

**ALBERTA SECURITIES COMMISSION
BLANKET ORDER 45-507 (AB)**

**Order Under Sections 144(2), 213 and 214(1) of the Act
Offerings by CDNX Short Form Offering Document**

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Blanket Order:

“**Act**” means the *Securities Act* (Alberta) R.S.A 2000.

“**CDNX**” means the Canadian Venture Exchange Inc. carrying on business as TSX Venture Exchange.

“**CDNX Policy**” means CDNX Policy 4.6, *Public Offering by Short Form Offering Document* and CDNX Form 4H, *Short Form Offering Document* subject to any material amendment filed with the Commission and not objected to by the Commission within 30 days of filing.

“**Commission**” means the Alberta Securities Commission.

“**Current AIF**” means a “current AIF” as defined in MI 45-102.

“**Designated Hold Purchaser**” means a purchaser that is an insider or promoter of the issuer, the issuer’s underwriter, or a member of the underwriter’s “professional group”, as defined in National Instrument 33-105 *Underwriting Conflicts*.

“**Form 27**” means Commission Form 27 *Material Change Report Under Section 146(1) of the Securities Act* or any successor form.

“**Gross Proceeds**” means the gross proceeds that are required to be paid to an issuer for Listed Securities distributed under a Short Form Offering Document.

“**Listed Security**” means a security of a class listed on CDNX.

“**MI 45-102**” means Multilateral Instrument 45-102 *Resale of Securities*.

“**NI 43-101**” means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

“**Prior Short Form Offering**” means a distribution of securities by an issuer under a Short Form Offering Document that was completed during the 12 month period immediately preceding the date of the Short Form Offering Document.

“**Qualifying Issuer**” means a “qualifying issuer” as defined in MI 45-102.

“**Rules**” mean the Rules made by the Commission under section 224 of the Act.

“Short Form Offering Document” means a short form offering document that complies with the CDNX Policy, subject to any waiver or variation CDNX permits.

“Subsequently Triggered Report” means a Form 27 required to be filed as a result of a material change that occurs after the date the Short Form Offering Document is certified but before the purchaser enters into an agreement of purchase and sale.

“Warrant” means a warrant of an issuer distributed under a Short Form Offering Document that entitles the holder to acquire a Listed Security or a portion of a Listed Security of the same issuer.

1.2 Interpretation - Unless otherwise defined in this Blanket Order, terms used in this Blanket Order that are defined or interpreted in the Act or Rules should be read in accordance with the Act and Rules.

PART 2 BACKGROUND TO ORDER

- 2.1 The CDNX Policy sets out a program for distributions by Short Form Offering Document.
- 2.2 An exemption from the prospectus requirements is required to allow distributions in Alberta under the CDNX’s Short Form Offering Document program.
- 2.3 On October 30, 2001, the Commission issued Blanket Order 45-503 which provided the necessary prospectus exemption.
- 2.4 Subsequently, it appeared necessary or advisable to make certain amendments to the terms of Blanket Order 45-503, including to:
 - (a) remove the term Designated Threshold Purchaser to allow securities to be issued to any person or company,
 - (b) amend the threshold amount that could be sold to a purchaser (other than a Designated Hold Purchaser) without a restricted period from “the greater of \$10,000 or 2%” of the offering to \$40,000, and
 - (c) update statutory references and cross-references to other instruments.
- 2.5 This Blanket Order 45-507 is issued to revoke and replace Blanket Order 45-503.

PART 3 PROSPECTUS EXEMPTION

- 3.1 Section 110 of the Act does not apply to a distribution by a Qualifying Issuer of securities of its own issue, if:
 - (a) the issuer has filed;
 - (i) a Current AIF,
 - (ii) all documents that it is required to file under Part 12 of the Act and Part 11 of the Rules, including annual and interim financial statements, news releases disclosing material changes and Form 27s,

- (iii) all technical reports and consents required under NI 43-101, and
 - (iv) all Subsequently Triggered Reports;
- (b) the distribution is of Listed Securities or units consisting of Listed Securities and Warrants;
- (c) the issuer has filed with CDNX, and CDNX has accepted, a Short Form Offering Document in respect of the distribution;
- (d) the Short Form Offering Document incorporates by reference the following documents of the issuer filed with the Commission
 - (i) the Current AIF,
 - (ii) the most recent audited annual financial statements,
 - (iii) all quarterly interim financial statements and Form 27s filed after the date of the Current AIF but on or before the date of the Short Form Offering Document, and
 - (iv) all technical reports and consents required under NI 43-101 filed on or after the date of the Current AIF but on or before the date of the Short Form Offering Document;
- (e) the Short Form Offering Document
 - (i) deems any Subsequently Triggered Report required to be delivered to a purchaser under this Blanket Order to be incorporated by reference,
 - (ii) grants to purchasers contractual rights of action in the event of a misrepresentation, as required by the CDNX Policy,
 - (iii) grants to purchasers contractual rights of withdrawal, as required by the CDNX Policy, and
 - (iv) contains all certificates required by the CDNX Policy;
- (f) the distribution is conducted in accordance with the CDNX Policy, subject to any waiver or variation CDNX permits;
- (g) the issuer or the underwriter delivers the Short Form Offering Document and any Subsequently Triggered Report to each purchaser either
 - (i) before the issuer or the underwriter enters into a written confirmation of purchase and sale from an order or subscription for the securities being distributed under the Short Form Offering Document; or

- (ii) not later than midnight on the second business day after the agreement of purchase and sale is entered into;
- (h) the sum of the Listed Securities issued under the Short Form Offering Document and the Listed Securities of the same class issued under Prior Short Form Offerings exceeds neither,
 - (i) the number of securities of the same class outstanding immediately before the issuer distributes securities of the same class under the Short Form Offering Document, nor
 - (ii) the number of securities of the same class outstanding immediately before a Prior Short Form Offering;
- (i) the Gross Proceeds under the Short Form Offering Document, when added to the Gross Proceeds from Prior Short Form Offerings do not exceed \$2 million;
- (j) no purchaser acquires more than 20% of the securities distributed under the Short Form Offering Document; and
- (k) no more than 50% of the securities distributed under the Short Form Offering Document are subject to section 2.5 of MI 45-102.

PART 4 DUE DILIGENCE REPORT

- 4.1 An underwriter that qualifies as a “Sponsor” under CDNX Policy 2.2 *Sponsorship and Sponsorship Requirements* must sign the Short Form Offering Document and comply with the requirements in CDNX Appendix 4A, *Due Diligence Report*.

PART 5 REPORT OF TRADE

- 5.1 The issuer must report all trades under a Short Form Offering Document in the form and in the time required under section 132 of the Act.

PART 6 DEEMED DISTRIBUTION

- 6.1 The first trade in a security acquired under this Blanket Order:
- (a) by a seller that, at the time the security was acquired, was a Designated Hold Purchaser, or
 - (b) that was acquired by any other purchaser in excess of \$40,000
- is subject to section 2.5 of MI 45-102.

PART 7 REVOCATION OF BLANKET ORDER 45-503

7.1 Blanket Order 45-503 *Order Under Sections 116(1) and 185 of the Act - Offerings by CDNX Short Form Offering Document* is revoked on the effective date of this Blanket Order.

PART 8 EFFECTIVE DATE

8.1 This Blanket Order is effective April 30, 2002.

Dated at the City of CALGARY)
)
in the Province of ALBERTA) <u>"original signed by" _____</u>
) Glenda A. Campbell, Q.C., Vice-Chair
this 30 th day of April, 2002)
)
) <u>"original signed by" _____</u>
) Walter B. O'Donoghue, Q.C., Member