

CSA Notice and Request for Comment
Proposed Amendments to
National Instrument 51-102 *Continuous Disclosure Obligations*,
National Instrument 41-101 *General Prospectus Requirements*
and
National Instrument 52-110 *Audit Committees*

May 22, 2014

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period proposed amendments to:

- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**),
- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), and
- National Instrument 52-110 *Audit Committees* (**NI 52-110**) (the **Proposed Amendments**).

We are also publishing for comment proposed changes to:

- Companion Policy 51-102CP to NI 51-102 (**51-102CP**), and
- Companion Policy 41-101CP to NI 41-101 (**41-101CP**).

If adopted, the Proposed Amendments would, among other things, streamline and tailor disclosure by venture issuers. They are intended to make the disclosure requirements for venture issuers more suitable and manageable for issuers at their stage of development. The proposals address continuous disclosure and governance obligations as well as disclosure for prospectus offerings.

The text of the Proposed Amendments is contained in the Annexes of this notice and is also available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca

www.albertasecurities.com

www.bcsc.bc.ca

nssc.novascotia.ca

www.fcnb.ca

www.osc.gov.on.ca

www.fcaa.gov.sk.ca

www.msc.gov.mb.ca

Substance and Purpose

The Proposed Amendments are designed to focus disclosure of venture issuers on information that reflects the needs and expectations of venture issuer investors and eliminate disclosure obligations that may be less valuable to those investors. The Proposed Amendments are also intended to streamline the disclosure requirements for venture issuers to allow management of these issuers to focus on the growth of their business, and to enhance the substantive governance requirements for venture issuers.

In particular, the Proposed Amendments would, for venture issuers:

- if the venture issuer does not have significant revenue, allow the requirement for management's discussion and analysis (**MD&A**) for interim financial periods to be satisfied by a streamlined and highly focused report on quarterly highlights
- implement a new tailored form of executive compensation disclosure
- reduce the instances in which a business acquisition report (**BAR**) must be filed
- create a new requirement for audit committees to have a majority of independent members
- amend the prospectus disclosure requirements to reduce the number of years of audited financial statements required for venture issuers becoming reporting issuers and to conform the disclosure requirements to the Proposed Amendments related to continuous disclosure.

In addition, the Proposed Amendments would, for all issuers:

- revise the annual information form disclosure for mining issuers to conform that disclosure to the amendments made to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) in 2011
- clarify the executive compensation disclosure filing deadlines.

Background

The CSA previously proposed new rules and rule amendments designed to streamline and tailor venture issuer disclosure while improving requirements for corporate governance. These proposals contemplated a separate continuous disclosure and corporate governance regime for venture issuers. In July 2011 and September 2012, we published for comment proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* and related rule amendments (the **Previous Proposals**).

While more comprehensive than the Proposed Amendments, the Previous Proposals contained many of the same key elements, including streamlined quarterly financial reporting, executive compensation disclosure and business acquisition reporting. Support for the Previous Proposals was initially strong; however, support for the September 2012 publication fell significantly and the CSA withdrew its proposal in July 2013. Feedback from the venture issuer community indicated that the benefits from streamlining and tailoring were outweighed by the burden of the transition to a new regime, particularly at a time when many venture issuers were facing significant challenges.

The Proposed Amendments have retained important elements from the Previous Proposals. Rather than implementing them as part of a stand-alone, tailored regime for venture issuers, we now propose to implement them on a targeted basis by amending existing rules.

Summary of the Proposed Amendments

1. Amendments exclusively applicable to venture issuers

Amendments to NI 51-102

- ***Quarterly highlights***: Currently, all issuers (venture and non-venture) are required to file quarterly interim MD&A using Form 51-102F1 *Management's Discussion & Analysis*. We propose to permit venture issuers without significant revenue to fulfil this requirement by preparing and filing a streamlined disclosure document, referred to as “quarterly highlights”, in each of their first three quarters. The quarterly highlights consist primarily of a short discussion about the venture issuer’s operations and liquidity. Venture issuers permitted to comply with the streamlined disclosure requirements could alternatively choose to comply with the existing interim MD&A requirement. (See Request for Comments below)
- ***Business Acquisition Reports***: Currently, all issuers (venture and non-venture) must file a BAR (using Form 51-102F4 *Business Acquisition Report*) within 75 days of a significant acquisition. The BAR must include audited financial statements for the most recent financial year and pro forma financial statements. For venture issuers, an acquisition is “significant” under the current requirements if the asset or investment test specified in Part 8 of NI 51-102 is satisfied at the 40% level. We propose to increase the threshold for venture issuers from 40% to 100% (therefore reducing the instances where BARs are required) and eliminate the requirement that BARs filed by venture issuers must include pro forma financial statements. (See Request for Comments below)
- ***Executive compensation disclosure***: Currently, all issuers (venture and non-venture) are required to file executive compensation disclosure using Form 51-102F6 *Statement of Executive Compensation (Form 51-102F6)*. The disclosure requirements that apply to venture and non-venture issuers are nearly identical. We propose a new executive compensation disclosure form for venture issuers (**Proposed Form 51-102F6V**) that would tailor disclosure more specifically for venture issuers and would:
 - reduce the number of individuals for whom disclosure is required from a maximum of five to a maximum of three (the CEO, CFO and one additional highest-paid executive officer)
 - reduce the number of years of disclosure from three to two
 - eliminate the requirement for venture issuers to calculate and disclose the grant date fair value of stock options and other share-based awards in the summary compensation table. Instead, venture issuers would disclose detailed information about stock options and other equity-based awards issued, held and exercised.

Venture issuers would be able to choose whether to comply with Form 51-102F6 or Proposed Form 51-102F6V.

Amendments to NI 52-110

- We propose to require venture issuers to have an audit committee consisting of at least three members, the majority of whom could not be executive officers, employees or control persons of the issuer. This would not be a new requirement for TSX Venture Exchange listed issuers, which are already required to meet an almost identical requirement under that exchange's policies. (See Request for Comments below)

Amendments to NI 41-101

- Audited financial statements: The Proposed Amendments would reduce from three to two the number of years of audited financial statements required in an initial public offering (IPO) prospectus for an issuer that will become a venture issuer on completion of its IPO.
- Description of the business and history: The Proposed Amendments would reduce the requirement to describe a venture issuer's business and its history from three to two years.
- Conforming to proposed continuous disclosure changes: The Proposed Amendments would also conform the prospectus disclosure requirements to the corresponding continuous disclosure changes described above by:
 - allowing venture issuers to use quarterly highlights instead of existing interim MD&A in their prospectus
 - allowing venture issuers to comply with executive compensation disclosure requirements using the Proposed Form 51-102F6V in their prospectus
 - only requiring the inclusion of BAR-level disclosure in a prospectus of a venture issuer where the acquisition is significant at the 100% level. (See Request for Comments below)

Venture issuers could still choose to provide prospectus disclosure in accordance with existing interim MD&A and Form 51-102F6.

2. Amendments applicable to venture and non-venture issuers

Amendments to NI 51-102

- Mining issuer disclosure: The Proposed Amendments include revisions to Form 51-102F2 *Annual Information Form*, to conform to changes made to NI 43-101 in 2011.
- Filing requirements for Form 51-102F6 and Proposed Form 51-102F6V: The Proposed Amendments contain revised requirements for filing executive compensation disclosure. We propose that:

- non-venture issuers that are required to file an information circular file Form 51-102F6 not later than 140 days after their most recently completed financial year
- venture issuers that are required to file an information circular file Form 51-102F6 or Proposed Form 51-102F6V not later than either 140 days or 180 days after their most recently completed financial year (see Request for Comments below)
- the requirements in section 11.6 of NI 51-102 will only apply to issuers that do not have a requirement to send an information circular and do not send an information circular.

Anticipated Costs and Benefits of the Proposed Amendments

We think the tailoring of venture issuer disclosure will enhance informed investor decision making for the venture issuer market by improving the quality of information available to investors while reducing the burden of preparation for venture issuers. For example, we expect that a venture issuer satisfying the interim MD&A requirement by filing quarterly highlights to be able to do so with disclosure no longer than one or two pages in length, which would be tailored to meet the needs and expectations of venture issuer investors. The Proposed Amendments will eliminate some disclosure obligations; however, we think that those eliminated obligations may be of less value to venture issuer investors and that the Proposed Amendments will result in more relevant disclosure for those investors. The resulting streamlined disclosure should also make it easier for venture issuer investors to read disclosure documents and locate key information.

The Proposed Amendments will reduce the length of some disclosure instructions applicable to venture issuers. We expect this to allow venture issuer management more time to focus on the growth of the business.

The Proposed Amendments will also enhance corporate governance by introducing an audit committee independence requirement for venture issuers.

Request for Comments

We welcome your comments on the Proposed Amendments, and the proposed changes to the related companion policies. In addition to any general comments you may have, we also invite comments on the following specific questions:

Questions relating to quarterly highlights

1. We propose to permit venture issuers without significant revenue in the most recently completed financial year to provide the more tailored and focused “quarterly highlights” form of MD&A in interim periods. Venture issuers that have significant revenue would be required to provide existing interim MD&A for interim periods because we think that larger venture issuers should provide more detailed disclosure.

- a. Do you agree that we have chosen the correct way to differentiate between venture issuers?
- b. Should all venture issuers be permitted to provide quarterly highlights disclosure?

Question relating to executive compensation disclosure

2. We are proposing to clarify filing deadlines for executive compensation disclosure by both venture and non-venture issuers. In most cases, the disclosure is contained in an issuer's information circular and the filing deadline is driven by the issuer's corporate law or organizing documents, and the timing of its annual general meeting (**AGM**). Issuers may also include the disclosure in their Annual Information Form.

We are proposing to revise Section 9.3.1 of NI 51-102 to set the deadline for filing executive compensation disclosure by non-venture issuers at 140 days. For venture issuers, we are proposing a corresponding deadline of either 140 days or 180 days. For venture issuers whose corporate law or organizing documents permit a later AGM, an earlier deadline could result in an issuer filing its executive compensation disclosure twice: once as a stand-alone form to meet the deadline in Section 9.3.1 of NI 51-102 and a second time with the information circular filed for the AGM.

What is the most appropriate deadline applicable to venture issuers for filing executive compensation disclosure: 140 days, 180 days or some later date? Please explain.

Questions relating to BARs – proposed and recently completed acquisitions

Under the Previous Proposals, the venture issuer prospectus requirements for acquisition financial statements were to be harmonized with the proposed changes to the significance threshold in a BAR. We received limited stakeholder comments on this proposal. In the process of preparing the Proposed Amendments, we identified a potential policy concern that may justify a difference between the BAR requirements and the prospectus and information circular requirements in respect of certain proposed acquisitions.

Specifically, if proceeds of a prospectus offering will be used to finance a proposed acquisition significant in the 40% to 100% range, the proposed amendments to the BAR requirements would result in no specific requirement to include any disclosure about the proposed acquisition in the prospectus (see Section 35.6 of Form 41-101F1 and Item 10 of Form 44-101F1). The prospectus would, however, be subject to the general requirement to provide full, true and plain disclosure of all material facts relating to the securities to be distributed.

In cases where prospectus proceeds are financing an acquisition of a business significant in the 40% to 100% range, if financial statements of the business are not necessary to meet the full, true and plain disclosure standard, there may be no financial statements of the business to be acquired in the prospectus.

Similarly, if a matter being submitted to a vote of security holders is in respect of a proposed acquisition significant in the 40% to 100% range, the proposed amendments to the BAR requirements would result in no specific requirement to include BAR-level disclosure about the proposed acquisition in an information circular (see section 14.2 of Form 51-102F5). The information circular would however be subject to the requirement to briefly describe the matter to be acted upon in sufficient detail to enable reasonable security holders to form a reasoned judgment concerning the matter (see section 14.1 of Form 51-102F5).

Where the matter being submitted to a vote of security holders is in respect of a proposed acquisition significant in the 40% to 100% range, if financial statements of the business are not required for there to be sufficient detail to enable reasonable security holders to form a reasoned judgement concerning the matter, there may be no financial statements of the business to be acquired in the information circular.

3. Do you think that a prospectus should always include BAR-level disclosure about a proposed acquisition if

- it is significant in the 40% to 100% range, and
- any proceeds of the prospectus offering will be used to finance the proposed acquisition?

Why or why not?

4. Do you think that an information circular should always include BAR-level disclosure about a proposed acquisition if

- it is significant in the 40% to 100% range, and
- the matter to be voted on is the proposed acquisition?

Why or why not?

5. Do you think we should require BAR-level disclosure in a prospectus where

- financing has been provided (by a vendor or third party) in respect of a recently completed acquisition significant in the 40% to 100% range, and
- any proceeds of the offering are allocated to the repayment of the financing.

Why or why not?

6. If we were to require BAR-level disclosure in the situations outlined above in questions 3, 4 and 5, the significance threshold for prospectus and information circular disclosure will not be harmonized with the threshold for continuous disclosure. Is this a problem?

7. If we do not require BAR-level disclosure in the situations outlined above in questions 3, 4, and 5, do you think an investor will be able to make an informed investment or voting decision?

Questions relating to audit committees

We propose to require venture issuers to have an audit committee consisting of at least three members, the majority of whom could not be executive officers, employees or control persons of the issuer. NI 52-110 currently provides non-venture issuers with certain exceptions from their audit committee independence requirement (for example, for initial public offerings or in cases of death, disability or resignation of member). We are not proposing the same exceptions for venture issuers because the proposed venture issuer audit committee composition requirements are not as onerous as the non-venture issuer independence requirements.

8. Do you think we should provide exceptions from our proposed audit committee composition requirements for venture issuers similar to the exceptions in sections 3.2 to 3.9 of NI 52-110? If so, which exceptions do you think are appropriate?

Please submit your comments in writing on or before August 20, 2014. If you are sending your comments by email, please also send an electronic file containing the submissions (in Microsoft Word format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority (Saskatchewan)
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addressees below. Your comments will be distributed to the other participating CSA.

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We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. In addition, all comments received will be posted on the website of the *Autorité des marchés financiers* at www.lautorite.qc.ca and the website of the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Thank you in advance for your comments.

Contents of Annexes

The following annexes form part of this CSA Notice:

- Annex A Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*
- Annex B Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*
- Annex C Proposed Amendments to National Instrument 52-110 *Audit Committees*
- Annex D Proposed Changes to Companion Policy 51-102CP to National Instrument 51-102 *Continuous Disclosure Obligations*
- Annex E Proposed Changes to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*

Questions

Please refer your questions to any of the following:

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Annex A

Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.*
2. *Paragraph 5.3(2)(b) is amended by adding “for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1” after “interim MD&A”.*
3. *Subsection 5.4(1) is amended by replacing “MD&A” with “annual MD&A and, if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, its interim MD&A,”.*
4. *Paragraph 5.7(2)(b) is amended by adding “for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1” after “interim MD&A”.*
5. *Paragraphs 8.3(1)(b) and (3)(b) are amended by replacing “40 percent” with “100 percent”.*
6. *Subsection 8.4(5) is amended by adding “issuer other than a venture” after “a reporting”.*
7. *Section 9.3.1 is amended*
 - a. *in subsection (1)*
 - (i) *by replacing “sends” with “is required to send”, and*
 - (ii) *by replacing “a reasonable person, applying reasonable effort” with “a person, applying reasonable effort”,*
 - b. *in subsection (2) by replacing “, in accordance with, and subject to any exemptions set out in, Form 51-102F6 Statement of Executive Compensation, which came into force on December 31, 2008” with “and in accordance with Form 51-102F6 Statement of Executive Compensation”,*
 - c. *by adding the following subsections:*
 - (2.1) *Despite subsection (2), a venture issuer may provide the disclosure required by subsection (1) for the periods set out in and in accordance with Form 51-102F6V Statement of Executive Compensation – Venture Issuers.*
 - (2.2) *The disclosure required under subsection (1) must be filed*
 - (a) *not later than 140 days after the end of the issuer’s most recently*

completed financial year, in the case of an issuer other than a venture issuer, or

(b) not later than [140 or 180 days] after the end of the issuer's most recently completed financial year, in the case of a venture issuer.,

d. in subsection (3) by replacing “, which came into force on December 31, 2008” with “or, for a venture issuer relying on subsection 2.1, in Form 51-102F6V Statement of Executive Compensation – Venture Issuers”, and

e. by repealing subsection (4).

8. Section 11.6 is amended

a. in subsection (1)

(i) by replacing “does not send to its securityholders” with “is not required to send to its securityholders an information circular and does not send”, and

(ii) by replacing “a reasonable person, applying reasonable effort” with “a person, applying reasonable effort”,

b. in subsection (2) by striking out “, which came into force on December 31, 2008”,

c. by adding the following subsection:

(2.1) Despite subsection (2), a reporting issuer that is a venture issuer may provide the disclosure required under subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers.*,

d. in subsection (4) by deleting “, which came into force on December 31, 2008” and replacing it with “or, for a venture issuer relying on subsection 2.1, in Form 51-102F6V Statement of Executive Compensation – Venture Issuers”, and

e. by repealing subsection (6).

9. The Table of Contents of Form 51-102F1 is amended

a. in Part 1, by adding “- Quarterly Highlights” after “(g) Venture Issuers Without Significant Revenue”, and

b. in Part 2, by adding “2.2.1 Quarterly Highlights”.

10. Paragraph (g) of Part 1 of Form 51-102F1 is replaced by the following:

(g) Venture Issuers Without Significant Revenue – Quarterly Highlights

If your company is a venture issuer without significant revenue in the most recently completed financial year, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing quarterly highlights disclosure. Refer to section 2.2.1. The purpose of the quarterly highlights reporting is to provide a brief narrative update about the business activities and financial condition of the company. Provide a short, focused discussion that gives a balanced and accurate picture of the company's business activities during the interim period.

If there was a change to the company's accounting policies during the interim period, include a description of the material effects resulting from the change.

Refer to Companion Policy 51-102CP for guidance on quarterly highlights..

11. Item 2 of Part 2 of Form 51-102F1 is amended by adding the following section:

2.2.1 Quarterly Highlights

If your company is a venture issuer without significant revenue in the most recently completed financial year, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing a short discussion of your company's operations and liquidity including known trends, demands, major operating statistics and changes thereto, commitments, events, expected or unexpected, or uncertainties that have materially affected your company's operations and liquidity in the quarter or are reasonably likely to have a material effect going forward.

INSTRUCTIONS

- (i) *If the first MD&A you file in this Form (your first MD&A) is an interim MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. Base the disclosure, except the disclosure for section 1.3, on your interim financial report. Since you do not have to update the disclosure required in section 1.3 in your interim MD&A, your first MD&A will provide disclosure under section 1.3 based on your annual financial statements.*
- (ii) *You must focus your discussion on business activities and financial condition. While summaries are to be clear and concise, they are subject to the normal prohibitions against false and misleading statements.*
- (iii) *Quarterly highlights prepared in accordance with section 2.2.1 are 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).*
- (iv) *You must title your quarterly highlights "Interim MD&A – Quarterly*

Highlights”..

12. Item 5.4 of Form 51-102F2 is repealed and replaced with the following:

5.4 Companies with Mineral Projects

If your company had a mineral project, provide the following information, by summary if applicable, for each project material to your company:

(1) **Current Technical Report** – The title, author(s), and date of the most recent technical report on the property filed in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

(2) **Project Description, Location, and Access**

- (a) The location of the project and means of access.
- (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) To the extent known, any significant factors or risks that might affect access or title, or the right or ability to perform work on, the property, including permitting and environmental liabilities to which the project is subject.

(3) **History**

- (a) To the extent known, the prior exploration and development of the property, including the type, amount, and results of any exploration work undertaken by previous owners, any significant historical estimates, and any previous production on the property.

(4) **Geological Setting, Mineralization, and Deposit Types**

- (a) The regional, local, and property geology.
- (b) The significant mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, and the length, width, depth and continuity of the mineralization together with a description of the type, character and distribution of the mineralization.
- (c) The mineral deposit type or geological model or concepts being applied.

- (5) **Exploration** - The nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of your company, including a summary and interpretation of the relevant results.
- (6) **Drilling** - The type and extent of drilling and a summary and interpretation of all relevant results.
- (7) **Sampling, Analysis, and Data Verification** - The sampling and assaying including, without limitation,
 - (a) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory;
 - (b) the security measures taken to ensure the validity and integrity of samples taken;
 - (c) assaying and analytical procedures used and the relationship, if any, of the laboratory to your company; and
 - (d) quality control measures and data verification procedures, and their results.
- (8) **Mineral Processing and Metallurgical Testing** - If mineral processing or metallurgical testing analyses have been carried out, describe the nature and extent of the testing and analytical procedures, and provide a summary of the relevant results and, to the extent known, provide a description of any processing factors or deleterious elements that could have a significant effect on potential economic extraction.
- (9) **Mineral Resource and Mineral Reserve Estimates** - The mineral resources and mineral reserves, if any, including, without limitation,
 - (a) the effective date of the estimates;
 - (b) the quantity and grade or quality of each category of mineral resources and mineral reserves;
 - (c) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves; and
 - (d) 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.
- (10) **Mining Operations** - For advanced properties, the current or proposed mining methods, including a summary of the relevant information used to

establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods.

- (11) **Processing and Recovery Operations** – For advanced properties, a summary of current or proposed processing methods and reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity.
- (12) **Infrastructure, Permitting, and Compliance Activities** – For advanced properties,
 - (a) the infrastructure and logistic requirements for the project; and
 - (b) the reasonably available information on environmental, permitting, and social or community factors related to the project.
- (13) **Capital and Operating Costs** – For advanced properties,
 - (a) a summary of capital and operating cost estimates, with the major components set out in tabular form; and
 - (b) an economic analysis with forecasts of annual cash flow, net present value, internal rate of return, and payback period, unless exempted under Instruction (2) to Item 22 of Form 43-101F1.
- (14) **Exploration, Development, and Production** - A description of your company’s current and contemplated exploration, development or production activities.

INSTRUCTIONS

- (i) *Disclosure regarding mineral exploration, development or production activities on material projects must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the limitations set out in it. You must use the appropriate terminology to describe mineral reserves and mineral resources. You must base your disclosure on information prepared by, under the supervision of, or approved by, a qualified person.*
- (ii) *You are permitted to 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.*

13. **Paragraph (c) of Part 1 of Form 51-102F5 is amended by adding “or Form 51-102F6V Statement of Executive Compensation – Venture Issuers” after “Form 51-102F6 Statement of Executive Compensation”.**

14. **Item 8 of Part 2 of Form 51-102F5 is amended by adding** “or, in the case of a venture issuer, a completed Form 51-102F6 *Statement of Executive Compensation* or a completed Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*” **after** “Form 51-102F6 *Statement of Executive Compensation*”.
15. **Subsection 1.3(1) of Form 51-102F6 is amended by replacing** “a reasonable person, applying reasonable effort” **with** “a person, applying reasonable effort”,
16. **Commentary 1 of section 2.1 of Form 51-102F6 is amended by replacing** “a reasonable person, applying reasonable effort” **with** “a person, applying reasonable effort”,
17. **Commentary 2 of subsection 3.1(10) of Form 51-102F6 is amended by striking out** “still”,
18. **Subsection 8.1(1) of Form 51-102F6 is amended by replacing** “required by” **with** “they are required to disclose in the United States under”.
19. **The following form is added:**

Form 51-102F6V
Statement of Executive Compensation – Venture Issuers

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Form 51-102F6V
Statement of Executive Compensation – Venture Issuers

ITEM 1 – GENERAL PROVISIONS

1.1 Objective

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

The objective of this disclosure is to communicate the compensation the company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and will help investors understand how decisions about executive compensation are made.

A company's executive compensation disclosure under this form must satisfy this objective and subsections 9.3.1(1) or 11.6(1) of the Instrument.

While the objective of this disclosure is the same as the objective in section 1.1 of Form 51-102F6, this form is to be used by venture issuers only. Reporting issuers that are not venture issuers must complete Form 51-102F6.

1.2 Definitions

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form,

“company” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“compensation securities” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“external management company” includes a subsidiary, affiliate or associate of the external management company;

“named executive officer” or **“NEO”** means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

“plan” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“underlying securities” means any securities issuable on conversion, exchange or exercise of compensation securities.

1.3 Preparing the form

(1) All compensation to be included

- (a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each named executive officer and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the named executive officer or director for services provided and for services to be provided, directly or indirectly, to the company or a subsidiary of the company.
- (b) If an item of compensation is not specifically mentioned or described in this form, disclose it in the column “Value of all other compensation” of the table in section 2.1.

Commentary

1. *Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
2. *The definition of “director” under securities legislation includes an individual who acts in a capacity similar to that of a director.*

(2) Departures from format

- (a) Although the required disclosure must be made in accordance with this form, the disclosure may
 - (i) omit a table, column of a table, or other prescribed information, if it does not apply, and
 - (ii) add a table, column, or other information if
 - (A) necessary to satisfy the objective in section 1.1, and
 - (B) to a reasonable person, the table, column, or other information does not detract from the prescribed information in the table in section 2.1.
- (b) Despite paragraph (a), a company must not add a column to the table in section 2.1.

(3) Information for full financial year

- (a) If a named executive officer acted in that capacity for the company during part of a financial year for which disclosure is required in the table in section 2.1, provide details of all of the compensation that the named executive officer received from the company for that financial year. This includes compensation the named executive officer earned in any other position with the company during the financial year.
- (b) Do not annualize compensation in a table for any part of a year when a named executive officer was not in the service of the company. Annualized compensation may be disclosed in a footnote.

(4) Director and named executive officer compensation

- (a) Disclose any compensation awarded to, earned by, paid to, or payable to each director and named executive officer, in any capacity with respect to the

company. Compensation to directors and named executive officers must include all compensation from the company and its subsidiaries.

- (b) Disclose any compensation awarded to, earned by, paid to, or payable to, a named executive officer, or director, in any capacity with respect to the company, by another person or company.

(5) Determining if an individual is a named executive officer

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an executive officer under paragraph (c) of the definition of named executive officer,

- (a) use the total compensation that would be reported for that executive officer in the table in section 2.1, as if the executive officer were a named executive officer for the company's most recently completed financial year, and
- (b) exclude any compensation disclosed in the column "Value of all other compensation" of the table in section 2.1.

Commentary

The \$150,000 threshold in paragraph (c) of the definition of named executive officer only applies when determining who is a named executive officer in a company's most recently completed financial year. If an individual is a named executive officer in the most recently completed financial year, disclosure of compensation in the prior years must be provided even if total compensation in a prior year is less than \$150,000.

(6) Compensation to associates

Disclose any awards, earnings, payments, or payables to an associate of a named executive officer, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the named executive officer or the director, in any capacity with respect to the company.

(7) Currencies

- (a) Companies must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use the same currency in all of the tables of this form.
- (b) If compensation awarded to, earned by, paid to, or payable to a named executive officer or director was in a currency other than the currency reported in the prescribed tables of this form, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and

describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

(8) New reporting issuers

- (a) A company is not required to provide information for a completed financial year if the company was not a reporting issuer at any time during the most recently completed financial year, unless the company became a reporting issuer as a result of a restructuring transaction.
- (b) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing this form because it is preparing a prospectus, discuss all significant elements of the compensation to be awarded to, earned by, paid to, or payable to named executive officers and directors of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

(9) Plain language

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a person, applying reasonable effort, an understanding of

- (a) how decisions about named executive officer and director compensation are made, and
- (b) how specific named executive officer and director compensation relates to the overall stewardship and governance of the company.

Commentary

Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.

ITEM 2 – DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

2.1 Director and named executive officer compensation, excluding compensation securities

- (1) Using the following table, disclose all compensation referred to in subsection 1.3(1) of this form for each of the two most recently completed financial years, other than compensation disclosed under section 2.3.

Commentary

For venture issuers, compensation includes payments, grants, awards, gifts and benefits including, but not limited to,

- *salaries,*
- *consulting fees,*
- *management fees,*
- *retainer fees,*
- *bonuses,*
- *committee and meeting fees,*
- *special assignment fees,*
- *pensions and employer paid RRSP contributions,*
- *perquisites such as*
 - *car, car lease, car allowance or car loan,*
 - *personal insurance,*
 - *parking,*
 - *accommodation, including use of vacation accommodation,*
 - *financial assistance,*
 - *club memberships,*
 - *use of corporate motor vehicle or aircraft,*
 - *reimbursement for tax on perquisites or other benefits, and*
 - *investment-related advice and expenses.*

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)

- (2) In the table required under subsection (1), disclose compensation of each named executive officer first, followed by compensation of any director who is not a named executive officer.
- (3) If the individual is a named executive officer and a director, state both positions in the column entitled “Name and position”.

Commentary

For the purposes of the column entitled “Value of perquisites”, an item is generally a perquisite if it is not integrally and directly related to the performance of the director or named executive officer’s duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.

- (4) If non-cash compensation, other than compensation required to be disclosed in section 2.3, was provided or is payable, disclose the fair market value of the compensation at the time it was earned or, if it is not possible to calculate the fair market value, disclose that fact in a note to the table and the reasons why.
- (5) In the column entitled “Value of all other compensation”, include
 - (a) any incremental payments, payables and benefits to a named executive officer or director that were triggered by, or resulted from, a scenario listed in subsection 2.5(2) that occurred before the end of the applicable financial year, and
 - (b) all compensation relating to defined benefit or defined contribution plans including service costs and other compensatory items such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above market earnings for defined contribution plans.

Commentary

The disclosure of defined benefit or defined contribution plans relates to all plans that provide for the payment of pension plan benefits. Use the same amounts indicated in column (e) of the defined benefit plan table required by section 2.7 for the applicable financial year and the amounts included in column (c) of the defined contribution plan table required by section 2.7 for the applicable financial year.

- (6) Despite subsection (1), it is not necessary to disclose Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation that are generally available to all salaried employees.
- (7) If a director or named executive officer has served in that capacity for only part of a year, indicate the number of months he or she has served; do not annualize the compensation.
- (8) Provide notes to the table to disclose each of the following for the most recently completed financial year only:
 - (a) compensation paid or payable by any person or company other than the company in respect of services provided to the company or its subsidiaries, including the identity of that other person or company;
 - (b) compensation paid or payable indirectly to the director or named executive officer and, in such case, the amount of compensation, to whom it is paid or payable and the relationship between the director or named executive officer and such other person or company;

- (c) for the column entitled “Value of perquisites”, the nature of each perquisite paid or payable that equals or exceeds 25% of the total value of perquisites paid or payable to that director or named executive officer, and how the value of the perquisite was calculated, if it is not paid or payable in cash;
- (d) for the column entitled “Value of all other compensation”, the nature of each form of other compensation paid or payable that equals or exceeds 25% of the total value of other compensation paid or payable to that director or named executive officer, and how the value of such other compensation was calculated, if it is not paid or payable in cash.

2.2 External management companies

- (1) If one or more individuals acting as named executive officers of the company are not employees of the company, disclose the names of those individuals.
- (2) If an external management company employs or retains one or more individuals acting as named executive officers or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company, directly or indirectly, disclose any compensation that
 - (a) the company paid directly to an individual employed, or retained by the external management company, who is acting as a named executive officer or director of the company;
 - (b) the external management company paid to the individual that is attributable to the services they provided to the company, directly or indirectly.
- (3) If an external management company provides the company’s executive management services and also provides executive management services to another company, disclose the entire compensation the external management company paid to the individual acting as a named executive officer or director, or acting in a similar capacity, in connection with services the external management company provided to the company, or the parent or a subsidiary of the company. If the management company allocates the compensation paid to a named executive officer or director, disclose the basis or methodology used to allocate this compensation.

Commentary

A named executive officer may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the chief executive officer or chief financial officer are references to the individuals who performed similar functions to that of the chief executive officer or chief financial officer. They are typically the same individuals who

signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

2.3 Stock options and other compensation securities

- (1) Using the following table, disclose all compensation securities granted or issued to each director and named executive officer by the company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date

- (2) Position the tables prescribed in subsections (1) and (4) directly after the table prescribed in section 2.1.
- (3) Provide notes to the table to disclose the following:
- (a) the total amount of compensation securities, and underlying securities, held by each named executive officer or director on the last day of the most recently completed financial year end;
 - (b) any compensation security that has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year, including the original and modified terms, the effective date, the reason for the modification, and the name of the holder;
 - (c) any vesting provisions of the compensation securities;
 - (d) any restrictions or conditions for converting, exercising or exchanging the compensation securities.

- (4) Using the following table, disclose each exercise by a director or named executive officer of compensation securities during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)

- (5) For the tables prescribed in subsections (1) and (4), if the individual is a named executive officer and a director, state both positions in the columns entitled “Name and position”.

Commentary

For the purposes of the column entitled “Total value on exercise date” multiply the number in the column entitled “Number of underlying securities exercised” by the number in the column entitled “Difference between exercise price and closing price on date of exercise”.

2.4 Stock option plans and other incentive plans

- (1) Describe the material terms of each stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted.

Commentary

Examples of material terms are vesting provisions, maximum term of options granted, whether or not a stock option plan is a rolling plan, the maximum number or percentage of options that can be granted, method of settlement.

- (2) Indicate for each such plan or agreement whether it has previously been approved by shareholders and, if applicable, when it is next required to be approved.
- (3) Disclosure is not required of plans, such as shareholder rights plans, that involve issuance of securities to all securityholders.

2.5 Employment, consulting and management agreements

- (1) Disclose the material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company or any of its subsidiaries that were
 - (a) performed by a director or named executive officer, or
 - (b) performed by any other party but are services typically provided by a director or a named executive officer.
- (2) For each agreement or arrangement referred to in subsection (1), disclose each of the following:
 - (a) the provisions, if any, with respect to change of control, severance, termination or constructive dismissal;
 - (b) the estimated incremental payments that are triggered by, or result from, change of control, severance, termination or constructive dismissal;
 - (c) any relationship between the other party to the agreement and a director or named executive officer of the company or any of its subsidiaries.

2.6 Oversight and description of director and named executive officer compensation

- (1) Disclose who determines director compensation and how and when it is determined.
- (2) Disclose who determines named executive officer compensation and how and when it is determined.
- (3) For each named executive officer, disclose the following
 - (a) a description of all significant elements of compensation awarded to, earned by, paid or payable to the named executive officer for the most recently completed financial year, including at a minimum each element of compensation that accounts for 10% or more of the named executive officer's total compensation;
 - (b) whether total compensation or any significant element of total compensation is tied to one or more performance criteria or goals, including for example, milestones, agreements or transactions and, if so,

- (i) describe the performance criteria and goals, and
 - (ii) indicate the weight or approximate weight assigned to each performance criterion or goal;
- (c) any significant events that have occurred during the most recently completed financial year that have significantly affected compensation including whether any performance criterion or goal was waived or changed and, if so, why;
 - (d) how the company determines the amount to be paid for each significant element of compensation referred to in paragraph (a), including whether the process is based on objective, identifiable measures or a subjective decision;
 - (e) whether a peer group is used to determine compensation and, if so, describe the peer group and why it is considered appropriate;
 - (f) any significant changes to the company's compensation policies that were made during or after the most recently completed financial year that could or will have an effect on director or named executive officer compensation.
- (4) Despite subsection (3), if a reasonable person would consider that disclosure of a previously undisclosed specific performance criterion or goal would seriously prejudice the company's interests, the company is not required to disclose the criterion or goal provided that the company does each of the following:
- (a) discloses the percentage of the named executive officer's total compensation that relates to the undisclosed criterion or goal;
 - (b) discloses the anticipated difficulty in achieving the performance criterion or goal;
 - (c) states that it is relying on this exemption from the disclosure requirement;
 - (d) explains why disclosing the performance criterion or goal would seriously prejudice its interests.
- (5) For the purposes of subsection (4), a company's interests are considered not to be seriously prejudiced solely by disclosing a performance goal or criterion if that criterion or goal is based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, or earnings before interest, taxes, depreciation and amortization (EBITDA).

2.7 Pension disclosure

If the company provides a pension to a director or named executive officer, provide for each such individual the additional disclosure required by Item 5 of Form 51-102F6.

2.8 Companies reporting in the United States

- (1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information that they disclose in the United States pursuant to item 402 “Executive compensation” of Regulation S-K under the 1934 Act.
- (2) Subsection (1) does not apply to a company 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.

ITEM 3 – EFFECTIVE DATE AND TRANSITION

3.1 Effective date

- (1) This form comes into force on xx.

3.2 Transition

xx

- 20. *This Instrument comes into force on xx.***

Annex B

Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*

“Form 51-102F6V” means Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* of NI 51-102;.
3. *The Table of Contents of Form 41-101F1 is amended in Item 5 by striking out “ Three-year” after “5.2”.*
4. *Subsection 1.9(4) of Form 41-101F1 is amended by adding “(” after “the United States of America” and by adding “)” after “PLUS Markets Group plc.”.*
5. *Subsections 5.1(2) and (3) of Form 41-101F1 are amended by adding “, if the issuer is a venture issuer or an IPO venture issuer, the two most recently completed financial years,” after “within the three most recently completed financial years or”.*
6. *The heading of section 5.2 of Form 41-101F1 is amended by striking out “Three-year”.*
7. *Subsection 5.2(1) of Form 41-101F1 is amended by adding “or, if the issuer is a venture issuer or an IPO venture issuer, the last two completed financial years,” after “over the last three completed financial years”.*
8. *Section 8.2 of Form 41-101F1 is amended by adding the following guidance after subsection (3):*

GUIDANCE

Under section 2.2.1 of Form 51-102F1, a venture issuer, or an IPO venture issuer, without significant revenue in the most recently completed financial year has the option of meeting the requirement to provide interim MD&A under section 2.2 of Form 51-102F1 by providing quarterly highlights disclosure..
9. *Paragraph 8.6(3)(b) of Form 41-101F1 is amended by adding “if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1,” before “the most recent year-to-date”.*
10. *Paragraph 8.8(2)(b) of Form 41-101F1 is amended by adding “if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1,” before “the most recent year-to-date”.*

- 11. Section 17.1 of Form 41-101F1 is amended by adding “or, if the issuer is a venture issuer or an IPO venture issuer, in accordance with Form 51-102F6 or Form 51-102F6V” after “in accordance with Form 51-102F6”.**
- 12. Section 20.11 of Form 41-101F1 is amended by adding “)” after “the United States of America” and adding “)” after “PLUS Markets Group plc.”.**
- 13. Subsection 32.4(1) of Form 41-101F1 is amended by replacing paragraph (a) with the following:**
 - (a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is
 - (i) an IPO venture issuer, or
 - (ii) a reporting issuer in at least one jurisdiction immediately before filing the prospectus,.
- 14. This Instrument comes into force on xx.**

Annex C

Proposed Amendments to National Instrument 52-110 *Audit Committees*

- 1. *National Instrument 52-110 Audit Committees is amended by this Instrument.***
- 2. *The Table of Contents is amended by adding “6.1.1. Composition of Audit Committee”.***
- 3. *Part 6 is amended by adding the following section:***

6.1.1. Composition of Audit Committee

- (1) An audit committee of a venture issuer must be composed of a minimum of three members.
 - (2) Every member of an audit committee of a venture issuer must be a director of the issuer.
 - (3) A majority of the members of an audit committee of a venture issuer must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer..
- 4. *This Instrument comes into force on xx.***

Annex D

Proposed Changes to Companion Policy to National Instrument 51-102 *Continuous Disclosure Obligations*

1. *The proposed changes to the Companion Policy to National Instrument 51-102 Continuous Disclosure Obligations are set out in this schedule.*
2. *The Table of Contents is changed by adding the following: “5.6 Venture Issuer Quarterly Highlights”.*
3. *Section 5.4 is changed by*
 - a. *adding “, if the issuer is an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, their” after “in their annual or”,*
 - b. *striking out “the equity investee would meet the thresholds for the significance tests in Part 8” and replacing it with “, , and*
 - c. *striking out “.” after “as at the issuer’s financial year-end” and replacing it with “, either of the following apply*
 - (a) *for a reporting issuer that is not a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8;*
 - (b) *for a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8 if “100 percent” is read as “40 percent”.*

4. *Part 5 is changed by adding the following section:*

5.6 Venture Issuers without Significant Revenue - Quarterly Highlights

- (1) A venture issuer without significant revenue in the most recently completed financial year may be able to satisfy the requirements of section 2.2.1 of Form 51-102F1 with very brief statements.

For instance, a capital pool company may appropriately limit its discussion to *“This quarter we continued to look for a qualifying transaction. Management reviewed a number of proposals but there are no further developments to report at this time”*.

A mining venture issuer might appropriately limit its discussion to *“This quarter we continued drilling and general exploration on our Nevada property and we plan to continue doing so. During the quarter, we completed 2 drill holes totalling 500 feet”*.

An oil and gas venture issuer might appropriately limit its discussion to “*This quarter our production increased 100 bbl per day. We completed 4 wells and are continuing with our plan to drill 2 more. Production expenses have increased on a per bbl basis due to higher water production*”.

- (2) A venture issuer that provides quarterly highlights is not required to update its annual MD&A in the quarterly highlights. However, to meet the requirements of section 2.2.1 of Form 51-102F1, the venture issuer should disclose in its quarterly highlights any change, if material, from plans disclosed in the annual MD&A. For example, if a mining issuer discloses a drill program in its annual MD&A and decides to make a change to that drill program in a subsequent interim period, that change, if material, should be disclosed in the quarterly highlights for that period.
- (3) When assessing whether an issuer has significant revenue in a financial year, a venture issuer should consider only the actual total revenue reported in its annual financial statements. For example, a venture issuer that begins generating revenue in its fourth quarter should consider whether the amount of revenue generated would be considered significant if the same amount had been earned over the course of a full year. A venture issuer should not annualize revenue earned over a portion of the year when assessing whether those revenues are significant.
- (4) For greater certainty, a reference to interim MD&A is a reference to the quarterly highlights a venture issuer without significant revenue has the option of providing in accordance with section 2.2.1 of Form 51-102F1..

5. *These changes become effective on xx.*

Annex E

Proposed Changes to Companion Policy to National Instrument 41-101 *General Prospectus Requirements*

1. *The proposed changes to the Companion Policy to National Instrument 41-101 General Prospectus Requirements are set out in this schedule.*
2. *Subsection 4.4(3) is changed*
 - a. *by striking out “the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1” and replacing it with “,”,*
 - b. *by striking out the “.” and replacing it with “,”, and*
 - c. *by adding the following after “financial year-end,”:*

either of the following apply:

 - (a) for an issuer that is not a venture issuer or an IPO venture issuer, the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1;
 - (b) for a venture issuer or an IPO venture issuer, the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1 if “100 percent” is read as “40 percent”.
3. *These changes become effective on xx.*