

**NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 *PROSPECTUS AND REGISTRATION
EXEMPTIONS*
AND
COMPANION POLICY 45-106CP *PROSPECTUS AND REGISTRATION
EXEMPTIONS***

October 1, 2010

Introduction

We, the Canadian Securities Administrators (CSA or we), are implementing amendments to:

- National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106), and
- Companion Policy 45-106CP *Prospectus and Registration Exemptions* (45-106CP).

This notice forms part of a series of notices that address changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

Background

NI 45-106 provides certain exemptions from the prospectus requirements of Canadian securities legislation. NI 45-106 refers to and relies on references to Canadian generally accepted accounting principles (Canadian GAAP), which are established by the Canadian Accounting Standards Board (AcSB). In February 2006, the AcSB published a strategic plan to transition, over a period of five years, Canadian GAAP for public enterprises to IFRS, as adopted by the International Accounting Standards Board (IASB). In March 2008, the timing of the transition was confirmed. IFRS will apply to most Canadian publicly accountable enterprises for financial years beginning on or after January 1, 2011.

The AcSB has incorporated IFRS into the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) as Canadian GAAP for most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

- Part I of the Handbook – Canadian GAAP for publicly accountable enterprises that applies for financial years beginning on or after January 1, 2011, and
- Part V of the Handbook - Canadian GAAP for public enterprises that is the pre-changeover accounting standards (current Canadian GAAP).

NI 45-106 also refers to and relies on references to current Canadian generally accepted auditing standards (Canadian GAAS), which are established by the Canadian Auditing and Assurance Standards Board (AASB). The AASB published their strategic plan to adopt International Standards on Auditing as Canadian Auditing Standards in February 2007. These standards will continue to be known as Canadian GAAS in the Handbook. Canadian Auditing Standards are effective for audits of financial statements for periods ending on or after December 14, 2010.

Consistent with these changes, the CSA is repealing and replacing National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (to be renamed *Acceptable Accounting Principles and Auditing Standards*) (NI 52-107). The new version of NI 52-107 will require domestic issuers to comply with IFRS for financial years beginning on or after January 1, 2011 and will set out the accounting principles and auditing standards that apply to financial statements filed in a jurisdiction. The implementation of the new version of NI 52-107 is described in a separate notice (NI 52-107 Notice).

The amendments do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The CSA is implementing amendments to National Instrument 14-101 *Definitions* to include a definition of IFRS that incorporates amendments made to IFRS from time to time.

Substance and Purpose of the Amendments

The purpose of these changes is to accommodate the transition to IFRS and the new version of NI 52-107. A small number of housekeeping changes are also being made. The amendments:

- replace current Canadian GAAP terms and phrases with IFRS terms and phrases,
- change disclosure requirements in instances where IFRS contemplates different financial statements than current Canadian GAAP,
- provide a 30 day extension to the deadline for reporting issuers to include in an offering memorandum the first interim financial report in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011, and
- clarify an existing provision or, where part or all of the provision is no longer accurate or appropriate, amend or delete it.

Appendix B sets out the amendments to NI 45-106 and 45-106CP.

Transition

After the IFRS changeover date on January 1, 2011, non calendar year-end issuers will continue to prepare financial statements in accordance with current Canadian GAAP until the start of their new financial year. To accommodate for this, we have included transition provisions in the amendment instruments that provide that the amendments

only apply to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011. Thus, during the transition period,

- issuers only including or incorporating by reference financial statements in an offering memorandum prepared in accordance with current Canadian GAAP will be required to comply with the version of NI 45-106 that contains current Canadian GAAP terms and phrases, and
- issuers including or incorporating by reference financial statements in an offering memorandum that comply with IFRS will be required to comply with the version of NI 45-106 that contains IFRS terms and phrases.

After the transition period all issuers will be required to comply with the version of NI 45-106 that contains IFRS terms and phrases.

To further assist issuers and their advisors and to increase transparency, during the transition period certain jurisdictions will post two different unofficial consolidations of NI 45-106 and 45-106CP on their websites:

- the existing versions of NI 45-106 and 45-106CP that contain current Canadian GAAP terms and phrases, which apply to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning before January 1, 2011; and
- the new versions of NI 45-106 and 45-106CP that contain IFRS terms and phrases, which apply to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.

52/53 week financial years

Notwithstanding the above, the amendment instrument for NI 45-106 now includes a transition provision which provides the amendments may be applied by an issuer to an offering memorandum or an amendment to an offering memorandum of the issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of the new version of NI 52-107. That exemption in NI 52-107 permits issuers that have financial year ends close to, but not on December 31, 2010, the option to transition to IFRS when their new financial year begins.

Written Comments

The CSA, except the Autorité des marchés financiers and the New Brunswick Securities Commission, published the amendments to NI 45-106 and 45-106CP for comment on October 16, 2009 (the October 2009 Materials). No comments were received.

The Autorité des marchés financiers and the New Brunswick Securities Commission published the amendments to NI 45-106 and 45-106CP for comment on March 12, 2010. No comments were received.

Summary of Changes to the October 2009 Materials

See Appendix A for a summary of the changes made to the October 2009 Materials. The changes include terminology changes to maintain consistency with NI 52-107.

Implementation

In some jurisdictions, Ministerial approval is required for these changes. Provided all necessary approvals are obtained, the amendments will come into force on January 1, 2011. Where applicable, Appendix C provides information about each jurisdiction's approval process.

Local Notices and Amendments

In conjunction with the implementation of the amendments to NI 45-106 and 45-106CP, certain securities regulatory authorities will amend local securities legislation. Any local changes or other information required by local securities legislation are reflected in Appendix C to this notice.

Questions

Please refer your questions to any of:

Gordon Smith
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
(604) 899-6656
Toll free: 800 373-6393 (toll free across Canada)
gsmith@bcsc.bc.ca

Manny Albrino, CA
Associate Chief Accountant
British Columbia Securities Commission
(604) 899-6641
Toll free: 800 373-6393 (toll free across Canada)
malbrino@bcsc.bc.ca

George Hungerford
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
(604) 899-6690
Toll free: 800 373-6393 (toll free across Canada)
ghungerford@bcsc.bc.ca

Charlotte Howdle
Senior Securities Analyst
Alberta Securities Commission
(403) 297-2990
charlotte.howdle@asc.ca

Taryn Montgomery
Legal Counsel
Alberta Securities Commission
(403) 297-4968
Taryn.Montgomery@asc.ca

Tracy Clark
Legal Counsel
Alberta Securities Commission
(403) 355-4424
Tracy.Clark@asc.ca

Dean Murrison
Deputy Director, Legal/Registration
Securities Division
Saskatchewan Financial Services Commission
(306) 787-5879
Dean.Murrison@gov.sk.ca

Chris Besko
Legal Counsel - Deputy Director
The Manitoba Securities Commission
(204) 945-2561
cbesko@gov.mb.ca

Winnie Sanjoto
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
(416) 593-8119
wsanjoto@osc.gov.on.ca

Jason Koskela
Legal Counsel, Corporate Finance
Ontario Securities Commission
(416) 595-8922
jkoskela@osc.gov.on.ca

Sylvie Anctil-Bavas
Chef comptable
Autorité des marchés financiers
(514) 395-0337, ext. 4291
sylvie.anctil-bavas@lautorite.qc.ca

Susan Powell
Senior Legal Counsel, Regulatory Affairs
New Brunswick Securities Commission
(506) 643-7697
susan.powell@nbsc-cvmnb.ca

Shirley Lee
Director, Policy and Market Regulation
Nova Scotia Securities Commission
(902) 424-5441
leesp@gov.ns.ca

Steve Dowling
Superintendent of Securities
Prince Edward Island
(902) 368-4552
sddowling@gov.pe.ca

Don Boyles
Program & Policy Development
Securities Commission of Newfoundland and Labrador
Government of Newfoundland & Labrador
(709) 729-4501
dboyles@gov.nl.ca

Louis Arki, Director, Legal Registries
Department of Justice, Government of Nunavut
(867) 975-6587
larki@gov.nu.ca

Donn MacDougall
Deputy Superintendent, Legal & Enforcement
Office of the Superintendent of Securities
Government of the Northwest Territories
PO Box 1320
Yellowknife, NT X1A 2L9
Tel: (867) 920-8984
Fax: (867) 873-0243
E-mail: donald_macdougall@gov.nt.ca

Frederik J. Pretorius
Manager Corporate Affairs (C-6)
Dept of Community Services
Government of Yukon
(867) 667-5225
Fred.Pretorius@gov.yk.ca

Appendix A

Summary of Changes to the October 2009 Materials

A. Changes to the October 2009 Materials

We made the following changes.

NI 45-106

| Section | Term, Phrase or Matter | Explanation of Change |
|---------|---------------------------------------|--|
| 1.1 | “acquisition date” | We moved this definition from Part C Section 2 of the F2 form to NI 45-106. The term has now been defined to have the same meaning as in an issuer’s GAAP. |
| 1.1 | “issuer’s GAAP” | The term has now been defined to have the same meaning as in NI 52-107. |
| 1.1 | “private enterprise” | The term has now been defined to have the same meaning as in Part 3 of NI 52-107. |
| 1.1 | “publicly accountable enterprise” | The term has now been defined to have the same meaning as in Part 3 of NI 52-107. |
| 1.1 | “retrospective” and “retrospectively” | Those terms have now been defined to have the same meaning as in Canadian GAAP applicable to publicly accountable enterprises. |

Form 45-106F2

| Section | Term, Phrase or Matter | Explanation of Change |
|-----------------------|--|--|
| Instructions B.1 | Acquisition statements prepared by non-reporting issuers | Non-reporting issuers may prepare acquisition statements in accordance with the requirements of National Instrument 52-107 <i>Acceptable Accounting Principles and Auditing Standards</i> as if the issuer was a venture issuer as defined in NI 51-102. We clarified that for the purposes of Form 45-106F2, the “applicable time” in the definition of a venture issuer is the acquisition date. |
| Instructions B.1, D.2 | “NI 52-107” | We now refer to the full name of the instrument in the materials. |

| Section | Term, Phrase or Matter | Explanation of Change |
|-------------------------|--|---|
| Instructions B.4(c)(i) | “explicit and unreserved statement of compliance with IFRS” | We deleted the reference to “explicit” to conform with NI 52-107. |
| Instructions B.5(d)(i) | “unreserved statement” | We added a reference to “unreserved statement” to conform with NI 52-107. |
| Instructions B.8 | Omission of comparative information | We revised the text of this section to clarify that an issuer cannot omit comparative information if it previously prepared financial statements in accordance with either its current GAAP or, if applicable, its previous GAAP. |
| Instructions D.3(c)(ii) | Change reference from “reservation of opinion” to “unmodified opinion” | We made this change to be consistent with NI 52-107. |
| Instructions D.4(d)(i) | Operating statement for an oil and gas property | We deleted the specific line items to be included in an operating statement for an oil and gas property and made reference to subsection 3.11(5) of NI 52-107 where the specified requirements are noted. |

B. Transition, Drafting and Housekeeping Changes

We also made certain drafting and housekeeping changes to various provisions.

52/53 week financial years

The amendment instrument for NI 45-106 now includes a transition provision which provides the amendments may be applied by an issuer to an offering memorandum or an amendment to an offering memorandum of the issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of the new version of NI 52-107. That exemption in NI 52-107 permits issuers that have financial year ends close to, but not on December 31, 2010, the option to transition to IFRS when their new financial year begins.

Appendix B

Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* and Companion Policy

Schedule B-1

THE MANITOBA SECURITIES COMMISSION
MSC RULE 2010-26
(Section 149.1, *The Securities Act*)

AMENDMENT INSTRUMENT FOR NATIONAL INSTRUMENT 45-106 *PROSPECTUS AND REGISTRATION EXEMPTIONS*

1. *National Instrument 45-106 Prospectus and Registration Exemptions* is amended by this Instrument.

2. *Section 1.1* is amended

(a) by adding the following after "accredited investor":

"**acquisition date**" has the same meaning as in the issuer's GAAP,;

(b) by adding the following after "financial assets":

"**financial statements**" includes interim financial reports,;

(c) by adding the following after "investment fund":

"**issuer's GAAP**" has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*,;

(d) by adding the following after "person":

"**private enterprise**" has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*,;

(e) by adding the following after "private enterprise":

"publicly accountable enterprise" has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*,; and

(f) by adding the following after "related liabilities":

"**retrospective**" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

"**retrospectively**" has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

3. *Clause 5.2(e)(i)(C) is amended by striking out "statements" and substituting "reports".*
4. *Subsection 6.2(1) is amended by striking out "section 6.1(a)" and substituting "section 6.1(1)(a)".*
5. *Subsection 6.5(1) is amended by striking out "subsection 2.9(12) or subsection 3.9(12)" and substituting "subsection 2.9(15)".*
6. *Item 1.1 Available Funds of Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is amended by striking out "H" in the table and substituting "G".*
7. *Item 4.2 of Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is amended*
 - (a) *by striking out the heading "4.2 Long Term Debt" and substituting "4.2 Long Term Debt Securities", and*
 - (b) *by striking out "the current portion of the long-term debt" and substituting "the portion of the debt".*
8. *Item 8(b) of Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is amended by striking out "sales" and substituting "revenue".*
9. *Part B Financial Statements – General of the Instructions for Completing Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is amended*
 - (a) *by repealing section 1 and substituting the following:*

All financial statements, operating statements for an oil and gas property that is an acquired business or a business to be acquired, and summarized financial information as to the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method included in the offering memorandum must comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, regardless of whether the issuer is a reporting issuer or not.

Under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, financial statements are generally required to be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises. An issuer using this form cannot use Canadian GAAP applicable to private enterprises, except, subject to the requirements of NI 52-107, certain issuers may use Canadian GAAP applicable to private enterprises for financial statements for a business referred to in C.1. An issuer that is not a reporting issuer may prepare acquisition statements in accordance with the requirements of NI 52-107 as if the issuer were a venture issuer as defined in NI 51-102. For the purposes

of Form 45-106F2, the "applicable time" in the definition of a venture issuer is the acquisition date.,

(b) in paragraph 3(a) by striking out "an income statement" and substituting "a statement of comprehensive income", by striking out "statement of retained earnings" and substituting "statement of changes in equity", and by striking out "cash flow statement" and substituting "statement of cash flows",

(c) in paragraph 3(b) by striking out "balance sheet" and substituting "statement of financial position",

(d) in paragraph 4(a) by striking out "an income statement" and substituting "a statement of comprehensive income", by striking out "statement of retained earnings" and substituting "statement of changes in equity", and by striking out "cash flow statement" and substituting "statement of cash flows",

(e) in paragraph 4(b) by striking out "balance sheet" and substituting "statement of financial position" and by striking out "and",

(f) in paragraph 4(c) by striking out "(c) notes to the financial statements." and substituting:

(c) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the offering memorandum comply with IFRS in the case of an issuer that

(i) discloses in its annual financial statements an unreserved statement of compliance with IFRS, and

(ii) does any of the following:

(A) applies an accounting policy retrospectively in its annual financial statements;

(B) makes a retrospective restatement of items in its annual financial statements;

(C) reclassifies items in its annual financial statements,

(d) in the case of an issuer's first IFRS financial statements as defined in NI 51-102, the opening IFRS statement of financial position at the date of transition to IFRS as defined in NI 51-102, and

(e) notes to the financial statements.

4.1 If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under Item 4 above.,

(g) in section 5 by striking out "interim financial statements" and substituting "an interim financial report",

(h) in paragraphs 5(a) and 5(b) by striking out "an income statement" and substituting "a statement of comprehensive income", by striking out "statement of retained earnings" and substituting "statement of changes in equity", and by striking out "cash flow statement" and substituting "statement of cash flows",

(i) in paragraph 5(c) by striking out "balance sheet" and substituting "statement of financial position", and by striking out "the periods required by paragraphs (a) and (b) and" , and substituting "the period required by paragraph (a) and the end of the immediately preceding financial year",

(j) by adding the following after paragraph 5(c):

(d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the offering memorandum comply with IFRS in the case of an issuer that

(i) discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and

(ii) does any of the following:

(A) applies an accounting policy retrospectively in its interim financial report;

(B) makes a retrospective restatement of items in its interim financial report;

(C) reclassifies items in its interim financial report,

(e) in the case of the first interim financial report in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS,

(f) for an issuer that is not a reporting issuer in at least one jurisdiction of Canada immediately before filing the offering memorandum, if the issuer is including an interim financial report of the issuer for the second or third interim period in the year of adopting IFRS include

(i) the issuer's first interim financial report in the year of adopting IFRS, or

(ii) both

(A) the opening IFRS statement of financial position at the date of transition to IFRS, and

(B) the annual and date of transition to IFRS reconciliations required by IFRS 1 *First-time Adoption of International Financial Reporting Standards* to explain how

the transition from previous GAAP to IFRS affected the issuer's reported financial position, financial performance and cash flows, and

(g) notes to the financial statements.

5.1 If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under item 5 above.,

(k) *by repealing section 8 and substituting the following:*

The comparative financial information required under B.5(b) and (c) may be omitted if the issuer has not previously prepared financial statements in accordance with its current or, if applicable, its previous GAAP.,

(l) *in section 13 by striking out "statements" and substituting "reports",*

(m) *in section 14 by adding ", as defined in NI 51-102," after "Forward looking information", and*

(n) *by adding the following after section 15:*

16. Despite section B.5, an issuer may include a comparative interim financial report of the issuer for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the offering memorandum, and

(b) more than 90 days before the date of the offering memorandum.

This section does not apply unless

(a) the comparative interim financial report is the first interim financial report required to be filed in the year of adopting IFRS, and the issuer is disclosing, for the first time, a statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*,

(b) the issuer is a reporting issuer in the local jurisdiction immediately before the date of the offering memorandum, and

(c) the offering memorandum is dated before June 29, 2012..

10. Part C Financial Statements – Business Acquisitions of the Instructions for Completing Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is amended

(a) in paragraph 2(a), and 2(b) by striking out "date of acquisition" and substituting "acquisition date",

(b) in paragraph 2(b) by adding the following after "offering memorandum for a proposed acquisition.":

For information about how to perform the investment test in this paragraph, please refer to subsections 8.3(4.1) and (4.2) of NI 51-102. Additional guidance may be found in the companion policy to NI 51-102.,

(c) by repealing section 2.1,

(d) in subparagraph 4(a)(i) by striking out "an income statement" and substituting "a statement of comprehensive income", by striking out "statement of retained earnings" and substituting "statement of changes in equity", and by striking out "cash flow statement" and substituting "statement of cash flows",

(e) in clause 4(a)(i)(B) by striking out "date of acquisition" and substituting "acquisition date",

(f) in subparagraph 4(a)(ii) by striking out "balance sheet" and substituting "statement of financial position",

(g) in clause 4(b)(i)(A) by striking out "an income statement" and substituting "a statement of comprehensive income", by striking out "statement of retained earnings" and substituting "statement of changes in equity", and by striking out "cash flow statement" and substituting "statement of cash flows",

(h) in subclause 4(b)(i)(A)(i) by striking out "date of acquisition" and substituting "acquisition date",

(i) in clause 4(b)(i)(B) by striking out "balance sheet" and substituting "statement of financial position",

(j) by repealing subparagraph 4(b)(ii) and substituting the following:

(ii) an interim financial report comprised of

A) either

(i) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the most recently completed year-to-date interim period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under subclause (b)(i)(A)(i), and a statement of comprehensive income and a statement of changes in equity for the three month period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under subclause (b)(i)(A)(i), or

(ii) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the period from the first day after the financial year referred to in subparagraph (b)(i) to a date before the acquisition date and after the period end in subclause (b)(ii)(A)(i),

B) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the corresponding period in the immediately preceding financial year, if any,

C) a statement of financial position as at the end of the period required by clause (A) and the end of the immediately preceding financial year, and

D) notes to the financial statements.

Refer to Instruction B.7 for the meaning of "interim period",

(k) in section 6 by striking out "date of acquisition" and substituting "acquisition date", and

(l) in section 8 by striking out "accounted for as" and by striking out ", as that term is defined in the CICA Handbook,".

11. Part D Financial Statement – Exemptions of the Instructions for Completing Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is amended

(a) in paragraph 2 by striking out "section 3.2(a) of NI 52-107" and substituting "section 3.3(1)(a)(i) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards",

(b) in paragraph 2 and 2(b) by striking out "contain" and substituting "express",

(c) in paragraph 2(a) and 2(b) by striking out "balance sheet" and substituting "statement of financial position",

(d) in paragraph 2(c) by striking out "contained" and substituting "expressed",

(e) in subparagraph 3(a)(i) by adding "aggregated amounts of" before "assets", by adding ", revenue and profit or loss" after "liabilities", and by striking out "and results of operations",

(f) in subparagraph 3(a)(ii) by striking out "earnings" and substituting "profit or loss",

(g) in subparagraph 3(c)(ii) by striking out "issued without a reservation of opinion" and substituting "an unmodified opinion", and by striking out the following:

If the financial information included in an offering memorandum under D.3(a) has been derived from financial statements of a business incorporated or organized in a foreign jurisdiction that have been prepared in accordance with foreign GAAP, the information

must be accompanied by a note that explains and quantifies the effect of material differences between Canadian GAAP and the foreign GAAP.,

(h) in paragraph 4(b) by striking out "accounted for as" , by striking out ""reverse take-over"" and substituting "reverse take-over", and by adding "and" after "NI 51-102,"

(i) by repealing paragraph 4(c),

(j) by repealing subparagraph 4(d)(i) and replacing it with the following:

(i) an operating statement for the business or related businesses for each of the financial periods for which financial statements would, but for this section, be required under C.4 prepared in accordance with subsection 3.11(5) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards. The operating statement for the most recently completed financial period referred to in C.4(b)(i) must be audited.,

(k) in section 5 by striking out "date of acquisition" and substituting "acquisition date" , and

(l) in paragraph 5(iii) by striking out "D.5(b)(ii)" and substituting "D.5(ii)".

12. Section 1.1 Available Funds of Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended by striking out "H" in the table and substituting "G".

13. Item 8(b) of Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended by striking out "sales" and substituting "revenue".

14. Section 1, Part B Financial Statements of the Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended by striking out "Acceptable Accounting Principles, Auditing Standards and Reporting Currency" and substituting "Acceptable Accounting Principles and Auditing Standards".

15. Section 2, Part C Required Updates to the Offering Memorandum of the Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended by striking out "interim financial statements" and substituting "interim financial reports".

16. Paragraph 1(c), Part D Information about the Issuer of the Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended by striking out "interim financial statements" and substituting "interim financial report", and by striking out "interim financial statements that are" and substituting "an interim financial report that is".

17. Transition - This Instrument only applies in respect of an offering memorandum or an amendment to an offering memorandum of an issuer if that offering memorandum or amendment includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.

18. Exception - Despite section 17, this Instrument may be applied by an issuer to an offering memorandum or an amendment to an offering memorandum of the issuer which includes or

incorporates by reference financial statements of the issuer in respect of periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

19. Effective Date - This Instrument comes into force on January 1, 2011.

20. This Instrument may be cited as MSC Rule 2010-26.

Schedule B-2

Amendments to Companion Policy 45-106CP *Prospectus and Registration Exemptions*

Amendment Instrument for Companion Policy 45-106 *Prospectus and Registration Exemptions*

1. *Companion Policy 45-106CP Prospectus and Registration Exemptions is amended by this Instrument.*
2. *Subsection 3.8(1) is amended by adding “or profit” after “\$75 000 pre-tax net income”.*
3. *The following is added after Part 6:*

PART 7 – TRANSITION

7.1 Transition – Application of Amendments –The amendments to NI 45-106 and this Companion Policy which came into effect on January 1, 2011 only apply in respect of an offering memorandum or an amendment to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011..

4. *These amendments only apply in respect of an offering memorandum or an amendment to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.*
5. *Despite section 4, these amendments may be applied by an issuer to an offering memorandum or an amendment to an offering memorandum of the issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
6. *This Instrument comes into force on January 1, 2011.*