenay, Lac-au-Sable, des Martres" in the third paragraph;

(3) by replacing "In the Rivière-Blanche, Wessonneau" in the third paragraph by "In the Wessonneau".

4. Schedule I to the Regulation is amended by replacing paragraph *f* of section 1 by the following:

"*(f)* Caribou, valid for the part of Area 22 shown on the plan in Schedule XVII

* The Regulation respecting hunting, made by Minister's Order 99021 dated 27 July 1999 (1999, *G.O.* 2, 2451) was last amended by the regulation maded by Minister's Order 2005-003 dated 2 February 2005 (2005, *G.O.* 2, 542). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Québec Official Publisher, 2005, updated to 1 March 2005.

i. resident 2

ii. non-resident 2".

5. Schedule II to the Regulation is amended:

(1) by replacing paragraph *i* of section 1 by the following:

"

i. in area

Area	Number of licences
2 except the western part shown on the plan in Schedule IX	125
the western part of Area 2 shown on the plan in Schedule IX	375
3 except the western part shown on the plan in Schedule X	500
the western part of Area 3 shown on the plan in Schedule X	1,200
4	1,100
5 except the western part shown on the plan in Schedule XXXVIII	0
the western part of Area 5 shown on the plan in Schedule XXXVIII	4,500
6 except the northern part shown on the plan in Schedule XXXIX	200
the northern part of Area 6 shown on the plan in Schedule XXXIX	2,600
7 except the southern part shown on the plan in Schedule CXXXIV	0
the southern part of Area 7 shown on the plan in Schedule CXXXIV	1,610
the southern part of Area 8 shown on the plan in Schedule XIII	2,800
9 except the western part shown on the plan in Schedule CXXXII	0
the western part of Area 9 shown on the plan in Schedule CXXXII	550
10 except the western part shown on the plan in Schedule XVI	4,700
the western part of Area 10 shown on the plan in Schedule XVI and Area 12	9,700
11 and the western part of Area 15 shown on the plan in Schedule CXXXIII	700
the eastern part of Area 26 shown on the plan in Schedule CXCIII	0
the southern part of Area 27 shown on the plan in Schedule CXCIV	0

";

(2) by replacing paragraph *iv* of section 1 by the following:

"

iv. in the part of the territory

In the part of the territory shown on the plan in Schedule	Number of licences
XLII	8
XLIII	5
LXXIII	5
LXXIV	5
LXXV	5
LXXVI	10
LXXVII	5
LXXVIII	5
LXXIX	10
LXXX	5
LXXXIV	5
LXXXVI	5
CXXII	10
CXLIII	5
CLV	5
CLVI	5
CLXXXIX	35

";

(3) by replacing "2 300" in paragraph *i* of section 3 by "2 900", as regards Area 1;

(4) by striking out the Buteux-Bas-Saguenay, Lac-au-Sable and des Martres controlled zones and the corresponding number of licences in paragraph *iii* of section 3;

(5) by replacing "50" by "70" in paragraph *iii* of section 3, as regards the Wessonneau controlled zone.

6. Schedule II.1 is amended

(1) by striking out the outfitting operations 08-599, 08-704 and 08-751 and the corresponding number of licences in paragraph *i* of section 1;

(2) by replacing "3" in paragraph *i* of section 1 by "6", as regards the number of licences corresponding to outfitting operation 08-717;

(3) by adding the following outfitting operations and numbers of licences in paragraph *i* of section 1, after outfitting operation 08-717:

"

Reference number of outfitting operation	Number of licences
08-585	6
08-640	2
08-659	5
08-744	5
08-749	4

";

(4) by replacing "Area 16" in paragraph *ii* of section 1 by "Areas 13 and 16";

(5) by replacing "16" and 24" in paragraph ii of section 1 by "71" and "35", respectively, as the number of licences corresponding to the reference number of outfitting operations 08-599 and 08-751;

(6) by inserting the following outfitting operations and numbers of licences in paragraph *ii* of section 1 after reference number 08-599:

"

Reference number of outfitting operation	Number of licences
08-704	30

".

7. Schedule III is amended

(1) by inserting "the eastern part shown on the plan in Schedule XI and" after "except" in Column III of subparagraph a of paragraph 3 of section 1;

(2) by adding the following subparagraphs at the end of paragraph 3 of section 1, in Columns III and IV:

"

Column III Area	Column IV Hunting season
(d) the eastern part of Area 27 shown on the plan in Schedule XI	*(d)* from the Saturday on or closest to 4 September to the Sunday on or closest to 19 September

";

(3) by inserting "the eastern part shown on the plan in Schedule XI and" after "except" in Column III of subparagraph m of paragraph 4 of section 1;

(4) by adding the following subparagraphs at the end of paragraph 4 of section 1, in Columns III and IV:

"

Column III Area	Column IV Hunting season
(n) the eastern part of Area 27 shown on the plan in Schedule XI	*(n)* from the Saturday on or closest to 25 September to the Sunday on or closest to 10 October

".

8. Schedule IV is amended by deleting the Buteux-Bas-Saguenay, Lac-au-Sable and des Martres controlled zones and the corresponding hunting seasons in Columns III and IV of section 1, as regards types 11 and 13 implements.

9. Schedule V is amended

(1) by replacing "XLIII" and "CX" in section 1 by "XLIV" and "CXII, CXIV", respectively, as regards a type 13 implement;

(2) by inserting "CXX," in section 1 after Schedule "CXVII," as regards a type 13 implement;

(3) by inserting ", CLVII to CLXI" in section 1 after Schedule "CLIV", as regards a type 13 implement;

(4) by adding the following part of territory and hunting season in Columns II and III of section 1, as regards a type 11 implement:

"

Column II Parts of territories	Column III Hunting seasons
Part of the territory shown on the plan in Schedule CLII	From the Saturday on or closest to 11 September to the Sunday on or closest to 26 September

";

(5) by adding the following part of territory and hunting season in Columns II and III of section 1, as regards a type 13 implement:

"

Column II Parts of territories	Column III Hunting seasons
Part of the territory shown on the plan in Schedule CLII	From the Saturday on or closest to 2 October to the Sunday on or closest to 17 October

";

(6) by deleting "Part of the territory shown on the plan in Schedule XLIV" and the corresponding hunting season in Columns II and III of section 1, as regards a type 11 implement;

(7) by deleting " , CXLIV" in Column II of section 2.

10. Schedule VI to the Regulation is amended by adding "(male, female, calf)" after "moose" in the "Species" column, as regards the Chic-Chocs and Dunière wildlife sanctuaries.

11. The Regulation is amended by replacing Schedules XI, XLVII, LII, LIII, XCIX, CXIV and CLVII to CLXI by Schedules XI, XLVII, LII, LIII, XCIX, CXIV and CLVII to CLXI attached to this Regulation.

12. The Regulation is amended by revoking Schedules CX, CXI and CXIII.

13. Section 4 ceases to apply as of 1 April 2008.

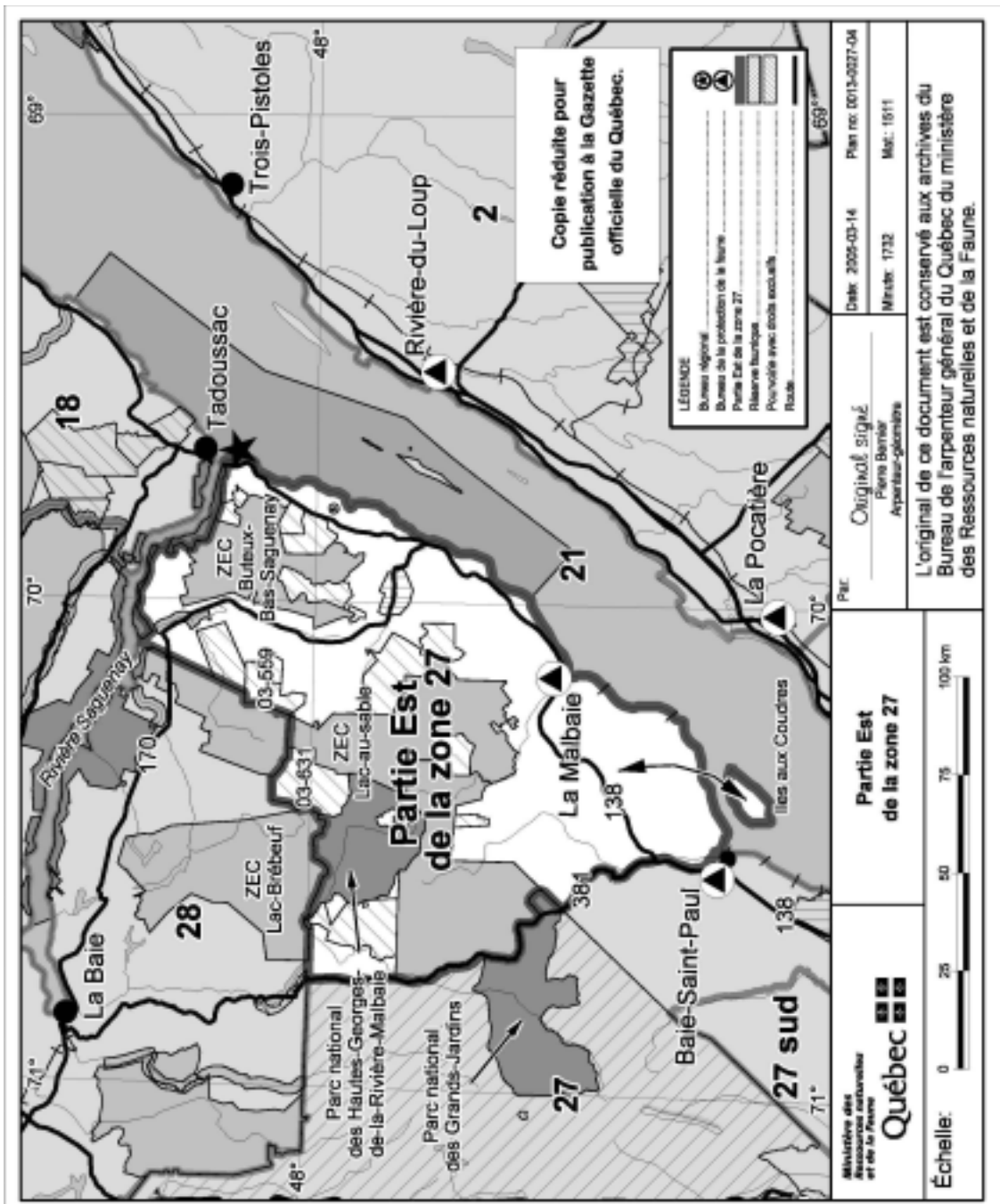
14. Paragraphs 4 and 5 of section 9 cease to apply as of 1 November 2005.

15. Section 9 of the Regulation to amend the Regulation respecting hunting* is amended by replacing "1 April 2006" by "1 April 2008".

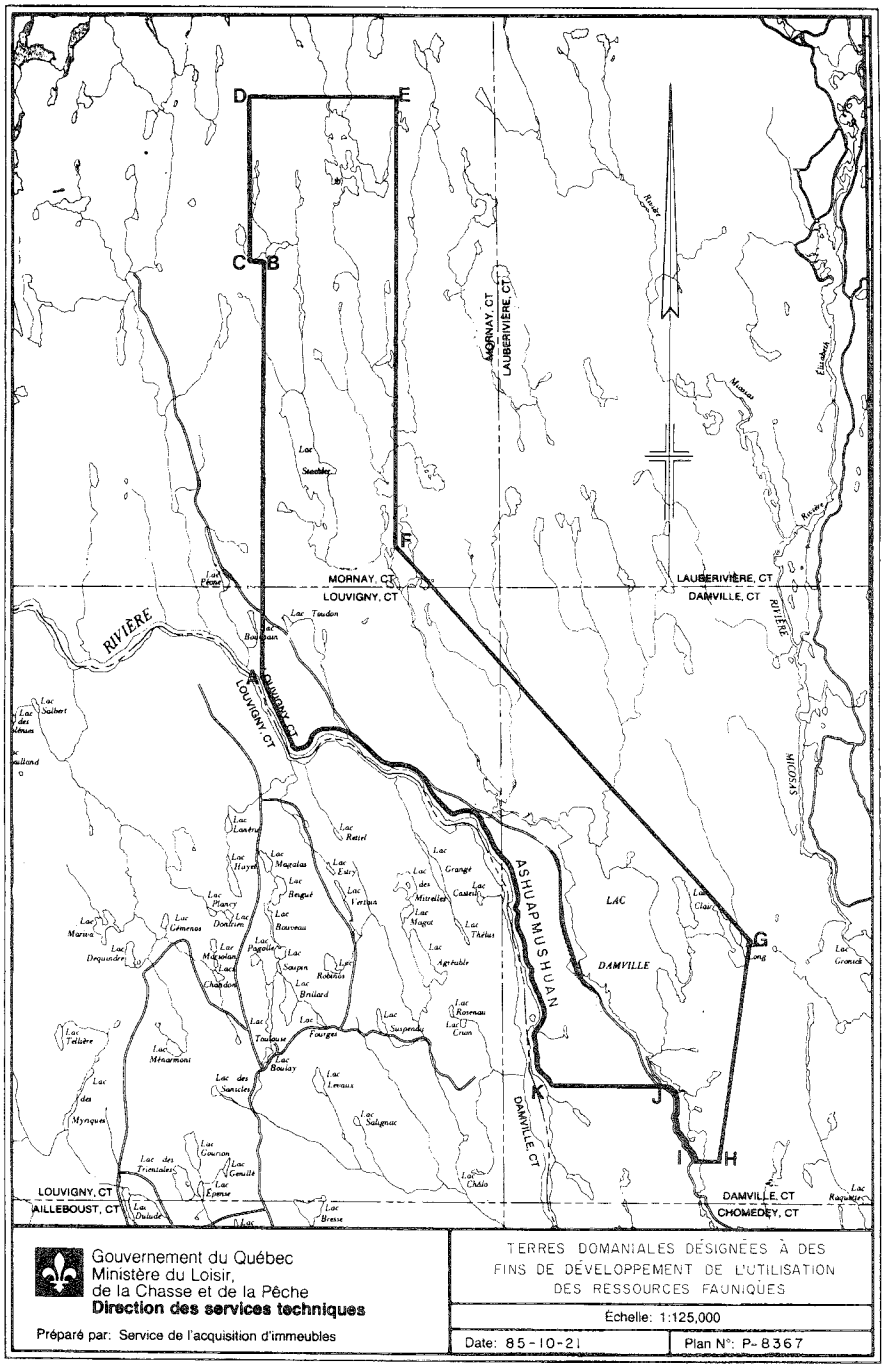
16. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec.*

* The Regulation to amend the Regulation respecting hunting was made by Minister's Order 2004-033 dated 3 September 2004 (2004, *G.O.* 2, 2623).

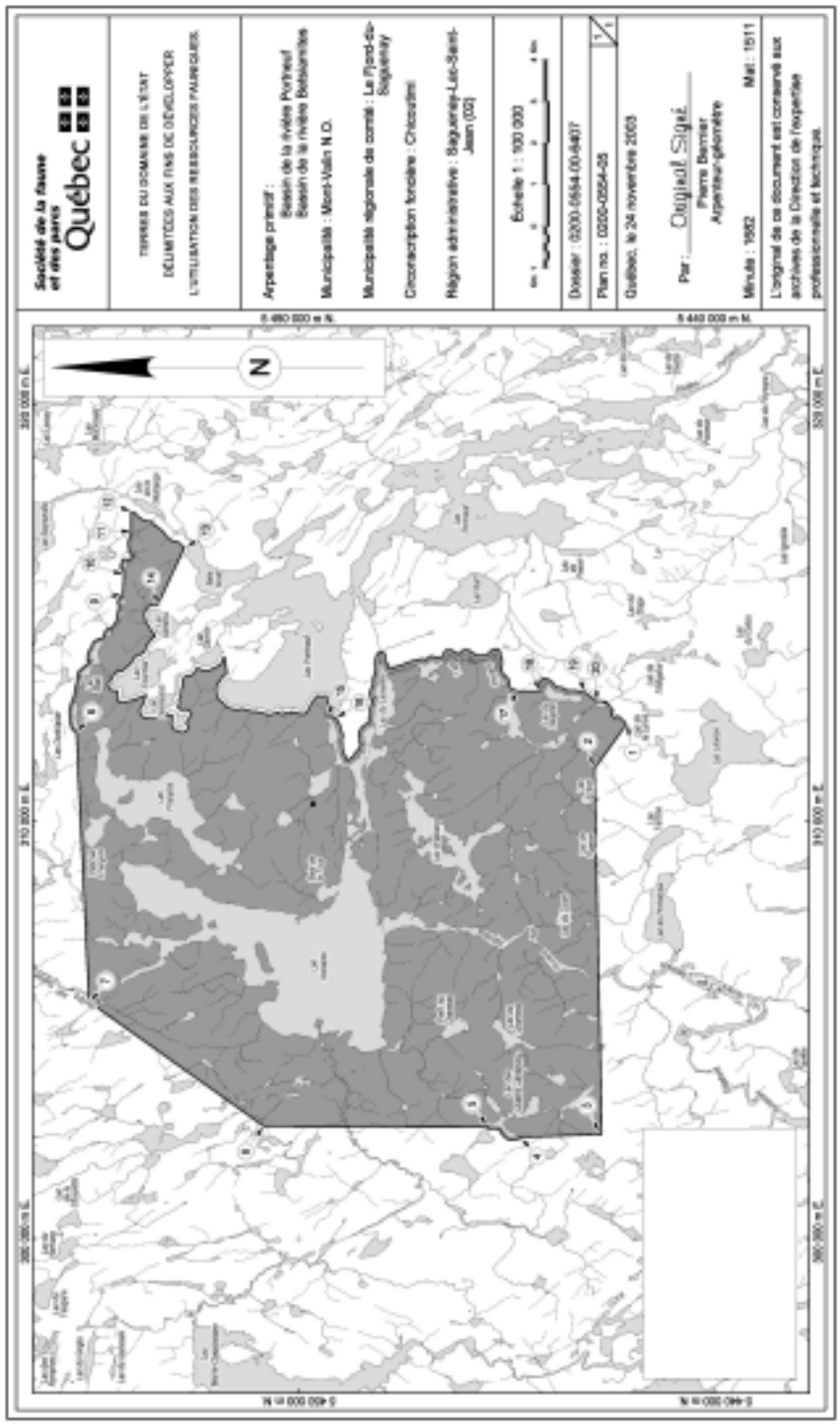
SCHEDULE XI


Copie réduite pour publication à la Gazette officielle du Québec.
Partie Est de la zone 27
Trois-Pistoles
Tadoussac
Rivière-du-Loup
La Baie
La Malbaie
La Pocatière
Baie-Saint-Paul
Îles aux Coudres
ZEC Lac-Brébeuf
ZEC Lac-au-sable
ZEC Buteux-Bas-Saguenay
Parc national des Hautes-Gorges-de-la-Rivière-Malbaie
Parc national des Grands-Jardins
Rivière Saguenay
27 sud
Partie Est de la zone 27
Québec
Original signé
Pierre Bernier
Arpenteur-géomètre
Date: 2005-03-14
Plan no: 0013-0027-04
Minute: 1732
Min: 1611
L'original de ce document est conservé aux archives du Bureau de l'arpenteur général du Québec du ministère des Ressources naturelles et de la Faune.
Échelle:
0
25
50
75
100 km

SCHEDULE XLVII



SCHEDULE LII



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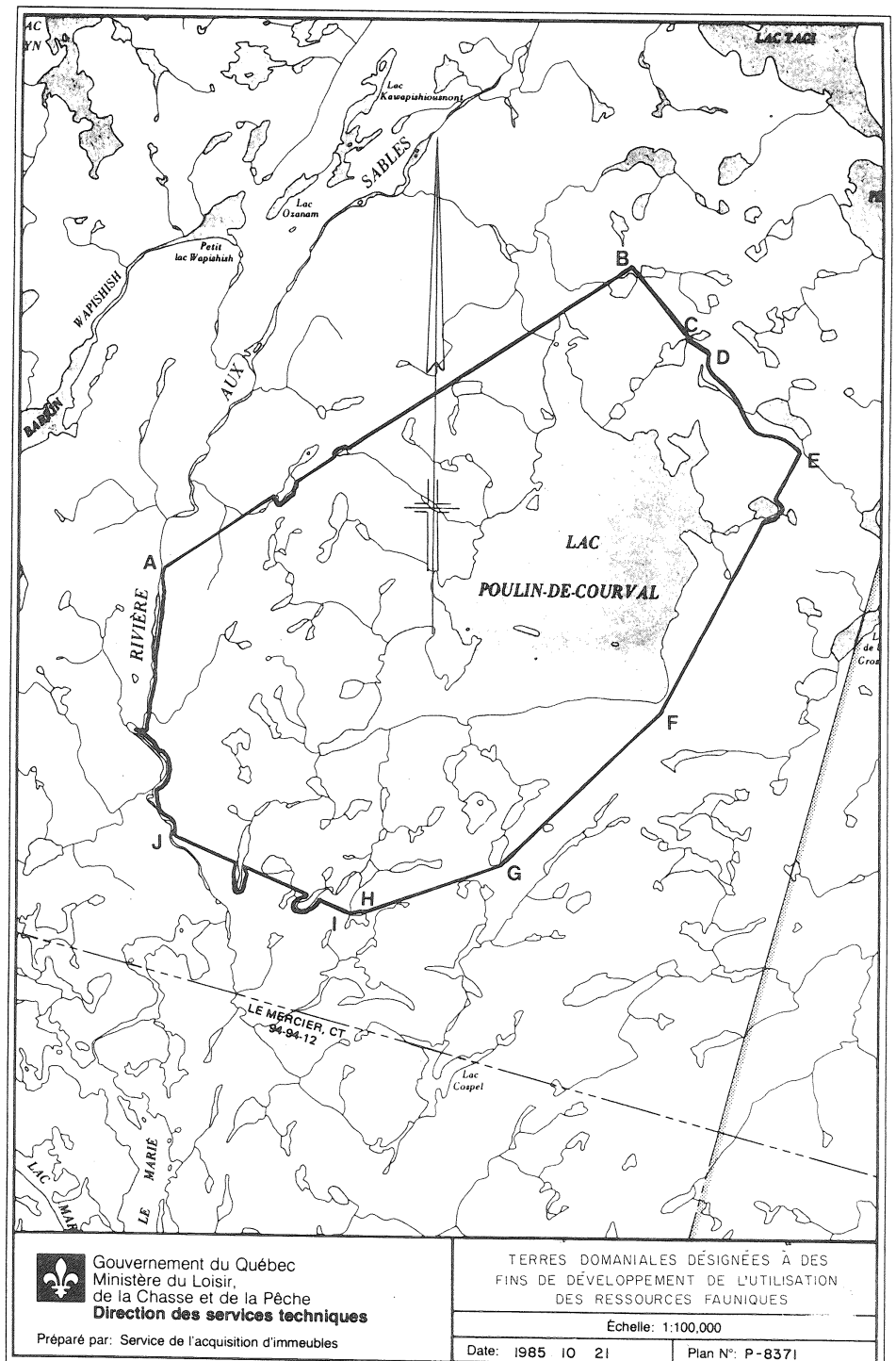
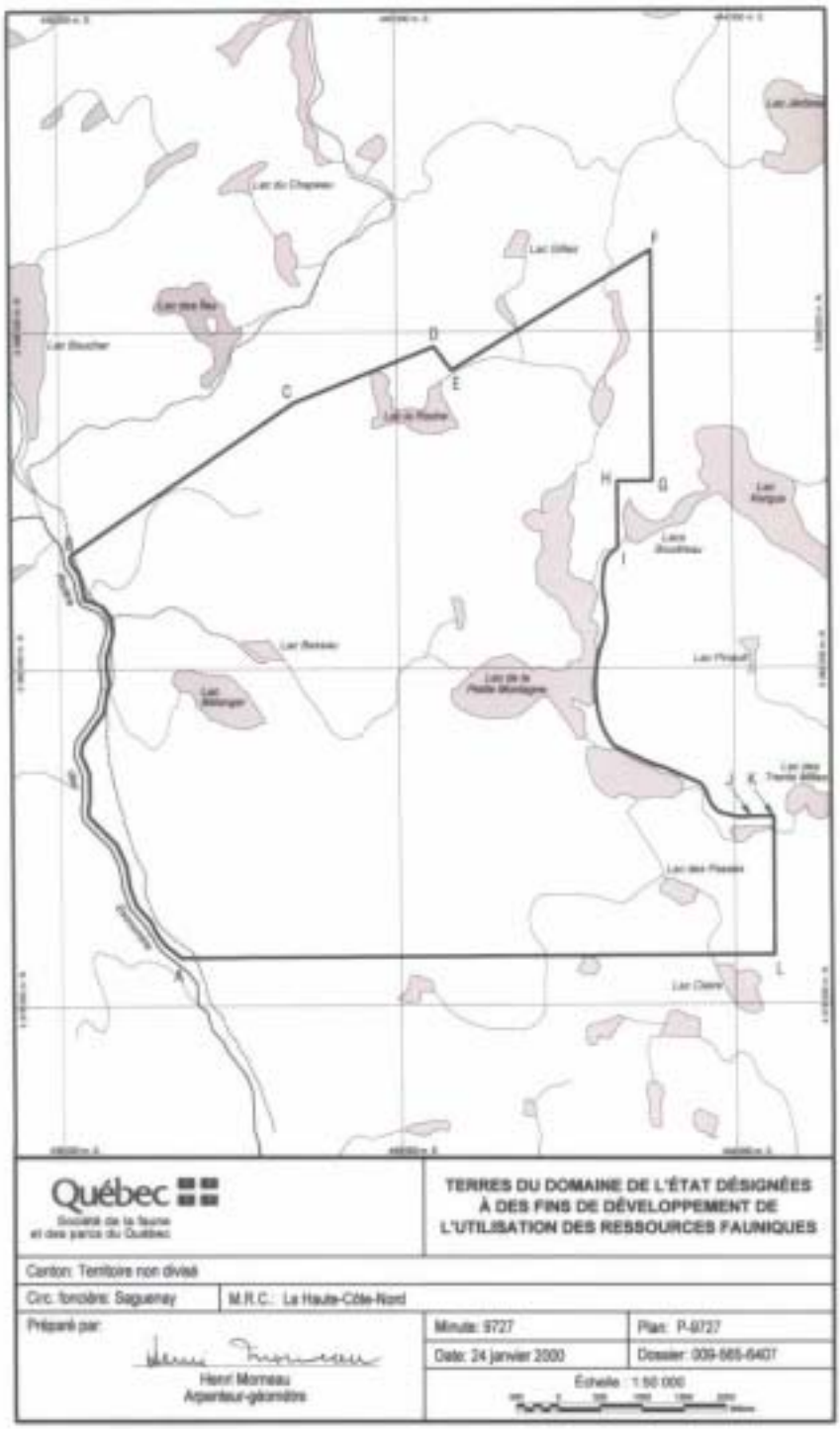
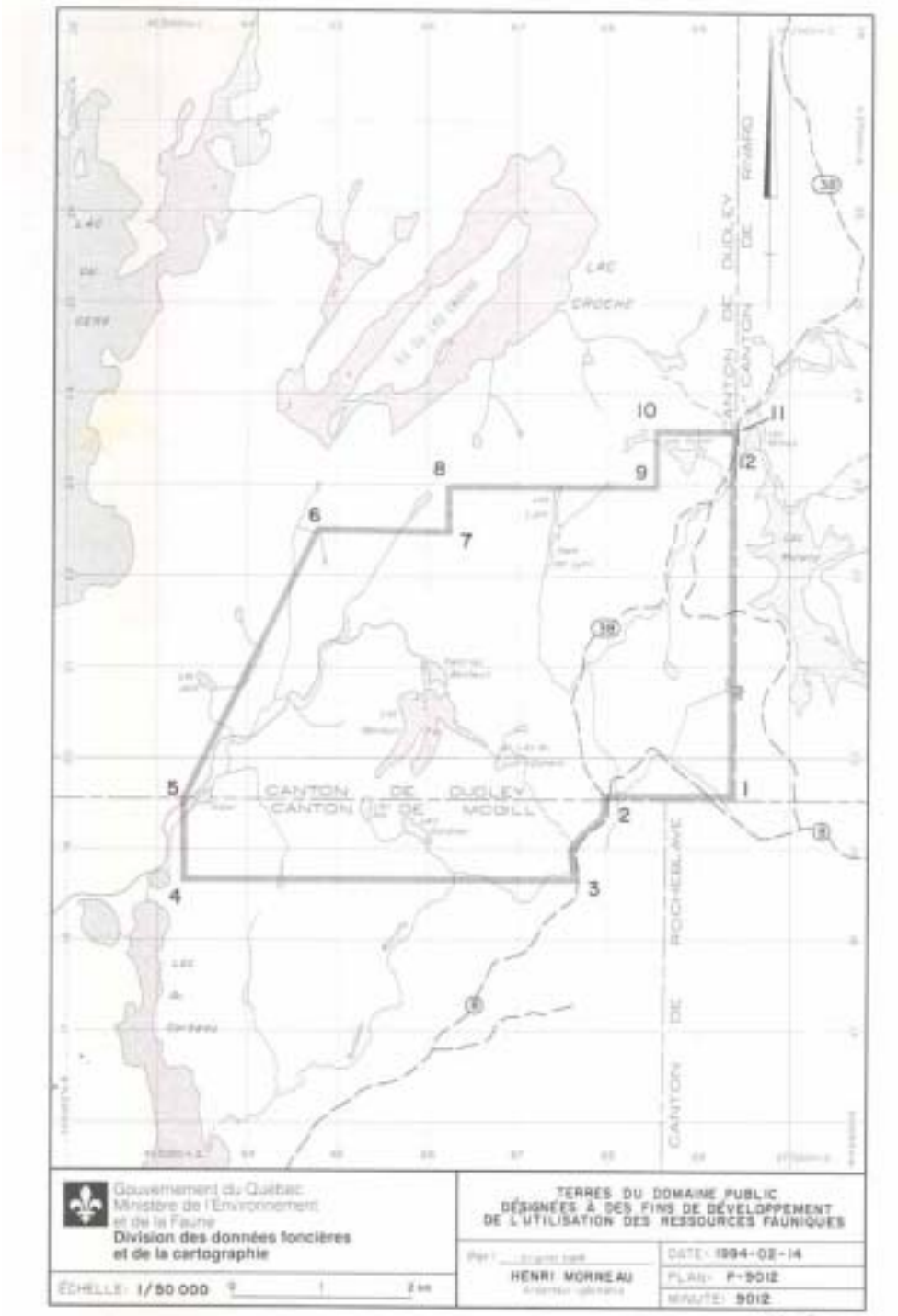


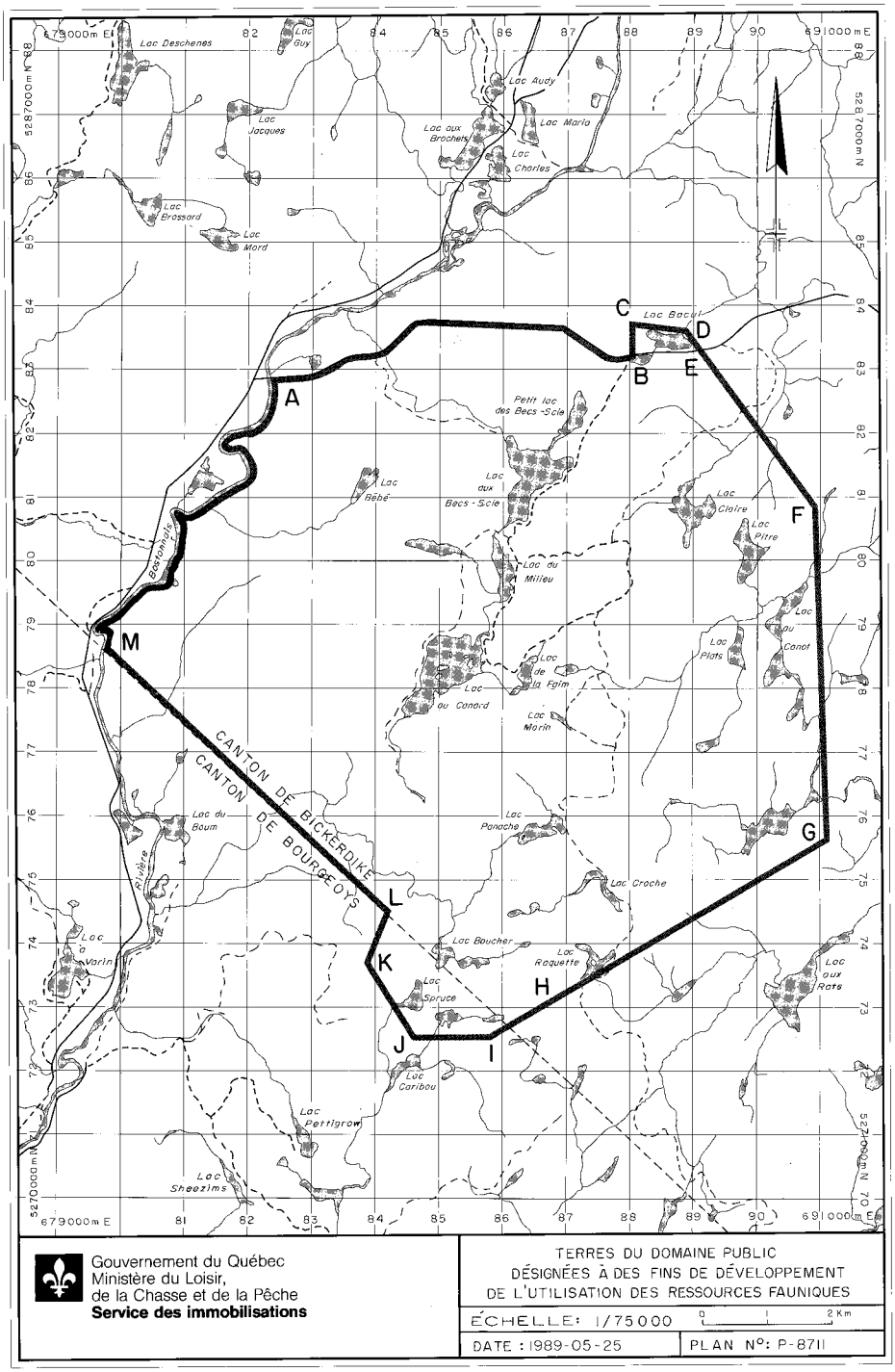
SCHEDULE XCIX



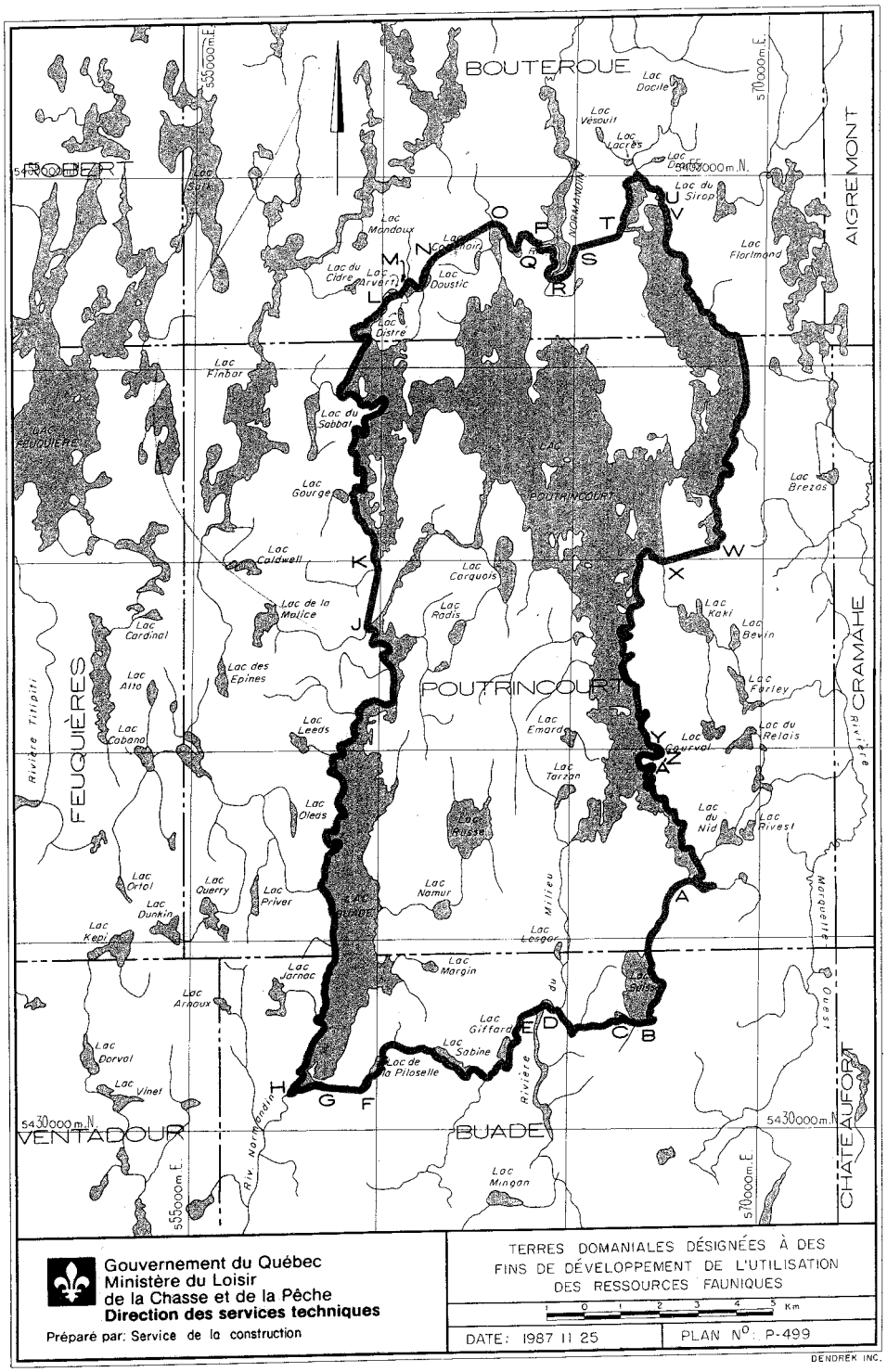
SCHEDULE CXIV



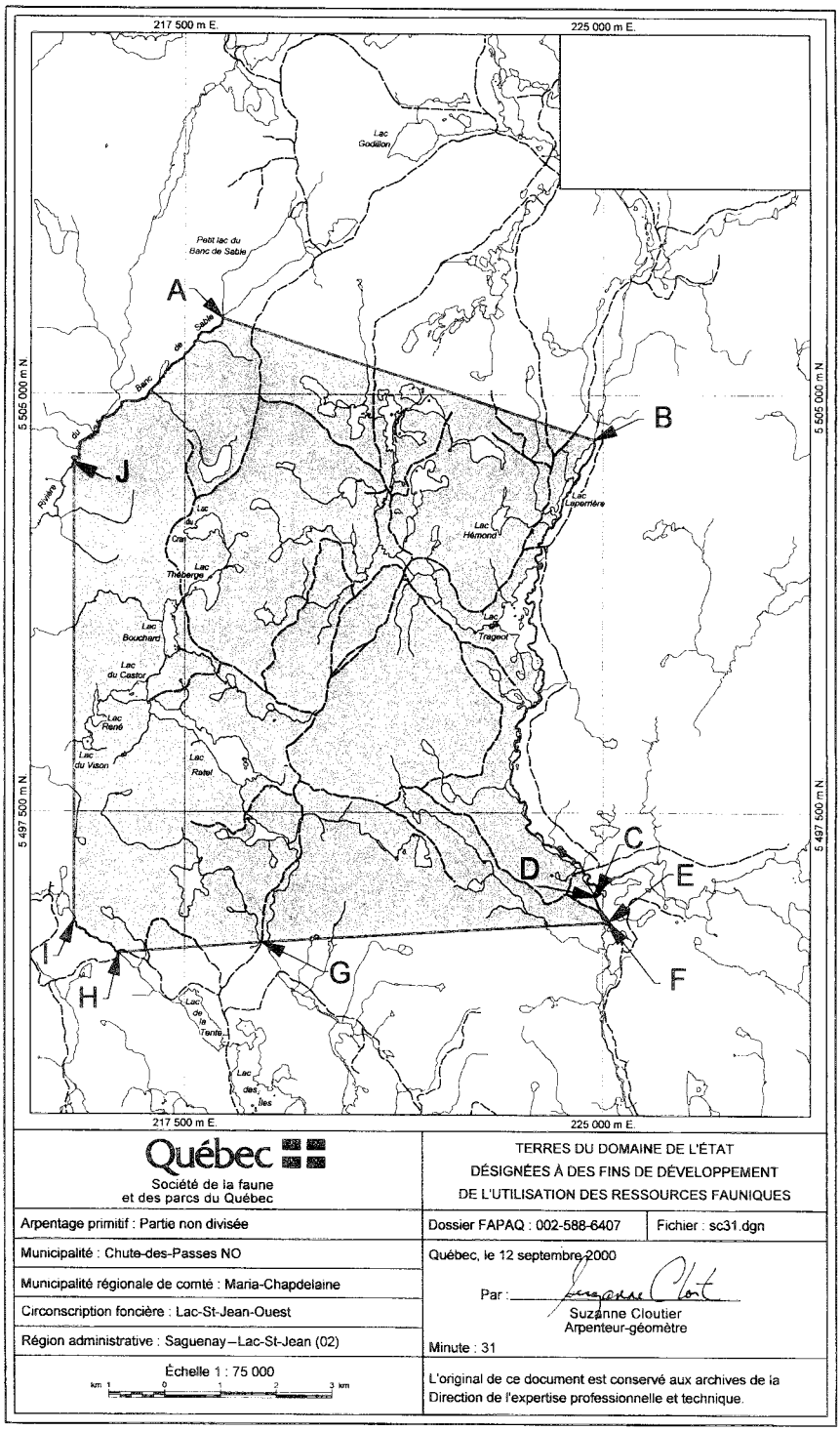
SCHEDULE CLVII



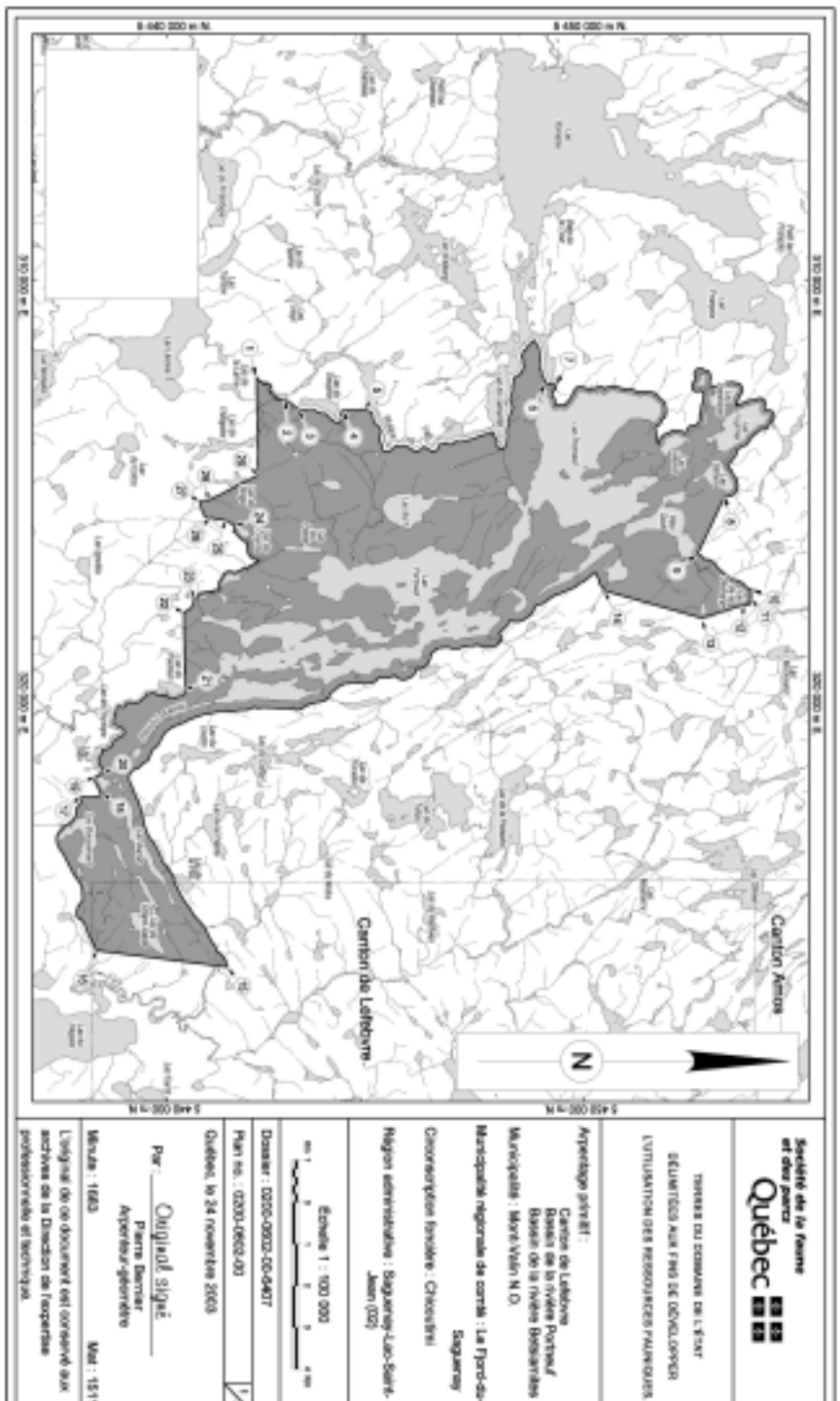
SCHEDULE CLVIII



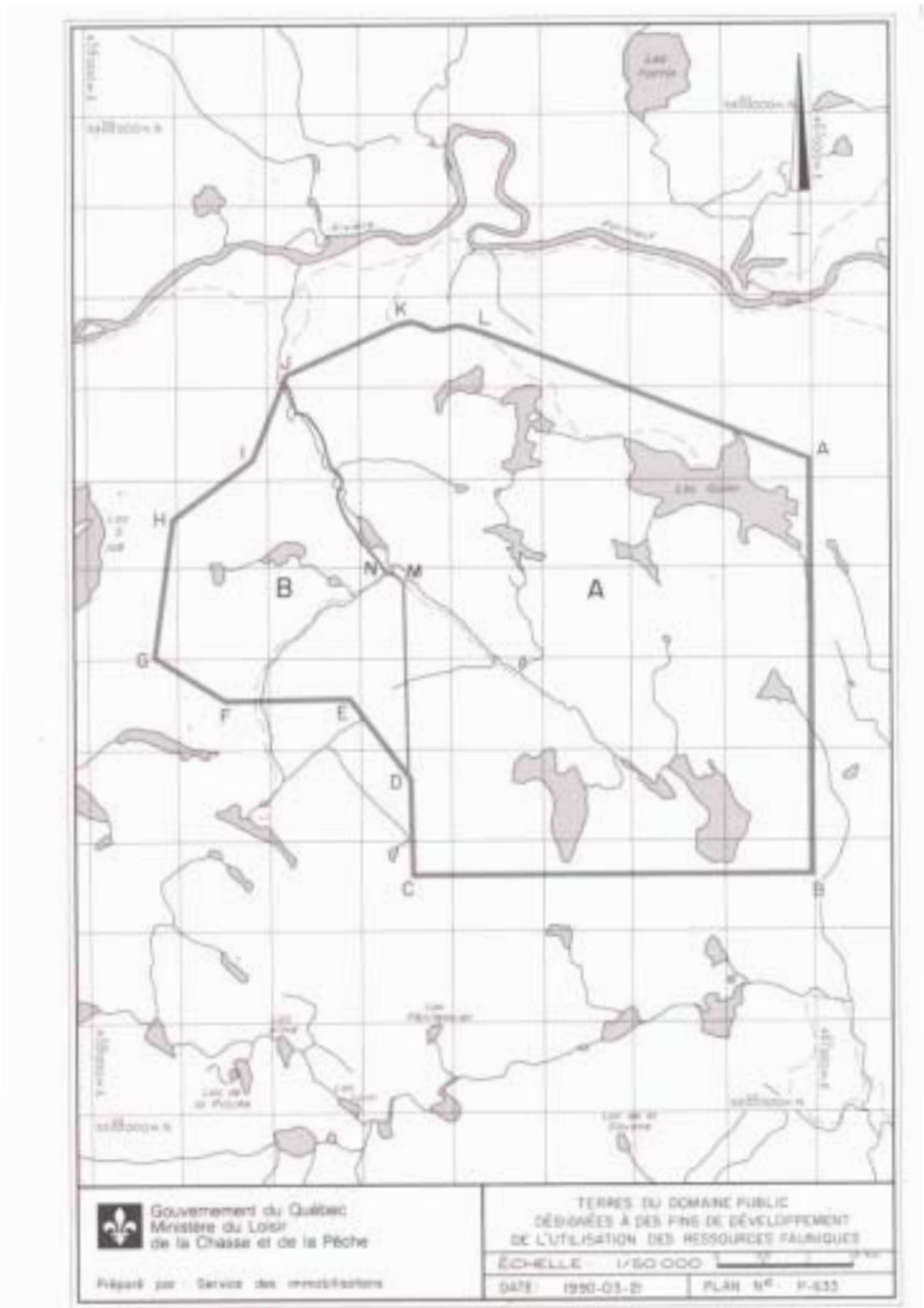
SCHEDULE CLIX



SCHEDULE CLX



SCHEDULE CLXI



M.O., 2005-04

Order number V-1.1-2005-04 of the Minister of Finance dated 19 May 2005

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING concordant regulations to Regulation 51-102 respecting continuous disclosure obligations

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 1, 3, 7, 8, 9, 11, 19, 20 and 21 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Commission" wherever it appears by "Agency", and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Agency" wherever it appears by "Authority";

WHEREAS the following regulations have been made by the Commission des valeurs mobilières du Québec:

— National Instrument 62-102, Disclosure of outstanding share data on June 12, 2001 by the decision No. 2001-C-0248;

— National Instrument 62-103, The early warning system and related take-over bid and insider reporting issues on March 18, 2003 by the decision No. 2003-C-0109;

— National Policy No. 27, Canadian generally accepted accounting principles on June 12, 2001 by the decision No. 2001-C-0295;

— National Policy No. 31, Change of auditor of a reporting issuer on June 12, 2001 by the decision No. 2001-C-0296;

— National Policy No. 51, Changes in the ending date of a financial year and in reporting status on December 11, 2001 by the decision No. 2001-C-0562;

— Policy Statement Q-17, Restricted shares on June 12, 2001 by the decision No. 2001-C-0264;

WHEREAS the government, by order-in-council No. 660-83 of March 30, 1983, enacted the Securities Regulation (1983, *G.O.* 2, 1269);

WHEREAS the following draft regulations were published in accordance with section 331.2 of Securities Act and made by the Authority:

— Regulation to amend and revoke National Instrument 62-102, Disclosure of outstanding share published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 50 of December 19, 2003 and made on May 9, 2005, by the decision No. 2005-PDG-0118, under the title "Regulation to amend National Instrument 62-102, Disclosure of outstanding share data";

— Regulation to amend National Instrument 62-103, The early warning system and related take-over bid and insider reporting issues published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 50 of December 19, 2003 and made on May 9, 2005, by the decision, No. 2005-PDG-0119 under the title "Regulation to amend National Instrument 62-103, The early warning system and related take-over bid and insider reporting issues";

— Regulation to amend National Policy No. 27, Canadian generally accepted accounting principles published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 35, No. 2 of January 16, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0124, under the title "Regulation to repeal National Policy No. 27, Canadian generally accepted accounting principles";

— Regulation to amend National Policy No. 31, Change of auditor of a reporting issuer published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 50 of December 19, 2003 and made on May 9, 2005, by the

decision No. 2005-PDG-0125, under the title "Regulation to repeal National Policy C-31, Change of auditor of a reporting issuer";

— Regulation to amend National Policy No. 51, Changes in the ending date of a financial year and in reporting status published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 50 of December 19, 2003 and made on May 9, 2005, by the decision No. 2005-PDG-0126, under the title "Regulation to repeal National Policy C-51, Changes in the ending date of a financial year and in reporting status";

— Regulation to amend Policy Statement Q-17, Restricted shares published in the Bulletin of the Agence nationale d'encadrement du secteur financier, securities division, volume 1, No. 6 of March 12, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0123, under the title "Regulation to amend Policy Statement Q-17, Restricted shares";

— Regulation to amend the Securities Regulation published in the Supplement to the Bulletin concerning securities of the Agence nationale d'encadrement du secteur financier, volume 1, No. 6 of March 12, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0127, under the title "Regulation to amend the Securities Regulation";

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the following regulations appended hereto:

— Regulation to amend National Instrument 62-102, Disclosure of outstanding share data;

— Regulation to amend National Instrument 62-103, The early warning system and related take-over bid and insider reporting issues;

— Regulation to repeal National Policy No. 27, Canadian generally accepted accounting principles;

— Regulation to repeal National Policy C-31, Change of auditor of a reporting issuer;

— Regulation to repeal National Policy C-51, Changes in the ending date of a financial year and in reporting status;

— Regulation to amend Policy Statement Q-17, Restricted shares;

— Regulation to amend the Securities Regulation.

Québec, May 19, 2005

MICHEL AUDET,
Minister of Finance

Regulation to amend National Instrument 62-102 Disclosure of Outstanding Share Data [1]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (8) and (11); 2004, c.37)

1. The title of National Instrument 62-102 Disclosure of Outstanding Share Data is replaced by the following:

"Regulation 62-102 respecting Disclosure of Outstanding Share Data".

2. Section 1.1 of the Instrument is amended by replacing the words "National Instrument 62-103" and "National Instrument" by the words "Regulation 62-103 respecting" and "Regulation" respectively.

3. The Instrument is amended by inserting the following after section 3.1:

"**3.2.** This Regulation does not apply to reporting issuers governed by section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005.".

4. Section 4.1 of the Instrument is repealed.

5. The Instrument is amended by adding the following after section 4.1:

"**4.2** The Regulation ceases to have effect on November 16, 2006.".

6. The Instrument is amended by replacing, wherever they appear, the words "this Instrument" by the words "this Regulation", and making the necessary changes.

7. This Regulation comes into force on June 1, 2005.

[1] National Instrument 62-102 Disclosure of Outstanding Share Data adopted on June 12, 2001 pursuant to decision No. 2001-C-0248 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 25, dated June 22, 2001, has not been amended since its adoption.

Regulation to amend National Instrument 62-103 The Early Warning System and Related Take-over Bid and Insider Reporting Issues [2]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (11) and (21); 2004, c. 37)

1. The title of National Instrument 62-103 The Early Warning System and Related Take-over Bid and Insider Reporting Issues is replaced by the following:

"Regulation 62-103 respecting the Early Warning System and Related Take-over Bid and Insider Reporting Issues".

2. Subsection 2.1(1) of the Instrument is amended:

(1) by inserting the word "either" after the words "provided by the issuer of the securities";

(2) by replacing "National Instrument 62-102 Disclosure of Outstanding Share Data" by "Regulation 62-102 respecting Disclosure of Outstanding Share Data adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0248 dated June 12, 2001";

(3) by inserting the words "or under section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005" after the words "Outstanding Share Data".

3. Section 3.3 of the Instrument is amended by replacing "National Instrument 81-102 Mutual Funds" by "Regulation 81-102 Mutual Funds adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001".

4. Section 11.1 of the Instrument is amended by deleting subsection (2).

5. The title of Part 12 and section 12.1 of the Instrument are repealed.

6. The Instrument is amended by replacing, wherever they appear, the words "this Instrument" by the words "this Regulation", and making the necessary changes.

7. This Regulation comes into force on June 1, 2005.

Regulation to repeal National Policy No. 27 Canadian Generally Accepted Accounting Principles [3]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (19); 2004, c. 37)

1. National Policy No. 27 Canadian Generally Accepted Accounting Principles is repealed.

2. This Regulation comes into force on June 1, 2005.

Regulation to repeal National Policy C-31 Change of Auditor of a Reporting Issuer [4]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (9); 2004, c. 37)

1. National Policy C-31 Change of Auditor of a Reporting Issuer is repealed.

2. This Regulation comes into force on June 1, 2005.

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[2] National Instrument 62-103 The Early Warning System and Related Take-over Bid and Insider Reporting Issues adopted on March 18, 2003 pursuant to decision No. 2003-C-0109 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 19, dated May 16, 2003, has not been amended since its adoption.

[3] National Policy No. 27 Canadian Generally Accepted Accounting Principles adopted on June 12, 2001 pursuant to decision No. 2001-C-0295 and published in the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 27, dated July 6, 2001, has not been amended since its adoption.

[4] National Policy C-31 Change of Auditor of a Reporting Issuer adopted on June 12, 2001 pursuant to decision No. 2001-C-0296 and published in the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 27, dated July 6, 2001, was amended pursuant to the policy adopted on June 12, 2001 pursuant to decision No. 2001-C-0297 and published in the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 27, dated July 6, 2001.

Regulation to repeal National Policy C-51 Changes in the ending date of a financial year and in reporting status [5]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (9); 2004, c. 37)

1. National Policy C-51 Changes in the Ending Date of a Financial Year and in Reporting Status is repealed.

2. This Regulation comes into force on June 1, 2005.

Regulation to amend Policy Statement Q-17 Restricted Shares [6]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (7); 2004, c. 37)

1. The title of Policy Statement Q-17 Restricted Shares is replaced by the following:

"Regulation Q-17 respecting Restricted Shares".

2. The first paragraph of section 2 of the Policy Statement is amended by replacing the words "The Commission" by the words "The *Autorité des marchés financiers*".

3. Sections 16 and 24 of the Policy Statement are repealed.

4. The Policy Statement is amended by replacing, wherever they appear, the words "this Policy Statement" by the words "this Regulation", and making the necessary changes.

5. The Policy Statement is amended by replacing, wherever they appear, the words "the Commission" by the words "the Authority", and making the necessary changes.

6. This Regulation comes into force on June 1, 2005.

Regulation amending the Securities Regulation [7]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (8), (9), (11), (19) and (20); 2004, c. 37)

1. Sections 2 and 4 of the Securities Regulation are repealed.

2. Section 13 of this regulation is amended by striking out "2,".

3. This Regulation is amended by the inserting the following section after the heading of title III*:*

"**115.01.** Any issuer and any person to whom a provision of Regulation 51-102 respecting continuous disclosure obligations approved by Ministerial Order 2005-03 dated 19 May 2005, of Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency approved by Ministerial Order 2005-08 dated 19 May 2005 and Regulation 81-106 respecting investment fund continuous disclosure approved by Ministerial Order 2005-05 dated 19 May 2005 applies need not comply with the provision having the same or equivalent object of this title.

Despite the first paragraph, the provisions of sections 119.5, 135, 138, 160, 162, 169.1, 170 remain applicable.".

4. Section 40 of this regulation is replaced with the following:

"**40.** In the case of the incorporated mutual fund or unincorporated mutual fund, the prospectus presents the financial information described in section 2.1 of Regulation 81-106 respecting investment fund continuous disclosure.

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[5] National Policy C-51 Changes in the Ending Date of a Financial Year and in Reporting Status adopted on December 11, 2001 pursuant to decision No. 2001-C-0562 and published in the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 50, dated December 14, 2001, was amended pursuant to the policy adopted on December 11, 2001 pursuant to decision No. 2001-C-0563 and published in the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 33, No. 3, dated January 25, 2002.

[6] The amendment to Policy Statement Q-17 Restricted Shares adopted on June 12, 2001 pursuant to decision No. 2001-C-0264 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 26, dated June 29, 2001, was made by the policy adopted on June 12, 2001 pursuant to decision No. 2001-C-0265 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 32, No. 26, dated June 29, 2001.

[7] The Securities Regulation, enacted by Order-in-Council 660-83 dated March 30, 1983 (1983, *G.O.* 2, 1269), was last amended by the regulations approved by Order-in-Council 630-2003 dated 4 June, 2003 (2003, *G.O.* 2, 1887) and Ministerial Order 2003-01 dated 28 May, 2003 (2003, *G.O.* 2, 1890). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2005, updated to 1 March 2005.

The Autorité des marchés financiers may, upon request or on its own initiative, change the dates or the periods for which these statements are prepared.

The prospectus also presents the annual management report of fund performance for the last fiscal year.".

5. Section 41 of this regulation is repealed.

6. Section 114 of this Regulation is amended by replacing the words "its annual report" with the words "its annual financial statements" in the first paragraph.

7. The second paragraph of section 117 and the second sentence of section 118 are repealed.

8. Section 119 of this regulation is amended by striking out the second paragraph.

9. Sections 119.1, 119.2 and 119.3 of this regulation are repealed.

10. Section 119.4 is amended by striking out the words "pursuant to section 119 or 119.3".

11. Section 119.5 of this regulation is amended by replacing the words "the annual report" and "the annual report be distributed" with respectively the words "the financial statements and the management's discussion and analysis or the annual management report of fund performance" and "the financial statements and the management's discussion and analysis or the annual management report of fund performance be distributed".

12. Section 119.6 of this regulation is repealed.

13. Section 124 of this regulation is amended by striking out the first paragraph.

14. Section 125 of this regulation is amended by replacing the words "A reporting issuer or an" with the word "An".

15. Sections 126 to 134, 136, 137 and 156, the second paragraph of section 157, sections 158, 163, 163.1 and 169.2 of this regulation are repealed.

16. Section 170 of this regulation is amended:

(1) by replacing paragraphs 2 and 3 by the following:

"(2) the most recent audited annual financial statements;

(3) the interim financial statements;";

2° by adding the following paragraph at the end:

"(5) the most recent annual management report of fund performance prescribed by regulation.".

17. The first paragraph of section 296 of this Regulation is amended:

(1) by striking out "and from the obligations prescribed by section 77 of the Act";

(2) by replacing "the information prescribed by section 119 or 119.4" with the words "the annual management's discussion and analysis and the interim management's discussion and analysis prescribed by regulation";

(3) by striking out the second sentence.

18. The provisions of this regulation become effective on June 1, 2005, except section 6, which comes into force on October 27, 2006.

6841

M.O., 2005-06

Order number V-1.1-2005-06 of the Minister of Finance dated 19 May 2005

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING concordant regulations to Regulation 81-106 respecting investment fund continuous disclosure

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 1, 2, 6, 8, 11, 12, 13, 14, 16, 20, 26 and 34 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Autority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Commission" wherever it appears by "Agency", and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Agency" wherever it appears by "Authority";

WHEREAS the following regulations have been made by the Commission des valeurs mobilières du Québec:

— National Instrument 13-101, System for electronic document analysis and retrieval (SEDAR) on June 12, 2001 by the decision No. 2001-C-0272;

— Regulation 81-101, Mutual fund prospectus disclosure on June 12, 2001 by the decision No. 2001-C-0283;

— Regulation 81-102, Mutual Funds on May 22, 2001, by the decision No. 2001-C-0209;

— Multilateral Instrument 81-104, Commodity pools on March 18, 2003 by the decision No. 2003-C-0075;

WHEREAS the following draft regulation was published in accordance with section 331.2 of Securities Act and made by the Authority:

— Regulation to amend regulation entitled National Instrument 13-101, System for electronic document analysis and retrieval (SEDAR) published in the Supplement to the Bulletin concerning securities of the Autorité des marchés financiers, volume 1, No. 17 of May 28, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0117, under the title "Regulation to amend National Instrument 13-101, System for electronic document analysis and retrieval (SEDAR)";

— Regulation to amend Regulation 81-101 respecting mutual fund prospectus disclosure, Form 81-101F1, Contents of simplified prospectus and Form 81-101F2, Contents of annual information form published in the Supplement to the Bulletin concerning securities of the Agency, volume 1, No. 17 of May 28, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0120, under the title "Regulation to amend Regulation 81-101, Mutual fund prospectus disclosure";

— Regulation to amend Regulation 81-102 respecting mutual funds published in the Supplement to the Bulletin concerning securities of the Agency, volume 1, No. 17 of May 28, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0121, under the title "Regulation to amend Regulation 81-102, Mutual funds";

— Regulation to amend regulation entitled Policy statement 81-104, Commodity pools published in the Supplement to the Bulletin concerning securities of the Agency, volume 1, No. 17 of May 28, 2004 and made on May 9, 2005, by the decision No. 2005-PDG-0122, under the title "Regulation to amend Multilateral Instrument 81-104, Commodity pools";

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the following regulations appended hereto:

— Regulation to amend National Instrument 13-101, System for electronic document analysis and retrieval (SEDAR);

— Regulation to amend Regulation 81-101, Mutual fund prospectus disclosure;

— Regulation to amend Regulation 81-102, Mutual Funds;

— Regulation to amend Multilateral Instrument 81-104, Commodity pools.

May 19, 2005

MICHEL AUDET,
Minister of Finance

Regulation to amend National Instrument 13-101 System for electronic document analysis and retrieval (SEDAR)[1]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (11) and (34); 2004, c. 37)

1. The title of National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is replaced by the following:

"Regulation 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR)".

2. Section 1.2 of the Regulation is amended by adding the following subsection at the end:

"(5) In all documents, the words "National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR)" and "National Instrument 13-101" refer to Regulation 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR).".

2. Appendix A of the Instrument is amended:

(a) in Part I B:

i. by replacing Item 8 by the following:

"8.1. Annual Management Report of Fund Performance

8.2. Interim Management Report of Fund Performance";

ii. by replacing Item 13 by the following:

"13. Labour Sponsored Investment Fund Valuation Report";

iii. by adding the following Items at the end:

"14. Report by Manager – Related Party Transactions	BC Alta, Sask, Ont, NS & Nfld

(Form 81-903F – British Columbia,

Form 38 – Alberta and Ontario,
Form 36 – Saskatchewan,
Form 39 – Nova Scotia,
Form 37 – Newfoundland and Labrador)

15. Annual Information Form

16. Change in Legal Structure Filings

17. Material Contracts";

(b) in Part II B *(a)*:

i. by replacing the English version of Item 1 by the following:

"1. News Release";

ii. by deleting "BC, Alta, Sask, Ont, NS & Nfld" in Item 2;

iii. by deleting "BC, Ont & Que" in Item 6;

iv. by replacing Item 8 by the following:

"8.1. Annual Management Report of Fund Performance

8.2. Interim Management Report of Fund Performance";

v. by replacing Items 15 to 17 by the following:

"Form 1 (Resale Rule)

16. Annual Disclosure for Oil and Gas Activities (National Instrument 51-101)

17. Change in Corporate/Legal Structure Filings

18. Material Documents/Contracts".

3. The Instrument is amended by replacing, wherever they appear, the words "this Instrument" by the words "this Regulation", and making the necessary changes.

4. The Instrument is amended by replacing, wherever they appear, "National Instrument 13-101" by "Regulation 13-101 respecting the", and making the necessary changes.

5. This Regulation comes into force on June 1, 2005.

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[1] National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) adopted on June 12, 2001 pursuant to decision No. 2001-C-0272 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 26, dated June 29, 2001, was amended by the policy adopted on June 12, 2001 pursuant to decision No. 2001-C-0273 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 26, dated June 29, 2001.

Regulation to amend Regulation 81-101 Mutual fund prospectus disclosure [2]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1par. (1), (6), (8), (11), (14) and (34); 2004, c. 37)

1. Section 3.1 of Regulation 81-101 Mutual Fund Prospectus Disclosure is amended by adding the following subsections at the end:

"(4) the most recently filed annual management report of fund performance that was filed by the mutual fund either before or after the date of the simplified prospectus;

(5) the most recently filed interim management report of fund performance that was filed by the mutual fund either before or after the date of the simplified prospectus and that pertains to a period after the period to which the annual management report of fund performance then incorporated by reference in the simplified prospectus pertains.".

2. Section 7.1 of the Regulation is repealed.

3. The Regulation is amended by inserting the following after section 7.3:

"**7.4 Introduction of Management Reports of Fund Performance**

Items 8, 11 and 13.1 of Part B of Form 81-101F1 do not apply to a mutual fund that filed an annual management report of fund performance pursuant to Regulation 81-106 respecting Investment Fund Continuous Disclosure approved by Ministerial Order 2005-05 dated 19 May 2005.

This section will cease to have effect on October 27, 2006.".

4. Form 81-101F1 Contents of Simplified Prospectus of the Regulation is amended:

(a) by replacing, wherever they appear, "the Instrument", "National Instrument 81-102 Mutual Funds", "National Instrument" and "those national instruments" by "the Regulation", "Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001", "Regulation" and "those regulations" respectively, and making the necessary changes.

(b) in Part A:

i. by replacing the third bullet point in Item 3.1 by the following:

"• Additional information about the Fund is available in:

• the Annual Information Form;

• the most recently filed annual financial statements;

• any interim financial statements filed after those annual financial statements;

• the most recently filed annual management report of fund performance;

• any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], or from your dealer.";

ii. by replacing the third bullet point in Item 3.2 by the following:

"• Additional information about each Fund is available in:

• the Annual Information Form;

• the most recently filed annual financial statements;

• any interim financial statements filed after those annual financial statements;

• the most recently filed annual management report of fund performance;

[2] Regulation 81-101 Mutual Fund Prospectus adopted on June 12, 2001 pursuant to decision No. 2001-C-0283 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 26, dated June 29, 2001, was amended by the policy adopted on June 12, 2001 pursuant to decision No. 2001-C-0285 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 26 dated June 29, 2001 and the regulation approved pursuant to Ministerial Order No. V-1.1-2004-01 dated February 19, 2004 (2004, *G.O.* 2, 1062).

• any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], or from your dealer.";

iii. by replacing subsection 2 of Item 14 by the following:

"(2) State, in substantially the following words:

"• Additional information about the Fund[s] is available in the Fund['s/s'] Annual Information Form, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

• You can get a copy of these documents, at your request and at no costs, by calling [toll-free/collect][insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], from your dealer or by e-mail at [insert e-mail address].

• These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] Internet site at [insert fund's Internet site] or] or at www.sedar.com.".".

(c) in Part B:

i. by repealing Items 8, 11 and 13.1;

ii. in Item 13.2:

(A) by replacing subsection 1 by the following:

"(1) Under the heading "Fund Expenses Indirectly Borne by Investors", provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in subsection (2)";

(B) by replacing subsection (4) by the following:

"(4) The management expense ratio used in calculating the disclosure to be provided under this Item is calculated in accordance with Part 15 of Regulation 81-106 respecting Investment Fund Continuous Disclosure.".

5. Form 81-101F2 Contents of Annual Information Form of the Regulation is amended:

(a) by replacing, wherever they appear, "the Instrument", "this Instrument", "National Instrument 81-102 Mutual Funds", "National Instrument" and "those national instruments" by "the Regulation", "this Regulation", "Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001", "Regulation" and "those regulations" respectively, and making the necessary changes.

(b) in Item 12:

i. by adding the following after subsection (6):

"(7) Unless the mutual fund invests exclusively in non-voting securities, describe the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities, including:

(a) the procedures followed when a vote presents a conflict between the interests of securityholders and those of the mutual fund's manager, portfolio adviser, or any affiliate or associate of the mutual fund, its manager or its portfolio adviser;

(b) any policies and procedures of the mutual fund's portfolio adviser, or any other third part, that the mutual fund follows, or that are followed on the mutual fund's behalf, to determine how to vote proxies relating to portfolio securities.

State that the complete policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities are available on request, at no costs, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or by writing to [address].

(8) State that the mutual fund's proxy voting record for the most recent period ended June 30 is available free of charge to any securityholder of the mutual fund upon request at any time after August 31 of the same year. Give address, if any, for consulting the proxy voting record on the fund's Internet site.".

ii. by adding the following after the first paragraph of the Instruction:

"*The mutual fund's policies and procedures for proxy voting must comply with section 10.2 of Regulation 81-106 respecting Investment Fund Continuous Disclosure.*";

(c) by adding the following at the end of Item 15:

"*INSTRUCTION*

The disclosure required under Item 15(1) regarding executive compensation for management functions carried out by employees of a mutual fund must be made in accordance with Form 51-102F6 Statement of Executive Compensation of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005.".

(d) by replacing subsection 2 of Item 24 by the following:

"(2) State, in substantially the following words:

"• Additional information about the Fund[s] is available in the Fund['s/s'] management reports of fund performance and financial statements.

• You can get a copy of these documents, at your request and at no costs, by calling [toll-free/collect][insert toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Regulation], from your dealer or by e-mail at [insert e-mail address].

• These documents and other information about the Fund[s], such as information circulars and material contracts, are also available [on the [insert name of mutual fund manager] Internet site at [insert fund's Internet site] or] or at www.sedar.com.".".

6. The Regulation is amended by replacing, wherever they appear, the words "this Instrument" by the words "this Regulation", and making the necessary changes.

7. The Regulation is amended by replacing, wherever they appear, "National Instrument 81-102 Mutual Funds", "the National Instrument" and "those Instruments" by "Regulation 81-102 Mutual Funds adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001", "the Regulation" and "those Regulations" respectively, and making the necessary changes.

8. This Regulation comes into force on June 1, 2005, with the exception of subparagraph 4*(c)(i)*, which comes into force on October 27, 2006.

Regulation to amend Regulation 81-102 Mutual Funds [3]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (6), (12), (13), (16) and (34); 2004, c. 37)

1. Section 1.1 of Regulation 81-102 Mutual Funds is amended:

(a) by replacing, wherever they appear, the words "this Instrument" by "this Regulation", and making the necessary changes;

(b) by replacing the definition of "management expense ratio" by the following:

""management expense ratio": the ratio, expressed as a percentage, of the expenses of a mutual fund to its average net asset value, calculated in accordance with Part 15 of Regulation 81-106 respecting Investment Fund Continuous Disclosure approved by Ministerial Order 2005-05 dated 19 May 2005;".

(c) by adding ", including the mutual fund manager," in the definition of "manager" and after the word "company,";

(d) by adding the following after the definition of "manager":

""material change": any material change within the meaning of Regulation 81-106 respecting Investment Fund Continuous Disclosure;";

(e) by replacing the definition of "report to securityholders" by the following:

" "report to securityholders": any report that includes annual or interim financial statements, or any annual or interim management report of fund performance that is delivered to securityholders of a mutual fund;";

(f) by adding the following after subparagraph *b*5. of the definition of "sales communication":

[3] Regulation 81-102 Mutual Funds adopted on May 22, 2001 pursuant to decision No. 2001-C-0209 and published in the weekly Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 22, dated June 1, 2001, was amended by the policy adopted on May 22, 2001 pursuant to decision No. 2001-C-0211 and published in the weekly Bulletin of the *Commission des valeurs mobilières du Québec*, volume 32, No. 22, dated June 1, 2001 and the regulation approved pursuant to Ministerial Order No. V-1.1-2004-02 dated February 19, 2004 (2004, *G.O.* 2, 1064).

"6. An annual or interim management report of fund performance;";

(g) by deleting the definition of "significant change";

(h) by deleting the definition of " timely disclosure requirements".

2. The Regulation is amended by replacing the word "significant" in subparagraph 5.1*(g)(iii)* by the word "material".

3. Subsection 5.6(1) of the Regulation is amended:

(a) by replacing the words "this Instrument" in paragraph *a* by the words "this Regulation";

(b) by replacing the words "this Instrument" in subparagraph *(d)(i)* by the words "this Regulation";

(c) by replacing "section 5.10" in paragraph *g* by "Part 11 of Regulation 81-106 respecting Investment Fund Continuous Disclosure".

4. The Regulation is amended by replacing the word "significant" in paragraph 5.7(1)*d* by the word "material".

5. Section 5.10 is repealed.

6. Section 10.1 of the Regulation is amended:

(a) by replacing the words "this Instrument" in subsection (2) by the words "this Regulation";

(b) by replacing subsection (4) by the following:

"(4) The statement referred to in subsection (3) is not required to be separately provided, in any year, if the requirements are described in a document that is sent to all securityholders."

7. The title of Part 13 and sections 13.1 to 13.5 of the Regulation are repealed.

8. The Regulation is amended by replacing the words "significant" and "this Instrument" in subsection 15.9(2) by the words "material" and "this Regulation" respectively.

9. The title of Parts 16 and 17 and sections 16.1 to 17.3 of the Regulation are repealed.

10. Section 20.1 of the Regulation is repealed.

11. The Regulation is amended by replacing, wherever they appear, the words "this Instrument" by the words "this Regulation", and making the necessary changes.

12. The Regulation is amended by replacing, wherever they appear, "National Instrument 81-101 Mutual Fund Prospectus Disclosure" and "National Instrument" by "Regulation 81-101 Mutual Fund Prospectus Disclosure" adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0283 dated June 12, 2001" and "Regulation", and making the necessary changes.

13. This Regulation comes into force on June 1, 2005.

Regulation to amend Multilateral Instrument 81-104 Commodity pools[4]

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (11), (14), (16), (20), (26) and (34); 2004, c. 37)

1. The title of Multilateral Instrument 81-104 Commodity Pools is replaced by the following:

"Regulation 81-104 respecting Commodity Pools".

2. The title of Part 7 and sections 7.1 to 7.3 of the Multilateral Instrument are repealed.

3. Sections 8.1 to 8.4 of the Multilateral Instrument are repealed.

4. Section 9.2 of the Multilateral Instrument is amended:

(a) by replacing paragraph *g* by the following:

"*(g)* provide the disclosure concerning the past performance of the commodity pool that is required to be provided by an investment fund under Item 4 of Part B of Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance of Regulation 81-106 respecting Investment Fund Continuous Disclosure approved by Ministerial Order 2005-05 dated 19 May 2005, except that:

[4] Multilateral Instrument 81-104 Commodity Pools adopted on March 18, 2003 pursuant to decision No. 2003-C-0075 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, volume 34, No. 19, dated May 16, 2003, has not been amended since its adoption.

i. the past performance of the commodity pool in the bar chart prepared in accordance with Item 4.2 of Part B of Form 81-106F1, shall show quarterly, non-annualized returns of the commodity pool over the period provided for in the same Item, rather than annual returns;

ii. the commodity pool may, in the disclosure required by Item 4.3 of Part B of Form 81-106F1, compare its performance to an index if it describes any differences between the commodity pool and the index that affect the comparability of the performance data of the commodity pool and the index;";

(b) by replacing the words "this Instrument or National Instrument 81-102" in paragraph *k* by the words "this Regulation or Regulation 81-102";

(c) by deleting the words "as required by section 7.3" in paragraph *n*.

5. Sections 9.3, 9.4 and 11.1 of the Multilateral Instrument are repealed.

6. The Multilateral Instrument is amended by replacing, wherever they appear, the words "this Instrument" by the words "this Regulation", and making the necessary changes.

7. The Multilateral Instrument is amended by replacing, wherever they appear, "National Instrument 81-102 Mutual Funds" and "National Instrument" by "Regulation 81-102 Mutual Funds" adopted by the *Commission des valeurs mobilières du Québec* pursuant to decision No. 2001-C-0209 dated May 22, 2001" and "Regulation" respectively, and making the necessary changes.

8. This Regulation comes into force on June 1, 2005.

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M.O., 2005-03

Order number V-1.1-2005-03 of the Minister of Finance 19 May 2005

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING the Regulation 51-102 respecting continuous disclosure obligations

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 1, 2, 3, 8, 9, 11, 14, 19, 20 and 34 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Commission" wherever it appears by "Agency", and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Agency" wherever it appears by "Authority";

WHEREAS the draft Regulation 51-102 respecting continuous disclosure obligations was published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 50 of December 19, 2003;

WHEREAS on May 9, 2005, by the decision no. 2005-PDG-0113, the Authority made the Regulation 51-102 respecting continuous disclosure obligations;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the Regulation 51-102 respecting continuous disclosure obligations appended hereto.

May 19, 2005

MICHEL AUDET,
Minister of Finance

Regulation 51-102 respecting continuous disclosure obligations

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (3), (8), (9), (11), (14), (19), (20), (34); 2004, c. 37)

PART 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions and Interpretation

In this Regulation:

"AIF" means a completed Form 51-102F2 Annual Information Form or, in the case of an SEC issuer, a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F;

"approved rating" means, for a security, a rating at or above one of the following rating categories issued by an approved rating organization for the security or a rating category that replaces a category listed below:

Approved Rating Organization	Short Term Debt	Long Term Debt	Preferred Shares
Dominion Bond Rating Service Limited	BBB	R-2	Pfd-3
Fitch Ratings Ltd.	BBB	F3	BBB
Moody's Investors Service	Baa	Prime-3	"baaa"
Standard & Poor's	BBB	A-3	P-3

"approved rating organization" means each of Dominion Bond Rating Service Limited, Fitch Ratings Ltd., Moody's Investors Service, Standard & Poor's and any of their successors;

"asset-backed security" means a security that is primarily serviced by the cash flows of a discrete pool of mortgages, receivables or other financial assets, fixed or revolving, that by their terms convert into cash within a finite period and any rights or other assets designed to assure the servicing or the timely distribution of proceeds to securityholders;

"board of directors" means, for a person or company that does not have a board of directors, an individual or group that acts in a capacity similar to a board of directors;

"business acquisition report" means a completed Form 51-102F4 Business Acquisition Report;

"class" includes a series of a class;

"common share" means an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding securities of the reporting issuer;

"date of acquisition" means the date of acquisition determined in accordance with the Handbook for accounting purposes;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 Marketplace Operation adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0409 dated August 28, 2001 and National Instrument 23-101 Trading Rules adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0411 dated August 28, 2001;

"executive officer" of a reporting issuer means an individual who is

(a) a chair of the reporting issuer;

(b) a vice-chair of the reporting issuer;

(c) the president of the reporting issuer;

(d) a vice-president of the reporting issuer in charge of a principal business unit, division or function including sales, finance or production;

(e) an officer of the reporting issuer or any of its subsidiaries who performed a policy-making function in respect of the reporting issuer; or

(f) another individual who performed a policy-making function in respect of the reporting issuer, excluding the individuals set out in paragraphs a to *e*;

"form of proxy" means a document containing the information required under section 9.4 that, on completion and execution by or on behalf of a securityholder, becomes a proxy;

"income from continuing operations" means income or loss, adjusted to exclude discontinued operations, extraordinary items and income taxes;

"information circular" means a completed Form 51-102F5 Information Circular;

"informed person" means

(a) a director or executive officer of a reporting issuer;

(b) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer;

(c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and

(d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities;

"inter-dealer bond broker" means a person or company that is approved by the Investment Dealers Association under its By-Law No. 36 Inter-Dealer Bond Brokerage Systems, as amended, and is subject to its By-law No. 36 and its Regulation 2100 Respecting Inter-Dealer Bond Brokerage Systems, as amended;

"interim period" means

(a) in the case of a year other than a transition year, a period commencing on the first day of the financial year and ending nine, six or three months before the end of the financial year; or

(b) in the case of a transition year, a period commencing on the first day of the transition year and ending

i. three, six, nine or twelve months, if applicable, after the end of the old financial year; or

ii. twelve, nine, six or three months, if applicable, before the end of the transition year;

"investment fund" means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an EVCC and a VCC within the meaning of Regulation 81-106 respecting Investment Fund Continuous Disclosure approved by Ministerial Order 2005-05 dated 19 May 2005 and, in Québec, any reporting issuer referred to in subsection 1.2(4) thereof;

"MD&A" means a completed Form 51-102F1 Management's Discussion & Analysis or, in the case of an SEC issuer, a completed Form 51-102F1 or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K or item 303 of Regulation S-B under the 1934 Act;

"marketplace" means

(a) an exchange;

(b) a quotation and trade reporting system;

(c) any other person or company that

i. constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities;

ii. brings together the orders for securities of multiple buyers and sellers; and

iii. uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade; or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"material change" means

(a) a change in the business, operations or capital of the reporting issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the reporting issuer; or

(b) a decision to implement a change referred to in paragraph a made by the board of directors or other persons acting in a similar capacity or by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors or any other persons acting in a similar capacity is probable;

"mineral project" means any exploration, development or production activity in respect of natural, solid, inorganic or fossilized organic material including base and precious metals, coal and industrial minerals;

"new financial year" means the financial year of a reporting issuer that immediately follows a transition year;

"non-voting security" means a restricted security that does not carry the right to vote generally, except for a right to vote that is mandated, in special circumstances, by law;

"non-redeemable investment fund" means an issuer

(a) whose primary purpose is to invest money provided by its securityholders;

(b) that does not invest,

i. for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

ii. for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(c) that is not a mutual fund;

"old financial year" means the financial year of a reporting issuer that immediately precedes a transition year;

"preference share" means a security to which is attached a preference or right over the securities of any class of equity securities of the reporting issuer, but does not include an equity security;

"principal obligor" means, for an asset-backed security, a person or company that is obligated to make payments, has guaranteed payments, or has provided alternative credit support for payments, on financial assets that represent one-third or more of the aggregate amount owing on all of the financial assets servicing the asset-backed security;

"proxy" means a completed and executed form of proxy by which a securityholder has appointed a person or company as the securityholder's nominee to attend and act for the securityholder and on the securityholder's behalf at a meeting of securityholders;

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means the prices at which those securities have traded;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange; and

(b) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body, or a legal person, a partnership or any other entity authorized by the securities regulatory authority to carry on securities trading in accordance with securities legislation;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system; and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"restricted security" means an equity security of a reporting issuer, if any of the following apply:

(a) there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater vote per security relative to the equity security;

(b) the conditions of the class of equity securities, the conditions of another class of securities of the reporting issuer, or the reporting issuer's constating documents have provisions that nullify or, to a reasonable person, appear to significantly restrict the voting rights of the equity securities; or

(c) the reporting issuer has issued a second class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that second class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities;

"restricted security term" means each of the terms "non-voting security", "subordinate voting security" and "restricted voting security";

"restricted voting security" means a restricted security that carries a right to vote subject to a restriction on the number or percentage of securities that may be voted by one or more persons or companies, unless the restriction is

(a) permitted or prescribed by statute; and

(b) is applicable only to persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the reporting issuer to be non-Canadians;

"reverse takeover" means a transaction by which an enterprise obtains ownership of the securities of another enterprise but, as part of the transaction, issues enough voting securities as consideration that control of the combined enterprise passes to the securityholders of the acquired enterprise;

"reverse takeover acquiree" means the legal parent, as that term is used in the Handbook, in a reverse takeover;

"reverse takeover acquirer" means the legal subsidiary, as that term is used in the Handbook, whose securityholders control the combined enterprise as a result of a reverse takeover;

"SEC issuer" means a reporting issuer that

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15*(d)* of the 1934 Act; and

(b) is not registered or required to be registered as an investment company under the Investment Company Act of 1940 of the United States of America, as amended;

"solicit", in connection with a proxy, includes

(a) requesting a proxy whether or not the request is accompanied by or included in a form of proxy;

(b) requesting a securityholder to execute or not to execute a form of proxy or to revoke a proxy;

(c) sending a form of proxy or other communication to a securityholder under circumstances that to a reasonable person will likely result in the giving, withholding or revocation of a proxy; or

(d) sending a form of proxy to a securityholder by management of a reporting issuer;

but does not include

(e) sending a form of proxy to a securityholder in response to a unsolicited request made by or on behalf of the securityholder; or

(f) performing ministerial acts or professional services on behalf of a person or company soliciting a proxy;

"subordinate voting security" means a restricted security that carries a right to vote, if there are securities of another class outstanding that carry a greater right to vote on a per security basis;

"transition year" means the financial year of a reporting issuer in which the issuer changes its financial year-end;

"U.S. GAAP" means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support and as supplemented by Regulation S-X and Regulation S-B under the 1934 Act;

"U.S. laws" means the 1933 Act, the 1934 Act, all enactments made under those Acts and all SEC releases adopting the enactments, as amended;

"U.S. marketplace" means an exchange registered as a "national securities exchange" under section 6 of the 1934 Act, or the Nasdaq Stock Market; and

"venture issuer" means a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States of America; where the "applicable time" in respect of

(a) Parts 4 and 5 of this Regulation and Form 51-102F1, is the end of the applicable financial period;

(b) Parts 6 and 9 of this Regulation and Form 51-102F6, is the end of the most recently completed financial year;

(c) Part 8 of this Regulation and Form 51-102F4, is the date of acquisition; and

(d) section 11.3 of this Regulation, is the date of the meeting of the securityholders.

PART 2
APPLICATION

2.1 Application

This Regulation does not apply to an investment fund.

PART 3
LANGUAGE OF DOCUMENTS

3.1 French or English

(1) A person or company must file a document required to be filed under this Regulation in French or in English.

(2) Despite subsection (1), if a person or company files a document only in French or only in English but delivers to securityholders a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to securityholders.

(3) In Québec, a reporting issuer must comply with linguistic obligations and rights prescribed by Québec law.

PART 4
FINANCIAL STATEMENTS

4.1 Comparative Annual Financial Statements and Auditor's Report

(1) A reporting issuer must file annual financial statements that include

(a) an income statement, a statement of retained earnings, and a cash flow statement for

i. the most recently completed financial year; and

ii. the financial year immediately preceding the most recently completed financial year, if any;

(b) a balance sheet as at the end of each of the periods referred to in paragraph *a*; and

(c) notes to the financial statements.

(2) Annual financial statements filed under subsection (1) must be accompanied by an auditor's report.

4.2 Filing Deadline for Annual Financial Statements

The annual financial statements and auditor's report required to be filed under section 4.1 must be filed

(a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of

i. the 90th day after the end of its most recently completed financial year; and

ii. the date of filing, in a foreign jurisdiction, annual financial statements for its most recently completed financial year; or

(b) in the case of a venture issuer, on or before the earlier of

i. the 120th day after the end of its most recently completed financial year; and

ii. the date of filing, in a foreign jurisdiction, annual financial statements for its most recently completed financial year.

4.3 Interim Financial Statements

(1) A reporting issuer must file,

(a) if it has not completed its first financial year, interim financial statements for the interim periods of the reporting issuer's current financial year other than a period that is less than three months in length; or

(b) if it has completed its first financial year, interim financial statements for the interim periods of the reporting issuer's current financial year.

(2) The interim financial statements required to be filed under subsection (1) must include

(a) a balance sheet as at the end of the interim period and a balance sheet as at the end of the immediately preceding financial year, if any;

(b) an income statement, a statement of retained earnings and a cash flow statement, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;

(c) for interim periods other than the first interim period in a reporting issuer's financial year, an income statement and cash flow statement for the three month

period ending on the last day of the interim period and comparative financial information for the corresponding period in the preceding financial year, if any; and

(d) notes to the financial statements.

(3) An auditor review of interim financial statements must be disclosed as follows:

(a) If an auditor has not performed a review of the interim financial statements required to be filed under subsection (1), the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

(b) If a reporting issuer engaged an auditor to perform a review of the interim financial statements required to be filed under subsection (1) and the auditor was unable to complete the review, the interim financial statements must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial statements and the reasons why the auditor was unable to complete the review.

(c) If an auditor has performed a review of the interim financial statements required to be filed under subsection (1) and the auditor has expressed a reservation in the auditor's interim review report, the interim financial statements must be accompanied by a written review report from the auditor.

(4) If an SEC issuer

(a) has filed interim financial statements prepared in accordance with Canadian GAAP for one or more interim periods since its most recently completed financial year for which financial statements have been filed; and

(b) prepares its annual or interim financial statements for the period immediately following the periods referred to in paragraph *a* in accordance with U.S. GAAP,

the SEC issuer must

(c) restate the interim financial statements for the periods referred to in paragraph *a* in accordance with U.S. GAAP and comply with the reconciliation requirements set out in Part 4 of Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency approved by Ministerial Order 2005-08 dated 19 May 2005; and

(d) file the restated financial statements referred to in paragraph *c* by the filing deadline for the financial statements referred to in paragraph *b*.

4.4 Filing Deadline for Interim Financial Statements

The interim financial statements must be filed

(a) in the case of a reporting issuer other than a venture issuer, on or before the earlier of

i. the 45th day after the end of the interim period; and

ii. the date of filing, in a foreign jurisdiction, interim financial statements for a period ending on the last day of the interim period; or

(b) in the case of a venture issuer, on or before the earlier of

i. the 60th day after the end of the interim period; and

ii. the date of filing, in a foreign jurisdiction, interim financial statements for a period ending on the last day of the interim period.

4.5 Approval of Financial Statements

(1) The financial statements a reporting issuer is required to file under section 4.1 must be approved by the board of directors before the statements are filed.

(2) The financial statements a reporting issuer is required to file under section 4.3 must be approved by the board of directors before the statements are filed.

(3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the financial statements to the audit committee of the board of directors

4.6 Delivery of Financial Statements

(1) A reporting issuer must send annually a request form to the registered holders and beneficial owners of its securities, other than debt instruments, that the registered holders and beneficial owners may use to request a copy of the reporting issuer's annual financial statements and MD&A for the annual financial statements, the interim financial statements and MD&A for the interim financial statements, or both.

(2) The reporting issuer must, in accordance with the procedures set out in Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer adopted by the Commission des valeurs

mobilières du Québec pursuant to decision No. 2003-C-0082 dated March 3, 2003, send the form referred to in paragraph (1) to the beneficial owners of its securities who are identified under that Regulation as having chosen to receive all securityholder materials sent to beneficial owners of securities.

(3) If a registered holder or beneficial owner requests the reporting issuer's annual or interim financial statements, the reporting issuer must send a copy of the requested financial statements to the person or company that made the request, without charge, by the later of

(a) the filing deadline for the financial statements requested; and

(b) 10 calendar days after the issuer receives the request.

(4) A reporting issuer is not required to send copies of annual or interim financial statements under subsection (3) that were filed more than two years before the issuer receives the request.

(5) Subsection (1) and the requirement to send annual financial statements under subsection (3) do not apply to a reporting issuer that sends its annual financial statements to all its securityholders, other than holders of debt instruments.

(6) If a reporting issuer sends financial statements under this section, the reporting issuer must also send, at the same time, the annual or interim MD&A relating to the financial statements.

4.7 Filing of Financial Statements After Becoming a Reporting Issuer

(1) Despite any provisions of this Part other than subsections (2), (3) and (4) of this section, the first annual and interim financial statements that a reporting issuer must file under sections 4.1 and 4.3 are the financial statements for the financial year and interim periods immediately following the periods for which financial statements were included in a document filed

(a) that resulted in the issuer becoming a reporting issuer; or

(b) in respect of a transaction that resulted in the issuer becoming a reporting issuer.

(2) If a reporting issuer is required to file annual financial statements for a financial year that ended before the issuer became a reporting issuer, those financial statements must be filed on or before the later of

(a) the 20th day after the issuer became a reporting issuer; and

(b) the filing deadline in section 4.2.

(3) If a reporting issuer is required to file interim financial statements for an interim period that ended before the issuer became a reporting issuer, those financial statements must be filed on or before the later of

(a) the 10th day after the issuer became a reporting issuer; and

(b) the filing deadline in section 4.4.

(4) A reporting issuer is not required to provide comparative interim financial information for periods that ended before the issuer became a reporting issuer if

(a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with subsection 4.3(2);

(b) the prior-period information that is available is presented; and

(c) the notes to the interim financial statements disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial information.

4.8 Change in Year-End

(1) This section does not apply to an SEC issuer if

(a) it complies with the requirements of U.S. laws relating to a change of fiscal year; and

(b) it files a copy of all materials required by U.S. laws relating to a change of fiscal year at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC and, in the case of financial statements, no later than the filing deadlines prescribed under sections 4.2 and 4.4.

(2) If a reporting issuer decides to change its financial year-end by more than 14 days, it must file a notice as soon as practicable, and, in any event, not later than the earlier of

(a) the filing deadline, based on the reporting issuer's old financial year-end, for the next financial statements required to be filed, either annual or interim, whichever comes first; and

(b) the filing deadline, based on the reporting issuer's new financial year-end, for the next financial statements required to be filed, either annual or interim, whichever comes first.

(3) The notice referred to in subsection (2) must state

(a) that the reporting issuer has decided to change its year-end;

(b) the reason for the change;

(c) the reporting issuer's old financial year-end;

(d) the reporting issuer's new financial year-end;

(e) the length and ending date of the periods, including the comparative periods, of the interim and annual financial statements to be filed for the reporting issuer's transition year and its new financial year; and

(f) the filing deadlines, prescribed under sections 4.2 and 4.4, for the interim and annual financial statements for the reporting issuer's transition year.

(4) For the purposes of this section,

(a) a transition year must not exceed 15 months; and

(b) the first interim period after an old financial year must not exceed four months.

(5) Despite paragraph 4.3(1)*(b)*, a reporting issuer is not required to file interim financial statements for any period in its transition year that ends within one month

(a) after the last day of its old financial year; or

(b) before the first day of its new financial year.

(6) Despite subsection 4.1(1), if a transition year is less than nine months in length, the reporting issuer must include as comparative financial information to its financial statements for its new financial year

(a) a balance sheet and income statement, a statement of retained earnings and a cash flow statement for its transition year; and

(b) a balance sheet and income statement, a statement of retained earnings and a cash flow statement for its old financial year.

(7) Despite subsection 4.3(2), if interim periods for the reporting issuer's transition year end three, six, nine or twelve months after the end of its old financial year, the reporting issuer must include

(a) as comparative financial information in its interim financial statements during its transition year, the comparative financial information required by subsection 4.3(2), except if an interim period during the transition year is 12 months in length and the reporting issuer's transition year is longer than 13 months, the comparative financial information must be the balance sheet and income statement, statement of retained earnings and cash flow statement for the 12 month period that constitutes its old financial year; and

(b) as comparative financial information in its interim financial statements during its new financial year

i. a balance sheet as at the end of its transition year; and

ii. the income statement, statement of retained earnings and cash flow statement for the periods in its transition year or old financial year, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the new financial year.

(8) Despite subsection 4.3(2), if interim periods for a reporting issuer's transition year end twelve, nine, six or three months before the end of the transition year, the reporting issuer must include

(a) as comparative financial information in its interim financial statements during its transition year

i. a balance sheet as at the end of its old financial year; and

ii. the income statement, statement of retained earnings and cash flow statement for periods in its old financial year, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the transition year; and

(b) as comparative financial information in its interim financial statements during its new financial year

i. a balance sheet as at the end of its transition year; and

ii. the income statement, statement of retained earnings and cash flow statement in its transition year or old financial year, or both, as appropriate, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the new financial year.

4.9 Change in Corporate Structure

If a reporting issuer is party to an amalgamation, arrangement, merger, winding-up, reverse takeover, reorganization or other transaction that will result in

(a) the reporting issuer ceasing to be a reporting issuer;

(b) another entity becoming a reporting issuer;

(c) a change in the reporting issuer's financial year end; or

(d) a change in the name of the reporting issuer,

the issuer must, as soon as practicable, and in any event not later than the deadline for the first filing required under this Regulation following the transaction, file a notice stating

(e) the names of the parties to the transaction;

(f) a description of the transaction;

(g) the effective date of the transaction;

(h) the names of each party, if any, that ceased to be a reporting issuer subsequent to the transaction and of each continuing entity;

(i) the date of the reporting issuer's first financial year-end subsequent to the transaction; and

(j) the periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the reporting issuer's first financial year subsequent to the transaction.

4.10 Reverse Takeovers

(1) If a reporting issuer must comply with section 4.9 because it was a party to a reverse takeover, the reporting issuer must comply with section 4.8 unless

(a) the reporting issuer had the same year-end as the reverse takeover acquirer before the transaction; or

(b) the reporting issuer changes its year-end to be the same as that of the reverse takeover acquirer.

(2) If a reporting issuer completes a reverse takeover, it must

(a) file financial statements for the reverse takeover acquirer for all annual and interim periods ending

i. after the date of the financial statements included in an information circular filed in connection with the transaction; and

ii. before the date of the reverse takeover,

unless the financial statements have already been filed;

(b) file the annual financial statements required by paragraph *a* on or before the later of

i. the 20th day after the date of the reverse takeover;

ii. the 90th date after the end of the financial year; and

iii. the 120th day after the end of the financial year if the reporting issuer is a venture issuer; and

(c) file the interim financial statements required by paragraph *a* on or before the later of

i. the 10th day after the date of the reverse takeover;

ii. the 45th day after the end of the interim period; and

iii. the 60th day after the end of the interim period if the reporting issuer is a venture issuer.

4.11 Change of Auditor

(1) In this section

"appointment" means, in relation to a reporting issuer, the earlier of

(a) the appointment as its auditor of a person or company; and

(b) the decision by the board of directors of the reporting issuer to propose to holders of qualified securities to appoint such person or company as its auditor to replace its former auditor;

"consultation" means advice provided by a successor auditor, whether or not in writing, to a reporting issuer during the relevant period, which the successor auditor concluded was an important factor considered by the reporting issuer in reaching a decision concerning

(a) the application of accounting principles or policies to a transaction, whether or not the transaction is completed;

(b) a report provided by an auditor on the reporting issuer's financial statements;

(c) scope or procedure of an audit or review engagement; or

(d) financial statement disclosure;

"disagreement" means a difference of opinion between personnel of a reporting issuer responsible for finalizing the reporting issuer's financial statements and the personnel of a former auditor responsible for authorizing the issuance of audit reports on the reporting issuer's financial statements or authorizing the communication of the results of the auditor's review of the reporting issuer's interim financial statements, if the difference of opinion

(a) resulted in a reservation in the former auditor's audit report on the reporting issuer's financial statements for any period during the relevant period;

(b) would have resulted in a reservation in the former auditor's audit report on the reporting issuer's financial statements for any period during the relevant period if the difference of opinion had not been resolved to the former auditor's satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the former auditor upon the receipt of further information;

(c) resulted in a qualified or adverse communication or denial of assurance in respect of the former auditor's review of the reporting issuer's interim financial statements for any interim period during the relevant period; or

(d) would have resulted in a qualified or adverse communication or denial of assurance in respect of the former auditor's review of the reporting issuer's interim financial statements for any interim period during the relevant period if the difference of opinion had not been resolved to the former auditor's satisfaction, not including a difference of opinion based on incomplete or preliminary information that was resolved to the satisfaction of the former auditor upon the receipt of further information;

"former auditor" means the auditor of a reporting issuer that is the subject of the most recent termination or resignation;

"qualified securities" means securities of a reporting issuer that carry the right to participate in voting on the appointment or removal of the reporting issuer's auditor;

"relevant information circular" means

(a) if a reporting issuer's constating documents or applicable law require holders of qualified securities to take action to remove the reporting issuer's auditor or to appoint a successor auditor

i. the information circular required to accompany or form part of every notice of meeting at which that action is proposed to be taken; or

ii. the disclosure document accompanying the text of the written resolution provided to holders of qualified securities; or

(b) if paragraph *a* does not apply, the information circular required to accompany or form part of the first notice of meeting to be sent to holders of qualified securities following the preparation of a reporting package concerning a termination or resignation;

"relevant period" means the period commencing at the beginning of the reporting issuer's two most recently completed financial years and ending on the date of termination or resignation;

"reportable event" means a disagreement, a consultation, or an unresolved issue;

"reporting package" means

(a) the documents referred to in subparagraphs (5)*(a)(i)* and (6)*(a)(i)*;

(b) the letter referred to in clause (5)*(a)(ii)(B)*, if received by the reporting issuer, unless an updated letter referred to in clause (6)*(a)(iii)(B)* has been received by the reporting issuer;

(c) the letter referred to in clause (6)*(a)(ii)(B)*, if received by the reporting issuer; and

(d) any updated letter referred to in clause (6)*(a)(iii)(B)* received by the reporting issuer;

"resignation" means notification from an auditor to a reporting issuer of the auditor's decision to resign or decline to stand for reappointment;

"successor auditor" means the person or company

(a) appointed;

(b) that the board of directors have proposed to holders of qualified securities be appointed; or

(c) that the board of directors have decided to propose to holders of qualified securities be appointed,

as the reporting issuer's auditor after the termination or resignation of the reporting issuer's former auditor;

"termination" means, in relation to a reporting issuer, the earlier of

(a) the removal of its auditor before the expiry of the auditor's term of appointment, the expiry of its auditor's term of appointment without reappointment, or the appointment of a different person or company as its auditor upon expiry of its auditor's term of appointment; and

(b) the decision by the board of directors of the reporting issuer to propose to holders of its qualified securities that its auditor be removed before, or that a different person or company be appointed as its auditor upon, the expiry of its auditor's term of appointment;

"unresolved issue" means any matter that, in the former auditor's opinion, has, or could have, a material impact on the financial statements, or reports provided by the auditor relating to the financial statements, for any financial period during the relevant period, and about which the former auditor has advised the reporting issuer if

(a) the former auditor was unable to reach a conclusion as to the matter's implications before the date of termination or resignation;

(b) the matter was not resolved to the former auditor's satisfaction before the date of termination or resignation; or

(c) the former auditor is no longer willing to be associated with any of the financial statements;

(2) For the purposes of this section, the term "material" has a meaning consistent with the discussion of the term "materiality" in the Handbook.

(3) This section does not apply if

(a) the following three conditions are met:

i. a termination, or resignation, and appointment occur in connection with an amalgamation, arrangement, takeover or similar transaction involving the reporting issuer or a reorganization of the reporting issuer;

ii. the termination, or resignation, and appointment have been disclosed in a news release that has been filed or in a disclosure document that has been delivered to holders of qualified securities and filed; and

iii. no reportable event has occurred;

(b) the change of auditor is required by the legislation under which the reporting issuer exists or carries on its activities; or

(c) the change of auditor arises from an amalgamation, merger or other reorganization of the auditor.

(4) This section does not apply to an SEC issuer if it

(a) complies with the requirements of U.S. laws relating to a change of auditor;

(b) files a copy of all materials required by U.S. laws relating to a change of auditor at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC;

(c) issues and files a news release describing the information disclosed in the materials referred to in paragraph *b*, if there are any reportable events; and

(d) includes the materials referred to in paragraph *b* with each relevant information circular.

(5) Upon a termination or resignation of its auditor, a reporting issuer must

(a) within 10 days after the date of termination or resignation

i. prepare a change of auditor notice in accordance with subsection (7) and deliver a copy of it to the former auditor; and

ii. request the former auditor to

(A) review the reporting issuer's change of auditor notice;

(B) prepare a letter, addressed to the securities regulatory authority, stating, for each statement in the change of auditor notice, whether the auditor agrees, disagrees, and the reasons why, or has no basis to agree or disagree; and

(C) deliver the letter to the reporting issuer within 20 days after the date of termination or resignation;

(b) within 30 days after the date of termination or resignation

i. have the audit committee of its board of directors or its board of directors review the letter referred to in clause (5)*(a)(ii)(B)* if received by the reporting issuer, and approve the change of auditor notice;

ii. file a copy of the reporting package with the securities regulatory authority;

iii. deliver a copy of the reporting package to the former auditor;

iv. if there are any reportable events, issue and file a news release describing the information in the reporting package; and

(c) include with each relevant information circular

i. a copy of the reporting package as an appendix; and

ii. a summary of the contents of the reporting package with a cross-reference to the appendix.

(6) Upon an appointment of a successor auditor, a reporting issuer must

(a) within 10 days after the date of appointment

i. prepare a change of auditor notice in accordance with subsection (7) and deliver it to the successor auditor and to the former auditor;

ii. request the successor auditor to

(A) review the reporting issuer's change of auditor notice;

(B) prepare a letter addressed to the securities regulatory authority, stating, for each statement in the change of auditor notice, whether the auditor agrees, disagrees, and the reasons why, or has no basis to agree or disagree; and

(C) deliver that letter to the reporting issuer within 20 days after the date of appointment; and

iii. request the former auditor to, within 20 days after the date of appointment,

(A) confirm that the letter referred to in clause (5)*(a)(ii)(B)* does not have to be updated; or

(B) prepare and deliver to the reporting issuer an updated letter to replace the letter referred to in clause (5)*(a)(ii)(B);*

(b) within 30 days after the date of appointment,

i. have the audit committee of its board of directors or its board of directors review the letters referred to in clauses (6)*(a)(ii)(B)* and (6)*(a)(iii)(B)* if received by the reporting issuer, and approve the change of auditor notice;

ii. file a copy of the reporting package with the securities regulatory authority;

iii. deliver a copy of the reporting package to the successor auditor and to the former auditor; and

iv. if there are any reportable events, issue and file a news release disclosing the appointment of the successor auditor and either describing the information in the reporting package or referring to the news release required under subparagraph (5)*(b)*(*iv*).

(7) A change of auditor notice must state

(a) the date of termination or resignation;

(b) whether the former auditor

i. resigned on the former auditor's own initiative or at the reporting issuer's request;

ii. was removed or is proposed to holders of qualified securities to be removed during the former auditor's term of appointment; or

iii. was not reappointed or has not been proposed for reappointment;

(c) whether the termination or resignation of the former auditor and any appointment of the successor auditor were considered or approved by the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors;

(d) whether the former auditor's report on any of the reporting issuer's financial statements relating to the relevant period contained any reservation and, if so, a description of each reservation;

(e) if there is a reportable event, the following information:

i. for a disagreement,

(A) a description of the disagreement;

(B) whether the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors discussed the disagreement with the former auditor; and

(C) whether the reporting issuer authorized the former auditor to respond fully to inquiries by any successor auditor concerning the disagreement and, if not, a description of and reasons for any limitation;

ii. for a consultation,

(A) a description of the issue that was the subject of the consultation;

(B) a summary of the successor auditor's oral advice, if any, provided to the reporting issuer concerning the issue;

(C) a copy of the successor auditor's written advice, if any, received by the reporting issuer concerning the issue; and

(D) whether the reporting issuer consulted with the former auditor concerning the issue and, if so, a summary of the former auditor's advice concerning the issue; and

iii. for an unresolved issue,

(A) a description of the issue;

(B) whether the audit committee of the reporting issuer's board of directors or the reporting issuer's board of directors discussed the issue with the former auditor; and

(C) whether the reporting issuer authorized the former auditor to respond fully to inquiries by any successor auditor concerning the issue and, if not, a description of and reasons for any limitation; and

(f) if there are no reportable events, a statement to that effect.

(8) Except in British Columbia, Alberta and Manitoba, if the successor auditor becomes aware that the change of auditor notice required by this section has not been prepared and filed by the reporting issuer, the auditor must, within 7 days, advise the reporting issuer in writing and deliver a copy of the letter to the securities regulatory authority.

PART 5
MANAGEMENT'S DISCUSSION & ANALYSIS

5.1 Filing of MD&A

(1) A reporting issuer must file MD&A relating to its annual and interim financial statements.

(2) The MD&A required to be filed must be filed by the earlier of

(a) the filing deadlines for the annual and interim financial statements set out in sections 4.2, 4.4 and 4.7, as applicable; and

(b) the date the reporting issuer files the financial statements under subsections 4.1(1), 4.3(1) or 4.7(1), as applicable.

5.2 Filing of MD&A and Supplement for SEC Issuers

(1) Despite subsection 5.1(2), if an SEC issuer is filing its annual or interim MD&A prepared in accordance with Item 303 of Regulation S-K or Item 303 of Regulation S-B under the 1934 Act, then the SEC issuer must file

(a) that document on or before the earlier of

i. the date the SEC issuer would be required to file that document under section 5.1; and

ii. the date the SEC issuer files that document with the SEC; and

(b) at the same time, a supplement prepared in accordance with subsection (2) if the SEC issuer

i. has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP; and

ii. is required by subsection 4.1(1) of Regulation 52-107 Respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency to provide a reconciliation to Canadian GAAP.

(2) A supplement must restate, based on financial information of the reporting issuer prepared in accordance with or reconciled to Canadian GAAP, those parts of the MD&A that

(a) are based on financial statements of the reporting issuer prepared in accordance with U.S. GAAP; and

(b) would contain material differences if they were based on financial statements of the reporting issuer prepared in accordance with Canadian GAAP.

5.3 Additional Disclosure for Venture Issuers Without Significant Revenue

(1) A venture issuer that has not had significant revenue from operations in either of its last two financial years, must disclose in its MD&A or in its MD&A supplement if one is required under section 5.2, for each period referred to in subsection (2), a breakdown of material components of

(a) capitalized or expensed exploration and development costs;

(b) expensed research and development costs;

(c) deferred development costs;

(d) general and administration expenses; and

(e) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs *a* through *d*;

and if the venture issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis.

(2) The disclosure in subsection (1) must be provided for the following periods:

(a) in the case of annual MD&A, for the two most recently completed financial years; and

(b) in the case of interim MD&A, for the most recent year-to-date interim period and the comparative period presented in the interim financial statements.

(3) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements to which the MD&A or MD&A supplement relates.

5.4 Disclosure of Outstanding Share Data

(1) A reporting issuer must disclose in its MD&A, or in its MD&A supplement if one is required under section 5.2, the designation and number or principal amount of

(a) each class and series of voting or equity securities of the reporting issuer for which there are securities outstanding;

(b) each class and series of securities of the reporting issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the reporting issuer; and

(c) each class and series of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer.

(2) For the application of paragraph (1)*(c)*, if the exact number or principal amount of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer is not determinable, the reporting issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer and, if that maximum number or principal amount is not determinable, the reporting issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.

(3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

5.5 Approval of MD&A

(1) The annual MD&A and any annual MD&A supplement that a reporting issuer is required to file under this Part must be approved by the board of directors before being filed.

(2) The interim MD&A and any interim MD&A supplement that a reporting issuer is required to file under this Part must be approved by the board of directors before being filed.

(3) In fulfilling the requirement in subsection (2), the board of directors may delegate the approval of the interim MD&A and any MD&A supplement required to be filed under this Part to the audit committee of the board of directors

5.6 Delivery of MD&A

(1) If a registered holder or beneficial owner requests the reporting issuer's annual or interim MD&A, the reporting issuer must send a copy of the requested MD&A and any MD&A supplement required under section 5.2 to the person or company that made the request, without charge, by the later of

(a) the filing deadline for the MD&A requested; and

(b) 10 calendar days after the issuer receives the request.

(2) A reporting issuer is not required to send copies of any MD&A or MD&A supplement that was filed more than two years before the issuer receives the request.

(3) The requirement to send annual MD&A and any related MD&A supplement under subsection (1) does not apply to a reporting issuer that sends its annual MD&A and any related MD&A supplement to all its securityholders, other than holders of debt instruments.

(4) If a reporting issuer sends MD&A under this section, the reporting issuer must also send, at the same time, the annual or interim financial statements to which the MD&A relates.

PART 6
ANNUAL INFORMATION FORM

6.1 Requirement to File an AIF

A reporting issuer that is not a venture issuer must file an AIF.

6.2 Filing Deadline for an AIF

An AIF must be filed,

(a) on or before the 90th day after the end of the reporting issuer's most recently completed financial year; or

(b) in the case of a reporting issuer that is an SEC issuer filing its AIF in Form 10-K, Form 10-KSB or Form 20-F, on or before the earlier of

i. the 90th day after the end of the reporting issuer's most recently completed financial year; and

ii. the date the reporting issuer files its Form 10-K, Form 10-KSB or Form 20-F with the SEC.

6.3 Incorporated Documents to be Filed

A reporting issuer that files an AIF must at the same time file copies of all material incorporated by reference in the AIF and not previously filed.

PART 7
MATERIAL CHANGE REPORTS

7.1 Publication of Material Change

(1) If a material change occurs in the affairs of a reporting issuer, the reporting issuer must

(a) immediately issue and file a news release authorized by a senior officer disclosing the nature and substance of the change; and

(b) as soon as practicable, and in any event within 10 days of the date on which the change occurs, file a Form 51-102F3 Material Change Report with respect to the material change.

(2) In the other jurisdictions, subsection (1) does not apply if,

(a) in the opinion of the reporting issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (1) would be unduly detrimental to the interests of the reporting issuer; or

(b) the material change consists of a decision to implement a change made by senior management of the reporting issuer who believe that confirmation of the decision by the board of directors is probable, and senior management of the reporting issuer has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the reporting issuer,

and the reporting issuer immediately files the report required under paragraph (1)*(b)* marked so as to indicate that it is confidential, together with written reasons for non-disclosure.

(3) Subsection (1) does not apply to a reporting issuer if

(a) senior management of the reporting issuer has reasonable grounds to believe that disclosure required by subsection (1) would be seriously prejudicial to the interests of the reporting issuer and that no trade in the securities of the reporting issuer has been or will be carried out on the basis of the information not generally known; and

(b) the reporting issuer immediately files the report required under paragraph (1)*(b)* marked so as to indicate that it is confidential, together with written reasons for non-disclosure.

(4) If a reporting issuer relies on subsection (3), the reporting issuer must comply with subsection (1) when the circumstances that justify non-disclosure have ceased to exist.

(5) If a report has been filed under subsection (2) or (3), the reporting issuer must advise the securities regulatory authority in writing if it believes the report should continue to remain confidential, within 10 days of the date of filing of the initial report and every 10 days thereafter until the material change is generally disclosed in the manner referred to in paragraph (1)*(a)*, or, if the material change consists of a decision of the type referred to in paragraph (2)*(b)*, until that decision has been rejected by the board of directors of the reporting issuer.

(6) In Ontario, the reporting issuer must advise the securities regulatory authority.

(7) If a report has been filed under subsection (2) or (3), the reporting issuer must promptly generally disclose the material change in the manner referred to in paragraph (1)*(a)* upon the reporting issuer becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling securities of the reporting issuer with knowledge of the material change that has not been generally disclosed.

PART 8
BUSINESS ACQUISITION REPORT

8.1 Interpretation and Application

(1) In this Part,

"acquisition" includes an acquisition of an interest in a business that is consolidated for accounting purposes or accounted for by another method, such as the equity method;

"acquisition of related businesses" means the acquisition of two or more businesses if

(a) the businesses were under common control or management before the acquisitions were completed;

(b) each acquisition was conditional upon the completion of each other acquisition; or

(c) the acquisitions were contingent upon a single common event; and

"business" includes an interest in an oil and gas property.

(2) This Part does not apply to an acquisition made by a reporting issuer if the reporting issuer files its own information circular or that of another person or company, or a filing statement prepared in accordance with the policies and requirements of the TSX Venture Exchange, and

(a) the information circular or filing statement either

i. contains the information and financial statements that would be required by section 14.2 of Form 51-102F5 concerning the acquisition of the business or related businesses; or

ii. is an information circular or filing statement prepared in connection with a Qualifying Transaction for an issuer that is a capital pool company under the TSX Venture Exchange's policy on Capital Pool Companies, and the reporting issuer complies with the policies and requirements of the TSX Venture Exchange in respect of the Qualifying Transaction;

(b) the date of the acquisition is within nine months of the date of the information circular or filing statement; and

(c) between the date of the information circular or filing statement and the date of acquisition there has been no material change in the terms of the significant acquisition from those disclosed in the information circular or filing statement.

8.2 Obligation to File a Business Acquisition Report

If a reporting issuer completes a significant acquisition, it must file a business acquisition report within 75 days after the date of acquisition.

8.3 Determination of Significance

(1) An acquisition of a business or related businesses is a significant acquisition,

(a) for a reporting issuer that is not a venture issuer, if the acquisition satisfies any of the three significance tests set out in subsection (2); and

(b) for a venture issuer, if the acquisition satisfies either of the significance tests set out in paragraphs (2)*(a)* or *(b)* if "20 percent" is read as "40 percent".

(2) For the purposes of subsection (1), the significance tests are:

(a) The asset test: The reporting issuer's proportionate share of the consolidated assets of the business or related businesses exceeds 20 percent of the consolidated assets of the reporting issuer calculated using the audited financial statements of each of the reporting issuer and the business or the related businesses for the most recently completed financial year of each that ended before the date of the acquisition.

(b) The investment test: The reporting issuer's consolidated investments in and advances to the business or related businesses as at the date of the acquisition exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed financial year of the reporting issuer ended before the date of the acquisition, excluding any investments in or advances to the business or related businesses as at that date.

(c) The income test: The reporting issuer's proportionate share of the consolidated income from continuing operations of the business or related businesses exceeds 20 percent of the consolidated income from continuing operations of the reporting issuer calculated using the audited financial statements of each of the

reporting issuer and the business or related businesses for the most recently completed financial year of each ended before the date of acquisition.

(3) Despite subsection (1), if an acquisition of a business or related businesses is significant based on the significance tests in subsection (2),

(a) a reporting issuer that is not a venture issuer may re-calculate the significance using the optional significance tests in subsection (4); and

(b) a venture issuer may re-calculate the significance using the optional significance tests in paragraphs (4) *(a)* or *(b)* if "20 percent" is read as "40 percent".

(4) The optional significance tests are:

(a) The asset test: The reporting issuer's proportionate share of the consolidated assets of the business or related businesses, as at the last day of the reporting issuer's most recently completed interim period, exceeds 20 percent of the consolidated assets of the reporting issuer, as at the last day of the reporting issuer's most recently completed interim period, without giving effect to the acquisition.

(b) The investment test: The reporting issuer's consolidated investments in and advances to the business or related businesses as at the date of the acquisition exceeds 20 percent of the consolidated assets of the reporting issuer as at the last day of the most recently completed interim period of the reporting issuer ended before the date of the acquisition, excluding any investments in or advances to the business or related businesses as at that date.

(c) The income test: The income from continuing operations calculated under the following sub-paragraph *i* exceeds 20 percent of the income from continuing operations calculated under the following sub-paragraph *ii*;

i. The reporting issuer's proportionate share of the consolidated income from continuing operations of the business or related businesses for the later of

(A) the most recently completed financial year of the business or related businesses, or

(B) the 12 months ended on the last day of the most recently completed interim period of the business or related businesses.

ii. The reporting issuer's consolidated income from continuing operations for the later of

(A) the most recently completed financial year, without giving effect to the acquisition, or

(B) the 12 months ended on the last day of the most recently completed interim period of the reporting issuer, without giving effect to the acquisition.

(5) If it does not meet any of the significance tests under paragraph (4), the acquisition is not a significant acquisition.

(6) Despite subsection (3), the significance of an acquisition of a business or related businesses may be re-calculated using financial statements for periods that ended after the date of acquisition only if, after the date of acquisition, the business or related businesses remained substantially intact and were not significantly reorganized, and no significant assets or liabilities were transferred to other entities.

(7) For the purposes of paragraphs (2)*(c)* and (4)*(c)*, if any of the reporting issuer, the business or the related businesses has incurred a loss, the significance test must be applied using the absolute value of the loss.

(8) For the purposes of paragraph (2)*(c)* and clause (4)*(c)(ii)(A)*, if the reporting issuer's consolidated income from continuing operations for the most recently completed financial year was

(a) positive; and

(b) lower by 20 percent or more than the average consolidated income from continuing operations of the reporting issuer for the three most recently completed financial years,

then the average consolidated income from continuing operations for the three most recently completed financial years may, subject to subsection (10), be substituted in determining whether the significance test set out in paragraph (2)*(c)* or (4)*(c)* is satisfied.

(9) For the purpose of clause (4)*(c)(ii)(B)* if the reporting issuer's consolidated income from continuing operations for the most recently completed 12-month period was

(a) positive; and

(b) lower by 20 percent or more than the average consolidated income from continuing operations of the reporting issuer for the three most recently completed 12-month periods,

then the average consolidated income for the three most recently completed 12-month periods may, subject to subsection (10), be substituted in determining whether the significance test set out in paragraph (4)*(c)* is satisfied.

(10) If the reporting issuer's consolidated income from continuing operations for either of the two earlier financial periods referred to in subsections (8) and (9) is a loss, the reporting issuer's income from continuing operations for that period is considered to be zero for the purposes of calculating the average consolidated income for the three financial periods.

(11) If a reporting issuer has made a "step-by-step" purchase as described in the Handbook, then for the purposes of applying subsections (2) and (4),

(a) if the initial investment and one or more incremental investments were made during the same financial year, the investments must be aggregated and tested on a combined basis;

(b) if one or more incremental investments were made in a financial year subsequent to the financial year in which an initial or incremental investment was made and the initial or previous incremental investments are reflected in audited annual financial statements of the reporting issuer previously filed, the reporting issuer must apply the significance tests set out in subsections (2) and (4) on a combined basis to the incremental investments not reflected in audited financial statements of the reporting issuer previously filed; and

(c) if one or more incremental investments were made in a financial year subsequent to the financial year in which the initial investment was made and the initial investment is not reflected in audited annual financial statements of the issuer previously filed, the reporting issuer must apply the significance tests set out in subsections (2) and (4) to the initial and incremental investments on a combined basis.

(12) In determining whether an acquisition of related businesses is a significant acquisition, related businesses acquired after the ending date of the most recently filed annual audited financial statements of the reporting issuer must be considered on a combined basis.

(13) For the purposes of the significance tests in subsections (2) and (4), financial statements of the business or related businesses must be reconciled to the accounting principles used to prepare the reporting issuer's financial statements and translated into the same reporting currency as that used in the reporting issuer's financial statements.

(14) Despite subsections (2) and (4), the significance of an acquisition of a business or related businesses may be calculated using unaudited financial statements of the business or related businesses that comply with subsection 6.1(1) of Regulation 52-107 Respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency if the financial statements of the business or related businesses for the most recently completed financial year have not been audited.

8.4 Financial Statement Disclosure for Significant Acquisitions

(1) If an acquisition of a business or related businesses is a significant acquisition under subsection 8.3(1) or 8.3(3), a business acquisition report must include the following documents relating to each business or related businesses:

(a) an income statement, a statement of retained earnings and a cash flow statement for the periods specified in section 8.5;

(b) a balance sheet as at the date on which each of the periods specified in section 8.5 ended;

(c) notes to the financial statements; and

(d) an auditor's report on the financial statements for each of the periods specified in section 8.5.

(2) If a reporting issuer must include financial statements in a business acquisition report under subsection (1), the business acquisition report must include interim financial statements for

(a) either

i. the most recently completed interim period of the business that started the day after the balance sheet date specified in paragraph (1)*(b)* and ended before the date of acquisition; or

ii. the period that started the day after the balance sheet date specified in paragraph (1)*(b)* and ended on a day that is more recent than the ending date of the period in subparagraph *i* and is not later than the date of acquisition; and

(b) the comparable period in the preceding financial year of the business.

(3) If a reporting issuer is required to include financial statements in a business acquisition report under subsection (1) or (2), the business acquisition report must include

(a) a pro forma balance sheet of the reporting issuer as at the date of the reporting issuer's most recent balance sheet filed that gives effect, as if they had taken place as at the date of the pro forma balance sheet, to significant acquisitions that have been completed, but are not reflected in the reporting issuer's most recent annual or interim balance sheet;

(b) a pro forma income statement of the reporting issuer that gives effect to significant acquisitions completed after the ending date of the reporting issuer's most recently completed financial year for which financial statements are required to have been filed, as if they had taken place at the beginning of that financial year, for each of the following financial periods:

i. the reporting issuer's most recently completed financial year for which financial statements are required to have been filed; and

ii. the reporting issuer's most recently completed interim period that ended after the period in subparagraph *i* for which financial statements are required to have been filed;

(c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph *b*; and

(d) a compilation report accompanying the pro forma financial statements required under paragraphs *a* and *b* signed by the reporting issuer's auditor and prepared in accordance with the Handbook.

(4) If a reporting issuer is required to include pro forma financial statements in a business acquisition report under subsection (3),

(a) the reporting issuer must identify in the pro forma financial statements each significant acquisition, if the pro forma financial statements give effect to more than one significant acquisition;

(b) the reporting issuer must include in the pro forma financial statements a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;

(c) if the financial year-end of the business differs from the reporting issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement for the reporting issuer's most recently completed financial year, the reporting issuer must construct an income statement of the business for a period of 12 consecutive months ending no more than 93 days before or after the reporting issuer's year-end, by adding the results for a subsequent interim period to a completed financial year of the business and deducting the comparable interim results for the immediately preceding year;

(d) if a constructed income statement is required under paragraph *c*, the pro forma financial statements must disclose the period covered by the constructed income statement on the face of the pro forma financial statements and must include a note stating that the financial statements of the business used to prepare the pro forma financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for the business included elsewhere in the business acquisition report;

(e) if a reporting issuer is required to prepare a pro forma income statement for an interim period required by subparagraph (3)*(b)(ii)*, and the pro forma income statement for the most recently completed financial year includes results of the business which are also included in the pro forma income statement for the interim period, the reporting issuer must disclose in a note to the pro forma financial statements the revenue, expenses, gross profit and income from continuing operations included in each pro forma income statement for the overlapping period; and

(f) an audit report is not required for a constructed period referred to in paragraph *c*.

(5) If a reporting issuer is required under subsection (1) to include financial statements for more than one business because the significant acquisition involves an acquisition of related businesses, the financial statements required under subsection (1) must be presented separately for each business, except for the periods during which the businesses have been under common control or management, in which case the reporting issuer may present the financial statements of the businesses on a combined basis.

8.5 Reporting Periods

(1) The periods for which the financial statements are required under subsection 8.4(1) for a reporting issuer that is not a venture issuer as at the date of acquisition must be determined by reference to the significance tests set out in subsections 8.3(2) and 8.3(4) as follows:

(a) If none of the significance tests is satisfied if "20 percent" is read as "40 percent", financial statements must be included for

i. the most recently completed financial year of the business ended more than 45 days before the date of acquisition; or

ii. if the business has not completed one financial year, or the business has completed its first financial year that ended 45 or fewer days before the date of acquisition, the financial period commencing on the date of formation and ending on a date not more than 45 days before the date of acquisition.

(b) If any of the significance tests are satisfied if "20 percent" is read as "40 percent", financial statements must be included for

i. each of the two most recently completed financial years of the business ended more than 45 days before the date of acquisition;

ii. if the business has not completed two financial years, any completed financial year ended more than 45 days before the date of acquisition; or

iii. if the business has not completed one financial year, or the business has completed its first financial year that ended 45 or fewer days before the date of acquisition, a financial period commencing on the date of formation and ending on a date not more than 45 days before the date of acquisition.

(2) The period for which the financial statements are required under subsection 8.4(1) for a reporting issuer that is a venture issuer as at the date of acquisition is

(a) the most recently completed financial year of the business ended more than 45 days before the date of acquisition; or

(b) if the business has not completed one financial year, or the business has completed its first financial year that ended 45 or fewer days before the date of acquisition, the financial period commencing on the date of formation and ending on a date not more than 45 days before the date of acquisition.

8.6 Exemption for Significant Acquisitions Accounted for Using the Equity Method

A reporting issuer is exempt from the requirements in section 8.4 if

(a) the acquisition is, or will be, an investment accounted for using the equity method;

(b) the business acquisition report includes disclosure for the periods for which financial statements are otherwise required under subsection 8.4(1) that

i. summarizes information as to the assets, liabilities and results of operations of the business; and

ii. describes the reporting issuer's proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the reporting issuer's share of earnings;

(c) the financial information provided under paragraph *b* for any completed financial year

i. has been derived from audited financial statements of the business; or

ii. has been audited; and

(d) the business acquisition report

i. identifies the financial statements referred to in subparagraph *(c)(i)* from which the disclosure provided under paragraph *(b)* has been derived; or

ii. discloses that the financial information provided under paragraph *b*, if not derived from audited financial statements, has been audited; and

iii. discloses that the audit opinion with respect to the financial statements referred to in subparagraph *i*, or the financial information referred to in subparagraph *ii*, was issued without a reservation.

8.7 Exemptions for Significant Acquisitions if More Recent Statements Included

(1) If under paragraph 8.5(1)*(b)* a reporting issuer is required to provide financial statements of a business for two completed financial years, the reporting issuer may omit the financial statements for the oldest financial year, if

(a) audited financial statements of the business are included for a financial year ended 45 days or less before the date of acquisition; or

(b) the following conditions are met:

i. audited financial statements are included in the business acquisition report for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under paragraph 8.5(1)*(b)*;

ii. the business is not seasonal; and

iii. the reporting issuer has not included audited financial statements in the business acquisition report for a period of less than 12 months using the exemption set out in section 8.8.

(2) A reporting issuer is exempt from the requirement in subsection 8.4(2) to provide interim financial statements if the reporting issuer includes annual audited or unaudited financial statements of the business for a financial year ended 45 days or less before the date of acquisition.

8.8 Exemption for Significant Acquisitions if Financial Year End Changed

If under section 8.5 a reporting issuer is required to provide financial statements for two completed financial years for a business acquired and the business changed its financial year end during either of the financial years required to be included, the reporting issuer may include financial statements for the transition year in satisfaction of the financial statements for one of the years, provided that the transition year is at least nine months.

8.9 Exemption from Comparatives if Financial Statements Not Previously Prepared

A reporting issuer is not required to provide comparative information for interim financial statements required under subsection 8.4(2) for a business acquired if

(a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with the most recently completed interim period of the acquired business;

(b) the prior-period information that is available is presented; and

(c) the notes to the interim financial statements disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial information.

8.10 Exemption for Acquisition of an Interest in an Oil and Gas Property

A reporting issuer is exempt from the requirements in section 8.4 if

(a) the significant acquisition is

i. an acquisition of a business that is an interest in an oil and gas property; or

ii. an acquisition of related businesses that are interests in oil and gas properties;

(b) the reporting issuer is unable to provide the financial statements in respect of the significant acquisition otherwise required under this Part because those financial statements do not exist or because the reporting issuer does not have access to those financial statements;

(c) the acquisition does not constitute a reverse takeover;

(d) the business or related businesses did not, immediately before the time of completion of the acquisition, constitute a "reportable segment" of the vendor, as defined in the Handbook;

(e) in respect of the business or related businesses, for each of the financial years for which financial statements would, but for this section, be required under section 8.4, the business acquisition report includes

i. an operating statement, accompanied by a report of an auditor, presenting for the business or related businesses at least the following:

(A) gross revenue;

(B) royalty expenses;

(C) production costs; and

(D) operating income;

ii. a description of the property or properties and the interest acquired by the reporting issuer; and

iii. disclosure of the annual oil and gas production volumes from the business or related businesses; and

(f) the business acquisition report discloses

i. the estimated reserves and related future net revenue attributable to the business or related businesses, the material assumptions used in preparing the estimates and the identity and relationship to the reporting issuer or to the vendor of the person who prepared the estimates; and

ii. the estimated oil and gas production volumes from the business or related businesses for the first year reflected in the estimates disclosed under subparagraph *(f)(i)*.

8.11 Exemption for Step-By-Step Acquisitions

Despite section 8.4, a reporting issuer is exempt from the requirements to file financial statements for an acquired business, other than the pro forma financial statements required by subsection 8.4(3), in a business acquisition report if the reporting issuer has made a "step-by-step" purchase as described in the Handbook and the acquired business has been consolidated in the reporting issuer's most recent annual financial statements that have been filed.

PART 9
PROXY SOLICITATION AND INFORMATION CIRCULARS

9.1 Sending of Proxies and Information Circulars

(1) If management of a reporting issuer gives notice of a meeting to its registered holders of voting securities, management must, at the same time as or before giving that notice, send to each registered holder of voting securities who is entitled to notice of the meeting a form of proxy for use at the meeting.

(2) A person or company that solicits proxies from registered holders of voting securities of a reporting issuer must,

(a) in the case of a solicitation by or on behalf of management of a reporting issuer, send an information circular with the notice of meeting to each registered securityholder whose proxy is solicited; or

(b) in the case of any other solicitation, concurrently with or before the solicitation, send an information circular to each registered securityholder whose proxy is solicited.

(3) In Québec, subsections (1) and (2) apply, adapted as required, to a meeting of holders of debt securities of an issuer that is a reporting issuer in Québec, whether called by management of the reporting issuer or by the trustee of the debt securities.

9.2 Exemptions from Sending Information Circular

(1) Subsection 9.1(2) does not apply to a solicitation by a person or company in respect of securities of which the person or company is the beneficial owner.

(2) Paragraph 9.1(2)*(b)* does not apply to a solicitation if the total number of securityholders whose proxies are solicited is not more than 15.

(3) For the purposes of subsection (2), two or more persons or companies who are joint registered owners of one or more securities are considered to be one securityholder.

9.3 Filing of Information Circulars and Proxy-Related Material

A person or company that is required under this Regulation to send an information circular or form of proxy to registered securityholders of a reporting issuer must promptly file a copy of the information circular, form of proxy and all other material required to be sent by the person or company in connection with the meeting to which the information circular or form of proxy relates.

9.4 Content of Form of Proxy

(1) A form of proxy sent to securityholders of a reporting issuer by a person or company soliciting proxies must indicate in bold-face type whether or not the proxy is solicited by or on behalf of the management of the reporting issuer, provide a specifically designated blank space for dating the form of proxy and specify the meeting in respect of which the proxy is solicited.

(2) An information circular sent to securityholders of a reporting issuer or the form of proxy to which the information circular relates must

(a) indicate in bold-face type that the securityholder has the right to appoint a person or company to represent the securityholder at the meeting other than the person or company if any, designated in the form of proxy; and

(b) contain instructions as to the manner in which the securityholder may exercise the right referred to in paragraph *a*.

(3) If a form of proxy sent to securityholders of a reporting issuer contains a designation of a named person or company as nominee, it must provide an option for the securityholder to designate in the form of proxy some other person or company as the securityholder's nominee.

(4) A form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the securityholder's name will be voted for or against each matter or group of related matters identified in the form of proxy, in the notice of meeting or in an information circular, other than the appointment of an auditor and the election of directors.

(5) A form of proxy sent to securityholders of a reporting issuer may confer discretionary authority with respect to each matter referred to in subsection (4) as to which a choice is not specified if the form of proxy or the information circular states in bold-face type how the securities represented by the proxy will be voted in respect of each matter or group of related matters.

(6) A form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the name of the securityholder must be voted or withheld from voting in respect of the appointment of an auditor or the election of directors.

(7) An information circular sent to securityholders of a reporting issuer or the form of proxy to which the information circular relates must state that

(a) the securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for; and

(b) if the securityholder specifies a choice under subsection (4) or (6) with respect to any matter to be acted upon, the securities will be voted accordingly.

(8) A form of proxy sent to securityholders of a reporting issuer may confer discretionary authority with respect to

(a) amendments or variations to matters identified in the notice of meeting; and

(b) other matters which may properly come before the meeting,

if,

(c) the person or company by whom or on whose behalf the solicitation is made is not aware within a reasonable time before the time the solicitation is made that any of those amendments, variations or other matters are to be presented for action at the meeting; and

(d) a specific statement is made in the information circular or in the form of proxy that the proxy is conferring such discretionary authority.

(9) A form of proxy sent to securityholders of a reporting issuer must not confer authority to vote

(a) for the election of any person as a director of a reporting issuer unless a bona fide proposed nominee for that election is named in the information circular; or

(b) at any meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting.

9.5 Exemption from Part 9

This Part does not apply to a reporting issuer that complies with the requirements of the laws of the jurisdiction in which it is incorporated, organized or continued, if the requirements are substantially similar to the requirements of this Part.

PART 10
RESTRICTED SECURITY DISCLOSURE

10. Restricted Security Disclosure

(1) If a reporting issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, each document referred to in subsection (2) must

(a) refer to restricted securities using a term that includes the appropriate restricted security term;

(b) not refer to securities by a term that includes "common", or "preference" or "preferred", unless the securities are common shares or preference shares, respectively;

(c) describe any restrictions on the voting rights of restricted securities;

(d) describe the rights to participate, if any, of holders of restricted securities if a takeover bid is made for securities of the reporting issuer with voting rights superior to those attached to the restricted securities;

(e) state the percentage of the aggregate voting rights attached to the reporting issuer's securities that are represented by the class of restricted securities; and

(f) if holders of restricted securities have no right to participate if a takeover bid is made for securities of the reporting issuer with voting rights superior to those attached to the restricted securities, contain a statement to that effect in bold-face type.

(2) Subsection (1) applies to the following documents:

(a) an information circular;

(b) a document required by this Regulation to be delivered upon request by a reporting issuer to any of its securityholders; and

(c) an AIF prepared by a reporting issuer.

(3) Despite subsection (2), annual financial statements, interim financial statements and MD&A or other accompanying discussion by management of those financial statements are not required to include the details referred to in paragraphs (1)*(c)*, *(d)*, *(e)* and *(f)*.

(4) Each reference to restricted securities in any document not referred to in subsection (2) that a reporting issuer sends to its securityholders must include the appropriate restricted security term.

(5) A reporting issuer must not refer, in any of the documents described in subsection (4), to securities by a term that includes "common" or "preference" or "preferred", unless the securities are common shares or preference shares, respectively.

(6) Despite paragraph (1)*(b)* and subsection (5), a reporting issuer may, in one place only in a document referred to in subsection (2) or (4), describe the restricted securities by the term used in the constating documents of the reporting issuer, to the extent that term differs from the appropriate restricted security term, if the description is not on the front page of the document and is in the same type face and type size as that used generally in the document.

10.2 Dissemination of Disclosure Documents to Holder of Restricted Securities

(1) If a reporting issuer sends a document to all holders of any class of its equity securities the document must also be sent by the reporting issuer at the same time to the holders of its restricted securities.

(2) A reporting issuer that is required by this Regulation to arrange for, or voluntarily makes arrangements for, delivery of the documents referred to in subsection (1) to the beneficial owners of any securities of a class of equity securities registered in the name of a registrant, must make similar arrangements for delivery of the documents to the beneficial owners of securities of a class of restricted securities registered in the name of the registrant.

10.3 Exemptions for Certain Reporting Issuers

The provisions of sections 10.1 and 10.2 do not apply to

(a) securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the reporting issuer to be non-Canadians, but only to the extent of the restriction; and

(b) securities that are subject to a restriction, imposed by any law governing the reporting issuer, on the level of ownership of the securities by any person, company or combination of persons or companies, but only to the extent of the restriction.

PART 11
ADDITIONAL FILING REQUIREMENTS

11.1 Additional Filing Requirements

(1) A reporting issuer must file a copy of any disclosure material

(a) that it sends to its securityholders; or

(b) in the case of an SEC issuer, that it files with or furnishes to the SEC, including material filed as exhibits to other documents, if the material contains information that has not been included in disclosure already filed in a jurisdiction by the SEC issuer.

(2) A reporting issuer must file the material on the same date as, or as soon as practicable after, the earlier of

(a) the date on which the reporting issuer sends the material to its securityholders; and

(b) the date on which the reporting issuer files or furnishes the material to the SEC.

11.2 Change of Status Report

A reporting issuer must file a notice promptly after the occurrence of either of the following:

(a) the reporting issuer becomes a venture issuer; or

(b) the reporting issuer ceases to be a venture issuer.

11.3 Voting Results

A reporting issuer that is not a venture issuer must, promptly following a meeting of securityholders at which a matter was submitted to a vote, file a report that discloses, for each matter voted upon

(a) a brief description of the matter voted upon and the outcome of the vote; and

(b) if the vote was conducted by ballot, including a vote on a matter in which votes are cast both in person and by proxy, the number or percentage of votes cast for, against or withheld from the vote.

11.4 Financial Information

A reporting issuer must file a copy of any news release issued by it that discloses information regarding its historical or prospective results of operations or financial condition for a financial year or interim period.

PART 12
FILING OF CERTAIN DOCUMENTS

12.1 Filing of Documents Affecting the Rights of Securityholders

(1) A reporting issuer must file copies of the following documents, and any amendments to the following documents, unless previously filed:

(a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, unless the constating or establishing document is a statutory or regulatory instrument;

(b) by-laws or other corresponding instruments currently in effect;

(c) any securityholder or voting trust agreement that the reporting issuer has access to and that can reasonably be regarded as material to an investor in securities of the reporting issuer;

(d) any securityholders' rights plans or other similar plans; and

(e) any other contract of the issuer or a subsidiary of the issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of its securityholders generally.

(2) A document required to be filed under subsection (1) may be filed in paper format if

(a) it is dated before June 1, 2005; and

(b) it does not exist in an acceptable electronic format under National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0272 dated June 12, 2001.

12.2 Filing of Other Material Contracts

(1) Unless previously filed, a reporting issuer must file a copy of any contract that it or any of its subsidiaries is a party to, other than a contract entered into in the ordinary course of business, that is material to the issuer and was entered into within the last financial year, or before the last financial year but is still in effect.

(2) If an executive officer of the reporting issuer has reasonable grounds to believe that disclosure of certain provisions of a contract required by subsection (1) to be filed would be seriously prejudicial to the interests of the reporting issuer, or would violate confidentiality provisions, the reporting issuer may file the contract with those certain provisions omitted or marked so as to be unreadable.

(3) Despite subsection (1), a reporting issuer is not required to file a contract entered into before January 1, 2002.

12.3 Time for Filing of Documents

The documents required to be filed under sections 0 and 0 must be filed no later than the time the reporting issuer files a material change report in Form 51-102F3, if the making of the document constitutes a material change for the issuer, and

(a) no later than the time the reporting issuer's AIF is filed under section 6.1, if the document was made or adopted before the date of the issuer's AIF; or

(b) if the reporting issuer is not required to file an AIF under section 6.1, within 120 days after the end of the issuer's most recently completed financial year, if the document was made or adopted before the end of the issuer's most recently completed financial year.

PART 13
EXEMPTIONS

13.1 Exemptions from this Regulation

(1) The securities regulatory authority may grant an exemption from this Regulation, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) In Québec, this exemption is granted under section 263 of the Securities Act (R.S.Q., C. V-1.1).

13.2 Existing Exemptions

(1) A reporting issuer that was entitled to rely on an exemption, waiver or approval granted to it by a securities regulatory authority relating to continuous disclosure requirements of securities legislation or securities directions existing immediately before this Regulation came into force is exempt from any substantially similar provision of this Regulation to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval.

(2) A reporting issuer must, at the time that it first intends to rely on subsection (1) in connection with a filing requirement under this Regulation, inform the securities regulatory authority in writing of

(a) the general nature of the prior exemption, waiver or approval and the date on which it was granted; and

(b) the requirement under prior securities legislation or securities directions in respect of which the prior exemption, waiver or approval applied and the substantially similar provision of this Regulation.

13.3 Exemption for Certain Exchangeable Security Issuers

(1) In this section:

"designated exchangeable security" means an exchangeable security which provides the holder of the security with economic and voting rights which are, as nearly as possible except for tax implications, equivalent to the underlying securities;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase, or of the parent issuer to cause the purchase of, an underlying security;

"exchangeable security issuer" means a person or company that has issued an exchangeable security;

"parent issuer", when used in relation to an exchangeable security issuer, means the person or company that issues the underlying security; and

"underlying security" means a security of a parent issuer issued or transferred, or to be issued or transferred, on the exchange of an exchangeable security.

(2) This Regulation does not apply to an exchangeable security issuer if

(a) the parent issuer is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the exchangeable security issuer;

(b) the parent issuer is an SEC issuer with a class of securities listed or quoted on a U.S. marketplace;

(c) the exchangeable security issuer does not issue any securities, other than

i. designated exchangeable securities;

ii. securities issued to the parent issuer; or

iii. debt securities issued to banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions;

(d) the exchangeable security issuer files copies of all documents the parent issuer is required to file with the SEC, at the same time as, or as soon as practicable after, the filing by the parent issuer of those documents with the SEC;

(e) the exchangeable security issuer concurrently sends to all holders of designated exchangeable securities, in the manner and at the time required by U.S. laws and the requirements of any U.S. marketplace on which securities of the parent issuer are listed or quoted, all disclosure materials that are sent to holders of the underlying securities;

(f) the parent issuer is in compliance with U.S. laws and the requirements of any U.S. marketplace on which the securities of the parent issuer are listed or quoted in respect of making public disclosure of material information on a timely basis, and immediately issues in Canada and files any news release that discloses a material change in its affairs;

(g) the exchangeable security issuer issues in Canada a news release and files a material change report in accordance with Part 7 of this Regulation for all material changes in respect of the affairs of the exchangeable security issuer that are not also material changes in the affairs of its parent issuer; and

(h) the parent issuer includes in all mailings of proxy solicitation materials to holders of designated exchangeable securities a clear and concise statement that

i. explains the reason the mailed material relates solely to the parent issuer;

ii. indicates that the designated exchangeable securities are the economic equivalent to the underlying securities; and

iii. describes the voting rights associated with the designated exchangeable securities.

(3) The insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 System for Electronic Disclosure by Insiders adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2003-C-0069 dated March 3, 2003 does not apply to any insider of an exchangeable security issuer in respect of securities of the exchangeable security issuer so long as

(a) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning the parent issuer before the material facts or material changes are generally disclosed;

(b) the insider is not an insider of the parent issuer in any capacity other than by virtue of being an insider of the exchangeable security issuer;

(c) the parent issuer is the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the exchangeable security issuer;

(d) the parent issuer is an SEC issuer; and

(e) the exchangeable security issuer has not issued any securities, other than

i. designated exchangeable securities;

ii. securities issued to the parent issuer; or

iii. debt securities issued to the parent issuer or to banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions.

13.4 Exemption for Certain Credit Support Issuers

(1) In this section:

"credit support issuer" means an issuer of securities for which a credit supporter has provided a guarantee;

"credit supporter" means a person or company that provides a guarantee for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"designated credit support securities" means

(a) non-convertible debt that has an approved rating; or

(b) non-convertible preferred shares that have an approved rating,

in respect of which a credit supporter has provided a full and unconditional guarantee of the payments to be made by the credit support issuer, as stipulated in the terms of the securities or in an agreement governing the rights of holders of the securities, that results in the holder of such securities being entitled to receive payment from the credit supporter within 15 days of any failure by the credit support issuer to make a payment;

"SEC MJDS issuer" means an issuer that

(a) is incorporated or organized under the laws of the United States of America or any state or territory of the United States of America or the District of Columbia;

(b) either

i. has a class of securities registered under section 12*(b)* or 12*(g)* of the 1934 Act, or

ii. is required to file reports under section 15*(d)* of the 1934 Act;

(c) has filed with the SEC all 1934 Act filings for a period of 12 calendar months immediately before the date on which the person or company seeks to rely on the exemptions in subsections (2) or (3);

(d) is not registered or required to be registered as an investment company under the Investment Company Act of 1940 of the United States of America, as amended; and

(e) is not an issuer formed and operated for the purpose of investing in commodity futures contracts, commodity futures, related products, or a combination of them.

(2) This Regulation does not apply to a credit support issuer if,

(a) the credit supporter is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the credit support issuer;

(b) the credit supporter is an SEC MJDS issuer;

(c) the credit support issuer does not issue any securities, other than

i. designated credit support securities;

ii. securities issued to the credit supporter or an affiliate of the credit supporter; or

iii. debt securities issued to banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions;

(d) the credit support issuer files copies of all documents the credit supporter is required to file with the SEC, at the same time or as soon as practicable after the filing by the credit supporter of those documents with the SEC;

(e) the credit supporter is in compliance with the requirements of U.S. laws and any U.S. marketplace on which securities of the credit supporter are listed or quoted in respect of making public disclosure of material information on a timely basis and immediately issues in Canada and files any news release that discloses a material change in its affairs;

(f) the credit support issuer issues in Canada a news release and files a material change report in accordance with Part 7 of this Regulation for all material changes in respect of the affairs of the credit support issuer that are not also material changes in the affairs of the credit supporter;

(g) in the case of a credit support issuer that has operations, other than minimal operations, that are independent of the credit supporter, the credit support issuer files, in electronic format,

i. annual comparative financial information, derived from the credit support issuer's audited consolidated financial statements for its most recently completed financial year, that is accompanied by a specified procedures report of the auditors to the credit support issuer and that includes the following line items for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year:

(A) sales/revenues;

(B) net earnings from continuing operations before extraordinary items;

(C) net earnings;

(D) current assets;

(E) non-current assets;

(F) current liabilities; and

(G) non-current liabilities; and

interim comparative financial information, derived from the credit support issuer's unaudited consolidated financial statements for its most recently completed interim period, that includes the following line items for the most recently completed interim period and, for items *g)i)(A)*, *g)i)(B)* and *g)i)(C)*, information for the immediately preceding completed financial year, and for items *g)i)(D)*, *g)i)(E)*, *g)i)(F)* and *g)i)(G)*, as at the end of the immediately preceding financial year:

(A) sales/revenues;

(B) net earnings or loss from continuing operations before extraordinary items;

(C) net earnings or loss;

(D) current assets;

(E) non-current assets;

(F) current liabilities; and

(G) non-current liabilities;

(h) in the case of designated credit support securities that include debt, the credit support issuer concurrently sends to all holders of such securities, in the manner and at the time required by U.S. laws and any U.S. marketplace on which securities of the credit supporter are listed or quoted, all disclosure materials that are sent to holders of non-convertible debt of the credit supporter that has an approved rating; and

(i) in the case of designated credit support securities that include preferred shares, the credit support issuer concurrently sends to all holders of such securities, in the manner and at the time required by U.S. laws and any U.S. marketplace on which securities of the credit supporter are listed or quoted, all disclosure materials that are sent to holders of non-convertible preferred shares of the credit supporter that have an approved rating.

(3) The insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) do not apply to an insider of a credit support issuer in respect of securities of the credit support issuer so long as

(a) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning the credit supporter before the material facts or material changes are generally disclosed;

(b) the insider is not an insider of the credit supporter in any capacity other than by virtue of being an insider of the credit support issuer;

(c) the credit supporter is the direct or indirect beneficial owner of all the issued and outstanding voting securities of the credit support issuer;

(d) the credit supporter is an SEC MJDS issuer; and

(e) the credit support issuer has not issued any securities, other than

i. designated credit support securities;

ii. securities issued to the credit supporter or an affiliate of the credit supporter; or

iii. debt securities issued to banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions.

PART 14
EFFECTIVE DATE AND TRANSITION

14.1 Effective Date

This Regulation comes into force on June 1, 2005.

14.2 Transition

Despite section 0, the provisions of this Regulation, including 0, concerning

(a) annual financial statements or MD&A relating to those financial statements, except sections 0 to 0, apply for financial years ended on or after June 30, 2005;

(b) interim financial statements or MD&A relating to those financial statements, except sections 0 to 0, apply for interim periods ended after the financial years referred to in paragraph *a*;

(c) business acquisition reports applying to significant acquisitions if the initial legally binding agreement relating to the acquisition was entered into on or after June 1, 2005;

(d) proxy solicitation and information circulars apply from and after June 30, 2005; and

(e) filing of documents under 0 apply in respect of financial years ended on or after June 30, 2005.

FORM 51-102F1

MANAGEMENT'S DISCUSSION & ANALYSIS

PART 1
GENERAL PROVISIONS

(a) **Description of MD&A**

MD&A is a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements, and of your company's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements.

Your objective when preparing the MD&A should be to improve your company's overall financial disclosure by giving a balanced discussion of your company's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news. Your MD&A should

— help current and prospective investors understand what the financial statements show and do not show;

— discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations;

— discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and

— provide information about the quality, and potential variability, of your company's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

(b) **Date of Information**

In preparing the MD&A, you must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, you must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

(c) **Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(d) **Explain Your Analysis**

Explain the nature of, and reasons for, changes in your company's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. Your discussion should assist the reader to understand trends, events, transactions and expenditures.

(e) **Focus on Material Information**

Focus your MD&A on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material.

(f) **Determination of what is Material Information**

Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(g) **Forward-Looking Information**

You are encouraged to provide forward-looking information if you have a reasonable basis for making the statements. Preparing your MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect your company's business. However, MD&A does not require that your company provide a detailed forecast of future revenues, income or loss or other information.

All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, your material assumptions and appropriate risk disclosure and cautionary language.

You must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Your timely disclosure obligations might also require you to issue a news release and file a material change report.

(h) **Venture Issuers Without Significant Revenues**

If your company is a venture issuer without significant revenues from operations, focus your discussion and analysis of results of operations on expenditures and progress towards achieving your business objectives and milestones.

(i) **Reverse Takeover Transactions**

When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

(j) **Foreign Accounting Principles**

If your company's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, your MD&A must focus on the primary financial statements.

(k) **Resource Issuers**

If your company has mineral projects, your disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0199 dated May 22, 2001, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.

If your company has oil and gas activities, your disclosure must comply with Regulation 51-101 Standards of Disclosure for Oil and Gas Activities approved by Ministerial Order *(indicate the number and date of the Ministerial Order approving the Regulation)*.

(l) **Numbering and Headings**

If the company has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects. All scientific and technical disclosure must be based on a technical report or other information prepared by or under the supervision of a qualified person.

If your company has oil and gas activities, your disclosure must comply with Regulation 51-101 Standards of Disclosure for Oil and Gas Activities.

(m) **Omitting Information**

You do not need to respond to any item in this Form that is inapplicable.

(n) **Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions adopted by the Commission des valeurs mobilières du Québec under Decision No. 2001-C-0274 dated June 12, 2001. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in Regulation 51-102, refer to section 1.4 of Policy Statement 51-102.

(o) **Plain Language**

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in Regulation 51-102, refer to section 1.4 of the Regulation.

PART 2
CONTENT OF MD&A

Item 1 Annual MD&A

1.1 Date

Specify the date of your MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for your company's most recently completed financial year.

1.2 Overall Performance

Provide an analysis of your company's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company's business. Compare your company's performance in the most recently completed financial year to the prior year's performance. Your analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of your business if

i. they have a disproportionate effect on revenues, income or cash needs; or

ii. there are any legal or other restrictions on the flow of funds from one part of your company's business to another;

(c) industry and economic factors affecting your company's performance;

(d) why changes have occurred or expected changes have not occurred in your company's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

INSTRUCTIONS

i. When explaining changes in your company's financial condition and results, include an analysis of the effect on your continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.

ii. Financial condition includes your company's financial position (as shown on the balance sheet) and other factors that may affect your company's liquidity and capital resources.

iii. Include information for a period longer than two financial years if it will help the reader to better understand a trend.

1.3 Selected Annual Information

(1) Provide the following financial data derived from your company's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

(2) Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of your business, and any other information your company believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

INSTRUCTION

Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

1.4 Results of Operations

Discuss your analysis of your company's operations for the most recently completed financial year, including

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for issuers that have significant projects that have not yet generated operating revenue, describe each project, including your company's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect your company's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on your company's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how your company was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on your company's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

INSTRUCTION

Your discussion under paragraph 1.4(d) should include

i. whether or not you plan to expend additional funds on the project; and

ii. any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

1.5 Summary of Quarterly Results

Provide the following information in summary form, derived from your company's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

INSTRUCTIONS

i. In the case of the annual MD&A, your most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year.

ii. You do not have to provide information for a quarter prior to your company becoming a reporting issuer if your company has not prepared financial statements for those quarters.

iii. For sections 1.2, 1.3, 1.4 and 1.5 consider identifying, discussing and analyzing the following factors :

(A) changes in customer buying patterns, including changes due to new technologies and changes in demographics ;

(B) changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force ;

(C) changes in competition, including an assessment of the issuer's resources, strengths and weaknesses relative to those of its competitors ;

(D) the effect of exchange rates ;

(E) changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters ;

(F) changes in production capacity, including changes due to plant closures and work stoppages ;

(G) changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues ;

(H) changes in the terms and conditions of service contracts ;

(I) the progress in achieving previously announced milestones ; and

(J) for resource issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.

iv. Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

1.6 Liquidity

Provide an analysis of your company's liquidity, including

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain your company's capacity, to meet your company's planned growth or to fund development activities ;

(b) trends or expected fluctuations in your company's liquidity, taking into account demands, commitments, events or uncertainties ;

(c) its working capital requirements ;

(d) liquidity risks associated with financial instruments ;

(e) if your company has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency ;

(f) balance sheet conditions or income or cash flow items that may affect your company's liquidity ;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to your company and the effect these restrictions have had or may have on the ability of your company to meet its obligations ; and

(h) defaults or arrears or anticipated defaults or arrears on

i. dividend payments, lease payments, interest or principal payment on debt ;

ii. debt covenants during the most recently completed financial year ; and

iii. redemption or retraction or sinking fund payments,

and how your company intends to cure the default or arrears.

INSTRUCTIONS

i. In discussing your company's ability to generate sufficient amounts of cash and cash equivalents you should describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.

ii. In discussing trends or expected fluctuations in your company's liquidity and liquidity risks associated with financial instruments you should discuss

(A) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment. Examples of such situations are provisions linked to credit rating, earnings, cash flows or share price ; and

(B) circumstances that could impair your company's ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.

iii. In discussing your company's working capital requirements you should discuss situations where your company must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.

iv. In discussing your company's balance sheet conditions or income or cash flow items you should present a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. The summary and table do not have to be provided if your company is a venture issuer. An example of a table that can be adapted to your company's particular circumstances follows:

	Payments Due by Period				
Contractual Obligations	***Total***	***Less than 1 year***	***1 – 3 years***	***4 – 5 years***	***After 5 years***
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations[1]					
Other Long Term Obligations[2]					
Total Contractual Obligations					

[1] *Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on your company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.*

[2] *"Other Long Term Obligations" means other long-term liabilities reflected on your company's balance sheet.*

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of your company's specified contractual obligations

1.7 Capital Resources

Provide an analysis of your company's capital resources, including

(a) commitments for capital expenditures as of the date of your company's financial statements including

i. the amount, nature and purpose of these commitments;

ii the expected source of funds to meet these commitments; and

iii. expenditures not yet committed but required to maintain your company's capacity, to meet your company's planned growth or to fund development activities;

(b) known trends or expected fluctuations in your company's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that your company has arranged but not yet used.

INSTRUCTIONS

i. Capital resources are financing resources available to your company and include debt, equity and any other financing arrangements that you reasonably consider will provide financial resources to your company.

ii. In discussing your company's commitments you should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.

1.8 Off-Balance Sheet Arrangements

Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of your company including, without limitation, such considerations as liquidity and capital resources.

In your discussion of off-balance sheet arrangements you should discuss their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments. Your discussion should include

(a) a description of the other contracting party(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require your company to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

INSTRUCTIONS

i. Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with your company, under which your company has

(A) any obligation under certain guarantee contracts;

(B) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;

(C) any obligation under certain derivative instruments; or

(D) any obligation under a material variable interest held by your company in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to your company, or engages in leasing, hedging or, research and development services with your company.

ii. Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

iii. Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.

iv The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.

1.9 Transactions with Related Parties

Discuss all transactions involving related parties as defined by the Handbook.

INSTRUCTION

In discussing your company's transactions with related parties, your discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of the transactions' business purpose and economic substance. You should discuss

(A) the relationship and identify the related person or entities;

(B) the business purpose of the transaction;

(C) the recorded amount of the transaction and the measurement basis used; and

(D) any ongoing contractual or other commitments resulting from the transaction.

1.10 Fourth Quarter

Discuss and analyze fourth quarter events or items that affected your company's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of your company's business and dispositions of business segments.

1.11 Proposed Transactions

Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if your company's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

INSTRUCTION

You do not have to disclose this information if, under section 7.1 of Regulation 51-102, your company has filed a Form 51-102F3 Material Change Report regarding the transaction on a confidential basis and the report remains confidential.

1.12 Critical Accounting Estimates

If your company is not a venture issuer, provide an analysis of your company's critical accounting estimates. Your analysis should

(a) identify and describe each critical accounting estimate used by your company including

i. a description of the accounting estimate;

ii. the methodology used in determining the critical accounting estimate;

iii. the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made;

iv. any known trends, commitments, events or uncertainties that could materially affect the methodology or the assumptions described; and

v. if applicable, why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation;

(b) explain the significance of the accounting estimate to your company's financial condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate;

(c) quantify the changes in overall financial performance and financial statement line items if you assume that the accounting estimate was to change by using either

i. reasonably likely changes in the material assumptions; or

ii. the upper and lower ends of the range of estimates from which the recorded estimate was selected;

(d) discuss changes made to critical accounting estimates during the past two financial years including the reasons for the change and the quantitative effect on your company's overall financial performance and financial statement line items; and

(e) identify the segments of your company's business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if your company operates in more than one segment.

INSTRUCTION

An accounting estimate is a critical accounting estimate only if

(A) it requires your company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and

(B) different estimates that your company could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on your company's financial condition, changes in financial condition or results of operations.

1.13 Changes in Accounting Policies including Initial Adoption

Discuss and analyze any changes in your company's accounting policies, including

(a) for any accounting policies that you have adopted or expect to adopt subsequent to the end of your most recently completed financial year, including changes you have made or expect to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date, you should

i. describe the new standard, the date you are required to adopt it and, if determined, the date you plan to adopt it;

ii. disclose the methods of adoption permitted by the accounting standard and the method you expect to use;

iii. discuss the expected effect on your company's financial statements, or if applicable, state that you cannot reasonably estimate the effect; and

iv. discuss the potential effect on your business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that you have initially adopted during the most recently completed financial year, you should

i. describe the events or transactions that gave rise to the initial adoption of an accounting policy;

ii. describe the accounting principle that has been adopted and the method of applying that principle;

iii. discuss the effect resulting from the initial adoption of the accounting policy on your company's financial condition, changes in financial condition and results of operations;

iv. if your company is permitted a choice among acceptable accounting principles,

(A) state that you made a choice among acceptable alternatives;

(B) identify the alternatives;

(C) describe why you made the choice that you did; and

(D) discuss the effect, where material, on your company's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

v. if no accounting literature exists that covers the accounting for the events or transactions giving rise to your initial adoption of the accounting policy, explain your decision regarding which accounting principle to use and the method of applying that principle.

INSTRUCTION

You do not have to present the discussion under paragraph 1.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

1.14 Financial Instruments and Other Instruments

For financial instruments and other instruments,

(a) discuss the nature and extent of your company's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how you manage the risks in paragraph *b*, including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

INSTRUCTIONS

i. "Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.

ii. Your discussion under paragraph 1.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on your company's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.

iii. For purposes of paragraph 1.14(c), if your company is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing your company's exposure to price risk.

iv. For purposes of paragraph 1.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.

1.15 Other MD&A Requirements

(a) Your MD&A must disclose that additional information relating to your company, including your company's AIF if your company files an AIF, is on SEDAR at www.sedar.com.

(b) Your MD&A must also provide the information required in the following sections of Regulation 51-102:

i. section 5.3 involving additional disclosure for venture issuers without significant revenue; and

ii. section 5.4 involving disclosure of outstanding share data.

INSTRUCTION

The company may also be required to provide additional disclosure in its MD&A as set out in Form 52-109F1 Certification of Annual Filings and Form 52-109F2 Certification of Interim Filings under Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings approved by Ministerial Order (indicate the number and date of the Ministerial Order approving the Regulation).

Item 2 Interim MD&A

2.1 Date

Specify the date of your interim MD&A.

2.2 Interim MD&A

Interim MD&A must update your company's annual MD&A for all disclosure required by Item 1 except section 1.3. This disclosure must include

(a) a discussion of your analysis of

i. current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

ii. changes in results of operations and elements of income or loss that are not related to ongoing business operations;

iii. any seasonal aspects of your company's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of your company's interim financial condition to your company's financial condition as at the most recently completed financial year-end.

INSTRUCTION

i. If the first MD&A you file in this Form (your first MD&A) is not an annual MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. Your subsequent interim MD&A for that year will update your first interim MD&A.

ii. For the purposes of paragraph 2.2(b), you may assume the reader has access to your annual MD&A or your first MD&A. You do not have to duplicate the discussion and analysis of financial condition in your annual MD&A or your first MD&A. For example, if economic and industry factors are substantially unchanged you may make a statement to this effect.

iii. For the purposes of subparagraph 2.2(a)(i), you should generally give prominence to the current quarter.

iv. In discussing your company's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 1.6. Instead, you should disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of your company's business.

v. Interim MD&A prepared in accordance with Item 2 is not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).

FORM 51-102F2

ANNUAL INFORMATION FORM

Part 1
GENERAL PROVISIONS

(a) **Description of AIF**

An AIF (annual information form) is required to be filed annually by certain companies under Part 6 of Regulation 51-102. An AIF is a disclosure document intended to provide material information about your company and its business at a point in time in the context of its historical and possible future development. Your AIF describes your company, its operations and prospects, risks and other external factors that impact your company specifically.

This disclosure is supplemented throughout the year by subsequent continuous disclosure filings including news releases, material change reports, business acquisition reports, financial statements and management discussion and analysis.

(b) **Date of Information**

Unless otherwise specified in this Form, the information in your AIF must be presented as at the last day of your company's most recently completed financial year. If necessary, you must update the information in the AIF so it is not misleading when it is filed. For information presented as at any date other than the last day of your company's most recently completed financial year, specify the relevant date in the disclosure.

(c) **Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

All references to "your company" in Items 4, 5, 6, 12, 13, 15 and 16 of this Form apply collectively to your company, your company's subsidiaries, joint ventures to which your company is a party and entities in which your company has an investment accounted for by the equity method.

(d) **Focus on Material Information**

Focus your AIF on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material. However, you must disclose all corporate and individual cease trade orders, bankruptcies, penalties and sanctions in accordance with Item 10 of this Form.

(e) **Determination of What is Material**

Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(f) **Incorporating Information by Reference**

You may incorporate information required to be included in your AIF by reference to another document, other than a previous AIF. Clearly identify the referenced document or any excerpt of it that you incorporate into your AIF. Unless you have already filed the referenced document or excerpt under your SEDAR profile, you must file it with your AIF. You must also disclose that the document is on SEDAR at www.sedar.com.

(g) **Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in Regulation 51-102, refer to section 1.4 of Policy Statement 51-102.

(h) **Plain Language**

Write the AIF so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Policy Statement 51-102. If you use technical terms, explain them in a clear and concise manner.

(i) **Special Purpose Vehicles**

If your company is a special purpose vehicle, you may have to modify the disclosure items in this Form to reflect the special purpose nature of your company's business.

(j) **Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. Disclosure provided in response to any item need not be repeated elsewhere.

(k) **Omitting Information**

You do not need to respond to any item in this Form that is inapplicable and you may omit negative answers.

Part 2
CONTENT OF AIF

Item 1 Cover Page

1.1 Date

Specify the date of your AIF. The date must be no earlier than the date of the auditor's report on the financial statements for your company's most recently completed financial year.

You must file your AIF within 10 days of the date of the AIF.

1.2 Revisions

If you revise your company's AIF after you have filed it, identify the revised version as a "revised AIF".

Item 2 Table of Contents

2.1 Table of Contents

Include a table of contents.

Item 3 Corporate Structure

3.1 Name, Address and Incorporation

(1) State your company's full corporate name or, if your company is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of your company's head and registered office.

(2) State the statute under which your company is incorporated, continued or organized or, if your company is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of your company.

3.2 Intercorporate Relationships

Describe, by way of a diagram or otherwise, the intercorporate relationships among your company and its subsidiaries. For each subsidiary state :

(a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, controlled or directed, by your company ;

(b) the percentage of each class of restricted securities of the subsidiary beneficially owned, controlled or directed, by your company ; and

(c) where it was incorporated or continued.

INSTRUCTION

You may omit a particular subsidiary if, at the most recent financial year-end of your company,

i. the total assets of the subsidiary do not exceed 10 per cent of the consolidated assets of your company ;

ii. the sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues of your company ; and

iii. the conditions in paragraphs i and ii would be satisfied if you

(A) aggregated the subsidiaries that may be omitted under paragraphs i and ii, and

(B) changed the reference in those paragraphs from 10 per cent to 20 per cent.

Item 4 General Development of the Business

4.1 Three Year History

Describe how your company's business has developed over the last three completed financial years. Include only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business. If your company produces or distributes more than one product or provides more than one kind of service, describe the products or services. Also discuss changes in your company's business that you expect will occur during the current financial year.

4.2 Significant Acquisitions

Disclose any significant acquisition completed by your company during its most recently completed financial year for which disclosure is required under Part 8 of Regulation 51-102, by

(a) incorporating by reference any Forms 51-102F4 filed by your company since you filed your previous AIF ; and

(b) providing a brief summary of any significant acquisition for which a Form 51-102F4 has not yet been filed.

Item 5 Describe the Business

5.1 General

(1) Describe the business of your company and its operating segments that are reportable segments as those terms are used in the Handbook. For each reportable segment include :

(a) **Summary -** For products or services,

i. their principal markets ;

ii. distribution methods ;

iii. for each of the two most recently completed financial years, as dollar amounts or as percentages, the revenues for each category of products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from

A. sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

B. sales to customers, other than those referred to in clause A, outside the consolidated entity, and

C. sales or transfers to controlling shareholders ;

iv. if not fully developed, the stage of development of the products or services and, if the products are not at the commercial production stage

A. the timing and stage of research and development programs,

B. whether your company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

C. the additional steps required to reach commercial production and an estimate of costs and timing.

(b) **Production and Services** – The actual or proposed method of production and, if your company provides services, the actual or proposed method of providing services.

(c) **Specialized Skill and Knowledge** – A description of any specialized skill and knowledge requirements and the extent to which the skill and knowledge are available to your company.

(d) **Competitive Conditions** – The competitive conditions in your company's principal markets and geographic areas, including, if reasonably possible, an assessment of your company's competitive position.

(e) **New Products** – If you have publicly announced the introduction of a new product, the status of the product.

(f) **Components** – The sources, pricing and availability of raw materials, component parts or **finished** products.

(g) **Intangible Properties** – The importance, duration and effect of identifiable intangible properties, such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks, on the segment.

(h) **Cycles** – The extent to which the business of the segment is cyclical or seasonal.

(i) **Economic Dependence** – A description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends.

(j) **Changes to Contracts** – A description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

(k) **Environmental Protection** – The financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of your company in the current financial year and the expected effect in future years.

(l) **Employees** – The number of employees as at the most recent financial year-end or the average number of employees over the year, whichever is more meaningful to understand the business.

(m) **Foreign Operations** – Describe the dependence of your company and any segment upon foreign operations.

(n) **Lending** – With respect to your company's lending operations, disclose the investment policies and lending and investment restrictions.

(2) **Bankruptcy and Similar Procedures –** Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the company or any of its subsidiaries, within the three most recently completed financial years and up to the date of the AIF.

(3) **Reorganizations –** Disclose the nature and results of any material reorganization of your company or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

(4) **Social or Environmental Policies** – If your company has implemented social or environmental policies that are fundamental to your operations, such as policies regarding your company's relationship with the environment or with the communities in which it does business, or human rights policies, describe them and the steps your company has taken to implement them.

5.2 Risk Factors

Disclose risk factors relating to your company and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by your company, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor's decision to purchase securities of your company. Risks should be disclosed in the order of their seriousness. If there is a risk that securityholders of your company may become liable to make an additional contribution beyond the price of the security, disclose that risk.

5.3 Companies with Asset-backed Securities Outstanding

If your company had asset-backed securities outstanding that were distributed under a prospectus, disclose the following information:

(1) **Payment Factors –** A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) **Underlying Pool of Assets –** For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs *a*, *b*, *c*, or *d*.

(3) **Investment Parameters –** The investment parameters applicable to investments of any cash flow surpluses.

(4) **Payment History –** The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) **Acceleration Event –** The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) **Principal Obligors –** The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20-F in the United States.

INSTRUCTIONS

i. Present the information requested under subsection (2) in a manner that enables a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1) of this item.

ii. If the information required under subsection (2)

(A) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, or

(B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created, a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

5.4 Companies With Mineral Projects

If your company had a mineral project, disclose the following information for each project material to your company:

(1) **Project Description and Location**

(a) The area (in hectares or other appropriate units) and the location of the project.

(b) The nature and extent of your company's title to or interest in the project, including surface rights, obligations that must be met to retain the project and the expiration date of claims, licences and other property tenure rights.

(c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject.

(d) All environmental liabilities to which the project is subject.

(e) The location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements.

(f) To the extent known, the permits that must be acquired to conduct the work proposed for the project and if the permits have been obtained.

(2) **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

(a) The means of access to the property.

(b) The proximity of the property to a population centre and the nature of transport.

(c) To the extent relevant to the mining project, the climate and length of the operating season.

(d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.

(e) The topography, elevation and vegetation.

(3) **History**

(a) The prior ownership and development of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known.

(b) If your company acquired a project within the three most recently completed financial years or during the current financial year from, or intends to acquire a project from, an informed person or promoter of your company or an associate or affiliate of an informed person or promoter, the name of the vendor, the relationship of the vendor to your company, and the consideration paid or intended to be paid to the vendor.

(c) To the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in paragraph *b*.

(4) **Geological Setting –** The regional, local and property geology.

(5) **Exploration –** The nature and extent of all exploration work conducted by, or on behalf of, your company on the property, including

(a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;

(b) an interpretation of the exploration information;

(c) whether the surveys and investigations have been carried out by your company or a contractor and if by a contractor, the name of the contractor; and

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

(6) **Mineralization –** The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

(7) **Drilling –** The type and extent of drilling, including the procedures followed and an interpretation of all results.

(8) **Sampling and Analysis –** The sampling and assaying including

(a) description of sampling methods and the location, number, type, nature, spacing or density of samples collected;

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;

(c) a discussion of the sample quality and whether the samples are representative and of any factors that may have resulted in sample biases;

(d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and

(e) quality control measures and data verification procedures.

(9) **Security of Samples –** The measures taken to ensure the validity and integrity of samples taken.

(10) **Mineral Resource and Mineral Reserve Estimates –** The mineral resources and mineral reserves, if any, including

(a) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and

(c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

(11) **Mining Operations –** For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

(12) **Exploration and Development –** A description of your company's current and contemplated exploration or development activities.

INSTRUCTIONS

i. Disclosure regarding mineral exploration development or production activities on material projects must comply with, and is subject to the limitations set out in, National Instrument 43-101 Standards of Disclosure for Mineral Projects. Use the appropriate terminology to describe mineral reserves and mineral resources. Base the disclosure on a technical report, or other information, prepared by or under the supervision of a qualified person.

ii. You may satisfy the disclosure requirements in section 5.4 by reproducing the summary from the technical report on the material property, and incorporating the detailed disclosure in the technical report into the AIF by reference.

iii. In giving the information required under section 5.4 include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

5.5 Companies with Oil and Gas Activities

If your company is engaged in oil and gas activities as defined in Regulation 51-101 Standards of Disclosure for Oil and Gas Activities, disclose the following information:

(1) **Reserves Data and Other Information**

(a) In the case of information that, for purposes of Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end.

(b) In the case of information that, for purposes of Form 51-101F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year.

(c) To the extent not reflected in the information disclosed in response to paragraphs *a* and *b*, disclose the information contemplated by Part 6 of Regulation 51-101 in respect of material changes that occurred after your company's most recently completed financial year-end.

(2) **Report of Independent Qualified Reserves Evaluator or Auditor –** Include with the disclosure under subsection (1) a report in the form of Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, on the reserves data included in the disclosure required under paragraphs (1)*(a)* and 1*(b)* above.

(3) **Report of Management –** Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure under Regulation 51-101 Standards of Disclosure for Oil and Gas Activities that refers to the information disclosed under subsection (1).

INSTRUCTION

The information presented in response to section 5.5 must be in accordance with Regulation 51-101 Standards of Disclosure for Oil and Gas Activities.

Item 6 Dividends

6.1 Dividends

(1) Disclose the amount of cash dividends declared per share for each class of your company's shares for each of the three most recently completed financial years.

(2) Describe any restriction that could prevent your company from paying dividends.

(3) Disclose your company's current dividend policy and any intended change in dividend policy.

Item 7 Description of Capital Structure

7.1 General Description of Capital Structure

Describe your company's capital structure. State the description or the designation of each class of authorized security, and describe the material characteristics of each class of authorized security, including voting rights, provisions for exchange, conversion, exercise, redemption and retraction, dividend rights and rights upon dissolution or winding-up.

INSTRUCTION

This section requires only a brief summary of the provisions that are material from a securityholder's standpoint. The provisions attaching to different classes of securities do not need to be set out in full. This summary should include the disclosure required in subsection 10.1(1) of Regulation 51-102.

7.2 Constraints

If there are constraints imposed on the ownership of securities of your company to ensure that your company has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities is or will be monitored and maintained.

7.3 Ratings

If one or more ratings, including provisional ratings, has been received from one or more rating organizations for securities of your company that are outstanding and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating, received from an approved rating organization;

(b) for each rating disclosed under paragraph *a*, the name of the approved rating organization that has assigned the rating;

(c) a definition or description of the category in which each approved rating organization rated the securities and the relative rank of each rating within the organization's overall classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities are not addressed by the rating;

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities;

(f) a statement that a security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and

(g) any announcement made by an approved rating organization that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTIONS

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivatives, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under section 7.3.

Item 8 Market for Securities

8.1 Trading Price and Volume

(1) For each class of securities of your company that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of your company is not traded or quoted on a Canadian marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume of trading or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the most recently completed financial year.

8.2 Prior Sales

For each class of securities of your company that is outstanding but not listed or quoted on a marketplace, state the price at which securities of the class have been sold during the most recently completed financial year by your company and the number of securities of the class sold.

Item 9 Escrowed Securities

9.1 Escrowed Securities

(1) State, in substantially the following tabular form, the number of securities of each class of your company held, to your company's knowledge, in escrow, and the percentage that number represents of the outstanding securities of that class.

ESCROWED SECURITIES		
Designation of Class	**Number of Securities held in Escrow**	**Percentage of Class**

(2) In a note to the table, disclose the name of the escrow agent, if any, and the date of and conditions governing the release of the securities from escrow.

INSTRUCTION

For the purposes of this Item, escrow includes a pooling agreement.

Item 10 Directors and Officers

10.1 Name, Occupation and Security Holding

(1) List the name, province or state, and country of residence of each director and executive officer of your company and indicate their respective positions and offices held with your company and their respective principal occupations during the five preceding years.

(2) State the period or periods during which each director has served as a director and when his or her term of office will expire.

(3) State the number and percentage of securities of each class of voting securities of your company or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised, by all directors and executive officers of your company as a group.

(4) Identify the members of each committee of the board.

(5) If the principal occupation of a director or executive officer of your company is acting as an officer of a person or company other than your company, disclose that fact and state the principal business of the person or company.

INSTRUCTION

For the purposes of subsection (3), securities of subsidiaries of your company that are beneficially owned, directly or indirectly, or controlled or directed, by directors or executive officers through ownership or control or direction over securities of your company, do not need to be included.

10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

(1) If a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company

(a) is, as at the date of the AIF or has been, within the 10 years before the date of the AIF, a director or executive officer of any company (including your company), that while that person was acting in that capacity,

i. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or

iii. or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder, state the fact.

(2) Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company, has been subject to

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

(3) Despite subsection (2), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

INSTRUCTION

The disclosure required by subsections (1) and (2) also applies to any personal holding companies of any of the persons referred to in subsections (1) and (2).

10.3 Conflicts of Interest

Disclose particulars of existing or potential material conflicts of interest between your company or a subsidiary of your company and any director or officer of your company or a subsidiary of your company.

Item 11 Promoters

11.1 Promoters

For a person or company that has been, within the three most recently completed financial years or during the current financial year, a promoter of your company or of a subsidiary of your company, state

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of your company or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from your company or from a subsidiary of your company, and the nature and amount of any assets, services or other consideration received or to be received by your company or a subsidiary of your company in return; and

(d) for an asset acquired within the three most recently completed financial years or during the current financial year, or an asset to be acquired, by your company or by a subsidiary of your company from a promoter

i. the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined;

ii. the person or company making the determination referred to in subparagraph *i* and the person or company's relationship with your company, the promoter, or an associate or affiliate of your company or of the promoter; and

iii. the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

Item 12 Legal Proceedings

12.1 Legal Proceedings

Describe any legal proceedings to which your company is a party or of which any of its property is the subject and any such proceedings known to your company to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, whether the proceedings are being contested, and the present status of the proceedings.

INSTRUCTION

You do not need to give information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten per cent of the current assets of your company. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, you must include the amount involved in the other proceedings in computing the percentage.

Item 13 Interest of Management and Others in Material Transactions

13.1 Interest of Management and Others in Material Transactions

Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect your company:

(a) a director or executive officer of your company;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs *a* or *b*.

INSTRUCTIONS

i. The materiality of the interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to securityholders.

ii. This Item does not apply to any interest arising from the ownership of securities of your company if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

iii. Give a brief description of the material transactions. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to your company.

iv. For any transaction involving the purchase of assets by or sale of assets to your company or a subsidiary of your company, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

v. You do not need to give information under this Item for a transaction if

(A) the rates or charges involved in the transaction are fixed by law or determined by competitive bids,

(B) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction,

(C) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services, or

(D) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of your company or your company's subsidiaries.

vi. Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten per cent of any class of equity securities of another company furnishing the services to your company or your company's subsidiaries.

Item 14 Transfer Agents and Registrars

14.1 Transfer Agents and Registrars

State the name of your company's transfer agent(s) and registrar(s) and the location (by municipalities) of the register(s) of transfers of each class of securities.

Item 15 Material Contracts

15.1 Material Contracts

(1) Give particulars of every contract, other than a contract entered into in the ordinary course of business, that is material to your company and that was entered into within the most recently completed financial year, or before the most recently completed financial year but is still in effect.

(2) You do not need to give disclosure under subsection (1) of a contract that was entered into before January 1, 2002.

INSTRUCTION

i. Whether a contract has been entered into in the ordinary course of business is a question of fact. It must be considered in the context of the company's business and the industry that it operates within.

ii. Set out a complete list of all contracts for which particulars must be given under section 15.1, indicating those that are disclosed elsewhere in the AIF. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the AIF.

iii. Particulars of contracts should include the dates of, parties to, consideration provided for in, and key terms of, the contracts.

Item 16 Interests of Experts

16.1 Names of Experts

Name each person or company

(a) who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under Regulation 51-102 by your company during, or relating to, your company's most recently completed financial year; and

(b) whose profession or business gives authority to the statement, report or valuation made by the person or company.

16.2 Interests of Experts

(1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of your company or of one of your associates or affiliates

(a) held by an expert named in section 16.1 when that expert prepared the statement, report, or valuation referred to in paragraph 16.1*(a)*;

(b) received by an expert named in section 16.1 after the time specified in paragraph 16.2(1)*(a)*; or

(c) to be received by an expert named in section 16.1.

(2) For the purposes of subsection (1), if the person's or company's interest in the securities represents less than one per cent of your outstanding securities of the same class, a general statement to that effect is sufficient.

(3) If a person or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of your company or of any associate or affiliate of your company, disclose the fact or expectation.

INSTRUCTIONS

i. If a statement, report or valuation of an expert has been included in the AIF, the company may be required by other securities legislation to obtain the consent of an expert before referring to the expert's opinion, for example under National Instrument 43-101 Standards of Disclosure for Mineral Projects and Regulation 51-101 Standards of Disclosure for Oil and Gas Activities.

ii. Section 16.2 does not apply to

(A) auditors of a business acquired by your company provided they have not been or will not be appointed as your company's auditor subsequent to the acquisition, and

(B) your company's predecessor auditors, if any, for periods when they were not your company's auditor.

iii. Section 16.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.

Item 17 Additional Information

17.1 Additional Information

(1) Disclose that additional information relating to your company may be found on SEDAR at www.sedar.com.

(2) If your company is required to distribute a Form 51-102F5 to any of its securityholders, include a statement that additional information, including directors' and officers' remuneration and indebtedness, principal holders of your company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in your company's information circular for its most recent annual meeting of securityholders that involved the election of directors.

(3) Include a statement that additional financial information is provided in your company's financial statements and MD&A for its most recently completed financial year.

INSTRUCTION

Your company may also be required to provide additional information in its AIF as set out in Form 52-110F1 Audit Committee Information Required in an AIF.

Item 18 Additional Disclosure for Companies Not Sending Information Circulars

18.1 Additional Disclosure

For companies that are not required to send a Form 51-102F5 to any of their securityholders, disclose the information required under Items 6 to 10, 12 and 13 of Form 51-102F5, as modified below, if applicable:

Form 51-102F5 Reference	Modification
Item 6 - Voting Securities and Principal Holders of Voting Securities	Include the disclosure specified in section 6.1 without regard to the phrase "entitled to be voted at the meeting". Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5.
Item 7 – Election of Directors	Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word "proposed" throughout. Do not include the disclosure specified in section 7.3.
Item 10 – Indebtedness of Directors and Executive Officers	Include the disclosure specified throughout; however, replace the phrase "date of the information circular" with "date of the AIF" throughout.
Item 12 – Appointment of Auditor	Name the auditor. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.

FORM 51-102F3

MATERIAL CHANGE REPORT

PART 1
GENERAL PROVISIONS

(a) **Confidentiality**

If this Report is filed on a confidential basis, state in block capitals "CONFIDENTIAL" at the beginning of the Report.

(b) **Use of "Company"**

Wherever this Form uses the word "company" the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(c) **Numbering and Headings**

The numbering, headings and ordering of the items included in this Form are guidelines only. Disclosure provided in response to any item need not be repeated elsewhere

(d) **Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in Regulation 51-102, refer to section 1.4 of Regulation 51-102.

(e) **Plain Language**

Write the Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Policy Statement 51-102. If you use technical terms, explain them in a clear and concise manner.

PART 2
CONTENT OF MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

Item 2 Date of Material Change

State the date of the material change.

Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of Regulation 51–102.

Item 4 Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

Item 5 Full Description of Material Change

Supplement the summary required under Item 4 with sufficient disclosure to enable a reader to appreciate the significance and impact of the material change without having to refer to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

Some examples of significant facts relating to the material change include: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the issuer or its subsidiaries. Specific financial forecasts would not normally be required.

Other additional disclosure may be appropriate depending on the particular situation.

INSTRUCTION

If your company is engaged in oil and gas activities, the disclosure under Item 5 must also satisfy the requirements of Part 6 of Regulation 51-101 Standards of Disclosure for Oil and Gas Activities.

Item 6 Reliance on subsection 7.1(2) or (3) of Regulation 51-102

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of Regulation 51-102, state the reasons for such reliance.

INSTRUCTION

Refer to subsections 7.1 (4),(5), (6) and (7) of Regulation 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) or (3) of Regulation 51-102.

Item 7 Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

In a separate letter to the securities regulatory authority marked "Confidential" provide the reasons for your company's omission of confidential significant facts in the Report in sufficient detail to permit the applicable securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

INSTRUCTIONS

In certain circumstances where a material change has occurred and a Report has been or is about to be filed but subsection 7.1(2), (3) or (5) of Regulation 51-102 is not or will no longer be relied upon, your company may nevertheless believe one or more significant facts otherwise required to be disclosed in the Report should remain confidential and not be disclosed or not be disclosed in full detail in the Report.

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Item 9 Date of Report

Date the Report.

FORM 51-102F4

BUSINESS ACQUISITION REPORT

PART 1
GENERAL PROVISIONS

(a) **Description of Business Acquisition Report**

Your company must file a Business Acquisition Report after completing a significant acquisition. See Part 8 of Regulation 51-102. The Business Acquisition Report describes the significant businesses acquired by your company and the effect of the acquisition on your company.

(b) **Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(c) **Focus on Relevant Information**

When providing the disclosure required by this Form, focus your discussion on information that is relevant to an investor, analyst or other reader.

(d) **Incorporating Material By Reference**

You may incorporate information required by this Form, other than the financial statements or other information required by Item 3, by reference to another document. Clearly identify the referenced document, or any excerpt of it, that you incorporate into this Report. Unless the referenced document or excerpt has already been filed, you must file it with this Report.

(e) **Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is

defined in both the securities statute of a local jurisdiction and in Regulation 51-102, refer to section 1.4 of Policy Statement 51-102.

(f) **Plain Language**

Write this Report so that readers are able to understand it. Consider both the level of detail provided and the language used in the document. Refer to the plain language principles listed in section 1.5 of Policy Statement 51-102. If you use technical terms, explain them in a clear and concise manner.

(g) **Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. Disclosure provided in response to any item need not be repeated elsewhere in the Report.

PART 2
CONTENT OF BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

1.2 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the significant acquisition and the Report, or the name of an officer through whom such executive officer may be contacted.

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Describe the nature of the business acquired.

2.2 Date of Acquisition

State the date of acquisition used for accounting purposes.

INSTRUCTION

If your company is using Canadian GAAP, the date of acquisition for accounting purposes is one of the following two dates, whichever is applicable :

(a) the date the net assets or equity interests are received, and the consideration is given ; or

(b) the date of the written agreement that provides that control of the acquired enterprise transferred to the acquirer, subject only to those conditions required to protect the interests of the parties involved, or the later date, if any, specified in the written agreement that such control is to be transferred.

2.3 Consideration

Disclose the type and amount of consideration, both monetary and non-monetary, paid or payable by your company in connection with the significant acquisition, including contingent consideration. Identify the source of funds used by your company for the acquisition, including a description of any financing associated with the acquisition.

2.4 Effect on Financial Position

Describe any plans or proposals for material changes in your business affairs or the affairs of the acquired business which may have a significant effect on the results of operations and financial position of your company. Examples include any proposal to liquidate the business, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business with any other business organization or to make any material changes to your business or the business acquired such as changes in corporate structure, management or personnel.

2.5 Prior Valuations

Describe in sufficient detail any valuation opinion obtained within the last 12 months by the acquired business or your company required by securities legislation or a Canadian exchange or market to support the consideration paid by your company or any of its subsidiaries for the business, including the name of the author, the date of the opinion, the business to which the opinion relates, the value attributed to the business and the valuation methodologies used.

2.6 Parties to Transaction

State whether the transaction is with an informed person, associate or affiliate of your company and, if so, the identity and the relationship of the other parties to your company.

2.7 Date of Report

Date the Report.

Item 3 Financial Statements

Include the financial statements or other information required by Part 8 of Regulation 51-102. If applicable, disclose that the auditors have not given their consent to include their audit report in this Report.

FORM 51-102F5

INFORMATION CIRCULAR

PART 1
GENERAL PROVISIONS

(a) **Timing of Information**

The information required by this Form 51-102F5 must be given as of a specified date not more than thirty days prior to the date you first send the information circular to any securityholder of the company.

(b) **Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(c) **Incorporating Information by Reference**

You may incorporate information required to be included in your information circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your information circular. Unless you have already filed the referenced document or excerpt, you must file it with your information circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, upon request, you will promptly provide a copy of any such document free of charge to a securityholder of the company.

(d) **Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in Regulation 51-102, refer to section 1.4 of Regulation 51-102.

(e) **Plain Language**

Write this document so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Policy Statement 51-102. If you use technical terms, explain them in a clear and concise manner.

(f) **Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. Disclosure provided in response to any item need not be repeated elsewhere.

(g) **Tables and Figures**

Where it is practicable and appropriate, present information in tabular form. State all amounts in figures.

(h) **Omitting Information**

You do not need to respond to any item in this Form that is inapplicable. You may also omit information that is not known to the person or company on whose behalf the solicitation is made and that is not reasonably within the power of the person or company to obtain, if you briefly state the circumstances that render the information unavailable.

You may omit information that was contained in another information circular, notice of meeting or form of proxy sent to the same persons or companies whose proxies were solicited in connection with the same meeting, as long as you clearly identify the particular document containing the information.

PART 2
CONTENT

Item 1 Date

Specify the date of the information circular.

Item 2 Revocability of Proxy

State whether the person or company giving the proxy has the power to revoke it. If any right of revocation is limited or is subject to compliance with any formal procedure, briefly describe the limitation or procedure.

Item 3 Persons Making the Solicitation

3.1 If a solicitation is made by or on behalf of management of the company, state this. Name any director of the company who has informed management in writing

that he or she intends to oppose any action intended to be taken by management at the meeting and indicate the action that he or she intends to oppose.

3.2 If a solicitation is made other than by or on behalf of management of the company, state this and give the name of the person or company by whom, or on whose behalf, it is made.

3.3 If the solicitation is to be made other than by mail, describe the method to be employed. If the solicitation is to be made by specially engaged employees or soliciting agents, state,

(a) the parties to and material features of any contract or arrangement for the solicitation; and

(b) the cost or anticipated cost thereof.

3.4 State who has borne or will bear, directly or indirectly, the cost of soliciting.

Item 4 Proxy Instructions

4.1 The information circular or the form of proxy to which the information circular relates must indicate in bold-face type that the securityholder has the right to appoint a person or company to represent the securityholder at the meeting other than the person or company, if any, designated in the form of proxy and must contain instructions as to the manner in which the securityholder may exercise the right.

4.2 The information circular or the form of proxy to which the information circular relates must state that the securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for and that, if the securityholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

Item 5 Interest of Certain Persons or Companies in Matters to be Acted Upon

Briefly describe any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons or companies in any matter to be acted upon other than the election of directors or the appointment of auditors:

(a) if the solicitation is made by or on behalf of management of the company, each person who has been a director or executive officer of the company at any time since the beginning of the company's last financial year;

(b) if the solicitation is made other than by or on behalf of management of the company, each person or company by whom, or on whose behalf, directly or indirectly, the solicitation is made;

(c) each proposed nominee for election as a director of the company; and

(d) each associate or affiliate of any of the persons or companies listed in paragraphs *a* to *c*.

INSTRUCTIONS

i. The following persons and companies are deemed to be persons or companies by whom or on whose behalf the solicitation is made (collectively, "solicitors" or individually a "solicitor"):

(A) any member of a committee or group that solicits proxies, and any person or company whether or not named as a member who, acting alone or with one or more other persons or companies, directly or indirectly takes the initiative or engages in organizing, directing or financing any such committee or group;

(B) any person or company who contributes, or joins with another to contribute, more than $250 to finance the solicitation of proxies; or

(C) any person or company who lends money, provides credit, or enters into any other arrangements, under any contract or understanding with a solicitor, for the purpose of financing or otherwise inducing the purchase, sale, holding or voting of securities of the company but not including a bank or other lending institution or a dealer that, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities.

ii. Subject to paragraph i, the following persons and companies are deemed not to be solicitors:

(A) any person or company retained or employed by a solicitor to solicit proxies or any person or company who merely transmits proxy-soliciting material or performs ministerial or clerical duties;

(B) any person or company employed or retained by a solicitor in the capacity of lawyer, accountant, or advertising, public relations, investor relations or financial advisor and whose activities are limited to the performance of their duties in the course of the employment or retainer;

(C) any person regularly employed as an officer or employee of the company or any of its affiliates; or

(D) any officer or director of, or any person regularly employed by, any solicitor.

Item 6 Voting Securities and Principal Holders of Voting Securities

6.1 For each class of voting securities of the company entitled to be voted at the meeting, state the number of securities outstanding and the particulars of voting rights for each class.

6.2 For each class of restricted securities, provide the information required in subsection 10.1(1) of Regulation 51-102.

6.3 Give the record date as of which the securityholders entitled to vote at the meeting will be determined or particulars as to the closing of the security transfer register, as the case may be, and, if the right to vote is not limited to securityholders of record as of the specified record date, indicate the conditions under which securityholders are entitled to vote.

6.4 If action is to be taken with respect to the election of directors and if the securityholders or any class of securityholders have the right to elect a specified number of directors or have cumulative or similar voting rights, include a statement of such rights and state briefly the conditions precedent, if any, to the exercise thereof.

6.5 If, to the knowledge of the company's directors or executive officers, any person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10 per cent or more of the voting rights attached to any class of voting securities of the company, name each person or company and state

(a) the approximate number of securities beneficially owned, directly or indirectly, or controlled or directed by each such person or company; and

(b) the percentage of the class of outstanding voting securities of the company represented by the number of voting securities so owned, controlled or directed.

Item 7 Election of Directors

7.1 If directors are to be elected, provide the following information, in tabular form to the extent practicable, for each person proposed to be nominated for election as a director and each other person whose term of office as a director will continue after the meeting:

(a) State the name, province or state, and country of residence, of each director and proposed director.

(b) State the period or periods during which each director has served as a director and when the term of office for each director and proposed director will expire.

(c) Identify the members of each committee of the board.

(d) State the present principal occupation, business or employment of each director and proposed director. Give the name and principal business of any company in which any such employment is carried on. Furnish similar information as to all of the principal occupations, businesses or employments of each proposed director within the five preceding years, unless the proposed director is now a director and was elected to the present term of office by a vote of securityholders at a meeting, the notice of which was accompanied by an information circular.

(e) If a director or proposed director has held more than one position in the company, or a parent or subsidiary, state only the first and last position held.

(f) State the number of securities of each class of voting securities of the company or any of its subsidiaries beneficially owned, directly or indirectly, or controlled or directed by each proposed director.

(g) If securities carrying 10 per cent or more of the voting rights attached to all voting securities of the company or of any of its subsidiaries are beneficially owned, directly or indirectly, or controlled or directed by any proposed director and the proposed director's associates or affiliates,

i. state the number of securities of each class of voting securities beneficially owned, directly or indirectly, or controlled or directed by the associates or affiliates; and

ii. name each associate or affiliate whose security holdings are 10 per cent or more.

7.2 If a proposed director

(a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director or executive officer of any company (including the company in respect of which the information circular is being prepared) that, while that person was acting in that capacity,

i. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or

iii. or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, state the fact.

7.3 If any proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity, name the other person or company and describe briefly the arrangement or understanding.

Item 8 Executive Compensation

Include in this information circular a completed Form 51-102F6 Statement of Executive Compensation.

Item 9 Securities Authorized for Issuance Under Equity Compensation Plans

9.1 In the tabular form under the caption set out, provide the information specified in section 9.2 as of the end of the company's most recently completed financial year with respect to compensation plans under which equity securities of the company are authorized for issuance, aggregated as follows:

(a) all compensation plans previously approved by securityholders; and

(b) all compensation plans not previously approved by securityholders.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders			
Equity compensation plans not approved by securityholders			
Total			

9.2 Include in the table the following information as of the end of the company's most recently completed financial year for each category of compensation plan described in section 9.1:

(a) the number of securities to be issued upon the exercise of outstanding options, warrants and rights (column *a*);

(b) the weighted-average exercise price of the outstanding options, warrants and rights disclosed under subsection 9.2*(a)* (column *b*); and

(c) other than securities to be issued upon the exercise of the outstanding options, warrants and rights disclosed in subsection 9.2*(a)*, the number of securities remaining available for future issuance under the plan (column *c*).

9.3 For each compensation plan under which equity securities of the company are authorized for issuance and that was adopted without the approval of securityholders, describe briefly, in narrative form, the material features of the plan.

INSTRUCTIONS

i. The disclosure under Item 9 relating to compensation plans must include individual compensation arrangements.

ii. Provide disclosure with respect to any compensation plan of the company (or parent, subsidiary or affiliate of the company) under which equity securities of the company are authorized for issuance to employees or non-employees (such as directors, consultants, advisors, vendors, customers, suppliers or lenders) in exchange for consideration in the form of goods or services as described in section 3870 "Stock-based Compensation and Other Stock-based Payments" of the Handbook. You do not have to provide disclosure regarding any plan, contract or arrangement for the issuance of warrants or rights to all securityholders of the company on a pro rata basis (such as a rights offering).

iii. If more than one class of equity security is issued under the company's compensation plans, disclose aggregate plan information for each class of security separately.

iv. You may aggregate information regarding individual compensation arrangements with the plan information required under subsections 9.1(a) and (b), as applicable.

v. You may aggregate information regarding a compensation plan assumed in connection with a merger, consolidation or other acquisition transaction pursuant to which the company may make subsequent grants or awards of its equity securities with the plan information required under subsections 9.1(a) and (b), as applicable. Disclose on an aggregated basis in a footnote to the table the information required under subsections 9.2(a) and (b) with respect to any individual options, warrants or rights outstanding under the compensation plan assumed in connection with a merger, consolidation or other acquisition transaction.

vi. To the extent that the number of securities remaining available for future issuance disclosed in column c includes securities available for future issuance under any compensation plan other than upon the exercise of an option, warrant or right, disclose the number of securities and type of plan separately for each such plan in a footnote to the table.

vii. If the description of a compensation plan set forth in the company's financial statements contains the disclosure required by section 9.3, a cross-reference to the description satisfies the requirements of section 9.3.

viii. If an equity compensation plan contains a formula for calculating the number of securities available for issuance under the plan, including, without limitation, a formula that automatically increases the number of securities available for issuance by a percentage of the number of outstanding securities of the company, describe this formula in a footnote to the table.

Item 10 Indebtedness of Directors and Executive Officers

10.1 Aggregate Indebtedness

AGGREGATE INDEBTEDNESS ($)		
Purpose	**To the Company or its Subsidiaries**	**To Another Entity**
(a)	*(b)*	*(c)*
Share purchases		
Other		

(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

(2) Report separately the indebtedness to

(a) the company or any of its subsidiaries (column *b*); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the company or any of its subsidiaries (column *c*),

of all executive officers, directors, employees and former executive officers, directors and employees of the company or any of its subsidiaries.

(3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

10.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] ($)	Amount Outstanding as at [Date within 30 days] ($)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the company, each proposed nominee for election as a director of the company, and each associate of any such director, executive officer or proposed nominee,

(a) who is, or at any time since the beginning of the most recently completed financial year of the company has been, indebted to the company or any of its subsidiaries, or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the company or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column *a* – disclose the name and principal position of the borrower. If the borrower was, during the most recently completed financial year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the financial year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column *b* – disclose whether the company or a subsidiary of the company is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column *c* – disclose the largest aggregate amount of the indebtedness outstanding at any time during the most recently completed financial year.

Column *d* – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column *e* – disclose separately for each class or series of securities, the sum of the number of securities purchased during the most recently completed financial year with the financial assistance (security purchase programs only).

Column *f* – disclose the security for the indebtedness, if any, provided to the company, any of its subsidiaries or the other entity (security purchase programs only).

Column *g* – disclose the total amount of indebtedness that was forgiven at any time during the most recently completed financial year.

(3) Supplement the above table with a summary discussion of

(a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including

i. the nature of the transaction in which the indebtedness was incurred;

ii. the rate of interest;

iii. the term to maturity;

iv. any understanding, agreement or intention to limit recourse; and

v. any security for the indebtedness;

(b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column *g* of the above table should be explained; and

(c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

10.3 You do not need to disclose information required by this Item for any indebtedness that has been entirely repaid on or before the date of the information circular or for routine indebtedness.

"Routine indebtedness" means indebtedness described in any of the following clauses:

i. If the company or its subsidiary makes loans to employees generally,

(A) the loans are made on terms no more favourable than the terms on which loans are made by the company or its subsidiary to employees generally, and

(B) the amount, at any time during the last completed financial year, remaining unpaid under the loans to the director, executive officer or proposed nominee, together with his or her associates, does not exceed $50,000.

ii. A loan to a person or company who is a full-time employee of the company,

(A) that is fully secured against the residence of the borrower, and

(B) the amount of which in total does not exceed the annual salary of the borrower.

iii. If the company or its subsidiary makes loans in the ordinary course of business, a loan made to a person or company other than a full-time employee of the company

(A) on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the company or its subsidiary with comparable credit, and

(B) with no more than the usual risks of collectibility.

iv. A loan arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons, if the repayment arrangements are in accord with usual commercial practice.

Item 11 Interest of Informed Persons in Material Transactions

Describe briefly and, where practicable, state the approximate amount of any material interest, direct or indirect, of any informed person of the company, any proposed director of the company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the company or any of its subsidiaries.

INSTRUCTIONS :

i. Briefly describe the material transaction. State the name and address of each person or company whose interest in any transaction is described and the nature of the relationship giving rise to the interest.

ii. For any transaction involving the purchase or sale of assets by or to the company or any subsidiary, other than in the ordinary course of business, state the cost of the assets to the purchaser and the cost of the assets to the seller, if acquired by the seller within two years prior to the transaction.

iii. This Item does not apply to any interest arising from the ownership of securities of the company where the securityholder receives no extra or special benefit or advantage not shared on a proportionate basis by all holders of the same class of securities or by all holders of the same class of securities who are resident in Canada.

iv. Include information as to any material underwriting discounts or commissions upon the sale of securities by the company where any of the specified persons or companies was or is to be an underwriter in a contractual relationship with the company with respect to securities or is an associate or affiliate of a person or company that was or is to be such an underwriter.

v. You do not need to disclose the information required by this Item for any transaction or any interest in that transaction if

(A) the rates or charges involved in the transaction are fixed by law or determined by competitive bids,

(B) the interest of the specified person in the transaction is solely that of director of another company that is a party to the transaction,

(C) the transaction involves services as a bank or other depositary of funds, transfer agent, registrar, trustee under a trust indenture or other similar services, or

(D) the transaction does not directly or indirectly, involve remuneration for services, and

(I) the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company that is a party to the transaction,

(II) the transaction is in the ordinary course of business of the company or its subsidiaries, and

(III) the amount of the transaction or series of transactions is less than 10 per cent of the total sales or purchases, as the case may be, of the company and its subsidiaries for the most recently completed financial year.

vi. Provide information for transactions not excluded above which involve remuneration, directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of voting securities of another company furnishing the services to the company or its subsidiaries.

Item 12 Appointment of Auditor

Name the auditor of the company. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.

If action is to be taken to replace an auditor, provide the information required under section 4.11 of Regulation 51-102.

Item 13 Management Contracts

If management functions of the company or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of the company or subsidiary,

(a) give details of the agreement or arrangement under which the management functions are performed, including the name and address of any person or company who is a party to the agreement or arrangement or who is responsible for performing the management functions ;

(b) give the names and provinces of residence of any person that was, during the most recently completed financial year, an informed person of any person or company with which the company or subsidiary has any such agreement or arrangement and, if the following information is known to the directors or executive officers of the company, give the names and provinces of

residence of any person or company that would be an informed person of any person or company with which the company or subsidiary has any such agreement or arrangement if the person were an issuer;

(c) for any person or company named under paragraph *a* state the amounts paid or payable by the company and its subsidiaries to the person or company since the commencement of the most recently completed financial year and give particulars; and

(d) for any person or company named under paragraph *a* or *b* and their associates or affiliates, give particulars of,

i any indebtedness of the person, company, associate or affiliate to the company or its subsidiaries that was outstanding, and

ii. any transaction or arrangement of the person, company, associate or affiliate with the company or subsidiary,

at any time since the start of the company's most recently completed financial year.

INSTRUCTIONS:

i. Do not refer to any matter that is relatively insignificant.

ii. In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest paid or charged on the indebtedness.

iii. Do not include as indebtedness amounts due from the particular person for purchases subject to usual trade terms, for ordinary travel and expense advances and for other similar transactions.

Item 14 Particulars of Matters to be Acted Upon

14.1 If action is to be taken on any matter to be submitted to the meeting of securityholders other than the approval of financial statements, briefly describe the substance of the matter, or related groups of matters, except to the extent described under the foregoing items, in sufficient detail to enable reasonable securityholders to form a reasoned judgment concerning the matter. Without limiting the generality of the foregoing, such matters include alterations of share capital, charter amendments, property acquisitions or dispositions, reverse takeovers, amalgamations, mergers, arrangements or reorganizations and other similar transactions.

14.2 If the action to be taken is in respect of a significant acquisition as determined under Part 8 of Regulation 51-102 or a restructuring transaction under which securities are to be changed, exchanged, issued, or distributed, the information circular must include information sufficient to enable a reasonable securityholder to form a reasoned judgment concerning the nature and effect of the significant acquisition or restructuring transaction and the expected resulting entity or entities. This information must include the disclosure (including financial statement disclosure) for each entity, securities of which are being changed, exchanged, issued, or distributed, and for each entity that would result from the significant acquisition or restructuring transaction, prescribed by the form of prospectus that the entity would be eligible to use for a distribution of securities in the jurisdiction. For the purposes of this section, a restructuring transaction means a reverse takeover, amalgamation, merger, arrangement or reorganization or other similar transaction, but does not include a subdivision, consolidation, or other transaction that only affects the number of securities of a class that are outstanding. If the action is to be taken on a matter that is a reverse takeover, disclosure in this Item must include disclosure prescribed by the appropriate prospectus for the reverse takeover acquirer.

14.3 If the matter is one that is not required to be submitted to a vote of securityholders, state the reasons for submitting it to securityholders and state what action management intends to take in the event of a negative vote by the securityholders.

14.4 Section 14.2 does not apply to an information circular that is sent to holders of voting securities of a reporting issuer soliciting proxies otherwise than on behalf of management of the reporting issuer (a "dissident circular"), unless the sender of the dissident circular is proposing a significant acquisition or restructuring transaction involving the reporting issuer and the sender, under which securities of the sender, or an affiliate of the sender, are to be distributed or transferred to securityholders of the reporting issuer. However, a sender of a dissident circular shall include in the dissident circular the disclosure required by section 14.2 if the sender of the dissident circular is proposing a significant acquisition or restructuring transaction under which securities of the sender or securities of an affiliate of the sender are to be changed, exchanged, issued or distributed.

14.5 Section 14.2 does not apply to an information circular that is prepared in connection with a Qualifying Transaction for a company that is a CPC (as such terms are defined in the TSX Venture Exchange policy on Capital Pool Companies) provided that the company

complies with the policies and requirements of the TSX Venture Exchange in respect of that Qualifying Transaction.

Item 15 Restricted Securities

15.1 If the action to be taken involves a transaction that would have the effect of converting or subdividing, in whole or in part, existing securities into restricted securities, or creating new restricted securities, the information circular must also include, as part of the minimum disclosure required, a detailed description of:

(a) the voting rights attached to the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the company that are the same or greater on a per security basis than those attached to the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise;

(b) the percentage of the aggregate voting rights attached to the company's securities that are represented by the class of restricted securities;

(c) any significant provisions under applicable corporate and securities law, in particular whether the restricted securities may or may not be tendered in any takeover bid for securities of the reporting issuer having voting rights superior to those attached to the restricted securities, that do not apply to the holders of the restricted securities that are the subject of the transaction or that will result from the transaction either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities; and

(d) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the transaction either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the company and to speak at the meetings to the same extent that holders of equity securities are entitled.

15.2 If holders of restricted securities do not have all of the rights referred to in section 15.1, the detailed description referred to in section 15.1 must include, in bold-face type, a statement of the rights the holders do not have.

Item 16 Additional Information

16.1 Disclose that additional information relating to the company is on SEDAR at www.sedar.com. Disclose how securityholders may contact the company to request copies of the company's financial statements and MD&A.

16.2 Include a statement that financial information is provided in the company's comparative financial statements and MD&A for its most recently completed financial year.

Form 51-102F6

STATEMENT OF EXECUTIVE COMPENSATION

Item 1 General Provisions

1.1 The purpose of this Form is to provide disclosure of all compensation earned by certain executive officers and directors in connection with office or employment by your company or a subsidiary of your company. Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

1.2 You should prepare the Form in the prescribed format. You may omit a table or column of a table if it is not applicable.

1.3 For the purposes of this Form

"Chief Executive Officer" or "CEO" means each individual who served as chief executive officer of your company or acted in a similar capacity during the most recently completed financial year;

"Chief Financial Officer" or "CFO" means each individual who served as chief financial officer of your company or acted in a similar capacity during the most recently completed financial year;

"long-term incentive plan" or "LTIP" means a plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale;

"measurement period" means the period beginning at the "measurement point" which is established by the market close on the last trading day before the beginning of your company's fifth preceding financial year, through and including the end of your company's most recently completed financial year. If the class or series of securi-

ties has been publicly traded for a shorter period of time, the period covered by the comparison may correspond to that time period;

"Named Executive Officers" or "NEOs" means the following individuals:

(a) each CEO;

(b) each CFO;

(c) each of your company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds $150,000; and

(d) any additional individuals for whom disclosure would have been provided under *c* except that the individual was not serving as an officer of your company at the end of the most recently completed financial year-end;

"normal retirement age" means normal retirement age as defined in a pension plan or, if not defined, the earliest time at which a plan participant may retire without any benefit reduction due to age;

"options" includes all options, share purchase warrants and rights granted by a company or its subsidiaries as compensation for employment services or office. An extension of an option or replacement grant is a grant of a new option. Also, options includes any grants made to a NEO by a third party or a non-subsidiary affiliate of your company in respect of services to your company or a subsidiary of your company;

"plan" includes, but is not limited to, any arrangement, whether or not set forth in any formal document and whether or not applicable to only one individual, under which cash, securities, options, SARs, phantom stock, warrants, convertible securities, shares or units that are subject to restrictions on resale, performance units and performance shares, or similar instruments may be received or purchased. It excludes the Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that are available generally to all salaried employees (for example, does not discriminate in scope, terms or operation in favour of executive officers or directors;

"replacement grant" means the grant of an option or SAR reasonably related to any prior or potential cancellation of an option or SAR;

"repricing" of an option or SAR means the adjustment or amendment of the exercise or base price of a previously awarded option or SAR. Any repricing occurring through the operation of a formula or mechanism in, or applicable to, the previously awarded option or SAR equally affecting all holders of the class of securities underlying the option or SAR is excluded; and

"stock appreciation right" or "SAR" means a right, granted by a company or any of its subsidiaries as compensation for employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities.

If a term is used but not defined in this Form, refer to Part 1 of Regulation 51-102 and to National Instrument 14-101 Definitions. If a term is used in this Form and is defined in both the securities statute of a local jurisdiction and in Regulation 51-102, refer to section 1.4 of Policy Statement 51-102.

1.4 In preparing this Form:

(a) **Determination of Most Highly Compensated Executive Officers.** The determination of your company's most highly compensated executive officers is based on the total annual salary and bonus of each executive officer during your company's most recently completed financial year.

(b) **Change in Status of a NEO During the Financial Year.** If the NEO served in that capacity during any part of a financial year for which disclosure is required, disclose all of his or her compensation for the full financial year.

(c) **Exclusion Due to Unusual Compensation or Compensation for Foreign Assignment.** In limited circumstances, you can exclude disclosure of an individual, other than a CEO or CFO, who is one of the three most highly compensated executive officers. Factors to consider in determining to exclude an individual are

i. a payment or accrual of an unusually large amount of cash compensation (such as bonus or commission) that is not part of a recurring arrangement and is unlikely to continue; or

ii. the payment of additional amounts of cash compensation for increased living expenses due to an assignment outside of Canada.

(d) **All Compensation Covered.** This Form requires disclosure of all plan and non-plan compensation for each NEO, and each director in accordance with Item 11. Except as expressly provided, no amount, benefit or right reported as compensation for a financial year need be reported as compensation for any subsequent fiscal year.

(e) **Sources of Compensation.** Compensation to officers and directors must include compensation from the company and its subsidiaries. Also, any compensation under an understanding or agreement existing among any of the company, its subsidiaries or an officer or director of the company or its subsidiary and another entity, for the primary purpose of the other entity compensating the officer or director for employment services or office, must be included in the appropriate compensation category.

(f) **Compensation Furnished to Associates.** Any compensation to an associate, under an understanding or agreement among any of the company, its subsidiaries or another entity and an officer or director of the company or its subsidiary for the primary purpose of the company, its subsidiary or the other entity compensating the officer or director for employment services or office, must be included in the appropriate compensation category.

Item 2 Summary Compensation Table

2.1 Summary Compensation Table

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
NEO Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Other Annual Compensation ($) (e)	Securities Under Options/ SARs Granted (#) (f)	Shares or Units Subject to Resale Restrictions ($) (g)	LTIP Payouts ($) (h)	All Other Compensation ($) (i)
CEO	XXX3 XXX2 XXX1							
CFO	XXX3 XXX2 XXX1							
A	XXX3 XXX2 XXX1							
B	XXX3 XXX2 XXX1							
C	XXX3 XXX2 XXX1							

1. Complete this table for each of the NEOs for your company's three most recently completed financial years. Note the following:

— Columns *c* and *d* – include any cash or non-cash base salary and bonus earned by the NEO. For non-cash compensation, disclose the fair market value of the compensation at the time the compensation is earned. Amounts deferred at the election of a NEO must be included in the financial year in which earned. If the amount of salary and/or bonus earned in a given financial year is not calculable, that fact must be disclosed in a footnote and the amount must be disclosed in the subsequent financial year in the column for the financial year in which earned.

— Any salary or bonus earned in a covered year that was foregone, at the election of a NEO, under a program of your company under which non-cash compensation may be received in lieu of a portion of annual compensation, need not be included in the salary or bonus columns. Instead, you may disclose the non-cash compensation in the appropriate column for that year (i.e. columns *f*, *g* and *i*). If the election was made under a LTIP and therefore is not reportable at the time of grant in this table, a footnote must be added to the salary or bonus column disclosing this fact and referring to the table in section 3.1.

— Commissions can be treated as salary or bonus. You can add a footnote to the table to indicate that such amounts are paid under a commission arrangement and disclose details of the arrangement in the compensation committee report (Item 9).

— Column *e* – disclose all other compensation of the NEO that is not properly categorized as salary or bonus, including

(a) Perquisites and other personal benefits, securities or property, unless the aggregate amount of such compensation is less than $50,000 and 10 per cent of the total of the annual salary and bonus of the NEO for the financial year. Generally, a perquisite is the cost or value of a personal benefit provided to the NEO that is not available to all employees. Examples of things that could be perquisites are

— Car allowance

— Car lease

— Cars

— Corporate aircraft

— Club membership

— Financial assistance to provide education to children

— Financial counselling

— Parking

— Tax return preparation

The following are not considered perquisites and thus need not be reported:

— Contributions to professional dues

— Canada Pension Plan or Québec Pension Plan

— Dental

— Employee relocation plans available to all employees

— Group life benefits available to all employees

— Long-term benefits available to all employees

— Medical

Each perquisite or other personal benefit exceeding 25 per cent of the total perquisites and other personal benefits reported for a NEO must be identified by type and amount in a footnote to column *(e)*. Perquisites and other personal benefits must be valued on the basis of the aggregate incremental cost to your company and its subsidiaries;

(b) The above-market portion of all interest, dividends or other amounts paid concerning securities, options, stock appreciation rights (SARs), loans, deferred compensation or other obligations issued to a NEO during the financial year or payable during that period but deferred at the election of the NEO. Above-market or preferential means a rate greater than the rate ordinarily paid by the company or its subsidiary on securities or other obligations having the same or similar features issued to third parties. Any above-market portion not reported in column *e* should be reported in column *i*;

(c) Earnings on LTIP compensation or dividend equivalents paid during the financial year or payable during that period but deferred at the election of the NEO;

(d) Amounts reimbursed during the financial year for the payment of taxes;

(e) The difference between the price paid by a NEO for a security of your company or its subsidiaries that was purchased from your company or its subsidiaries and the fair market value of the security at the time of purchase, unless the discount was available generally, either to all securityholders or to all salaried employees of your company;

(f) The imputed interest benefits from loans provided to, or debts incurred on behalf of, the NEO by your company and its subsidiaries as computed in accordance with the *Income Tax Act* (R.S.C. 1985, c.1 (5th Supp.)); and

(g) The amounts of loan or interest obligations of the NEO to your company, its subsidiaries or third parties that were serviced or settled by the company or its subsidiaries without the substitution of an obligation to repay the amount to the company or subsidiaries in its place.

— Column *f* – includes the number of securities under option (with or without SARs awarded with the options) and, separately, the number of securities subject to free-standing SARs. The figures in this column for the most recent fiscal year should equal those reported in the table in section 4.1, column *b*. These figures are not cumulative.

— If at any time during the most recently completed financial year your company repriced options or free-standing SARs previously awarded to a NEO, disclose the repriced options or SARs as new options or SARs grants in column *f*.

— Column *g* – includes the dollar value (net of consideration paid by the NEO) of any shares or units that are subject to restrictions on resale (calculated by multiplying the closing market price of your company's freely trading shares on the date of grant by the number of stock or stock units awarded).

— In a footnote to column *g* disclose

— the number and value of the aggregate holdings of shares and units that are subject to restrictions on resale at the end of the most recently completed financial year;

— for any shares or units that are subject to restrictions on resale that will vest, in whole or in part, in less than three years from the date of grant, the total number of securities awarded and the vesting schedule; and

— whether dividends or dividend equivalents will be paid on the shares and units that are subject to restrictions on resale disclosed in the column.

— Column *h* – includes the dollar value of all payouts under LTIPs.

— Awards of shares or units that are subject to restrictions on resale that are subject to performance-based conditions prior to vesting may be disclosed as LTIP awards under the table in section 3.1 instead of under column *g*. If this approach is selected, once the share or unit vests, it must be reported as an LTIP payout in column *h*.

— If any specified performance target, goal or condition to payout was waived regarding any amount included in LTIP payouts, disclose this fact in a footnote to column *h*.

— Column *i* – must include, but is not limited to,

(a) The amount paid, payable or accrued to a NEO for

i. the resignation, retirement or other termination of the NEO's employment with your company or one of its subsidiaries; or

ii. a change in control of your company or one of its subsidiaries or a change in the NEO's responsibilities following such a change in control.

(b) The dollar value of the above-market portion of all interest, dividends or other amounts earned during the financial year, or calculated with respect to that period, excluding amounts that are paid during that period, or payable during that period at the election of the NEO that were reported as other annual compensation in column *e*. See the description for column *(e)*, point *(b)* for an explanation of the above market portion.

(c) The dollar value of amounts earned on LTIP compensation during the financial year, or calculated with respect to that period, and dividend equivalents earned during that period except that amounts paid during that period, or payable during that period at the election of the NEO must be reported as other annual compensation in column *e*.

(d) Annual contributions or other allocations by the company or its subsidiaries to vested and unvested defined contribution plans or employee savings plans. These benefits are not considered to be perquisites due to their all-inclusive nature.

(e) The dollar value of any insurance premium paid by, or on behalf of, your company or its subsidiaries during the financial year with respect to term life insurance for the benefit of a NEO. If there is an arrangement

or understanding, whether formal or informal, that the NEO has received or will receive or be allocated an interest in any cash surrender value under the insurance policy, either

i. the full dollar value of the remainder of the premiums paid by, or on behalf of, the company or its subsidiaries; or

ii. if the premiums will be refunded to the company or its subsidiaries on termination of the policy, the dollar value of the benefit to the NEO of the remainder of the premium paid by, or on behalf of, the company or its subsidiaries during the financial year. This benefit must be determined for the period, projected on an actuarial basis, between payment of premium and the refund.

(f) If the NEO's compensation takes the form of a contribution to assist in the NEO's purchase of shares, the amount of the contribution, unless the contribution was available generally, either to all securityholders or to all salaried employees of the company.

The same method of reporting under this paragraph must be used for each NEO. If your company changes methods of reporting from one year to the next, that fact and the reason for the change must be disclosed in a footnote to column *i*.

— The following need not be reported in column *i*:

i. LTIP awards and amounts received on exercise of options and SARs; and

ii. information on defined benefit and actuarial plans.

2. The $150,000 threshold only applies to the most recent fiscal year in determining the NEOs.

3. If, during any of the financial years covered by the table, your company or its subsidiaries did not employ a NEO for the entire financial year, disclose this fact and the number of months the NEO was so employed during the year in a footnote to the table.

4. If during any of the financial years covered by the table, a NEO was compensated by a non-subsidiary affiliate of your company, disclose in a note to the table

(a) the amount and nature of such compensation; and

(b) whether the compensation is included in the compensation reported in the table.

5. Information with respect to a financial year-end prior to the most recently completed financial year-end need not be provided if your company was not a reporting issuer at any time during such prior financial year.

Item 3 LTIP Awards Table

3.1 LTIP—Awards In Most Recently Completed Financial Year

			Estimated Future Payouts Under Non-Securities-Price-Based Plans		
NEO Name (a)	Securities, Units or Other Rights (#) (b)	Performance or Other Period Until Maturation or Payout (c)	Threshold ($ or #) (d)	Target ($ or #) (e)	Maximum ($ or #) (f)
CEO					
CFO					
A					
B					
C					

1. Complete this table for each LTIP award made to the NEOs during the most recently completed financial year. Note the following:

— Column b – Include the number of securities, units or other rights awarded under any LTIP and, if applicable, the number of securities underlying any such unit or right.

— Columns d to f – For plans not based on stock price, the dollar value of the estimated payout or range estimated payouts under the award (threshold, target and maximum amount), whether such award is denominated in stock or cash.

— Threshold is the minimum amount payable for a certain level of performance under the plan.

— Target is the amount payable if the specified performance target(s) is reached. You should provide a representative amount based on the previous financial year's performance if the target award is not determinable.

— Maximum is the maximum payout possible under the plan.

2. Describe in a footnote to the table, the material terms of any award, including a general description of the formula or criteria applied in determining the amounts payable. You are not required to disclose confidential information that would adversely affect your company's competitive position.

3. A grant of two instruments in conjunction with each other, only one of which is under an LTIP, need be reported only in the table applicable to the other instrument.

Item 4 Options and SARs

4.1 Option/SAR Grants During The Most Recently Completed Financial Year

NEO Name (a)	Securities, Under Options/SARs Granted (#) (b)	Per cent of Total Options/ SARs Granted to Employees in Financial Year (c)	Exercise or Base Price ($/Security) (d)	Market Value of Securities Underlying Options/ SARs on the Date of Grant ($/Security) (e)	Expiration Date (f)
CEO					
CFO					
A					
B					
C					

1. Complete this table for individual grants of options to purchase or acquire securities of your company or any of its subsidiaries (whether or not in conjunction with SARs) and freestanding SARs made during the most recently completed financial year to each of NEO. Note the following:

— The information must be presented for each NEO in groups according to each issuer and class or series of security underlying the options or SARs granted and within these groups in reverse chronological order. For each grant, disclose in a footnote the issuer and the class or series of securities underlying the options or freestanding SARs granted.

— If more than one grant of options or freestanding SARs was made to a NEO during the most recently completed financial year, a separate row must be used to provide the particulars of each grant. However, multiple grants during a single financial year to a NEO can be aggregated if each grant was made on the same terms (eg. exercise price, expiration date and vesting thresholds, if any).

— A single grant of options or freestanding SARs must be reported as separate grants for each tranche with a different exercise or base price, expiration date or performance-vesting threshold.

— Each material term of the grant, including but not limited to the date of exercisability, the number of SARs, dividend equivalents, performance units or other instruments granted in conjunction with options, a performance-based condition to exercisability, a re-load feature or a tax-reimbursement feature must be disclosed in a footnote to the table.

— Options or freestanding SARs granted in an option repricing transaction must be disclosed.

— If the exercise or base price is adjustable over the term of an option or freestanding SAR in accordance with a prescribed standard or formula, include in a footnote to the table, a description of the standard or formula.

— If any provision of an option or SAR (other than an anti-dilution provision) could cause the exercise or base price to be lowered, a description of the provision and its potential consequences must be included in a footnote to the table.

— In determining the grant date market value of the securities underlying options or freestanding SARs, use either the closing market price or any other formula prescribed under the option or SAR plan. For options or SARs granted prior to the establishment of a trading market in the underlying securities, the initial offering price may be used.

4.2 Aggregated Option/SAR Exercises During The Most Recently Completed Financial Year And Financial Year-End Option/SAR Values

NEO Name (a)	Securities, Acquired on Exercise (#) (b)	Aggregate Value Realized ($) (c)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable (d)	Value of Unexercised in-the-Money Options/SARs at FY-End ($) Exercisable/ Unexercisable (e)
CEO				
CFO				
A				
B				
C				

1. Complete this table for each exercise of options (or SARS awarded with the options) and freestanding SARs during the most recently completed financial year by each NEO and the financial year-end value of unexercised options and SARs, on an aggregated basis. Note the following:

— Column c – the aggregate dollar value realized upon exercise. The dollar value is equal to column *b* times the difference between the market value of the securities underlying the options or SARs at exercise or financial year-end, respectively, and the exercise or base price of the options or SARs.

— Column d – the total number of securities underlying unexercised options and SARs held at the end of the most recently completed financial year, separately identifying the exercisable and unexercisable options and SARs.

— Column e – the aggregate dollar value of in-the-money, unexercised options and SARs held at the end of the financial year, separately identifying the exercisable and unexercisable options and SARs. The dollar value is calculated the same way as in column *(c)*. Options or freestanding SARs are in-the-money at financial year-end if the market value of the underlying securities on that date exceeds the exercise or base price of the option or SAR.

Item 5 Option and SAR Repricings

5.1 Table of Option and SAR Repricings

NEO Name (a)	Date of Repricing (b)	Securities Under Options/SARs Repriced or Amended (#) (c)	Market Price of Securities at Time of Repricing or Amendment ($/Security) (d)	Exercise Price at Time of Repricing or Amendment ($/Security) (e)	New Exercise Price ($/Security) (f)	Length of Original Option Term Remaining at Date of Repricing or Amendment (g)
CEO						
CFO						
A						
B						
C						

1. Complete this table if at any time during the most recently completed financial year, your company has repriced downward any options or freestanding SARs held by any NEO.

2. State the following information for all downward repricings of options or SARs held by any NEO during the shorter of

(a) the 10 year period ending on the date of this Form; and

(b) the period during which your company has been a reporting issuer.

3. Information about a replacement grant made during the financial year must be disclosed even if the corresponding original grant was cancelled in a prior year. If the replacement grant is not made at the current market value, describe this fact and the terms of the grant in a footnote to the table.

4. The information must be presented in groups according to issuer and class or series of security underlying options or SARs and within these groups in reverse chronological order.

5. In a narrative immediately before or after this table, explain in reasonable detail the basis for all downward repricings during the most recently completed financial year of options and SARs held by any of the NEOs.

Item 6 Defined Benefit or Actuarial Plan Disclosure

6.1 Pension Plan Table

Remuneration ($)	Years of Service				
	15	20	25	30	35
125,000					
150,000					
175,000					
200,000					
225,000					
250,000					
300,000					
400,000					
[insert additional rows as appropriate for additional increments]					

1. Complete this table for defined benefit or actuarial plans under which benefits are determined primarily by final compensation (or average final compensation) and years of service. The estimated annual benefits payable upon retirement (including amounts attributable to any defined benefit supplementary or excess pension awards plan) for the specified compensation and years of service should be disclosed .

2. Immediately following the table disclose

(a) the compensation covered by the plan(s), including the relationship of the covered compensation to the compensation reported in the table in section 2.1;

(b) the current compensation covered by the plan for any NEO whose total compensation differs substantially (by more than 10 per cent) from that set out in the table in section 2.1;

(c) a statement as to the basis upon which benefits are computed (for example; straight-life annuity amounts), and whether or not the benefits listed in the table are subject to any deduction for social security or other offset amounts such as Canada Pension Plan or Québec Pension Plan amounts; and

(d) the estimated credited years of service for each NEO.

3. Compensation disclosed in the table must allow for reasonable increases in existing compensation levels or, alternately, you may present, as the highest compensation level in the table, an amount equal to 120 per cent of the amount of covered compensation of the most highly compensated of the NEOs.

4. For defined benefit or actuarial plans which are not reported in the table in section 6.1 because the benefits are not determined primarily by final compensation (or average final compensation) or years of service, state in narrative form

(a) the formula by which benefits are determined; and

(b) the estimated annual benefits payable upon retirement at normal retirement age for each of the NEOs.

Item 7 Termination of Employment, Change in Responsibilities and Employment Contracts

7.1 Describe the terms and conditions, including dollar amounts, of each of the following contracts or arrangements which are in existence at the end of the most recently completed financial year:

(a) any employment contract between your company or its subsidiaries and a NEO; and

(b) any compensatory plan, contract or arrangement, where a NEO is entitled to receive more than $100,000 from the issuer or its subsidiaries, including periodic payments or instalments, in the event of

i. the resignation, retirement or any other termination of the NEO's employment with your company and its subsidiaries;

ii. a change of control of your company or any of its subsidiaries; or

iii. a change in the NEO's responsibilities following a change in control.

7.2 A cross reference to disclosure already made of any payments, instalments or contributions to defined benefit pension plans under Items 2 or 6 is permitted.

Item 8 Composition of the Compensation Committee

8.1 If any compensation is reported in Items 2 to 6 for the most recently completed financial year, under the caption "Composition of the Compensation Committee", identify each member of your company's compensation committee (or other board committee performing equivalent functions or in the absence of any such committee, the entire board of directors) during the most recently completed financial year. Also, indicate each committee member who

(a) was, during the most recently completed financial year, an officer or employee of your company or any of its subsidiaries;

(b) was formerly an officer of your company or any of its subsidiaries;

(c) had or has any relationship that requires disclosure by your company under Form 51-102F5 Information Circular, Item 10 "Indebtedness of Directors and Executive Officers" and Item 11 "Interest of Informed Persons in Material Transactions";

(d) was an executive officer of your company and also served as a director or member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another issuer, one of whose executive officers served either

i. on the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of the issuer; or

ii. as a director of the issuer.

8.2 If the composition of the compensation committee changed during the year or before the report in Item 9 "Report on Executive Compensation" is prepared, then disclose the change in membership as well as any of the relationships described in section 8.1, if any.

Item 9 Report on Executive Compensation

9.1 If any compensation is reported in Items 2 to 6 for the most recently completed financial year, describe under the caption "Report on Executive Compensation" the policies of the compensation committee or other board committee performing equivalent functions, or in the absence of any such committee then of the entire board of directors of your company, during the most recently completed financial year, for determining compensation of executive officers. Boilerplate language should be avoided.

9.2 This report should include a discussion of

(a) the relative emphasis of your company on cash compensation, options, SARs, securities purchase programs, shares or units that are subject to restrictions on resale and other incentive plans, and annual versus long-term compensation;

(b) whether the amount and terms of outstanding options, SARs, shares and units subject to restrictions on resale were taken into account when determining whether and how many new option grants would be made;

(c) the specific relationship of your company's performance to executive compensation, and, in particular, describing each measure of your company's performance, whether quantitative or qualitative, on which executive compensation was based and the weight assigned to each measure, e.g. percentage ranges; and

(d) the waiver or adjustment of the relevant performance criteria and the bases for the decision if an award was made to a NEO under a performance-based plan despite failure to meet the relevant performance criteria. For example, you should explain how bonuses are earned and why they were awarded this period, if applicable.

9.3 The report should state the following information about each CEO's compensation:

(a) the bases for the CEO's compensation for the most recently completed financial year, including the factors and criteria upon which the CEO's compensation was based and the relative weight assigned to each factor;

(b) the competitive rates, if compensation of the CEO was based on assessments of competitive rates, with whom the comparison was made, the nature of, and the basis for, selecting the group with which the comparison was made and at what level in the group the compensation was placed. Disclose if different competitive standards were used for different components of the CEO's compensation; and

(c) the relationship of your company's performance to the CEO's compensation for the most recently completed financial year, describing each measure of your company's performance, whether quantitative or qualitative, on which the CEO's compensation was based and the weight assigned to each measure, for example, percentage ranges.

9.4 Name each member of your company's compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors). If the board of directors modified or rejected in any material way any action or recommendation by the committee with respect to decisions in the most recently completed financial year, the report should indicate this fact, explain the reasons for the board's action and include the names of all of the members of the board.

9.5 If a compensation committee member dissents concerning the content of the report, the report must identify the dissenting member and the reasons provided to the committee for the dissent.

9.6 Disclosure of target levels with respect to specific quantitative or qualitative performance-related factors considered by the committee (or board), or any factors or criteria involving confidential information is not required.

9.7 If compensation of executive officers is determined by different board committees, a joint report may be presented indicating the separate committee's responsibilities and members of each committee or alternatively separate reports may be prepared for each committee.

Item 10 Performance Graph

10.1 If any compensation is reported in response to Items 2 to 6 for the most recently completed financial year, immediately after Item 9, provide a line graph called "Performance Graph" comparing

(a) the yearly percentage change in your company's cumulative total shareholder return on each class or series of equity securities that are publicly traded, as measured in accordance with section 10.2, with

(b) the cumulative total return of a broad equity market index assuming reinvestment of dividends, that includes issuers whose securities are traded on the same exchange or are of comparable market capitalization, provided that, if your company is within the S&P/TSX Composite Index, you must use the total return index value of the S&P/TSX Composite Index.

10.2 The yearly percentage change in your company's cumulative total shareholder return on a class or series of securities must be measured by dividing

(a) the sum of

i. the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and

ii. the difference between the price for the securities of the class or series at the end and the beginning of the measurement period, by

(b) the price for the securities of the class or series at the beginning of the measurement period.

At the measurement point, which is the beginning of the measurement period, the closing price must be converted into a fixed investment of $100 in your company's securities (or in the securities represented by a given index), with cumulative returns for each subsequent financial year measured as a change from that investment.

10.3 In preparing the required graphic comparisons,

(a) use, to the extent feasible, comparable methods of presentation and assumptions for the total return calculations, provided that, if your company constructs its own peer group index under section 10.5*(b)*, the same methodology must be used in calculating both your company's total return and that of the peer group index;

(b) assume the reinvestment of dividends into additional securities of the same class or series at the frequency with which dividends are paid on the securities during the applicable financial year; and

(c) each financial year should be plotted with points showing the cumulative total return as of that point. The value of the investment as of each point plotted on a given return line is the number of securities held at that point multiplied by the then-prevailing security price.

10.4 You must present information for your company's last five most recently completed financial years, and may choose to graph a longer period but the $100 measurement point remains the same. A period shorter than five years may be used if the class or series of securities forming the basis for the comparison has been publicly traded for a shorter time period.

10.5 You also may elect to include in the graph a line charting the cumulative total return, assuming reinvestment of dividends, of

(a) a published industry or line-of-business index which is any index that is prepared by a party other than your company or its affiliate and is accessible to your company's securityholders, provided that, you may use an index prepared by your company or its affiliate if such index is widely recognized and used;

(b) peer issuer(s) selected in good faith. If you do not select your company's peer issuers on an industry or line-of-business basis, you must disclose the basis for your selection; or

(c) issuer(s) with similar market capitalization(s), but only if you do not use a published industry or line-of-business index and do not believe you can reasonably identify a peer group. If you use this alternative, the graph must be accompanied by a statement of the reasons for this selection.

10.6 If you use peer issuer comparisons or comparisons with issuers with similar market capitalizations, the identity of those issuers must be disclosed and the returns of each component issuer of the group must be weighted according to the respective issuer's market capitalization at the beginning of each period for which a return is indicated.

10.7 Any election to use an additional index under section 10.5 is considered to apply in respect of all subsequent financial years unless abandoned by your company in accordance with this section. To abandon the index, your company must have, in the information circular or AIF for the financial year immediately preceding the most recently completed financial year

(a) stated its intention to abandon the index;

(b) explained the reason(s) for this change; and

(c) compared your company's total return with that of the elected additional index.

10.8 You may include comparisons using performance measures in addition to total return, such as return on average common shareholders' equity, so long as your company's compensation committee (or other board committee performing equivalent functions or in the absence of any such committee the entire board of directors) describes the link between that measure and the level of executive compensation in the report required by Item 9.

Item 11 Compensation of Directors

11.1 Disclose the following under the "Compensation of Directors" heading:

(a) any standard compensation arrangements, stating amounts, earned by directors of your company for their services as directors from your company and its subsidiaries during the most recently completed financial year, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangements, stating the amounts paid and the name of the director, under which directors were compensated for their services as directors from your company and its subsidiaries during the most recently completed financial year; and

(c) any other arrangements, stating the amounts paid and the name of the director, under which directors of your company were compensated for services as consultants or experts, by your company and its subsidiaries during the most recently completed financial year.

11.2 If information required by section 11.1 is provided in response to another item of this Form, a cross-reference to where the information is provided satisfies section 11.1.

Item 12 Unincorporated Issuers

12.1 Unincorporated issuers must report

(a) a description of and amount of fees or other compensation paid by the issuer to individuals acting as directors or trustees of the issuer for the most recently completed financial year; and

(b) a description of and amount of expenses reimbursed by the issuer to such individuals as directors or trustees during the most recently completed financial year.

12.2 The information required by this Item may be disclosed in the issuer's annual financial statements instead.

Item 13 Venture Issuers

13.1 A venture issuer may omit the disclosure required by Items 5, 6, 8, 9 and 10. A venture issuer must, in a narrative that accompanies the table required in section 4.1, disclose which grants of options or SARs result from repricing and explain in reasonable detail the basis for the repricing.

Item 14 Issuers Reporting in the United States

14.1 Except as provided in section 14.2, SEC issuers may satisfy the requirements of this Form by providing the information required by Item 402 "Executive Compensation" of Regulation S-K under the 1934 Act.

14.2 Section 14.1 is not available to an issuer that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B "Compensation" and 6.E.2 "Share Ownership" of Form 20-F under the 1934 Act.

6836

M.O., 2005-08

Order number V-1.1-2005-08 of the Minister of Finance dated 19 May 2005

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING the Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 9, 11, 19, 19.1 and 34 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Autority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Commission" wherever it appears by "Agency", and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Agency" wherever it appears by "Authority";

WHEREAS the draft Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency was published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 35, No. 2 of January 16, 2004;

WHEREAS on May 9, 2005, by the decision No. 2005-PDG-0114, the Authority made the Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency appended hereto.

Québec, May 19, 2005

MICHEL AUDET,
Minister of Finance

Regulation 52-107 respecting acceptable accounting principles, auditing standards and reporting currency

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (9), (11), (19), (19.1) and (34); 2004, c. 37)

PART 1
DEFINITIONS AND INTERPRETATION

1.1 **Definitions – In this Regulation**:

"accounting principles" mean a body of accounting principles that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, without limitation, Canadian GAAP, U.S. GAAP and International Financial Reporting Standards;

"acquisition statements" means the financial statements of an acquired business or a business to be acquired, or operating statements for an oil and gas property that is an acquired business or a business to be acquired, that are required to be filed under Regulation 51-102 or that are included in a prospectus;

"auditing standards" mean a body of auditing standards that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, without limitation, Canadian GAAS, U.S. GAAS and International Standards on Auditing;

"board of directors" means, in addition to a board of directors, an individual or group of individuals who play a similar role with a company that does not have a board of directors;

"business acquisition report" means a completed Form 51-102F4 Business Acquisition Report under Regulation 51-102 Respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of the same issuer;

"credit support issuer" means an issuer of securities for which a credit supporter has provided a guarantee;

"credit supporter" means a person or company that provides a guarantee for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"designated foreign issuer" means a foreign issuer

(a) that does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15*d* of the 1934 Act,

(b) that is subject to foreign disclosure requirements, and

(c) for which the total number of equity securities owned, directly or indirectly, by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the issuer, calculated in accordance with sections 1.2 and 1.3;

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of another issuer;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 Marketplace Operation adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0409 dated August 28, 2001 and National Instrument 23-101 Trading

Rules adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0411 dated August 28, 2001;

"executive officer" with respect to a person or company means an individual who is

(a) a chair of the person or company,

(b) a vice-chair of the person or company,

(c) the president of the person or company,

(d) a vice-president of the person or company in charge of a principal business unit, division or function including sales, finance or production,

(e) an officer of the person or company or any of its subsidiaries who performed a policy-making function in respect of the person or company, or

(f) an individual who performed a policy-making function in respect of the person or company, excluding the individuals set out in paragraphs *a* to *e*;

"foreign disclosure requirements" means the requirements to which a foreign issuer is subject concerning disclosure made to the public, to securityholders of the issuer, or to a foreign regulatory authority

(a) relating to the foreign issuer and the trading in its securities, and

(b) that is made publicly available in the foreign jurisdiction under

i. the securities laws of the foreign jurisdiction in which the principal trading market of the foreign issuer is located, or

ii. the rules of the marketplace that is the principal trading market of the foreign issuer;

"foreign issuer" means an issuer, other than an investment fund, that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities of the issuer carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada, and

(b) any of the following apply:

i. the majority of the executive officers or directors of the issuer are residents of Canada;

ii. more than 50 per cent of the consolidated assets of the issuer are located in Canada; or

iii. the business of the issuer is administered principally in Canada;

"foreign registrant" means a registrant that is incorporated or organized under the laws of a foreign jurisdiction, except a registrant that satisfies the following conditions:

(a) outstanding voting securities of the registrant carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada; and

(b) any of the following apply:

i. the majority of the executive officers or directors of the registrant are residents of Canada;

ii. more than 50 per cent of the consolidated assets of the registrant are located in Canada; or

iii. the business of the registrant is administered principally in Canada;

"foreign regulatory authority" means a securities commission, exchange or other securities market regulatory authority in a designated foreign jurisdiction;

"inter-dealer bond broker" means a person or company that is approved by the Investment Dealers Association under IDA By-Law No. 36 Inter-Dealer Bond Brokerage Systems, as amended, and is subject to IDA By-Law No. 36 and IDA Regulation 2100 Inter-Dealer Bond Brokerage Systems, as amended;

"investment fund" means an investment fund within the meaning of Regulation 51-102 respecting Continuous Disclosure Obligations;

"issuer's GAAP" means the accounting principles used to prepare an issuer's financial statements, as permitted by this Regulation;

"marketplace" means

(a) an exchange,

(b) a quotation and trade reporting system,

(c) any other person or company that

i. constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,

ii. brings together the orders for securities of multiple buyers and sellers, and

iii. uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"principal trading market" means the published market on which the largest trading volume in the equity securities of the issuer occurred during the issuer's most recently completed financial year that ended before the date the determination is being made;

"public enterprise" means a public enterprise determined with reference to the Handbook;

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses, regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means, the prices at which those securities have traded;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange, and

(b) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body, or a legal person, a partnership or any other entity authorized by the securities regulatory authority to carry on securities trading in accordance with securities legislation;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction of Canada other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system, and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"SEC issuer" means an issuer that

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15*d* of the 1934 Act, and

(b) is not registered or required to be registered as an investment company under the Investment Company Act of 1940 of the United States of America, as amended;

"SEC foreign issuer" means a foreign issuer that is also an SEC issuer;

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security;

"U.S. GAAP" means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X and Regulation S-B under the 1934 Act; and

"U.S. GAAS" means generally accepted auditing standards in the United States of America, as supplemented by the SEC's rules on auditor independence.

1.2 **Securities Owned by Canadian Shareholders**

(1) For the purposes of paragraph *c* of the definition of "designated foreign issuer" and paragraph 5.1*c*, a reference to equity securities owned, directly or indirectly, by residents of Canada, includes

(a) the underlying securities that are equity securities of the foreign issuer; and

(b) the equity securities of the foreign issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign issuer.

(2) For the purposes of paragraph *a* of the definition of "foreign issuer", securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign issuer must be included as outstanding in determining both the number of votes attached to securities owned, directly or indirectly, by residents of Canada and the number of votes attached to all of the issuer's outstanding voting securities.

1.3 **Status of Designated Foreign Issuer, Foreign Issuer and Foreign Registrant**

For the purposes of paragraph *c* of the definition of "designated foreign issuer", paragraph *a* of the definition of "foreign issuer" and paragraph *a* of the definition of "foreign registrant", the calculation is made

(a) if the issuer has not completed one financial year, on the earlier of

i. the date that is 90 days before the date of its prospectus, and

ii. the date that it became a reporting issuer; and

(b) for all other issuers and for registrants, on the first day of the most recent financial year or year-to-date interim period for which operating results are presented in the financial statements filed or included in the issuer's prospectus.

1.4 **Interpretation**

(1) For the purposes of this Regulation, a reference to "prospectus" includes a preliminary prospectus, a prospectus, an amendment to a preliminary prospectus and an amendment to a prospectus.

(2) For the purposes of this Regulation, a reference to information being "included in" another document means information reproduced in the document or incorporated into the document by reference.

PART 2
APPLICATION

2.1 **Application**

(1) This Regulation does not apply to investment funds.

(2) This Regulation applies to

(a) all annual and interim financial statements delivered by registrants to the securities regulatory authority,

(b) all annual, interim and pro forma financial statements filed, or included in a document that is filed, under Regulation 51-102 respecting Continuous Disclosure Obligations or Regulation 71-102 respecting Continuous Disclosure and Other Exemptions relating to Foreign Issuers approved by Ministerial Order 2005-07 dated 19 May 2005,

(c) all annual, interim and pro forma financial statements included in a prospectus or a take-overbid circular filed, or included in a document that is filed,

(d) any operating statements for an oil and gas property that is an acquired business or a business to be acquired, that are filed under Regulation 51-102 or that are included in a prospectus or a take-over bid circular filed, or included in a document that is filed,

(e) any other annual, interim or pro forma financial statement filed by a reporting issuer, and

(f) financial information that is filed under Regulation 51-102 or that is included in a prospectus or a take-over bid circular filed, or included in a document that is filed, that is

i. derived from a credit support issuer's consolidated financial statements, or

ii. summarized financial information as to the assets, liabilities and results of operations of a business relating to an acquisition that is, or will be, an investment accounted for by the issuer using the equity method.

PART 3
GENERAL RULES

3.1 **Acceptable Accounting Principles**

(1) Financial statements, other than acquisition statements, must be prepared in accordance with Canadian GAAP as applicable to public enterprises.

(2) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(3) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

3.2 **Acceptable Auditing Standards**

Financial statements, other than acquisition statements, that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(a) does not contain a reservation;

(b) identifies all financial periods presented for which the auditor has issued an auditor's report;

(c) refers to the former auditor's reports on the comparative periods, if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a different auditor; and

(d) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

3.3 **Acceptable Auditors**

An auditor's report filed by an issuer or registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.4 **Measurement and Reporting Currencies**

(1) The reporting currency must be disclosed on the face page of the financial statements or in the notes to the financial statements unless the financial statements are prepared in accordance with Canadian GAAP and the reporting currency is the Canadian dollar.

(2) The notes to the financial statements must disclose the measurement currency if it is different than the reporting currency.

3.5 **Financial Information Derived from a Credit Support Issuer's Consolidated Financial Statements**

If a credit support issuer files, or includes in a prospectus, financial information derived from the credit support issuer's consolidated financial statements,

(a) the credit support issuer's consolidated financial statements must be prepared in accordance with Canadian GAAP as applicable to public enterprises for all periods presented in the financial statements and in the case of annual audited consolidated financial statements,

i. be audited in accordance with Canadian GAAS and

ii. be accompanied by an auditor's report that

(A) does not contain a reservation, and

(B) is prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction;

(b) the financial information must disclose that the credit support issuer's consolidated financial statements from which the financial information is derived were prepared in accordance with Canadian GAAP as applicable to public enterprises; and

(c) the financial information must disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency.

PART 4
EXEMPTIONS FOR SEC ISSUERS

4.1 **Acceptable Accounting Principles for SEC Issuers**

(1) Despite subsections 3.1(1) and 3.1(2), financial statements filed by an SEC issuer, other than acquisition statements, may be prepared in accordance with U.S. GAAP provided that, if the SEC issuer previously filed or included in a prospectus financial statements prepared in accordance with Canadian GAAP, the SEC issuer complies with the following:

(a) the notes to the first two sets of the issuer's annual financial statements after the change from Canadian GAAP to U.S. GAAP and the notes to the issuer's interim financial statements for interim periods during those two years

i. explain the material differences between Canadian GAAP as applicable to public enterprises and U.S. GAAP that relate to recognition, measurement and presentation;

ii. quantify the effect of material differences between Canadian GAAP as applicable to public enterprises and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with Canadian GAAP as applicable to public enterprises; and

iii. provide disclosure consistent with disclosure requirements of Canadian GAAP as applicable to public enterprises to the extent not already reflected in the financial statements;

(b) financial information for any comparative periods that were previously reported in accordance with Canadian GAAP are presented as follows:

i. as previously reported in accordance with Canadian GAAP;

ii. as restated and presented in accordance with U.S. GAAP; and

iii. supported by an accompanying note that

(A) explains the material differences between Canadian GAAP and U.S. GAAP that relate to recognition, measurement and presentation; and

(B) quantifies the effect of material differences between Canadian GAAP and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income as previously reported in the financial statements in accordance with Canadian GAAP and net income as restated and presented in accordance with U.S. GAAP; and

(c) if the SEC issuer has filed financial statements prepared in accordance with Canadian GAAP for one or more interim periods of the current year, those interim financial statements are restated in accordance with U.S. GAAP and comply with paragraphs *a* and *b*.

(2) The comparative information specified in subparagraph 4.1(1)*b*i. may be presented on the face of the balance sheet and statements of income and cash flow or in the note to the financial statements required by subparagraph 4.1(1)*b*iii..

4.2 **Acceptable Auditing Standards for SEC Issuers**

Despite section 3.2, financial statements filed by an SEC issuer, other than acquisition statements, that are required by securities legislation to be audited may be audited in accordance with US GAAS if the financial statements are accompanied by an auditor's report prepared in accordance with U.S. GAAS that

(a) contains an unqualified opinion;

(b) identifies all financial periods presented for which the auditor has issued an auditor's report;

(c) refers to the former auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a different auditor; and

(d) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

PART 5
EXEMPTIONS FOR FOREIGN ISSUERS

5.1 **Acceptable Accounting Principles for Foreign Issuers**

Despite subsection 3.1(1), financial statements filed by a foreign issuer, other than acquisition statements, may be prepared in accordance with

(a) U.S. GAAP, if the issuer is an SEC foreign issuer;

(b) International Financial Reporting Standards;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

i. the issuer is an SEC foreign issuer;

ii. on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the issuer; and

iii. the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer; or

(e) accounting principles that cover substantially the same core subject matter as Canadian GAAP, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements

i. explain the material differences between Canadian GAAP applicable to public enterprises and the accounting principles used that relate to recognition, measurement and presentation;

ii. quantify the effect of material differences between Canadian GAAP applicable to public enterprises and the accounting principles used that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the issuer's financial statements and net income computed in accordance with Canadian GAAP applicable to public enterprises; and

iii. provide disclosure consistent with Canadian GAAP applicable to public enterprises requirements to the extent not already reflected in the financial statements.

5.2 **Acceptable Auditing Standards for Foreign Issuers**

Despite section 3.2, financial statements filed by a foreign issuer, other than acquisition statements, that are required by securities legislation to be audited may be audited in accordance with

(a) U.S. GAAS if the auditor's report contains an unqualified opinion;

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

i. describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

ii. indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer,

if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

PART 6
ACQUISITION STATEMENTS

6.1 **Acceptable Accounting Principles for Acquisition Statements**

(1) Acquisition statements included in a business acquisition report or included in a prospectus must be prepared in accordance with any of the following accounting principles:

(a) Canadian GAAP applicable to public enterprises;

(b) U.S. GAAP;

(c) International Financial Reporting Standards;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

i. the issuer or the acquired business is an SEC foreign issuer;

ii. on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and

iii. the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business is subject, if the issuer or the acquired business is a designated foreign issuer; or

(f) accounting principles that cover substantially the same core subject matter as Canadian GAAP, including recognition and measurement principles and disclosure requirements.

(2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(3) The notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are prepared using accounting principles that are different from the issuer's GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must

(a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;

(b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with the issuer's GAAP; and

(c) provide disclosure consistent with the issuer's GAAP to the extent not already reflected in the acquisition statements.

(5) Despite subsections (1) and (4), if the issuer is required to reconcile its financial statements to Canadian GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be

(a) prepared in accordance with Canadian GAAP applicable to public enterprises; or

(b) reconciled to Canadian GAAP applicable to public enterprises and the notes to the acquisition statements must

i. explain the material differences between Canadian GAAP applicable to public enterprises and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;

ii. quantify the effect of material differences between Canadian GAAP applicable to public enterprises and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with Canadian GAAP applicable to public enterprises; and

iii. provide disclosure consistent with disclosure requirements of Canadian GAAP applicable to public enterprises to the extent not already reflected in the acquisition statements.

6.2 **Acceptable Auditing Standards for Acquisition Statements**

(1) Acquisition statements that are required by securities legislation to be audited must be audited in accordance with

(a) Canadian GAAS; or

(b) U.S. GAAS.

(2) Despite subsection (1), acquisition statements filed by or included in a prospectus of a foreign issuer may be audited in accordance with

(a) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

i. describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

ii. indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(b) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(3) Acquisition statements must be accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the acquisition statements and the auditor's report must identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

(4) If acquisition statements are audited in accordance with paragraph (1)*a*, the auditor's report must not contain a reservation.

(5) If acquisition statements are audited in accordance with paragraph (1)*b*, the auditor's report must contain an unqualified opinion.

(6) Despite paragraph (2)*a* and subsections (4) and (5) an auditor's report that accompanies acquisition statements may contain a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a balance sheet for the business that is for a date that is subsequent to the date to which the qualification relates; and

(b) the balance sheet referred to in paragraph *a* is accompanied by an auditor's report that does not contain a qualification of opinion relating to closing inventory.

6.3 **Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method**

(1) If an issuer files, or includes in a prospectus, summarized financial information as to the assets, liabilities and results of operations of a business relating to an acquisition that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in section 6.1 if the term "acquisition statements" in that section is read as "summarized financial information as to the assets, liabilities and results of operations of a business relating to an acquisition that is, or will be, an investment accounted for by the issuer using the equity method," and

(b) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency.

(2) If the financial information referred to in subsection (1) is for any completed financial year, the financial information must

(a) either

i. meet the requirements in section 6.2 if the term "acquisition statements" in that section is read as "summarized financial information as to the assets, liabilities and results of operations of a business relating to an acquisition that is; or will be, an investment accounted for by the issuer using the equity method," or

ii. be derived from financial statements that meet the requirements in section 6.2 if the term "acquisition statements" in that section is read as "financial statements from which is derived summarized financial information as to the assets, liabilities and results of operations of a business relating to an acquisition that is, or will be, an investment accounted for by the issuer using the equity method"; and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

PART 7
PRO FORMA FINANCIAL STATEMENTS

7.1 **Acceptable Accounting Principles for Pro Forma Financial Statements**

(1) Pro forma financial statements must be prepared in accordance with the issuer's GAAP.

(2) Despite subsection (1), if an issuer's financial statements have been reconciled to Canadian GAAP under subsection 4.1(1) or paragraph 5.1*e*, the issuer's pro forma financial statements must be prepared in accordance with, or reconciled to, Canadian GAAP applicable to public enterprises.

(3) Despite subsection (1), if an issuer's financial statements have been prepared in accordance with the accounting principles referred to in paragraph 5.1*c* and those financial statements are reconciled to U.S. GAAP, the pro forma financial statements may be prepared in accordance with, or reconciled to, U.S. GAAP.

PART 8
EXEMPTIONS FOR FOREIGN REGISTRANTS

8.1 **Acceptable Accounting Principles for Foreign Registrants**

Despite subsection 3.1(1), financial statements delivered by a foreign registrant may be prepared in accordance with

(a) U.S. GAAP;

(b) International Financial Reporting Standards;

(c) accounting principles that meet the disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction; or

(d) accounting principles that cover substantially the same core subject matter as Canadian GAAP, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements

i. explain the material differences between Canadian GAAP as applicable to public enterprises and the accounting principles used that relate to recognition, measurement and presentation;

ii. quantify the effect of material differences between Canadian GAAP as applicable to public enterprises and the accounting principles used that relate to recognition, measurement, and presentation; and

iii. provide disclosure consistent with disclosure requirements of Canadian GAAP as applicable to public enterprises to the extent not already reflected in the financial statements.

8.2 **Acceptable Auditing Standards for Foreign Registrants**

Despite section 3.2, financial statements delivered by a foreign registrant that are required by securities legislation to be audited may be audited in accordance with

(a) U.S. GAAS if the auditor's report contains an unqualified opinion;

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

i. describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

ii. indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction,

if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

PART 9
EXEMPTIONS

9.1 **Exemptions from this Regulation**

(1) The securities regulatory authority may grant an exemption from this Regulation, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) In Québec, this exemption is granted under section 263 of the Securities Act (R.S.Q., C. V-1.1).

9.2 **Certain Exemptions Evidenced by Receipt**

(1) Subject to subsections (2) and (3), without limiting the manner in which an exemption may be evidenced, an exemption from this Regulation as it pertains to financial statements or auditor's reports included in a prospectus, may be evidenced by the issuance of a receipt for the prospectus or an amendment to the prospectus.

(2) A person or company must not rely on a receipt as evidence of an exemption unless the person or company

(a) sent to the securities regulatory authority, on or before the date the preliminary prospectus or the amendment to the preliminary prospectus or prospectus was filed, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption; or

(b) sent to the securities regulatory authority the letter or memorandum referred to in paragraph *a* after the date of the preliminary prospectus or the amendment to the preliminary prospectus or prospectus has been filed and receives a written acknowledgement from the securities regulatory authority that issuance of the receipt is evidence that the exemption is granted.

(3) A person or company must not rely on a receipt as evidence of an exemption if the securities regulatory authority has before, or concurrently with, the issuance of the receipt for the prospectus, sent notice to the person or company that the issuance of a receipt does not evidence the granting of the exemption.

(4) For the purpose of this section, a reference to a prospectus does not include a preliminary prospectus.

PART 10
EFFECTIVE DATE

10.1 **Effective Date**

This Regulation comes into force on June 1, 2005.

6837

M.O., 2005-07

Order number V-1.1-2005-07 of the Minister of Finance dated 19 May 2005

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING the Regulation 71-102 respecting continuous disclosure and other exemptions relating to foreign issuers

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 3, 11, 20 and 34 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Commission" wherever it appears by "Agency", and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Agency" wherever it appears by "Authority";

WHEREAS the draft Regulation 71-102 respecting continuous disclosure and other exemptions relating to foreign issuers was published in the Supplement to the weekly Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 50 of December 19, 2003;

WHEREAS on May 9, 2005, by the decision No. 2005-PDG-0115, the Authority made the Regulation 71-102 respecting continuous disclosure and other exemptions relating to foreign issuers;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the Regulation 71-102 respecting continuous disclosure and other exemptions relating to foreign issuers appended hereto.

May 19, 2005

MICHEL AUDET,
Minister of Finance

Regulation 71-102 respecting continuous disclosure and other exemptions relating to foreign issuers

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. 3, 11, 20 and 34; 2004, c. 37)

PART 1
DEFINITIONS AND INTERPRETATION

1.1 **Definitions and Interpretation**

In this Regulation:

"AIF" means a completed Form 51-102F2 Annual Information Form under Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 2005 or, in the case of an SEC foreign issuer, a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB, or Form 20-F;

"board of directors" means, for a person or company that does not have a board of directors, an individual or group that acts in a capacity similar to a board of directors;

"business acquisition report" means a completed Form 51-102F4 Business Acquisition Report;

"class" includes a series of a class;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of the same issuer;

"designated foreign issuer" means a foreign reporting issuer

(a) that does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act;

(b) that is subject to foreign disclosure requirements; and

(c) for which the total number of equity securities owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, on a fully-diluted basis, of the total number of equity securities of the issuer, calculated in accordance with sections 1.2 and 1.3;

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of another issuer;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 Marketplace Operation adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0409 dated August 28, 2001 and National Instrument 23-101 Trading Rules adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0411 dated August 28, 2001;

"executive officer" of a reporting issuer means an individual who is

(a) a chair of the reporting issuer;

(b) a vice-chair of the reporting issuer;

(c) the president of the reporting issuer;

(d) a vice-president of the reporting issuer in charge of a principal business unit, division or function including sales, finance or production;

(e) an officer of the reporting issuer or any of its subsidiaries who performed a policy-making function in respect of the reporting issuer; or

(f) an individual who performed a policy-making function in respect of the reporting issuer, excluding the individuals set out in paragraphs *a* to *e*;

"foreign disclosure requirements" means the requirements to which a foreign reporting issuer is subject concerning the disclosure made to the public, to securityholders of the issuer or to a foreign regulatory authority

(a) relating to the foreign reporting issuer and the trading in its securities; and

(b) that is made publicly available in the foreign jurisdiction under

i. the securities laws of the foreign jurisdiction in which the principal trading market of the foreign reporting issuer is located; or

ii. the rules of the marketplace that is the principal trading market of the foreign reporting issuer;

"foreign regulatory authority" means a securities commission, exchange or other securities market regulatory authority in a designated foreign jurisdiction;

"foreign reporting issuer" means a reporting issuer, other than an investment fund, that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada; and

(b) any one or more of the following is true:

i. the majority of the executive officers or directors of the issuer are residents of Canada;

ii. more than 50 per cent of the consolidated assets of the issuer are located in Canada; or

iii. the business of the issuer is administered principally in Canada;

"inter-dealer bond broker" means a person or company that is approved by the Investment Dealers Association under its By-Law No. 36 Inter-Dealer Bond Brokerage Systems, as amended, and is subject to its By-Law No. 36 and its Regulation 2100 Inter-Dealer Bond Brokerage Systems, as amended;

"interim period" means,

(a) in the case of a year other than a transition year, a period commencing on the first day of the financial year and ending nine, six or three months before the end of the financial year, or

(b) in the case of a transition year, a period commencing on the first day of the transition year and ending

i. three, six, nine or twelve months, if applicable, after the end of the old financial year; or

ii. twelve, nine, six or three months, if applicable, before the end of the transition year;

"investment fund" means an investment fund as defined in Regulation 51-102;

"marketplace" means

(a) an exchange;

(b) a quotation and trade reporting system;

(c) any other person or company that

i. constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities;

ii. brings together the orders for securities of multiple buyers and sellers; and

iii. uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade; or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"MD&A" means a completed Form 51-102F1 Management's Discussion & Analysis or, in the case of an SEC foreign issuer, a completed Form 51-102F1 or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K or Item 303 of Regulation S-B under the 1934 Act;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"Nasdaq" means Nasdaq National Market and Nasdaq SmallCap Market;

"old financial year" means the financial year of a reporting issuer that immediately precedes its transition year;

"principal trading market" means the published market on which the largest trading volume in the equity securities of the issuer occurred during the issuer's most recent financial year that ended before the date the determination is being made;

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means the prices at which those securities have traded;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange; and

(b) in every other jurisdiction, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body, or a legal person, a partnership or any other entity authorized by the securities regulatory authority to carry on securities trading in accordance with securities legislation;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system; and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"SEC foreign issuer" means a foreign reporting issuer that

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act; and

(b) is not registered or required to be registered as an investment company under the Investment Company Act of 1940 of the United States of America, as amended;

"SEDI issuer" has the meaning ascribed to that term in National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2003-C-0069 dated March 3, 2003;

"transition year" means the financial year of reporting issuer in which the issuer changes its financial year-end;

"TSX" means the Toronto Stock Exchange;

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security;

"U.S. market" means an exchange in the United States of America or Nasdaq; and

"U.S. market requirements" means the requirements of the U.S. market on which the reporting issuer's securities are listed or quoted.

1.2 **Securities Owned by Canadian Shareholders**

(1) For the purposes of section 4.14 and paragraph *c* of the definition of "designated foreign issuer", a reference to equity securities owned, directly or indirectly, by residents of Canada, includes

(a) the underlying securities that are equity securities of the foreign reporting issuer; and

(b) the equity securities of the foreign reporting issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign reporting issuer.

(2) For the purposes of paragraph *a* of the definition of "foreign reporting issuer", securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign reporting issuer must be included as outstanding in determining both the number of votes attached to securities owned, directly or indirectly, by residents of Canada and the number of votes attached to all of the issuer's outstanding voting securities.

1.3 **Status of Designated Foreign Issuer and Foreign Reporting Issuer**

For the purposes of paragraph *c* of the definition of "designated foreign issuer", paragraph *a* of the definition of "foreign reporting issuer" and section 4.14, the calculation is made,

(a) if the issuer has not completed a financial year since becoming a reporting issuer, at the date that the issuer became a reporting issuer; and

(b) for all other issuers,

i. for the purpose of financial statement and MD&A filings under this Regulation , on the first day of the most recent financial year or year-to-date interim period for which operating results are presented in the financial statements or MD&A; and

ii. for the purpose of other continuous disclosure filing obligations under this Regulation , on the first day of the issuer's current financial year.

PART 2
LANGUAGE OF DOCUMENTS

2.1 **French or English**

(1) A person or company must file a document required to be filed under this Regulation in either French or English.

(2) Notwithstanding subsection (1), if a person or company files a document only in French or only in English but delivers to securityholders of an issuer a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to securityholders.

(3) In Québec, a reporting issuer must comply with linguistic obligations and rights prescribed by Québec law.

2.2 **Filings Prepared in a Language other than French or English**

(1) If a person or company files a document that is required to be filed under this Regulation that is a translation of a document prepared in a language other than French or English, the person or company must file the document upon which the translation was based.

(2) A foreign reporting issuer filing a document upon which the translation was based under subsection (1) must attach to the document a certificate as to the accuracy of the translation.

PART 3
FILING AND SENDING OF DOCUMENTS

3.1 **Timing of Filing of Documents**

A person or company filing a document under this Regulation must file the document at the same time as, or as soon as practicable after, the filing or furnishing of the document to the SEC or to a foreign regulatory authority.

3.2 **Sending of Documents to Canadian Securityholders**

If a person or company sends a document to holders of securities of any class under U.S. federal securities law, or the laws or requirements of a designated foreign jurisdiction, and that document is required to be filed

under this Regulation , then the document must be sent in the same manner and at the same time, or as soon as practicable after, to holders of securities of that class in the local jurisdiction.

PART 4
SEC FOREIGN ISSUERS

4.1 **Amendments and Supplements**

Any amendments or supplements to disclosure documents filed by an SEC foreign issuer under this Regulation must also be filed.

4.2 **Material Change Reporting**

An SEC foreign issuer is exempt from securities legislation requirements relating to disclosure of material changes if the issuer

(a) complies with the U.S. market requirements for making public disclosure of material information on a timely basis;

(b) complies with foreign disclosure requirements for making public disclosure of material information on a timely basis, if securities of the issuer are not listed or quoted on a U.S. market;

(c) promptly files each news release issued by it for the purpose of complying with the requirements referred to in paragraph *a* or *b*;

(d) complies with the requirements of U.S. federal securities law for filing or furnishing current reports to the SEC; and

(e) files the current reports filed with or furnished to the SEC.

4.3 **Financial Statements**

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of its interim financial statements, and annual financial statements and auditor's reports on annual financial statements if it

(a) complies with the requirements of U.S. federal securities law relating to interim financial statements, annual financial statements and auditor's reports on annual financial statements;

(b) complies with the U.S. market requirements relating to interim financial statements and annual financial statements, if securities of the issuer are listed or quoted on a U.S. market;

(c) files the interim financial statements, annual financial statements and auditor's reports on annual financial statements filed with or furnished to the SEC or a U.S. market;

(d) complies with section 3.2 of this Regulation; and

(e) complies with Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency approved by Ministerial Order 2005-08 dated 19 May 2005 as it relates to financial statements of the issuer that are included in any documents specified in paragraph *c*.

4.4 **AIFs and MD&A**

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of AIFs and MD&A if it

(a) complies with the requirements of U.S. federal securities law relating to annual reports, quarterly reports, current reports and management's discussion and analysis;

(b) files each annual report, quarterly report, current report and management's discussion and analysis filed with or furnished to the SEC;

(c) complies with section 3.2 of this Regulation; and

(d) complies with Regulation 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph *b*.

4.5 **Business Acquisition Reports**

An SEC foreign issuer satisfies securities legislation requirements relating to the preparation and filing of business acquisition reports if it

(a) complies with the requirements of U.S. federal securities law relating to business acquisition reports;

(b) files each business acquisition report filed with or furnished to the SEC;

(c) complies with section 3.2 of this Regulation; and

(d) complies with Regulation 52-107 as it relates to financial statements that are included in any documents specified in paragraph *b*.

4.6 **Proxies and Proxy Solicitation by the Issuer and Information Circulars**

An SEC foreign issuer satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation if it

(a) complies with the requirements of U.S. federal securities law relating to proxy statements, proxies and proxy solicitation;

(b) files all material relating to a meeting of securityholders that is filed with or furnished to the SEC;

(c) sends each document filed under paragraph *b* to securityholders in the local jurisdiction in the manner and at the time required by U.S. federal securities laws and U.S. market requirements; and

(d) complies with Regulation 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph *b*.

4.7 **Form of Proxy, Proxy Solicitation and Information Circular Sent by Another Person or Company**

(1) A person or company, other than the SEC foreign issuer, satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation with respect to an SEC foreign issuer if the person or company complies with the requirements of subsection 4.6.

(2) If a proxy solicitation is made with respect to an SEC foreign issuer by a person or company other than the SEC foreign issuer and the person or company soliciting proxies lacks access to the relevant list of securityholders of the SEC foreign issuer, the exemption in subsection (1) is not available, if

(a) the aggregate published trading volume of the class on the TSX and the TSX Venture Exchange exceeded the aggregate published trading volume of the class on all U.S. markets

(b) for the 12 calendar month period before commencement of the proxy solicitation, if there is no other proxy solicitation for securities of the same class in progress, or

i. for the 12 calendar month period before commencement of the first proxy solicitation, if another proxy solicitation for securities of the same class is already in progress;

ii. the information disclosed by the SEC foreign issuer in its most recent Form 10-K, Form 10-KSB or Form 20-F filed with the SEC under the 1934 Act demonstrated that paragraph *a* of the definition of "foreign reporting issuer" applied to the SEC foreign issuer; or

(c) the person or company soliciting proxies reasonably believes that paragraph *a* of the definition of "foreign reporting issuer" applies to the SEC foreign issuer.

4.8 **Disclosure of Voting Results**

An SEC foreign issuer is exempt from securities legislation requirements relating to disclosure of securityholder voting results if the issuer

(a) complies with the requirements of U.S. federal securities law relating to disclosure of securityholder voting results; and

(b) files a copy of all disclosure of securityholder voting results filed with or furnished to the SEC.

4.9 **Filing of Certain News Releases**

An SEC foreign issuer is exempt from securities legislation requirements relating to the filing of news releases that disclose information regarding its results of operations or financial condition if the issuer

(a) complies with the requirements of U.S. federal securities laws relating to the filing of news releases disclosing financial information; and

(b) files a copy of each news release disclosing financial information that is filed with or furnished to the SEC.

4.10 **Filing of Certain Documents**

An SEC foreign issuer is exempt from securities legislation requirements relating to the filing of documents affecting the rights of securityholders and the filing of material contracts.

4.11 **Early Warning**

A person or company is exempt from the early warning requirements and acquisition announcement provisions of securities legislation in respect of securities of an SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act if the person or company

(a) complies with the requirements of U.S. federal securities law relating to the reporting of beneficial ownership of equity securities of the SEC foreign issuer; and

(b) files each report of beneficial ownership that is filed with or furnished to the SEC.

4.12 **Insider Reporting**

The insider reporting requirement does not apply to an insider of an SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act if

(a) the SEC foreign issuer is not a SEDI issuer; and

(b) the insider complies with the requirements of U.S. federal securities law relating to insider reporting.

4.13 **Communication with Beneficial Owners of Securities**

An SEC foreign issuer that has a class of securities registered under section 12 of the 1934 Act satisfies securities legislation requirements relating to communications with, delivery of materials to and conferring voting rights upon non-registered holders of its securities who hold their interests in the securities through one or more intermediaries if the issuer

(a) complies with the requirements of Rule 14a-13 under the 1934 Act for any depositary and any intermediary whose last address as shown on the books of the issuer is in Canada; and

(b) complies with the requirements of Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2301-C-0082 dated March 3, 2003 with respect to fees payable to intermediaries, for any depositary and any intermediary whose last address as shown on the books of the issuer is in Canada.

4.14 **Going Private Transactions and Related Party Transactions**

Securities legislation requirements relating to going private transactions and related party transactions, as those terms are used in securities legislation of the local jurisdiction, do not apply to an SEC foreign issuer carrying out a going private transaction or related party transaction if the total number of equity securities of the SEC foreign issuer owned, directly or indirectly, by residents of Canada, does not exceed 20 per cent, on a diluted basis, of the total number of equity securities of the SEC foreign issuer.

4.15 **Change of Auditor**

An SEC foreign issuer satisfies securities legislation requirements relating to a change of auditor if the issuer

(a) complies with the requirements of U.S. federal securities laws relating to a change of auditor; and

(b) files a copy of all materials relating to a change of auditor that are filed with or furnished to the SEC.

4.16 **Restricted Securities**

(1) Securities legislation continuous disclosure requirements relating to restricted securities do not apply in respect of SEC foreign issuers.

(2) Securities legislation minority approval requirements relating to restricted securities do not apply in respect of SEC foreign issuers.

PART 5
DESIGNATED FOREIGN ISSUERS

5.1 **Amendments and Supplements**

Any amendments or supplements to disclosure documents filed by a designated foreign issuer under this Regulation must also be filed.

5.2 **Mandatory Annual Disclosure by Designated Foreign Issuer**

To rely on this Part, a designated foreign issuer must, at least once a year, disclose in, or as an appendix to, a document that it is required by foreign disclosure requirements to send to its securityholders and that it sends to its securityholders in Canada

(a) that it is a designated foreign issuer as defined in this Regulation;

(b) that it is subject to the foreign regulatory requirements of a foreign regulatory authority; and

(c) the name of the foreign regulatory authority referred to in paragraph *b*.

5.3 **Material Change Reporting**

A designated foreign issuer is exempt from securities legislation requirements relating to disclosure of material changes if the issuer

(a) complies with foreign disclosure requirements for making public disclosure of material information on a timely basis;

(b) promptly files each news release issued by it for the purpose of complying with the requirements referred to in paragraph a; and

(c) files the documents disclosing the material information filed with or furnished to the foreign regulatory authority or disseminated to the public or securityholders of the issuer.

5.4 **Financial Statements**

A designated foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of its interim financial statements, annual financial statements and auditor's reports on annual financial statements if it

(a) complies with the foreign disclosure requirements relating to interim financial statements, annual financial statements and auditor's reports on annual financial statements;

(b) files the interim financial statements, annual financial statements and auditor's reports on annual financial statements required to be filed with or furnished to the foreign regulatory authority;

(c) complies with section 3.2 of this Regulation; and

(d) complies with Regulation 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph *b*.

5.5 **AIFs & MD&A**

A designated foreign issuer satisfies securities legislation requirements relating to the preparation, approval, filing and delivery of AIFs and MD&A if it

(a) complies with the foreign disclosure requirements relating to annual reports, quarterly reports and management's discussion and analysis;

(b) files each annual report, quarterly report and management's discussion and analysis required to be filed with or furnished to the foreign regulatory authority;

(c) complies with section 3.2 of this Regulation; and

(d) complies with Regulation 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph *b*.

5.6 **Business Acquisition Reports**

A designated foreign issuer satisfies securities legislation requirements relating to the preparation and filing of business acquisition reports if it

(a) complies with the foreign disclosure requirements relating to business acquisitions;

(b) files each report in respect of a business acquisition required to be filed with or furnished to the foreign regulatory authority;

(c) complies with section 3.2 of this Regulation; and

(d) complies with Regulation 52-107 as it relates to financial statements that are included in any documents specified in paragraph *b*.

5.7 **Form of Proxy, Proxy Solicitation and Information Circular Sent by the Issuer**

A designated foreign issuer satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation if it

(a) complies with the foreign disclosure requirements relating to proxy statements, proxies and proxy solicitation;

(b) files all material relating to a meeting of securityholders that is filed with or furnished to the foreign regulatory authority;

(c) complies with section 3.2 of this Regulation; and

(d) complies with Regulation 52-107 as it relates to financial statements of the issuer that are included in any documents specified in paragraph *b*.

5.8 **Proxy Solicitation by Another Person or Company**

(1) A person or company, other than the designated foreign issuer, satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation with respect to a designated foreign issuer if the person or company satisfies the requirements of section 5.7.

(2) If a proxy solicitation is made with respect to a designated foreign issuer by a person or company other than the designated foreign issuer and the person or company soliciting proxies lacks access to the relevant list of securityholders of the designated foreign issuer, the exemption in subsection (1) is not available, if

(a) the aggregate published trading volume of the class on the TSX and the TSX Venture Exchange exceeded the aggregate trading volume on securities marketplaces outside Canada

i. for the 12 calendar months before commencement of the proxy solicitation, if there is no other proxy solicitation for securities of the same class in progress, or

ii. for the 12 calendar month period before the commencement of the first proxy solicitation, if another proxy solicitation for securities of the same class is already in progress;

(b) the information disclosed by the designated foreign issuer in a document filed within the previous 12 months with a foreign regulatory authority, demonstrated that paragraph *a* of the definition of "foreign reporting issuer" applied to the designated foreign issuer; or

(c) the person or company soliciting proxies reasonably believes that paragraph *a* of the definition of "foreign reporting issuer" applies to the designated foreign issuer.

5.9 **Disclosure of Voting Results**

A designated foreign issuer is exempt from securities legislation requirements relating to disclosure of securityholder voting results if the issuer

(a) complies with the foreign disclosure requirements relating to disclosure of securityholder voting results; and

(b) files each report disclosing securityholder voting results that is filed with or furnished to a foreign regulatory authority.

5.10 **Filing of Certain News Releases**

A designated foreign issuer is exempt from securities legislation requirements relating to the filing of news releases that disclose information regarding its results of operations or financial condition if the issuer

(a) complies with the foreign disclosure requirements relating to the filing of news releases disclosing financial information; and

(b) files a copy of each news release disclosing financial information that is filed with or furnished to a foreign regulatory authority.

5.11 **Filing of Certain Documents**

A designated foreign issuer is exempt from securities legislation requirements relating to the filing of documents affecting the rights of securityholders and the filing of material contracts.

5.12 **Early Warning**

A person or company is exempt from the early warning requirements and acquisition announcement provisions of securities legislation in respect of securities of a designated foreign issuer if the person or company

(a) complies with the foreign disclosure requirements relating to reporting of beneficial ownership of equity securities of the designated foreign issuer; and

(b) files each report of beneficial ownership that is filed with or furnished to the foreign regulatory authority.

5.13 **Insider Reporting**

The insider reporting requirement does not apply to an insider of a designated foreign issuer if

(a) the designated foreign issuer is not a SEDI issuer; and

(b) the insider complies with the foreign disclosure requirements relating to insider reporting.

5.14 **Communication with Beneficial Owners of Securities**

A designated foreign issuer satisfies securities legislation requirements relating to communications with, delivery of materials to and conferring voting rights upon non-registered holders of its securities who hold their interests in the securities through one or more intermediaries if the issuer

(a) complies with foreign disclosure requirements relating to communication with beneficial owners of securities; and

(b) complies with the requirements of Regulation 54-101 Respecting Communication with Beneficial Owners of Securities of a Reporting Issuer with respect to fees payable to intermediaries, for any depositary and any intermediary whose last address as shown on the books of the issuer is in Canada.

5.15 **Going Private Transactions and Related Party Transactions**

Securities legislation requirements relating to going private transactions and related party transactions, as those terms are used in securities legislation of the local jurisdiction, do not apply to a designated foreign issuer carrying out a going private transaction or related party transaction.

5.16 **Change in Year-End**

A designated foreign issuer satisfies securities legislation requirements relating to a change in year-end if the issuer

(a) complies with foreign disclosure requirements relating to a change in year-end; and

(b) files a copy of all filings made under foreign disclosure requirements relating to the change in year-end.

5.17 **Change of Auditor**

A designated foreign issuer satisfies securities legislation requirements relating to a change of auditor if the issuer

(a) complies with foreign disclosure requirements relating to a change of auditor; and

(b) files a copy of all filings made under foreign disclosure requirements relating to the change of auditor.

5.18 **Restricted Securities**

(1) Securities legislation continuous disclosure requirements relating to restricted securities do not apply in respect of SEC foreign issuers;

(2) Securities legislation minority approval requirements relating to restricted securities do not apply in respect of designated foreign issuers.

PART 6
EFFECTIVE DATE

6.1 **Effective Date**

This Regulation comes into force on June 1, 2005.

6838

M.O., 2005-05

Order number V-1.1-2005-05 of the Minister of Finance dated 19 May 2005

Securities Act
(R.S.Q., c. V-1.1; 2004, c. 37)

CONCERNING the Regulation 81-106 respecting investment fund continuous disclosure

WHEREAS the Securities Act (R.S.Q., c. V-1.1) has been amended by the chapter 37 of the statutes of 2004;

WHEREAS paragraphs 1, 3, 8, 9, 11, 19, 19.1, 20, 27 and 34 of section 331.1 of the Securities Act stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Autority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS sections 691 and 696 of chapter 45 of the statutes of 2002 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Commission" wherever it appears by "Agency", and making the necessary modifications;

WHEREAS sections 37 and 38 of chapter 37 of the statutes of 2004 stipulate, in particular, that sections 331.1 and 331.2 of the Securities Act are amended by replacing "Agency" wherever it appears by "Authority";

WHEREAS the draft Regulation 81-106 respecting investment fund continuous disclosure was published in the Supplement to the weekly Bulletin concerning securities of the Agency, volume 1, No. 17 of May 28, 2004;

WHEREAS on May 9, 2005, by the No. decision 2005-PDG-0116, the Authority made the Regulation 81-106 respecting investment fund continuous disclosure;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment the Regulation 81-106 respecting investment fund continuous disclosure appended hereto.

May 19, 2005

MICHEL AUDET,
Minister of Finance

Regulation 81-106 respecting investment fund continuous disclosure

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (8), (9), (11), (19), (19.1), (20) and (34); 2004, c. 37)

PART 1
DEFINITIONS AND APPLICATIONS

1.1 **Definitions**

In this Regulation

"annual management report of fund performance" means a document prepared in accordance with Part B of Form 81-106F1;

"current value" means, for an asset held by, or a liability of, an investment fund, the value calculated in accordance with Canadian GAAP;

"education savings plan" means an agreement between one or more persons and another person or organization, in which the other person or organization agrees to pay or cause to be paid, to or for one or more beneficiaries designated in connection with the agreement, scholarship awards;

"EVCC" means an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the Employee Investment Act (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments;

"independent valuation" means a valuation of the assets and liabilities, or of the venture investments, of a labour sponsored or venture capital fund that contains the opinion of an independent valuator as to the current value of the assets and liabilities, or of the venture investments, and that is prepared in accordance with Part 8;

"independent valuator" means a valuator that is independent of the labour sponsored or venture capital fund and that has appropriate qualifications;

"interim management report of fund performance" means a document prepared in accordance with Part C of Form 81-106F1;

"interim period" means, in relation to an investment fund,

(a) a period of at least three months that ends six months before the end of a financial year of the investment fund, or

(b) in the case of a transition year of the investment fund, a period commencing on the first day of the transition year and ending six months after the end of its old financial year;

"investment fund" means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an EVCC and a VCC, and in Québec, any reporting issuer referred to in subsection 1.2(4);

"labour sponsored or venture capital fund" means an investment fund that is

(a) a labour sponsored investment fund corporation or a labour sponsored venture capital corporation under provincial legislation,

(b) a registered or prescribed labour sponsored venture capital corporation as defined in the Income Tax Act, R.S.C. (1985), c. 1 (5th Supp.),

(c) an EVCC, or

(d) a VCC;

"management expense ratio" means the ratio, expressed as a percentage, of the expenses of an investment fund to its average net asset value, calculated in accordance with Part 15;

"management fees" means the total fees paid or payable by an investment fund to its manager or one or more portfolio advisers or sub-advisers, including incentive or performance fees, but excluding operating expenses of the investment fund;

"management report of fund performance" means an annual management report of fund performance or an interim management report of fund performance;

"material change" means, in relation to an investment fund,

(a) a change in the business, operations or affairs of the investment fund that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the investment fund, or

(b) a decision to implement a change referred to in paragraph *a* made

i. by the board of directors of the investment fund or the board of directors of the manager of the investment fund or other persons acting in a similar capacity,

ii. by senior management of the investment fund who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable, or

iii. by senior management of the manager of the investment fund who believe that confirmation of the decision by the board of directors of the manager or such other persons acting in a similar capacity is probable;

"material contract" means, for an investment fund, a document that the investment fund would be required to list in an annual information form under Item 16 of Form 81-101F2 if the investment fund filed a simplified prospectus under Regulation 81-101 respecting Mutual Fund Prospectus Disclosure adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0283 dated June 12, 2001;

"mutual fund in the jurisdiction" means an incorporated or unincorporated mutual fund that is a reporting issuer in, or that is organized under the laws of, the local jurisdiction, but does not include a private mutual fund, as defined in Regulation entitled National Instrument 62-103, The Early Warning System and Related Takeover Bid and Insider Reporting Issues adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2003-C-0109 dated March 18, 2003;

"net asset value" means the current value of the total assets of the investment fund less the current value of the total liabilities of the investment fund, as at a specific date;

"non-redeemable investment fund" means an issuer,

(a) whose primary purpose is to invest money provided by its securityholders,

(b) that does not invest,

i. for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

ii. for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(c) that is not a mutual fund;

"quarterly portfolio disclosure" means the disclosure prepared in accordance with Part 6;

"scholarship award" means any amount, other than a refund of contributions, that is paid or payable directly or indirectly to further the education of a beneficiary designated under an education savings plan;

"scholarship plan" means an arrangement under which contributions to education savings plans are pooled to provide scholarship awards to designated beneficiaries;

"transition year" means the financial year of an investment fund in which a change of year end occurs;

"VCC" means a venture capital corporation registered under Part 1 of the Small Business Venture Capital Act (British Columbia), R.S.B.C. 1996 c. 429 whose business objective is making multiple investments; and

"venture investment" means an investment in a private company or an investment made in accordance with the requirements of provincial labour sponsored or venture capital fund legislation or the Income Tax Act.

1.2 **Application**

(1) Except as otherwise provided in this Regulation, this Regulation applies to

(a) an investment fund that is a reporting issuer; and

(b) a mutual fund in the jurisdiction.

(2) Despite paragraph (1)*b*, in Alberta, British Columbia, Manitoba and Newfoundland and Labrador, this Regulation does not apply to a mutual fund that is not a reporting issuer.

(3) Despite subsection (1), in Saskatchewan, this Regulation does not apply to a Type B corporation within the meaning of The Labour-sponsored Venture Capital Corporations Act (S.S. 1986, c. L-0.2).

(4) Despite subsection 1, in Québec, this Regulation, with the exception of section 2.9 and Part 13, does not apply to a reporting issuer organized under

(a) an Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) R.S.Q., c. F-3.2.1;

(b) an Act to establish Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., c. F-3.1.2); or

(c) an Act constituting Capital régional et coopératif Desjardins, Loi constituant Capital régional et coopératif Desjardins (R.S.Q., c. C-6.1).

1.3 **Interpretation**

(1) Each section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio of assets is considered to be a separate investment fund for the purposes of this Regulation.

(2) Terms defined in Regulation 81-102 respecting Mutual Funds adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0209 dated May 22, 2001, Regulation 81-104 respecting Commodity Pools adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2003-C-0075 dated March 3, 2003 and National Instrument 81-105, Mutual Fund Sales Practices adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2001-C-0212 dated May 22, 2001 and used in this Regulation have the respective meanings ascribed to them in those Regulations except that references in those definitions to "mutual fund" must be read as references to "investment fund".

1.4 **Language of Documents**

(1) A document that is required to be filed under this Regulation must be prepared in French or English.

(2) Despite subsection 1, if an investment fund files a document in French or in English, and a translation of the document into the other language is sent to a securityholder, the investment fund must file the translated document not later than when it is sent to the securityholder.

(3) In Québec, the linguistic obligations and rights prescribed by Québec law must be complied with.

PART 2
FINANCIAL STATEMENTS

2.1 **Comparative Annual Financial Statements and Auditor's Report**

(1) An investment fund must file annual financial statements for the investment fund's most recently completed financial year that include

(a) a statement of net assets as at the end of that financial year and a statement of net assets as at the end of the immediately preceding financial year;

(b) a statement of operations for that financial year and a statement of operations for the immediately preceding financial year;

(c) statement of changes in net assets for that financial year and a statement of changes in net assets for the immediately preceding financial year;

(d) a statement of cashflows for that financial year and a statement of cashflows for the immediately preceding financial year, unless it is not required by Canadian GAAP;

(e) a statement of investment portfolio as at the end of that financial year; and

(f) notes to the annual financial statements.

(2) Annual financial statements filed under subsection (1) must be accompanied by an auditor's report.

2.2 **Filing Deadline for Annual Financial Statements**

The annual financial statements and auditor's report required to be filed under section 2.1 must be filed on or before the 90th day after the investment fund's most recently completed financial year.

2.3 **Interim Financial Statements**

An investment fund must file interim financial statements for the investment fund's most recently completed interim period that include

(a) a statement of net assets as at the end of that interim period and a statement of net assets as at the end of the immediately preceding financial year;

(b) a statement of operations for that interim period and a statement of operations for the corresponding period in the immediately preceding financial year;

(c) a statement of changes in net assets for that interim period and a statement of changes in net assets for the corresponding period in the immediately preceding financial year;

(d) a statement of cashflows for and as at the end of that interim period and a statement of cashflows for the corresponding period in the immediately preceding financial year, unless it is not required by Canadian GAAP;

(e) a statement of investment portfolio as at the end of that interim period; and

(f) notes to the interim financial statements.

2.4 **Filing Deadline for Interim Financial Statements**

The interim financial statements required to be filed under section 2.3 must be filed on or before the 60th day after the end of the most recent interim period of the investment fund.

2.5 **Approval of Financial Statements**

(1) The board of directors of an investment fund that is a corporation must approve the financial statements of the investment fund before those financial statements are filed or made available to securityholders or potential purchasers of securities of the investment fund.

(2) The trustee or trustees of an investment fund that is a trust, or another person or company authorized to do so by the constating documents of the investment fund, must approve the financial statements of the investment fund, before those financial statements are filed or made available to securityholders or potential purchasers of securities of the investment fund.

2.6 **Acceptable Accounting Principles**

The financial statements of an investment fund must be prepared in accordance with Canadian GAAP as applicable to public enterprises.

2.7 **Acceptable Auditing Standards**

(1) Financial statements that are required to be audited must be audited in accordance with Canadian GAAS.

(2) Audited financial statements must be accompanied by an auditor's report prepared in accordance with Canadian GAAS and the following requirements:

1. The auditor's report must not contain a reservation.

2. The auditor's report must identify all financial periods presented for which the auditor has issued an auditor's report.

3. If the investment fund has changed its auditor and a comparative period presented in the financial statements was audited by a different auditor, the auditor's report must refer to the former auditor's report on the comparative period.

4. The auditor's report must identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

2.8 **Acceptable Auditors**

An auditor's report must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada, and that meets the professional standards of that jurisdiction.

2.9 **Change in Year End**

(1) This section applies to an investment fund that is a reporting issuer.

(2) Section 4.8 of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order 2005-03 dated 19 May 20005 applies to an investment fund that changes its financial year end, except that

(a) a reference to "interim period" must be read as "interim period" as defined in this Regulation;

(b) a requirement under Regulation 51-102 to include specified financial statements must be read as a requirement to include the financial statements required under this Part; and

(c) a reference to "filing deadline" in subsection 4.8(2) of Regulation 51-102 must be read as a reference to the filing deadlines provided for under section 2.2 and 2.4 of this Regulation.

(3) Despite section 2.4, an investment fund is not required to file interim financial statements for any period in a transition year if the transition year is less than nine months in length.

(4) Despite subsections 4.8(7) and (8) of Regulation 51-102,

(a) for interim financial statements for an interim period in the transition year, the investment fund must include as comparative information

i. a statement of net assets and a statement of investment portfolio as at the end of its old financial year; and

ii. a statement of operations, a statement of changes in net assets, and, if applicable, a statement of cashflows, for the interim period of the old financial year;

(b) for interim financial statements for an interim period in a new financial year, the investment fund must include as comparative information

i. a statement of net assets and a statement of investment portfolio as at the end of the transition year; and

ii. a statement of operations, a statement of changes in net assets, and, if applicable, a statement of cashflows, for the period that is one year earlier than the interim period in the new financial year.

2.10 **Change in Legal Structure**

If an investment fund that is a reporting issuer is party to an amalgamation, arrangement, merger, winding-up, reorganization or other transaction that will result in

(a) the investment fund ceasing to be a reporting issuer,

(b) another entity becoming an investment fund,

(c) a change in the investment fund's financial year end, or

(d) a change in the name of the investment fund, the investment fund must, as soon as practicable, and in any event not later than the deadline for the first filing required by this Regulation following the transaction, file a notice stating:

(e) the names of the parties to the transaction;

(f) a description of the transaction;

(g) the effective date of the transaction;

(h) if applicable, the names of each party that ceased to be a reporting issuer following the transaction and of each continuing entity;

(i) if applicable, the date of the investment fund's first financial year end following the transaction; and

(j) if applicable, the periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the investment fund's first financial year following the transaction.

2.11 **Filing Exemption for Mutual Funds that are Non-Reporting Issuers**

A mutual fund that is not a reporting issuer is exempt from the filing requirements of section 2.1 for a financial year or section 2.3 for an interim period if

(a) the mutual fund prepares the applicable financial statements in accordance with this Regulation;

(b) the mutual fund delivers the financial statements to its securityholders in accordance with Part 5 within the same time periods as if the financial statements were required to be filed;

(c) the mutual fund has advised the securities regulatory authority that it is relying on this exemption not to file its financial statements; and

(d) the mutual fund has included in a note to the financial statements that it is relying on this exemption not to file its financial statements.

2.12 **Disclosure of Auditor Review of Interim Financial Statements**

(1) This section applies to an investment fund that is a reporting issuer.

(2) If an auditor has not performed a review of the interim financial statements required to be filed, the interim financial statements must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

(3) If an investment fund engaged an auditor to perform a review of the interim financial statements required to be filed and the auditor was unable to complete the review, the interim financial statements must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial statements and the reasons why.

(4) If an auditor has performed a review of the interim financial statements required to be filed and the auditor has expressed a reservation in the auditor's interim review report, the interim financial statements must be accompanied by a written review report from the auditor.

PART 3
FINANCIAL DISCLOSURE REQUIREMENTS

3.1 **Statement of Net Assets**

The statement of net assets of an investment fund must disclose the following as separate line items, each shown at current value:

1. cash, term deposits and, if not included in the statement of investment portfolio, short term debt instruments.

2. investments.

3. accounts receivable relating to securities issued.

4. accounts receivable relating to portfolio assets sold.

5. accounts receivable relating to margin paid or deposited on futures or forward contracts.

6. amounts receivable or payable in respect of derivatives transactions, including premiums or discounts received or paid.

7. deposits with brokers for portfolio securities sold short.

8. accrued expenses.

9. accrued incentive arrangements or performance compensation.

10. portfolio securities sold short.

11. liabilities for securities redeemed.

12. liabilities for portfolio assets purchased.

13. income tax payable.

14. total net assets and securityholders' equity and, if applicable, for each class or series.

15. net asset value per security, or if applicable, per security of each class or series.

3.2 **Statement of Operations**

The statement of operations of an investment fund must disclose the following information as separate line items:

1. dividend revenue.

2. interest revenue.

3. income from derivatives.

4. revenue from securities lending.

5. management fees, excluding incentive or performance fees.

6. incentive or performance fees.

7. audit fees.

8. directors' or trustees' fees.

9. custodial fees.

10. legal fees.

11. securityholder reporting costs.

12. capital tax.

13. amounts that would otherwise have been payable by the investment fund that were waived or paid by the manager or a portfolio adviser of the investment fund.

14. provision for income tax.

15. net investment income or loss for the period.

16. realized gains or losses.

17. unrealized gains or losses.

18. increase or decrease in net assets from operations and, if applicable, for each class or series.

19. increase or decrease in net assets from operations per security or, if applicable, per security of each class or series.

3.3 **Statement of Changes in Net Assets**

The statement of changes in net assets of an investment fund must disclose, for each class or series, the following as separate line items:

1. net assets at the beginning of the period to which the statement applies.

2. increase or decrease in net assets from operations.

3. proceeds from the issuance of securities of the investment fund.

4. aggregate amounts paid on redemption of securities of the investment fund.

5. securities issued on reinvestment of distributions.

6. distributions, showing separately the amount distributed out of net investment income and out of realized gains on portfolio assets sold, and return of capital.

7. net assets at the end of the period reported upon.

3.4 **Statement of Cashflows**

The statement of cashflows of an investment fund must disclose the following as separate line items:

1. net investment income or loss.

2. proceeds of disposition of portfolio assets.

3. purchase of portfolio assets.

4. proceeds from the issuance of securities of the investment fund.

5. aggregate amounts paid on redemption of securities of the investment fund.

6. compensation paid in respect of the sale of securities of the investment fund.

3.5 **Statement of Investment Portfolio**

(1) The statement of investment portfolio of an investment fund must disclose the following for each portfolio asset held or sold short:

1. the name of the issuer of the portfolio asset.

2. a description of the portfolio asset, including

(a) for an equity security, the name of the class of the security.

(b) for a debt instrument not included in paragraph (*c*), all characteristics commonly used commercially to identify the instrument, including the name of the instrument, the interest rate of the instrument, the maturity date of the instrument, whether the instrument is convertible or exchangeable and, if used to identify the instrument, the priority of the instrument.

(c) for a debt instrument referred to in the definition of "money market fund" in Regulation 81-102, the name, interest rate and maturity date of the instrument.

(d) for a portfolio asset not referred to in paragraph *a*, *b* or *c*, the name of the portfolio asset and the material terms and conditions of the portfolio asset commonly used commercially in describing the portfolio asset.

3. the number or aggregate face value of the portfolio asset.

4. the cost of the portfolio asset.

5. the current value of the portfolio asset.

(2) For the purposes of subsection (1), disclosure for a long portfolio must be segregated from the disclosure for a short portfolio.

(3) For the purposes of subsection (1) and subject to subsection (2), disclosure must be aggregated for portfolio assets having the same description and issuer.

(4) Despite subsection (1) and (3) and subject to subsection (2), the information referred to in subsection (1) may be provided in the aggregate for those short term debt instruments that

(a) are issued by a bank listed in Schedule I, II or III to the Bank Act (Statutes of Canada, 1991, c. 46) or a loan corporation or trust corporation registered under the laws of a jurisdiction, or

(b) have achieved an investment rating within the highest or next highest categories of ratings of each approved credit rating organization.

(5) If an investment fund discloses short term debt instruments as permitted by subsection (4), the investment fund must disclose separately the aggregate short term debt instruments denominated in any currency if the aggregate exceeds 5% of the total short term debt.

(6) If an investment fund holds positions in derivatives, the investment fund must disclose in the statement of investment portfolio or the notes to that statement,

(a) for long and short positions in options,

i. the quantity of the underlying interest, the number of options, the underlying interest, the strike price, the expiration month and year, the cost and the current value, and

ii. if the underlying interest is a future, information about the future in accordance with subparagraph *i*;

(b) for positions in futures and forwards, the number of futures and forwards, the underlying interest, the price at which the contract was entered into, the delivery month and year and the current value;

(c) for positions in swaps, the number of swap contracts, the underlying interest, the principal or notional amount, the payment dates, and the current value; and

(d) if a rating of a counterparty has fallen below the approved credit rating level.

(7) If applicable, the statement of investment portfolio included in the financial statements of the investment fund, or the notes to the statement of investment portfolio, must identify the underlying interest that is being hedged by each position taken by the investment fund in a derivative.

(8) An investment fund may omit the information required by subsection (1) about mortgages from a statement of investment portfolio if the statement of investment portfolio discloses

(a) the total number of mortgages held;

(b) the aggregate current value of mortgages held;

(c) a breakdown of mortgages, by reference to number and current value among mortgages insured under the National Housing Act (R.S.C. (1985), c. N-11), insured conventional mortgages and uninsured conventional mortgages;

(d) a breakdown of mortgages, by reference to number and current value, among mortgages that are pre-payable and those that are not pre-payable; and

(e) a breakdown of mortgages, by reference to number, current value, amortized cost and outstanding principal value, among groups of mortgages having contractual interest rates varying by no more than one quarter of one percent.

(9) An investment fund must maintain records of all portfolio transactions undertaken by the investment fund.

3.6 **Notes to Financial Statements**

(1) The notes to the financial statements of an investment fund must disclose the following:

1. the basis for determining current value and cost of portfolio assets and, if a method of determining cost other than by reference to the average cost of the portfolio assets is used, the method used.

2. if the investment fund has outstanding more than one class or series of securities ranking equally against its net assets, but differing in other respects,

(a) the number of authorized securities of each class or series;

(b) the number of securities of each class or series that have been issued and are outstanding;

(c) the differences between the classes or series, including differences in sales charges, and management fees;

(d) the method used to allocate income and expenses, and realized and unrealized capital gains and losses, to each class;

(e) the fee arrangements for any class-level expenses paid to affiliates; and

(f) transactions involving the issue or redemption of securities of the investment fund undertaken in the period for each class of securities to which the financial statements pertain.

3. *(a)* total commissions and other transaction costs paid or payable to dealers by the investment fund for its portfolio transactions during the period reported upon; and

(b) to the extent the amount is ascertainable, separate disclosure of the soft dollar portion of these payments, where the soft dollar portion is the amount paid or payable for goods and services other than order execution.

4. the total cost of distribution of the investment fund's securities recorded in the statement of changes in net assets.

(2) If not disclosed elsewhere in the financial statements, an investment fund that borrows money must, in a note to the financial statements, disclose the minimum and maximum amount borrowed during the period to which the financial statements or management report of fund performance pertain.

3.7 **Inapplicable Line Items**

Despite the requirements of this Part, an investment fund may omit a line item from the financial statements for any matter that does not apply to the investment fund or for which the investment fund has nothing to disclose.

3.8 **Disclosure of Securities Lending Transactions**

(1) An investment fund must disclose, in the statement of investment portfolio included in the financial statements of the investment fund, or in the notes to the financial statements,

(a) the aggregate dollar value of portfolio securities that were lent in the securities lending transactions of the investment fund that are outstanding as at the date of the financial statements; and

(b) the type and aggregate amount of collateral received by the investment fund under securities lending transactions of the investment fund that are outstanding as at the date of the financial statements.

(2) The statement of net assets of an investment fund that has received cash collateral from a securities lending transaction that is outstanding as of the date of the financial statements must disclose separately

(a) the cash collateral received by the investment fund; and

(b) the obligation to repay the cash collateral.

(3) The statement of operations of an investment fund must disclose income from a securities lending transaction as revenue.

3.9 **Disclosure of Repurchase Transactions**

(1) An investment fund, in the statement of investment portfolio included in the financial statements of the investment fund, or in the notes to that statement, must, for a repurchase transaction of the investment fund that is outstanding as at the date of the statement, disclose

(a) the date of the transaction;

(b) the expiration date of the transaction;

(c) the nature and current value of the portfolio securities sold by the investment fund;

(d) the amount of cash received and the repurchase price to be paid by the investment fund; and

(e) the current value of the sold portfolio securities as at the date of the statement.

(2) The statement of net assets of an investment fund that has entered into a repurchase transaction that is outstanding as of the date of the statement of net assets must disclose separately the obligation of the investment fund to repay the collateral.

(3) The statement of operations of an investment fund must disclose income from the use of the cash received on a repurchase transaction as revenue.

(4) The information required by this section may be presented on an aggregate basis.

3.10 **Disclosure of Reverse Repurchase Transactions**

(1) An investment fund, in the statement of investment portfolio or in the notes to that statement, must, for a reverse repurchase transaction of the investment fund that is outstanding as at the date of the statement, disclose

(a) the date of the transaction;

(b) the expiration date of the transaction;

(c) the total dollar amount paid by the investment fund;

(d) the nature and current value or principal amount of the portfolio securities received by the investment fund; and

(e) the current value of the purchased portfolio securities as at the date of the statement.

(2) The statement of net assets of an investment fund that has entered into a reverse repurchase transaction that is outstanding as of the date of the financial statements must disclose separately the reverse repurchase agreement relating to the transaction at current value.

(3) The statement of operations of an investment fund must disclose income from a reverse repurchase transaction as revenue.

(4) The information required by this section may be presented on an aggregate basis.

3.11 **Scholarship Plans**

(1) In addition to the requirements of this Part, an investment fund that is a scholarship plan must disclose, as of the end of its most recently completed financial year, a separate statement or schedule to the financial statements that provides

(a) a summary of education savings plans and units outstanding by year of eligibility, including

i. disclosure of the number of units by year of eligibility for the opening units, units purchased, units forfeited and the ending units,

ii. disclosure of the principal amounts and the accumulated income per year of eligibility, and their total balances, and

iii. a reconciliation of the total balances of the principal amounts and the accumulated income in the statement or schedule to the statement of net assets of the scholarship plan;

(b) the total number of units outstanding; and

(c) a statement of scholarship awards paid to beneficiaries, and a reconciliation of the amount of scholarship awards paid with the statement of operations.

(2) Despite the requirements of sections 3.1 and 3.2, an investment fund that is a scholarship plan may omit the "net asset value per security" and "increase or decrease in net assets from operations per security" line items from its financial statements.

PART 4
MANAGEMENT REPORTS OF FUND PERFORMANCE

4.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

4.2 **Filing of Management Reports of Fund Performance**

An investment fund, other than an investment fund that is a scholarship plan, must file an annual management report of fund performance for each financial year and an interim management report of fund performance for each interim period at the same time that it files its annual financial statements or its interim financial statements for that financial period.

4.3 **Filing of Annual Management Report of Fund Performance for an Investment Fund that is a Scholarship Plan**

An investment fund that is a scholarship plan must file an annual management report of fund performance for each financial year at the same time that it files its annual financial statements.

4.4 **Contents of Management Reports of Fund Performance**

A management report of fund performance required by this Part must

(a) be prepared in accordance with Form 81-106F1; and

(b) not incorporate by reference information from any other document that is required to be included in a management report of fund performance.

4.5 **Approval of Management Reports of Fund Performance**

(1) The board of directors of an investment fund that is a corporation must approve the management report of fund performance of the investment fund before the report is filed or made available to a holder or potential purchaser of securities of the investment fund.

(2) The trustee or trustees of an investment fund that is a trust, or another person or company authorized to do so by the constating documents of the investment fund, must approve the management report of fund performance of the investment fund before the report is filed or made available to a holder or potential purchaser of securities of the investment fund.

PART 5
DELIVERY OF FINANCIAL STATEMENTS AND MANAGEMENT REPORTS OF FUND PERFORMANCE

5.1 **Delivery of Certain Continuous Disclosure Documents**

(1) In this Part, "securityholder" means a registered holder or beneficial owner of securities issued by an investment fund.

(2) An investment fund must send to a securityholder, by the filing deadline for the document, the following:

(a) annual financial statements;

(b) interim financial statements;

(c) if required to be prepared by the investment fund, the annual management report of fund performance;

(d) if required to be prepared by the investment fund, the interim management report of fund performance.

(3) An investment fund must apply the procedures set out in Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer adopted by the Commission des valeurs mobilières du Québec pursuant to decision No. 2003-C-0082 dated March 3, 2003 when complying with this Part.

(4) Despite subsection (3), Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer does not apply to an investment fund with respect to a requirement under this Part if the investment fund has the necessary information to communicate directly with a beneficial owner of its securities.

5.2 **Sending According to Standing Instructions**

(1) Subsection 5.1(2) does not apply to an investment fund that requests standing instructions from a securityholder in accordance with this section and sends the documents listed in subsection 5.1(2) according to those instructions.

(2) An investment fund relying on subsection 5.2(1) must send, to each securityholder, a document that

(a) explains the choices a securityholder has to receive the documents listed in subsection 5.1(2);

(b) solicits instructions from the securityholder about delivery of those documents; and

(c) explains that the instructions provided by the securityholder will continue to be followed by the investment fund until they are changed by the securityholder.

(3) If a person or company becomes a securityholder of an investment fund, the investment fund must solicit instructions in accordance with subsection (2) from the securityholder as soon as reasonably practicable after the investment fund accepts a purchase order from the securityholder.

(4) An investment fund must rely on instructions given under this section until a securityholder changes them.

(5) At least once a year, an investment fund must send each securityholder a reminder that

(a) the securityholder is entitled to receive the documents listed in subsection 5.1(2);

(b) the investment fund is relying on delivery instructions provided by the securityholder;

(c) explains how a securityholder can change the instructions it has given; and

(d) the securityholder can obtain the documents on the SEDAR website and on the investment fund's website, if applicable, and by contacting the investment fund.

5.3 **Sending According to Annual Instructions**

(1) Subsection 5.1(2) does not apply to an investment fund that requests annual instructions from a securityholder in accordance with this section and sends the documents listed in subsection 5.1(2) according to those instructions.

(2) Subsection (1) does not apply to an investment fund that has previously relied on subsection 5.2(1).

(3) An investment fund relying on subsection 5.3(1) must send annually to each securityholder a request form the securityholder may use to instruct the investment fund as to which of the documents listed in subsection 5.1(2) the securityholder wishes to receive.

(4) The request form described in subsection (3) must be accompanied by a notice explaining that

(a) the securityholder is providing delivery instructions for the current year only; and

(b) the documents are available on the SEDAR website and on the investment fund's website, if applicable, and by contacting the investment fund.

5.4 **General**

(1) If a securityholder requests any of the documents listed in subsection 5.1(2), an investment fund must send a copy of the requested documents by the later of

(a) the filing deadline for the requested document; and

(b) ten calendar days after the investment fund receives the request.

(2) An investment fund must not charge a fee for sending the documents referred to in this Part and must ensure that securityholders can respond without cost to the solicitations of instructions required by this Part.

(3) Investment funds under common management may solicit one set of delivery instructions from a securityholder that will apply to all of the investment funds under common management held by that securityholder.

(4) Despite subsection 7.1(3), for the purposes of delivery to a securityholder, an investment fund may bind its management report of fund performance with the management report of fund performance for one or more other investment funds if the securityholder holds each investment fund.

5.5 **Websites**

An investment fund that is a reporting issuer and that has a website must post to the website any documents listed in subsection 5.1(2) no later than the date that those documents are filed.

PART 6
QUARTERLY PORTFOLIO DISCLOSURE

6.1 **Application**

This Part applies to an investment fund that is a reporting issuer, other than a scholarship plan or a labour sponsored or venture capital fund.

6.2 **Preparation and Dissemination**

(1) An investment fund must prepare quarterly portfolio disclosure that includes

(a) a summary of investment portfolio prepared in accordance with Item 5 of Part B of Form 81-106F1 as at the end of

i. each period of at least three months that ends three or nine months before the end of a financial year of the investment fund; or

ii. in the case of a transition year of the investment fund, each period commencing on the first day of the transition year and ending either three, nine or twelve months, if applicable, after the end of its old financial year; and

(b) the total net asset value of the investment fund as at the end of the periods specified in *(a)(i)* or *ii*.

(2) An investment fund that has a website must post to the website the quarterly portfolio disclosure within 60 days of the end of the period for which the quarterly portfolio disclosure was prepared.

(3) An investment fund must promptly send the most recent quarterly portfolio disclosure, without charge, to any securityholder of the investment fund, upon a request made by the securityholder 60 days after the end of the period to which the quarterly portfolio disclosure pertains.

PART 7
BINDING AND PRESENTATION

7.1 **Binding of Financial Statements and Management Reports of Fund Performance**

(1) An investment fund must not bind its financial statements with the financial statements of another investment fund in a document unless all information relating to the investment fund is presented together and not intermingled with information relating to the other investment fund.

(2) Despite subsection (1), if a document contains the financial statements of more than one investment fund, the notes to the financial statements may be combined and presented in a separate part of the document.

(3) An investment fund must not bind its management report of fund performance with the management report of fund performance for another investment fund.

7.2 **Multiple Class Investment Funds**

(1) An investment fund that has more than one class or series of securities outstanding that are referable to a single portfolio must prepare financial statements and management reports of fund performance that contain information concerning all of the classes or series.

(2) If an investment fund has more than one class or series of securities outstanding, the distinctions between the classes or series must be disclosed in the financial statements and management reports of fund performance.

PART 8
INDEPENDENT VALUATIONS FOR LABOUR SPONSORED OR VENTURE CAPITAL FUNDS

8.1 **Application**

This Part applies to a labour sponsored or venture capital fund that is a reporting issuer.

8.2 **Exemption from Requirement to Disclose Individual Current Values for Venture Investments**

Despite item 5 of subsection 3.5(1), a labour sponsored or venture capital fund is exempt from the requirement to present separately in a statement of investment portfolio the current value of each venture investment that does not have a market value if

(a) the labour sponsored or venture capital fund discloses in the statement of investment portfolio

i. the cost amounts for each venture investment,

ii. the total cost of the venture investments,

iii. the total adjustment from cost to current value of the venture investments, and

iv. the total current value of the venture investments;

(b) the labour sponsored or venture capital fund discloses in the statement of investment portfolio tables showing the distribution of venture investments by stage of development and by industry classification including

i. the number of venture investments in each stage of development and industry class,

ii. the total cost and aggregate current value of the venture investments for each stage of development and industry class, and

iii. the total cost and aggregate current value of venture investments for each stage of development and industry class as a percentage of total venture investments;

(c) for a statement of investment portfolio contained in annual financial statements, the labour sponsored or venture capital fund has obtained an independent valuation relating to the value of the venture investments or to the net asset value of the fund and has filed the independent valuation concurrently with the filing of the annual financial statements;

(d) for a statement of investment portfolio contained in interim financial statements, the labour sponsored or venture capital fund obtained and filed the independent valuation referred to in paragraph *c* in connection with the preparation of the most recent annual financial statements of the labour sponsored or venture capital fund; and

(e) the labour sponsored or venture capital fund has disclosed in the applicable financial statements that an independent valuation has been obtained as of the end of the applicable financial year.

8.3 **Disclosure Concerning Independent Valuator**

A labour sponsored or venture capital fund that obtains an independent valuation must include, in the statement of investment portfolio contained in its annual financial statements, or in the notes to the annual financial statements,

(a) a description of the independent valuator's qualifications, and

(b) a description of any past, present or anticipated relationship between the independent valuator and the labour sponsored or venture capital fund, its manager or portfolio adviser.

8.4 **Content of Independent Valuation**

An independent valuation must provide the aggregate current value of the venture investments or the net asset value of the labour sponsored or venture capital fund as at the fund's financial year end.

8.5 **Independent Valuator's Consent**

A labour sponsored or venture capital fund obtaining an independent valuation must

(a) obtain the independent valuator's consent to its filing; and

(b) include a statement in the valuation report, signed by the independent valuator, in substantially the following form:

"We refer to the independent valuation of the [net assets/venture investments] of [name of labour sponsored or venture capital fund] as of [date of financial year end] dated •. We consent to the filing of the independent valuation with the securities regulatory authorities."

PART 9
ANNUAL INFORMATION FORM

9.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

9.2 **Requirement to File Annual Information Form**

An investment fund must file an annual information form if the investment fund does not have a current prospectus as at its financial year end.

9.3 **Filing Deadline for Annual Information Form**

An investment fund required under section 9.2 to file an annual information form must file the annual information form no later than 90 days after the end of its most recently completed financial year.

9.4 **Preparation and Content of Annual Information Form**

(1) An annual information form required to be filed under section 9.2 must be prepared as of the end of the most recently completed financial year of the investment fund to which it pertains.

(2) An annual information form required to be filed must be prepared in accordance with Form 81-101F2, except that

(a) a reference to "mutual fund" must be read as a reference to "investment fund";

(b) General Instructions (3), (10) and (14) of Form 81-101F2 do not apply;

(c) subsections (3), (4) and (6) of Item 1.1 of Form 81-101F2 do not apply;

(d) subsections (3), (4) and (6) of Item 1.2 of Form 81-101F2 do not apply;

(e) Item 5 of Form 81-101F2 must be completed in connection with all of the securities of the investment fund;

(f) Item 15 of Form 81-101F2 does not apply to an investment fund that is a corporation; and

(g) Items 19, 20, 21 and 22 of Form 81-101F2 do not apply.

(3) An investment fund required to file an annual information form must at the same time file copies of all material incorporated by reference in the annual information form that it has not previously filed.

PART 10
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

10.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

10.2 **Requirement to Establish Policies and Procedures**

(1) An investment fund must establish policies and procedures that it will follow to determine whether, and how, to vote on any matter for which the investment fund receives, in its capacity as securityholder, proxy materials for a meeting of securityholders of an issuer.

(2) The policies and procedures referred to in subsection (1) must include

(a) a standing policy for dealing with routine matters on which the investment fund may vote;

(b) the circumstances under which the investment fund will deviate from the standing policy for routine matters;

(c) the policies under which, and the procedures by which, the investment fund will determine how to vote or refrain from voting on non-routine matters; and

(d) procedures to ensure that portfolio securities held by the investment fund are voted in accordance with the instructions of the investment fund.

(3) An investment fund that has not prepared an annual information form in accordance with Part 9 or in accordance with Regulation 81-101 respecting Mutual Fund Prospectus Disclosure must include a summary of the policies and procedures required by this section in its prospectus.

10.3 **Proxy Voting Record**

An investment fund must maintain a proxy voting record that includes, for each time that the investment fund receives, in its capacity as securityholder, materials relating to a meeting of securityholders of a reporting issuer,

(a) the name of the issuer;

(b) the exchange ticker symbol of the portfolio securities, unless not readily available to the investment fund;

(c) the CUSIP number for the portfolio securities;

(d) the meeting date;

(e) a brief identification of the matter or matters to be voted on at the meeting;

(f) whether the matter or matters voted on were proposed by the issuer, its management or another person or company;

(g) whether the investment fund voted on the matter or matters;

(h) if applicable, how the investment fund voted on the matter or matters; and

(i) whether votes cast by the investment fund were for or against the recommendations of management of the issuer.

10.4 **Preparation and Availability of Proxy Voting Record**

(1) An investment fund must prepare a proxy voting record on an annual basis for the period ending on June 30 of each year.

(2) An investment fund that has a website must post the proxy voting record to the website no later than August 31 of each year.

(3) An investment fund must promptly send the most recent copy of the investment fund's proxy voting policies and procedures and proxy voting record, without charge, to any securityholder upon a request made by the securityholder after August 31.

PART 11
MATERIAL CHANGE REPORTS

11.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

11.2 **Publication of Material Change**

(1) If a material change occurs in the affairs of an investment fund, the investment fund must

(a) promptly issue and file a news release that is authorized by an executive officer of the manager of the investment fund and that discloses the nature and substance of the material change;

(b) post all disclosure made under paragraph *a* on the website of the investment fund or the investment fund manager;

(c) as soon as practicable, but in any event no later than 10 days after the date on which the change occurs, file a report containing the information required by Form 51-102F3, except that a reference in Form 51-102F3 to

i. the term "material change" must be read as "material change" under this Regulation;

ii. "section 7.1 of Regulation 51-102" in Item 3 of Part 2 must be read as a reference to "section 11.2 of Regulation 81-106";

iii. "subsection 7.1(2) or (3) of Regulation 51-102" in Item 6 of Part 2 must be read as a reference to "subsection 11.2(2) or (3) of Regulation 81-106";

iv. "subsection 7.1(5) of Regulation 51-102" in Items 6 and 7 of Part 2 must be read as a reference to "subsection 11.2(4) of Regulation 81-106"; and

v. "executive officer of your company" in Item 8 of Part 2 must be read as a reference to "officer of the investment fund or of the manager of the investment fund"; and

(d) file an amendment to its prospectus or simplified prospectus that discloses the material change in accordance with the requirements of securities legislation.

(2) If

(a) in the opinion of the board of directors or trustee of an investment fund or the manager, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (1) would be unduly detrimental to the investment fund's interest; or

(b) the material change

i. consists of a decision to implement a change made by senior management of the investment fund or senior management of the manager of the investment fund who believe that confirmation of the decision by the board of directors or persons acting in a similar capacity is probable; and

ii. senior management of the investment fund or senior management of the manager of the investment fund has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the investment fund,

the investment fund may, instead of complying with subsection (1), immediately file the report required under paragraph (1)(*c*) marked to indicate that it is confidential, together with written reasons for non-disclosure.

(3) Subsection (1) does not apply to an investment fund in Québec if

(a) senior management of the investment fund has reasonable grounds to believe that disclosure as required by subsection (1) would be seriously prejudicial to the interests of the investment fund and that no transaction in securities of the investment fund has been or will be carried out on the basis of the information not generally known;

(b) the investment fund immediately files the report required under paragraph (1)(*c*) marked so as to indicate that it is confidential, together with written reasons for non-disclosure; and

(c) the investment fund complies with subsection (1) when the circumstances that justify non-disclosure cease to exist.

(4) If a report has been filed under subsection (2), the investment fund must advise the securities regulatory authority in writing within ten days of the initial filing of the report if it believes the report should continue to remain confidential and every 10 days thereafter until the material change is generally disclosed in the manner referred to in subsection (1) or, if the material change consists of a decision of the type referred to in paragraph (2)(*b*), until that decision has been rejected by the board of directors of the investment fund or the board of directors of the manager of the investment fund.

(5) Despite filing a report under subsection (2), an investment fund must promptly and generally disclose the material change in the manner referred to in subsection (1) upon the investment fund becoming aware, or having reasonable grounds to believe, that a person or company is purchasing or selling securities of the investment fund with knowledge of the material change that has not been generally disclosed.

PART 12
PROXY SOLICITATION AND INFORMATION CIRCULARS

12.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

12.2 **Sending of Proxies and Information Circulars**

(1) If management of an investment fund or the manager of an investment fund gives or intends to give notice of a meeting to registered holders of the investment fund, management or the manager must, at the same time as or before giving that notice, send to each registered holder who is entitled to notice of the meeting a form of proxy for use at the meeting.

(2) A person or company that solicits proxies from registered holders of an investment fund must

(a) in the case of a solicitation by or on behalf of management of the investment fund, send with the notice of meeting to each registered holder whose proxy is solicited a completed Form 51-102F5; or

(b) in the case of a solicitation by or on behalf of any person or company other than management of the investment fund, at the same time as or before the solicitation, send a completed Form 51-102F5 and a form of proxy to each registered holder whose proxy is solicited.

(3) In Québec, subsections (1) and (2) apply, adapted as required, to a meeting of holders of debt securities of an investment fund that is a reporting issuer in Québec, whether called by management of the investment fund or by the trustee of the debt securities.

12.3 **Exemption**

(1) Subsection 12.2(2) does not apply to a solicitation by a person or company in respect of securities of which the person or company is the beneficial owner.

(2) Paragraph 12.2(2)(*b*) does not apply to a solicitation if the total number of securityholders whose proxies are solicited is not more than 15.

(3) For the purposes of subsection (2), two or more persons or companies who are joint registered owners of one or more securities are considered to be one securityholder.

12.4 **Compliance with Regulation 51-102**

A person or company that solicits proxies under section 12.2 must comply with sections 9.3 and 9.4 of Regulation 51-102 as if those sections applied to the person or company.

PART 13
CHANGE OF AUDITOR DISCLOSURE

13.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

13.2 **Change of Auditor**

Section 4.11 of Regulation 51-102 applies to an investment fund that changes its auditor, except that references in that section to the "board of directors" are to be read as references to,

(a) if the investment fund is a corporation, the "board of directors of the investment fund", or

(b) if the investment fund is a trust, the "trustee or trustees or another person or company authorized by the constating documents of the investment fund".

PART 14
CALCULATION OF NET ASSET VALUE

14.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

14.2 **Calculation, Frequency and Currency**

(1) The net asset value of an investment fund must be calculated in accordance with Canadian GAAP.

(2) Despite subsection (1), for the purposes of calculating net asset value for purchases and redemptions of its securities as required by Parts 9 and 10 of Regulation 81-102 respecting Mutual Funds, a labour sponsored or venture capital fund that has included a deferred charge for sales commissions in the calculation may continue to do so, provided that

(a) the calculation reflects the amortization of this deferred charge over the remaining amortization period, and

(b) the labour sponsored or venture capital fund ceased adding to this deferred charge by December 31, 2003.

(3) The net asset value of an investment fund must be calculated,

(a) if the investment fund does not use specified derivatives, at least once in each week; or

(b) if the investment fund uses specified derivatives, at least once every business day.

(4) A mutual fund that holds securities of other mutual funds must have dates for the calculation of net asset value that are compatible with those of the other mutual funds.

(5) Despite subsection (3), an investment fund that, at the date that this Regulation comes into force, calculates net asset value no less frequently than once a month may continue to calculate net asset value at least as frequently as it does at that date.

(6) The net asset value of an investment fund must be calculated in the currency of Canada or in the currency of the United States of America or both.

(7) An investment fund that arranges for the publication of its net asset value in the financial press must ensure that its current net asset value is provided on a timely basis to the financial press.

14.3 **Portfolio Transactions**

The net asset value of an investment fund must include each purchase or sale of a portfolio asset no later than in the next calculation of the net asset value after the date the purchase or sale becomes binding.

14.4 **Capital Transactions**

The investment fund must include each issue or redemption of a security of the investment fund in the next calculation of net asset value the investment fund makes after the calculation of net asset value used to establish the issue or redemption price.

PART 15
CALCULATION OF MANAGEMENT EXPENSE RATIO

15.1 **Calculation of Management Expense Ratio**

(1) An investment fund may disclose its management expense ratio only if the management expense ratio is calculated for the financial year or interim period of the investment fund and if it is calculated by

(a) dividing

i. the aggregate of

(A) total expenses of the investment fund, before income taxes, for the financial year or interim period, as shown on its statement of operations; and

(B) any other fee, charge or expense of the investment fund that has the effect of reducing the investment fund's net asset value;

by

ii. the average net asset value of the investment fund for the financial year or interim period, obtained by

(A) adding together the net asset values of the investment fund as at the close of business of the investment fund on each day during the financial year or interim period on which the net asset value of the investment fund has been calculated, and

(B) dividing the amount obtained under clause (A) by the number of days during the financial year or interim period on which the net asset value of the investment fund has been calculated; and

(b) multiplying the result obtained under paragraph *a* by 100.

(2) If any fees and expenses otherwise payable by an investment fund in a financial year or interim period were waived or otherwise absorbed by a member of the organization of the investment fund, the investment fund must disclose, in a note to the disclosure of its management expense ratio, details of

(a) what the management expense ratio would have been without any waivers or absorptions;

(b) the length of time that the waiver or absorption is expected to continue;

(c) whether the waiver or absorption can be terminated at any time by the member of the organization of the investment fund; and

(d) any other arrangements concerning the waiver or absorption.

(3) Investment fund expenses rebated by a manager or an investment fund to a securityholder must not be deducted from total expenses of the investment fund in determining the management expense ratio of the investment fund.

(4) An investment fund that has separate classes or series of securities must calculate a management expense ratio for each class or series, in the manner required by this section, modified as appropriate.

(5) The management expense ratio of an investment fund for a financial period of less than or greater than twelve months must be annualized.

(6) If an investment fund provides its management expense ratio to a service provider that will arrange for public dissemination of the management expense ratio,

(a) the investment fund must provide the management expense ratio calculated in accordance with this Part; and

(b) the requirement to provide note disclosure contained in subsection (2) does not apply if the investment fund indicates, as applicable, that fees have been waived, expenses have been absorbed, or that fees or expenses were paid directly by investors during the period for which the management expense ratio was calculated.

15.2 **Fund of Funds Calculation**

(1) For the purposes of subparagraph 15.1(1)*(a)(i)*, the total expenses for a financial year or interim period of an investment fund that invests in securities of other investment funds is equal to the sum of

(a) the total expenses incurred by the investment fund that are for the period for which the calculation of the management expense ratio is made and that are attributable to its investment in each underlying investment fund, as calculated by

i. multiplying the total expenses of each underlying investment fund before income taxes for the financial year or interim period, by

ii. the average proportion of securities of the underlying investment fund held by the investment fund during the financial year or interim period, calculated by

(A) adding together the proportion of securities of the underlying investment fund held by the investment fund on each day in the period, and

(B) dividing the amount obtained under clause (A) by the number of days in the period; and

(b) the total expenses of the investment fund, before income taxes, for the period.

(2) An investment fund that has exposure to one or more other investment funds through the use of derivatives in a financial year or interim period must calculate its management expense ratio for the financial year or interim period in the manner described in subsection (1), treating each investment fund to which it has exposure as an "underlying investment fund" under subsection (1).

(3) Subsection (2) does not apply if the derivatives do not expose the investment fund to expenses that would be incurred by a direct investment in the relevant investment funds.

(4) Management fees rebated by an underlying fund to an investment fund that invests in the underlying fund must be deducted from total expenses of the underlying fund if the rebate is made for the purpose of avoiding duplication of fees between the two investment funds.

PART 16
ADDITIONAL FILING REQUIREMENTS

16.1 **Application**

This Part applies to an investment fund that is a reporting issuer.

16.2 **Additional Filing Requirements**

If an investment fund sends to its securityholders any disclosure document other than those required by this Regulation, the investment fund must file a copy of the

document on the same date as, or as soon as practicable after, the date on which the document is sent to its securityholders.

16.3 **Voting Results**

An investment fund must, promptly following a meeting of securityholders at which a matter was submitted to a vote, file a report that discloses, for each matter voted upon

(a) a brief description of the matter voted upon and the outcome of the vote; and

(b) if the vote was conducted by ballot, the number and percentage of votes cast, which includes votes cast in person and by proxy, for, against, or withheld from, each vote.

16.4 **Filing of Material Contracts**

An investment fund that is not subject to Regulation 81-101 respecting Mutual Fund Prospectus Disclosure, or securities legislation that imposes a similar requirement, must file a copy of any material contract of the investment fund not previously filed, or any amendment to any material contract of the investment fund not previously filed

(a) with the final prospectus of the investment fund; or

(b) upon the execution of the material contract or amendment.

PART 17
EXEMPTIONS

17.1 **Exemption**

(1) The securities regulatory authority may grant an exemption from this Regulation, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant an exemption from any part of this Regulation.

In Québec, this exemption is granted pursuant to section 263 of the Securities Act (R.S.Q., c. V-1.1).

PART 18
EFFECTIVE DATE AND TRANSITION

18.1 **Effective Date**

This Regulation comes into force on June 1, 2005.

18.2 **Transition**

Despite section 18.1, this Regulation applies to

(a) annual financial statements and annual management reports of fund performance for financial years that end on or after June 30, 2005;

(b) for investment funds in existence on June 1, 2005, interim financial statements and interim management reports of fund performance for interim periods that end after the financial years determined in paragraph *a*;

(c) quarterly portfolio disclosure for periods that end on or after June 1, 2005;

(d) annual information forms for financial years ending on or after June 30, 2005;

(e) proxy voting records for the annual period beginning July 1, 2005; and

(f) proxy solicitation and information circulars from and after July 1, 2005.

18.3 **Filing of Financial Statements and Management Reports of Fund Performance**

Despite section 2.2 and section 4.2, the first annual financial statements and the first annual management report of fund performance that are required to be prepared in accordance with this Regulation must be filed on or before the 120th day after the end of the financial year of the investment fund to which they pertain.

18.4 **Filing of Annual Information Form**

Despite section 9.3, the first annual information form to be prepared under this Regulation must be filed on or before the 120th day after the end of the financial year of the investment fund to which it pertains.

18.5 **Initial Delivery of Annual Management Report of Fund Performance**

Despite Part 5, an investment fund must send to each securityholder, by the filing deadline, its first annual management report of fund performance with an explanation of the new continuous disclosure requirements, including the availability of quarterly portfolio disclosure and proxy voting disclosure.

18.6 **Existing Exemptions**

(1) An investment fund that has obtained an exemption or waiver from, or approval under, securities legislation, Policy Statement No. 39, Mutual Funds, Regulation 81-101 respecting Mutual Fund Prospectus Disclosure, Regulation 81-102, Policy Statement 81-104, Commodity Pools or National Instrument 81-105, Mutual Fund Sales Practices relating to its continuous disclosure obligations is exempt from any substantially similar provision of this Regulation to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval, unless the securities regulatory authority has revoked that exemption, waiver or approval under authority provided to it in securities legislation.

(2) An investment fund must, at the time that it first intends to rely on subsection (1) in connection with a filing requirement under this Regulation, inform the securities regulatory authority in writing of

(a) the general nature of the prior exemption, waiver or approval and the date on which it was granted; and

(b) the provision in respect of which the prior exemption, waiver or approval applied and the substantially similar provision of this Regulation.

FORM 81-106F1
CONTENTS OF ANNUAL AND INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

PART A
INSTRUCTIONS AND INTERPRETATION

Item 1 General

(a) The Form

The Form describes the disclosure required in an annual or interim management report of fund performance (MRFP) of an investment fund. Each item of the Form outlines disclosure or format requirements. Instructions to help you comply with these requirements are printed in italic type.

(b) Plain Language

An MRFP must state the required information concisely and in plain language (as defined in Regulation 81-101 respecting Mutual Fund Prospectus Disclosure). Refer to Part 1 of Policy Statement to Regulation 81-106 for a discussion concerning plain language and presentation.

When preparing an MRFP, respond as simply and directly as is reasonably possible and include only as much information as is necessary for readers to understand the matters for which you are providing disclosure.

(c) Format

Present the MRFP in a format that assists readability and comprehension. The Form generally does not mandate the use of a specific format to achieve these goals, except in the case of disclosure of financial highlights and past performance as required by Items 3 and 4 of each of Parts B and C of the Form; that disclosure must be presented in the format specified in the Form.

An MRFP must use the headings and sub-headings shown in the Form. Within this framework, investment funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely. Disclosure provided in response to any item does not need to be repeated elsewhere. The interim MRFP must use the same headings as used in the annual MRFP.

The Form does not prohibit including information beyond what the Form requires. An investment fund may include artwork and educational material (as defined in section 1.1 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure) in its annual and interim MRFP. However, an investment fund must take reasonable care to ensure that including such material does not obscure the required information and does not lengthen the MRFP excessively.

(d) Focus on Material Information

You do not need to disclose information that is not material. You do not need to respond to any item in this Form that is inapplicable and you may omit negative answers.

(e) What is Material ?

Would a reasonable investor's decision to buy, sell or hold securities of an investment fund likely be influenced or changed if the information in question was omitted or misstated ? If so, the information is material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook. In determining whether information is material, take into account both quantitative and qualitative factors.

Item 2 Management Discussion of Fund Performance

The management discussion of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. The discussion is the equivalent to the corporate management discussion and analysis (MD&A) with specific modifications for investment funds. It provides the manager of an investment fund with the opportunity to discuss the investment fund's position and financial results for the relevant period. The discussion is intended to give a reader the ability to look at the investment fund through the eyes of management by providing both a historical and prospective analysis of the investment activities and operations of the investment fund. Coupled with the financial highlights, this information should enable readers to better assess the investment fund's performance and future prospects.

Focus the management discussion on material information about the performance of the investment fund, with particular emphasis on known material trends, commitments, events, risks or uncertainties that the manager reasonably expects to have a material effect on the investment fund's future performance or investment activities.

The description of the disclosure requirements is intentionally general. This Form contains a minimum number of specific instructions in order to allow, as well as encourage, investment funds to discuss their activities in the most appropriate manner and to tailor their comments to their individual circumstances.

PART B
CONTENT REQUIREMENTS FOR ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Item 1 First Page Disclosure

The first page of an annual MRFP must contain disclosure in substantially the following words:

"This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling [toll-free/collect call telephone number], by writing to us at [insert address] or by visiting our website at [insert address] or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure."

INSTRUCTION:

If the MRFP is bound with the financial statements of the investment fund, modify the first page wording appropriately.

Item 2 Management Discussion of Fund Performance

2.1 **Investment Objective and Strategies**

Disclose under the heading "Investment Objective and Strategies" a brief summary of the fundamental investment objective and strategies of the investment fund.

INSTRUCTION:

Disclosing the fundamental investment objective provides investors with a reference point for assessing the information contained in the MRFP. It must be a concise summary of the fundamental investment objective and strategies of the investment fund, and not merely copied from the prospectus.

2.2 **Risk**

Disclose under the heading "Risk" a discussion of how changes to the investment fund over the financial year affected the overall level of risk associated with an investment in the investment fund.

INSTRUCTION:

Ensure that the discussion is not merely a repeat of information contained in the prospectus of the investment fund, but rather a discussion that reflects any changes in risk level of the investment fund over the financial year.

Consider how the changes in the risks associated with an investment in the investment fund affect the suitability or investor risk tolerance stated in the prospectus or offering document. All investment funds should refer to Items 9 and 10 of Part B of Form 81-101F1 as if those sections applied to them.

2.3 **Results of Operations**

(1) Under the heading "Results of Operations" provide a summary of the results of operations of the investment fund for the financial year to which the MDFP pertains, including a discussion of

(a) any material changes in investments in specific portfolio assets and overall asset mix from the previous period;

(b) how the composition and changes to the composition of the investment portfolio relate to the investment fund's fundamental investment objective and strategies or to changes in the economy, markets or unusual events;

(c) unusual trends in redemptions or sales and the effect of these on the investment fund;

(d) significant components and changes to the components of revenue and expenses;

(e) risks, events, trends and commitments that had a material effect on past performance; and

(f) unusual or infrequent events or transactions, economic changes and market conditions that affected performance.

(2) An investment fund that borrows money, other than immaterial operating overdrafts, must disclose,

(a) the minimum and maximum amount borrowed during the period;

(b) the percentage of net assets of the investment fund that the borrowing represented as of the end of the period;

(c) how the borrowed money was used; and

(d) the terms of the borrowing arrangements.

INSTRUCTION:

Explain the nature of and reasons for changes in your investment fund's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid the use of boilerplate language. Your discussion should assist the reader to understand the significant factors that have affected the performance of the investment fund.

2.4 **Recent Developments**

Under the heading "Recent Developments" discuss the developments affecting the investment fund, including

(a) known changes to the strategic position of the investment fund;

(b) known material trends, commitments, events or uncertainties that might reasonably be expected to affect the investment fund;

(c) changes to the manager or portfolio adviser, or change of control of the manager, of the investment fund;

(d) the effects of any actual or planned reorganizations, mergers or similar transactions; and

(e) the estimated effects of changes in accounting policies adopted subsequent to year end.

INSTRUCTION:

(1) Preparing the management discussion necessarily involves some degree of prediction or projection. The discussion must describe anticipated events, decisions, circumstances, opportunities and risks that management considers reasonably likely to materially impact performance. It must also describe management's vision, strategy and targets.

(2) There is no requirement to provide forward-looking information. If any forward-looking information is provided, it must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, your material assumptions and appropriate risk disclosure and cautionary language. You must also discuss any forward-looking information disclosed for a prior period which, in light of intervening events and absent further explanations, may be misleading.

2.5 **Related Party Transactions**

Under the heading "Related Party Transactions" discuss any transactions involving related parties to the investment fund.

INSTRUCTIONS:

(1) In determining who is a related party, investment funds should look to the Handbook. In addition, related parties include the manager and portfolio adviser (or their affiliates) and a broker or dealer related to any of the investment fund, its manager or portfolio adviser.

(2) When discussing related party transactions, include the identity of the related party, the relationship to the investment fund, the purpose of the transaction, the measurement basis used to determine the recorded amount and any ongoing commitments to the related party.

(3) Related party transactions include portfolio transactions with related parties of the investment fund. When discussing these transactions, include the dollar amount of commission, spread or any other fee that the investment fund paid to any related party in connection with a portfolio transaction.

Item 3 Financial Highlights

3.1 **Financial Highlights**

(1) Provide selected financial highlights for the investment fund under the heading "Financial Highlights" in the form of the following tables, appropriately completed, and introduced using the following words:

"The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past [insert number] years. This information is derived from the Fund's audited annual financial statements.

The Fund's Net Asset Value (NAV) per [Unit/Share]

	[insert year]	**[insert year]**	**[insert year]**	**[insert year]**	**[insert year]**
Net Asset Value, beginning of year	$	$	$	$	$
Increase (decrease) from operations:					
total revenue	$	$	$	$	$
total expenses	$	$	$	$	$
realized gains (losses) for the period	$	$	$	$	$
unrealized gains (losses) for the period	$	$	$	$	$
Total increase (decrease) from operations (1)	$	$	$	$	$
Distributions:					
From income (excluding dividends)	$	$	$	$	$
From dividends	$	$	$	$	$
From capital gains	$	$	$	$	$
Return of capital	$	$	$	$	$
Total Annual Distributions (2)	$	$	$	$	$
Net asset value at [insert last day of financial year] of year shown	$	$	$	$	$

(1) Net asset value and distributions are based on the actual number of [units/shares] outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of [units/shares] outstanding over the financial period.

(2) Distributions were [paid in cash/reinvested in additional [units/shares] of the Fund], or both.

Ratios and Supplemental Data

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Net assets (000's) (1)	$	$	$	$	$
Number of [units/shares] outstanding (1)					
Management expense ratio (2)	%	%	%	%	%
Management expense ratio before waivers or absorptions	%	%	%	%	%
Portfolio turnover rate (3)	%	%	%	%	%
Trading expense ratio (4)	%	%	%	%	%
Closing market price or pricing NAV, [if applicable]	$	$	$	$	$

(1) This information is provided as at [insert date of end of financial year] of the year shown.

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(2) Derive the selected financial information from the audited annual financial statements of the investment fund.

(3) Modify the table appropriately for corporate investment funds.

(4) Show the financial highlights individually for each class or series, if a multi-class fund.

(5) Provide per unit or per share amounts to the nearest cent, and provide percentage amounts to two decimal places.

(6) Except for net asset value and distributions, calculate per unit/share values on the basis of the weighted average number of unit/shares outstanding over the financial period.

(7) Provide the selected financial information required by this Item in chronological order for each of the five most recently completed financial years of the investment fund for which audited financial statements have been filed, with the information for the most recent financial year in the first column on the left of the table.

(8) If the investment fund has merged with another investment fund, include in the table only the financial information of the continuing investment fund.

(9) Calculate the management expense ratio of the investment fund as required by Part 15 of the Regulation. Include a brief description of the method of calculating the management expense ratio in a note to the table.

(10) If the investment fund,

(a) changed, or proposes to change, the basis of the calculation of the management fees or of the other fees, charges or expenses that are charged to the investment fund; or

(b) introduces or proposes to introduce a new fee,

and if the change would have had an effect on the management expense ratio for the last completed financial year of the investment fund if the change had been in effect throughout that financial year, disclose the effect of the change on the management expense ratio in a note to the "Ratios and Supplemental Data" table.

(11) Do not include disclosure concerning portfolio turnover rate for a money market fund.

(12) Calculate the trading expense ratio by dividing

i. the total commissions and other portfolio transaction costs disclosed in the notes to the financial statements; by

ii. the same denominator used to calculate the management expense ratio.

(13) Provide the closing market price only if the investment fund is traded on an exchange. If the investment fund is a labour sponsored or venture capital fund provide the pricing NAV per security if different than the NAV for accounting purposes.

INSTRUCTIONS:

(1) Calculate the investment fund's portfolio turnover rate by dividing the lesser of the amounts of the cost of purchases and proceeds of sales of portfolio securities for the financial year by the average of the value of the portfolio securities owned by the investment fund in the financial year. Calculate the monthly average by totalling the values of portfolio securities as at the beginning and end of the first month of the financial year and as at the end of each of the succeeding 11 months and dividing the sum by 13. Exclude from both numerator and denominator amounts relating to all portfolio securities having a remaining term to maturity on the date of acquisition by the investment fund of one year or less.

(2) Further to instruction (1), include:

(a) proceeds from a short sale in the value of the portfolio securities sold during the period;

(b) the cost of covering a short sale in the value of portfolio securities purchased during the period;

(c) premiums paid to purchase options in the value of portfolio securities purchased during the period; and

(d) premiums received from the sale of options in the value of the portfolio securities sold during the period.

(3) If the investment fund acquired the assets of another investment fund in exchange for its own shares during the financial year in a purchase-of-assets transaction, exclude from the calculation of portfolio turnover rate the value of securities acquired and sold to realign the fund's portfolio. Adjust the denominator of the portfolio turnover computation to reflect these excluded purchases and sales and disclose them in a footnote

3.2 **Scholarship Plans**

An investment fund that is a scholarship plan must comply with Item 3.1, except that the following table must replace "The Fund's Net Asset Value per [Unit/Share]" table and the "Ratios and Supplemental Data" table.

Financial & Operating Highlights (with comparative figures)

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Balance Sheet					
Total Assets	$	$	$	$	$
Net Assets	$	$	$	$	$
% change of Net Assets	%	%	%	%	%
Statement of Operations					
Scholarship Awards	$	$	$	$	$
Canadian Education Savings Grant	$	$	$	$	$
Net investment income	$	$	$	$	$
Other					
Total number of [agreements/units] in plans					
% change in the total number of agreements	%	%	%	%	%

3.3 **Management Fees**

Disclose the basis for calculating the management fees paid by the investment fund and a breakdown of the services received in consideration of the management fees, as a percentage of management fees.

INSTRUCTION :

The disclosure must list the major services paid for out of the management fees, including portfolio adviser compensation, trailing commissions and sales commissions, if applicable.

Item 4 Past Performance

4.1 **General**

(1) In responding to the requirements of this Item, an investment fund must comply with sections 15.2, 15.3, 15.9, 15.10, 15.11 and 15.14 of Regulation 81-102 respecting Mutual Funds as if those sections applied to the annual MRFP.

(2) Despite the specific requirements of this Item, do not provide performance data for any period if the investment fund was not a reporting issuer at all times during the period.

(3) Set out in footnotes to the chart or table required by this Item the assumptions relevant to the calculation of the performance information, and include a statement of the significance of the assumption that distributions are reinvested for taxable investments.

(4) In a general introduction to the "Past Performance" section, indicate, as applicable, that

(a) the performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the investment fund ;

(b) the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance ; and

(c) how the investment fund has performed in the past does not necessarily indicate how it will perform in the future.

(5) Use a linear scale for each axis of the bar chart required by this Item.

(6) The x-axis must intersect the y-axis at 0 for the "Year-by-Year Returns" bar chart.

4.2 **Year-by-Year Returns**

(1) Provide a bar chart, under the heading "Past Performance" and under the sub-heading "Year-by-Year Returns", that shows, in chronological order with the most recent year on the right of the bar chart, the annual total return of the investment fund for the lesser of

(a) each of the ten most recently completed financial years; and

(b) each of the completed financial years in which the investment fund has been in existence and which the investment fund was a reporting issuer.

(2) Provide an introduction to the bar chart that

(a) indicates that the bar chart shows the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance has changed from year to year; and

(b) indicates that the bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

(3) If the investment fund holds short portfolio positions, show separately the annual total return for both the long portfolio positions and the short portfolio positions in addition to the overall total return.

4.3 **Annual Compound Returns**

(1) If the investment fund is not a money market fund, disclose, in the form of a table, under the sub-heading "Annual Compound Returns"

(a) the investment fund's past performance for the ten, five, three and one year periods ended on the last day of the investment fund's financial year; or

(b) if the investment fund was a reporting issuer for more than one and less than ten years, the investment fund's past performance since the inception of the investment fund.

(2) Include in the table, for the same periods for which the annual compound returns of the investment fund are provided, the historical annual compound total returns or changes of

(a) one or more appropriate broad-based securities market indices; and

(b) at the option of the investment fund, one or more non-securities indices or narrowly-based market indices that reflect the market sectors in which the investment fund invests.

(3) Include a brief description of the broad-based securities market index (or indices) and provide a discussion of the relative performance of the investment fund as compared to that index.

(4) If the investment fund includes in the table an index that is different from the one included in the most recently filed MRFP, explain the reasons for the change and include the disclosure required by this Item for both the new and former indices.

(5) Calculate the annual compound return in accordance with the requirements of Part 15 of Regulation 81-102.

(6) If the investment fund holds short portfolio positions, show separately the annual compound returns for both the long and the short portfolio positions in addition to the overall annual compound returns.

INSTRUCTIONS:

(1) An "appropriate broad-based securities market index" is one that

(a) is administered by an organization that is not affiliated with any of the mutual fund, its manager, portfolio adviser or principal distributor, unless the index is widely recognized and used; and

(b) has been adjusted by its administrator to reflect the reinvestment of dividends on securities in the index or interest on debt.

(2) It may be appropriate for an investment fund that invests in more than one type of security to compare its performance to more than one relevant index. For example, a balanced fund may wish to compare its performance to both a bond index and an equity index.

(3) In addition to the appropriate broad-based securities market index, the investment fund may compare its performance to other financial or narrowly-based securities indices (or a blend of indices) that reflect the market sectors in which the investment fund invests or that provide useful comparatives to the performance of the investment fund. For example, an investment fund could compare its performance to an index that measured the performance of certain sectors of the stock market (e.g. communications companies, financial sector companies, etc.) or to a non-securities index, such as the Consumer Price Index, so long as the comparison is not misleading.

4.4 **Scholarship Plans**

An investment fund that is a scholarship plan must comply with this Item, except that year-by-year returns and annual compound returns must be calculated based on the scholarship plan's total portfolio adjusted for cash flows.

Item 5 Summary of Investment Portfolio

(1) Include, under the heading "Summary of Investment Portfolio", a summary of the investment fund's portfolio as at the end of the financial year of the investment fund to which the annual MRFP pertains.

(2) The summary of investment portfolio

(a) must break down the entire portfolio of the investment fund into appropriate subgroups, and must show the percentage of the aggregate net asset value of the investment fund constituted by each subgroup;

(b) must disclose the top 25 positions held by the investment fund, each expressed as a percentage of net assets of the investment fund;

(c) must disclose long positions separately from short positions; and

(d) must disclose separately the total percentage of net assets represented by the long positions and by the short positions.

(3) Indicate that the summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund and a quarterly update is available.

INSTRUCTIONS:

(1) The summary of investment portfolio is designed to give the reader an easily accessible snapshot of the portfolio of the investment fund as at the end of the financial year for which the annual MRFP pertains. As with the other components of the annual MRFP, care should be taken to ensure that the information in the summary of investment portfolio is presented in an easily accessible and understandable way.

(2) The Canadian securities regulatory authorities have not prescribed the names of the categories into which the portfolio should be broken down. An investment fund should use the most appropriate categories given the nature of the fund. If appropriate, an investment fund may use more than one breakdown, for instance showing the portfolio of the investment fund broken down according to security type, industry, geographical locations, etc.

(3) Instead of a table, the disclosure required by (2)(a) of this Item may be presented in the form of a pie chart.

(4) If the investment fund owns more than one class of securities of an issuer, those classes should be aggregated for the purposes of this Item, however, debt and equity securities of an issuer must not be aggregated.

(5) Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.

(6) Treat cash and cash equivalents as one separate discrete category.

(7) In determining its holdings for purposes of the disclosure required by this Item, an investment fund should, for each long position in a derivative that is held by the investment fund for purposes other than hedging and for each index participation unit held by the investment fund, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.

(8) If an investment fund invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of another fund, list only the 25 largest holdings of the other investment fund by percentage of net assets of the other investment fund, as disclosed by the other investment fund as at the most recent quarter end.

(9) If the investment fund invests in other investment funds, include a statement to the effect that the prospectus and other information about the underlying investment funds are available on the internet at www.sedar.com.

Item 6 Other Material Information

Provide any other material information relating to the investment fund not otherwise required to be disclosed by this Part, including information required to be disclosed pursuant to an order or exemption received by the investment fund.

PART C
CONTENT REQUIREMENTS FOR INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

Item 1 First Page Disclosure

The first page of an interim MRFP must contain disclosure in substantially the following words:

"This interim management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling [toll-free/collect call telephone number], by writing to us at [insert address] or by visiting our website at [insert address] or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure."

INSTRUCTION:

If the MRFP is bound with the financial statements of the investment fund, modify the first page wording appropriately.

Item 2 Management Discussion of Fund Performance

2.1 **Results of Operations**

Update the analysis of the investment fund's results of operations provided in the most recent annual MRFP. Discuss any material changes to any of the components listed in Item 2.3 of Part B.

2.2 **Recent Developments**

If there have been any significant developments affecting the investment fund since the most recent annual MRFP, discuss those developments and their impact on the investment fund, in accordance with the requirements of Item 2.4 of Part B.

2.3 **Related Party Transactions**

Provide the disclosure required by Item 2.5 of Part B.

INSTRUCTIONS:

(1) If the first MRFP you file in this Form is not an annual MRFP, you must provide all the disclosure required by Part B, except for Items 3 and 4, in the first MRFP.

(2) The discussion in an interim MRFP is intended to update the reader on material developments since the date of the most recent annual MRFP. You may assume the reader has access to your annual MRFP, so it is not necessary to restate all of the information contained in the most recent annual discussion.

(3) The discussion in an interim MRFP should deal with the financial period to which the interim MRFP pertains.

Item 3 Financial Highlights

(1) Provide the disclosure required by Item 3.1 of Part B, with an additional column on the left of the table representing the interim period.

(2) Provide the disclosure required by Item 3.3 of Part B of the form.

INSTRUCTION:

If the distributions cannot be allocated by type at the end of the interim period, provide only total distributions by unit/share.

Item 4 Past Performance

Provide a bar chart prepared in accordance with Item 4.2 of Part B, and include the total return calculated for the interim period.

Item 5 Summary of Investment Portfolio

(1) Include a summary of investment portfolio as at the end of the financial period to which the interim MRFP pertains.

(2) The summary of investment portfolio must be prepared in accordance with Item 5 of Part B.

Item 6 Other Material Information

Provide any other material information relating to the investment fund not otherwise required to be disclosed by this Part including information required to be disclosed pursuant to an order or exemption received by the investment fund.

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Draft Regulations

Draft Regulation

Environment Quality Act
(R.S.Q., c. Q-2)

Application of the Environment Quality Act
Motor vehicle traffic in certain fragile environments
Environmental impact assessment and review
Pulp and paper mills
Snow elimination sites
— Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1) and section 124 of the Environment Quality Act, that the Regulation to amend the Regulation respecting the application of the Environment Quality Act, the Regulation respecting motor vehicle traffic in certain fragile environments, the Regulation respecting environmental impact assessment and review, the Regulation respecting pulp and paper mills and the Regulation respecting snow elimination sites, the text of which appears below, may be made by the Government on the expiry of 60 days following this publication.

The draft Regulation makes a number of consequential amendments and necessary adjustments to the regulation under the Environment Quality Act to give effect to the new Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by the Government under section 2.1 of that Act. The new policy, adopted by Order in Council 468-2005 dated 18 May 2005, replaces the former policy adopted by Décret 103-96 dated 24 January 1996 (1996, *G.O.* 2, 1263).

Further information on the draft of the Regulation to amend the Regulation respecting the application of the Environment Quality Act, the Regulation respecting motor vehicle traffic in certain fragile environments, the Regulation respecting environmental impact assessment and review, the Regulation respecting pulp and paper mills and the Regulation respecting snow elimination sites, may be obtained by contacting Luc Proulx, Direction des politiques de l'eau, ministère du Développement durable, de l'Environnement et des Parcs, Édifice Marie-Guyart, 8e étage, boîte 42, 675, boulevard René-Lévesque Est, Québec (Québec) G1R 5V7; telephone: (418) 521-3885, extension 4863; fax: (418) 644-2003; e-mail: luc.proulx@menv.gouv.qc.ca

Any person having comments to make on the draft Regulation is asked to send them in writing, before the expiry of the 60-day period, to the Minister of Sustainable Development, Environment and Parks, Édifice Marie-Guyart, 30e étage, 675, boulevard René-Lévesque Est, Québec (Québec) G1R 5V7.

THOMAS J. MULCAIR,
Minister of Sustainable Development, Environment and Parks

Regulation to amend the Regulation respecting the application of the Environment Quality Act, the Regulation respecting motor vehicle traffic in certain fragile environments, the Regulation respecting environmental impact assessment and review, the Regulation respecting pulp and paper mills and the Regulation respecting snow elimination sites

Environment Quality Act
(R.S.Q., c. Q-2, ss. 23, 31, 31.1, 31.3 and 31.9, 1st par., subpar. *a*, s. 46, pars. *a* to *g* and *l*, s. 53.30, 1st par., subpars. 1, 2 and 4, s. 66, s. 70, pars. 1, 2, 5 and 6, and ss. 109.1 and 124.1)

1. The Regulation respecting the application of the Environment Quality Act[1] is amended

(1) by replacing ", where permitted under the Politique de protection des rives, du littoral et des plaines inondables (Order in Council 103-96 dated 24 January 1996)" in paragraph 3 of section 1 by "within the meaning of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005,";

[1] The Regulation respecting the application of the Environment Quality Act, made by Order in Council 1529-93 dated 3 November 1993 (1993, *G.O.* 2, 5996), was last amended by the regulation made by Order in Council 1091-2004 dated 23 November 2004 (2004, *G.O.* 2, 3275). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Québec Official Publisher, 2005, updated to 1 March 2005.

(2) by replacing "on the strip of land along the edge of a watercourse or a lake, the limits of such strip of land being defined in the Politique de protection des rives, du littoral et des plaines inondables" in the first paragraph of section 2 by "on a bank or shore or in a floodplain within the meaning of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005".

2. The Regulation respecting motor vehicle traffic in certain fragile environments[2] is amended by replacing "same meaning as the word littoral in the Politique de protection des rives, du littoral et des plaines inondables, made by Décret 103-96 dated 24 January 1996" in section 4 by "meaning assigned by the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005".

3. The Regulation respecting environmental impact assessment and review[3] is amended in subparagraph *b* of the first paragraph of section 2

(1) by replacing "average spring high water line" by "2-year flood line";

(2) by adding the following sentence at the end: ". Where the 2-year flood line cannot be established using the information available, it is determined using all relevant factors, but giving preference to the botanical criteria provided for in the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005 to establish the natural high-water mark;".

4. The Regulation respecting pulp and paper mills[4] is amended

(1) by replacing "natural high water mark of the sea, a watercourse or a lake within the meaning of the Politique de protection des rives, du littoral et des plaines inondables, made by Order in Council 1980-87 dated 22 December 1987, as amended" in paragraph 1 of section 53 by "natural high-water mark of the sea, a watercourse or a lake within the meaning of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005";

(2) by replacing paragraph 1 of section 112 by the following:

"(1) in a floodplain within the meaning of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005;".

5. The Regulation respecting snow elimination sites[5] is amended by replacing "assigned to the word "rive" in the Politique de protection des rives, du littoral et des plaines inondables, made by Order in Council 103-96 dated 24 January 1996" in the fourth paragraph of section 1 by "assigned by the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005;".

6. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec.*

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[2] The Regulation respecting motor vehicle traffic in certain fragile environments was made by Order in Council 1143-97 dated 3 September 1997 (1997, *G.O.* 2, 4595) and has not been amended since.

[3] The Regulation respecting environmental impact assessment and review (R.R.Q., 1981, c. Q-2, r.9) was last amended by the regulation made by Order in Council 119-2002 dated 13 February 2002 (2002, *G.O.* 2, 1449). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Québec Official Publisher, 2005, updated to 1 March 2005.

[4] The Regulation respecting pulp and paper mills, made by Order in Council 1353-92 dated 16 September 1992 (1992, *G.O.* 2, 4453), was last amended by the regulation made by Order in Council 492-2000 dated 19 April 2000 (2000, *G.O.* 2, 2090). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Québec Official Publisher, 2005, updated to 1 March 2005.

[5] The Regulation respecting snow elimination sites, made by Order in Council 1063-97 dated 20 August 1997 (1997, *G.O.* 2, 4522), was amended by the regulation made by Order in Council 488-98 dated 8 April 1998 (1998, *G.O.* 2, 1602).

Draft Regulation

Pesticides Act
(R.S.Q., c. P-9.3)

Pesticides Management Code
— Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation to amend the Pesticides Management Code, the text of which appears below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation makes a number of consequential amendments and necessary adjustments to the regulation under the Pesticides Act to give effect to the new Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by the Government under section 2.1 of the Environment Quality Act (R.S.Q., c. Q-2). The new Policy, adopted by Order in Council 468-2005 dated 18 May 2005, replaces the former policy adopted by Décret 103-96 dated 24 January 1996 (1996, *G.O.* 2, 1263).

Further information on the draft of the Regulation to amend the Pesticides Management Code may be obtained by contacting Luc Proulx, Direction des politiques de l'eau, Ministère du Développement durable, de l'Environnement et des Parcs, Édifice Marie-Guyart, 8e étage, boîte 42, 675, boulevard René-Lévesque Est, Québec (Québec) G1R 5V7; telephone: (418) 521-3885, extension 4863; fax: (418) 644-2003; e-mail: luc.proulx@menv.gouv.qc.ca

Any person having comments to make on the draft Regulation is asked to send them in writing, before the expiry of the 45-day period, to the Minister of Sustainable Development, Environment and Parks, Édifice Marie-Guyart, 30e étage, 675, boulevard René-Lévesque Est, Québec (Québec) G1R 5V7.

THOMAS J. MULCAIR,
Minister of Sustainable Development, Environment and Parks

Regulation to amend the Pesticides Management Code*

Pesticides Act
(R.S.Q., c. P-9.3, ss. 101, 104, 105, 107 and 109, pars. 11.1 to 13)

1. The Pesticides Management Code is amended by replacing "normal high water mark as defined in the Politique de protection des rives, du littoral et des plaines inondables made by Décret 103-96 dated 24 January 1996" in the second paragraph of section 1 by "natural high-water mark as defined in the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains adopted by Order in Council 468-2005 dated 18 May 2005".

2. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec.*

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Draft Regulation

Professional Code
(R.S.Q., c. C-26)

Acupuncturists
— Standards for equivalence of diplomas or training for the issue of a permit

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation respecting the standards for equivalence of diplomas and training for the issue of a permit by the Ordre des acupuncteurs du Québec, made by the Bureau of the Ordre des acupuncteurs du Québec, may be submitted to the Government for approval, with or without amendment, on the expiry of 45 days following this publication.

The purpose of the Regulation is to prescribe, under paragraph *c* of section 93 of the Professional Code, the standards for equivalence of diplomas awarded by educational institutions outside Québec, so as to have a permit issued by the Ordre des acupuncteurs du Québec, as well as standards for equivalence of the training of persons who do not hold a diploma required for such purposes.

* The Pesticides Management Code, made by Order in Council 331-2003 dated 5 March 2003 (2003, *G.O.* 2, 1255), was last amended by Order in Council 464-2004 dated 31 March 2003 (2003, *G.O.* 2, 1367).

The Order is of the opinion that those amendments will have no impact on enterprises, including small and medium-sized businesses.

Further information on the proposed regulation may be obtained by contacting François Houle, Director General and Secretary, Ordre des acupuncteurs du Québec, 1001, boulevard De Maisonneuve Est, bureau 585, Montréal (Québec) H2L 4P9; telephone: (514) 523-2882; fax: (514) 523-9669.

Any person having comments to make on the matter is asked to send them in writing, before the expiry of the 45-day period, to the Chair of the Office des professions du Québec, 800, place D'Youville, 10e étage, Québec (Québec) G1R 5Z3. The comments will be forwarded by the Office to the Minister responsible for legislation respecting the professions; they may also be forwarded to the professional order that made the Regulation as well as to interested persons, departments and bodies.

GAÉTAN LEMOYNE,
Chair of the Office des professions du Québec

Regulation respecting the standards for equivalence of diplomas or training for the issue of a permit by the Ordre des acupuncteurs du Québec

Professional Code
(R.S.Q., c. C-26, s. 93, par. *c*)

DIVISION I
GENERAL

1. The secretary of the Ordre des acupuncteurs du Québec must forward a copy of this Regulation to a candidate who, for the purpose of obtaining a permit from the Order, applies to have a diploma issued by an educational institution outside Québec or training recognized as equivalent.

2. In this Regulation:

(1) "diploma equivalence" means recognition by the Bureau of the Order, in accordance with subparagraph *g* of the first paragraph of section 86 of the Professional Code (R.S.Q., c. C-26), that a diploma awarded by an educational institution outside Québec certifies that the candidate's level of knowledge and skills is equivalent to the level attained by the holder of a diploma, recognized by a regulation of the Government made under the first paragraph of section 184 of the Code, giving access to the permit issued by the Order;

(2) "training equivalence" means recognition by the Bureau of the Order, in accordance with subparagraph *g* of the first paragraph of section 86 of the Code, that a candidate's training has enabled the candidate to attain a level of knowledge and skills equivalent to the level attained by the holder of a diploma, recognized by a regulation of the Government made under the first paragraph of section 184 of the Code, giving access to the permit issued by the Order.

DIVISION II
STANDARDS FOR A DIPLOMA EQUIVALENCE

3. A candidate is granted a diploma equivalence if the diploma was obtained on completion of studies equivalent to at least 2,640 hours of study at the college level, including 1,980 hours of training specific to the field of acupuncture, apportioned as follows:

(1) at least 510 hours in subjects dealing with anatomy, surface anatomy, physiology, pathology, microbiology, hygiene and asepsis, first aid and clinical assessment;

(2) at least 885 theory and laboratory hours in subjects dealing with the clinical assessment of the energetic state of a person according to the traditional oriental method, including:

(a) at least 240 hours on the basic theories of the traditional oriental method including thought processes, concepts, vocabulary, functioning, physiology and etiopathology;

(b) at least 150 hours on the meridians and acupuncture points, including the fundamentals of palpation;

(c) at least 90 hours in instrument handling techniques;

(d) at least 285 hours on clinical assessment of the energetic state of a person according to the traditional oriental method;

(e) at least 45 hours in communication and support assistance; and

(f) at least 75 hours in treatment methods and semiology;

(3) at least 90 hours on the aspects of practising acupuncture in Québec and on managing an acupuncture office; and

(4) at least 480 hours of clinical training.

4. Despite section 3, where the diploma in respect of which an application for equivalence has been filed was issued 3 years or more before the application and the knowledge to which the candidate attests no longer corresponds to the knowledge currently being taught, having regard to the developments in the profession, the candidate is granted a training equivalence pursuant to section 5 if the candidate has attained the required level of knowledge and skills since being awarded the diploma.

DIVISION III
STANDARDS FOR TRAINING EQUIVALENCE

5. A candidate is granted a training equivalence if the candidate demonstrates a level of knowledge and skills equivalent to the level of the holder of a diploma, recognized by a regulation of the Government made under section 184 of the Code, giving access to the permit issued by the Order.

In assessing the training equivalence of a candidate, the Bureau must take into account the following factors:

(1) total years of education;

(2) diplomas obtained in relevant or related fields;

(3) the type of courses taken, course content and marks obtained;

(4) training periods and other learning activities completed; and

(5) the type and length of relevant clinical experience.

DIVISION IV
DIPLOMA OR TRAINING EQUIVALENCE RECOGNITION PROCEDURE

6. A candidate wishing to have a diploma or training equivalence recognized must provide the secretary with the following documents, together with the fees for the examination of the application required under paragraph 8 of section 86.0.1 of the Code:

(1) a certified true copy of all diplomas held;

(2) his or her academic record, with a detailed description of the courses taken, the number of hours for each course and the marks obtained;

(3) where applicable, a document attesting to relevant clinical experience; and

(4) where applicable, a document attesting to participation in training periods and other training activities.

Documents written in a language other than French or English that are submitted in support of an application for equivalence must be accompanied by a French or English translation certified by the translator.

7. A committee set up for the purpose by the Bureau is to examine the applications for diploma or training equivalence and make the appropriate recommendations to the Bureau.

8. At its first meeting following receipt of a recommendation referred to in section 9, the Bureau must decide whether to:

(1) recognize the candidate's diploma or training equivalence;

(2) recognize the candidate's training equivalence in part; or

(3) refuse to recognize the candidate's diploma or training equivalence.

The Bureau must inform the candidate of its decision by registered mail within 30 days of its decision.

If the Bureau refuses to recognize the diploma or training equivalence or recognizes the training equivalence in part, the Bureau must at the same time inform the candidate in writing of any programs of study, additional training, training periods or examinations that the candidate could successfully complete within the time it specifies to enable the candidate to be granted a training equivalence.

9. A candidate who is informed of the Bureau's decision to refuse to recognize the diploma or training equivalence applied for or to recognize the training equivalence in part may apply to the Bureau for a review, provided the candidate applies to the secretary in writing within 30 days of receiving the decision.

The Bureau must examine the application for review at the first regular meeting following its receipt and, before disposing of the application, allow the candidate to present observations.

A candidate who wishes to present observations must inform the secretary at least five days before the date set for the meeting. The candidate may, however, submit written observations at any time before the date set for the meeting.

The decision of the Bureau is final and must be sent to the candidate by registered mail within 30 days of the date on which it is made.

10. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

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Abbreviations: **A**: Abrogated, **N**: New, **M**: Modified