

**Amendments to  
Companion Policy 44-101 CP to National Instrument 44-101  
Short Form Prospectus Distributions**

1. ***Companion Policy 44-101 CP to National Instrument 44-101 Short Form Prospectus Distributions is amended.***

2. ***Subsection 1.7(5) is amended by***

(a) ***replacing*** “The definition of “successor issuer” requires that the issuer exist “as a result of a restructuring transaction”.” ***with the following:***

“A successor issuer is defined to include a reverse takeover acquiree in a completed reverse takeover. Alternatively, the definition of “successor issuer” requires that the issuer exist “as a result of a restructuring transaction” or that the issuer participate in the restructuring transaction and continue to exist following completion of the restructuring transaction. In both instances, prospectus level disclosure or comparable disclosure prescribed by the TSX Venture Exchange for such issuer must be provided in an information circular or similar disclosure document pursuant to subsections 2.7(2) and (3) of NI 44-101.”,

(b) ***deleting the following:***

“Also, if a corporation is incorporated for the sole purpose of facilitating a restructuring transaction, the securities regulatory authorities regard the new corporation as “existing as a result of a restructuring transaction” despite the fact that the corporation may have been incorporated before the restructuring transaction.”, ***and***

(c) ***adding the following at the end:***

“However, if the divestiture represents a divestiture of substantially all of the business of the predecessor entity to the issuer, the issuer would be considered a successor issuer. In such circumstances, the financial information concerning the predecessor entity should be representative of the financial information of the successor issuer. Therefore, if an issuer is relying on this basis for short form prospectus qualification, it must ensure that the financial statements of the predecessor entity are a relevant, accurate proxy for its financial statements as a successor issuer.

An issuer may also be considered a successor issuer to a second issuer where there has been an internal reorganization of the second issuer, provided that the conditions in paragraph (b) of the definition of “successor issuer” are met. In particular, the internal reorganization must not result in an alteration of the securityholders’ proportionate interest in the second issuer nor the second issuer’s

proportionate interest in its assets. For example, this may arise in an internal reorganization in which all of the securityholders of the second issuer exchange their securities in the second issuer for securities of the successor issuer. The second issuer would become a subsidiary of the successor issuer and its ownership in its assets would remain the same. The successor issuer definition was expanded to include this type of internal reorganization as it may not be considered a “restructuring transaction” as defined in NI 51-102 by virtue of the exclusion found at the end of the definition of “restructuring transaction”.

3. ***Subsection 2.1(1) is amended in the second paragraph by deleting “and, in Québec, disclosure of material facts likely to affect the value or the market price of the securities to be distributed”.***

4. ***Part 3 is amended by***

***(a) adding the following section after section 3.4:***

**“3.4.1 Special meeting information circular** – Subsection 11.1(3) of Form 44-101F1 sets out certain circumstances where an issuer is not required to incorporate by reference into its prospectus a report, valuation, statement or opinion of an expert that is indirectly incorporated by reference into its prospectus through the incorporation by reference of an information circular prepared for a special meeting of the issuer. A special meeting information circular often relates to a restructuring transaction of an issuer or other special business of the issuer. In these circumstances, the issuer or its board of directors may engage an expert to provide an opinion that is specific to the business that will be considered at the special meeting of securityholders. For example, the board may retain a person or company to provide a fairness opinion which would assist the board in determining whether to recommend the approval of the proposed transaction to its securityholders. Similarly, the issuer may include a tax opinion in the information circular to illustrate the tax consequences of the proposed transaction to its securityholders. Pursuant to subsection 11.1(3), we would not require the incorporation by reference of these particular opinions, provided that these opinions were prepared in respect of the specific transaction contemplated in the information circular and this transaction has been completed or abandoned prior to the filing of the prospectus.”, ***and***

***(b) adding the following section after section 3.9:***

**“3.10 No Minimum Offering Amount** – Issuers distributing securities on a best efforts basis that have not specified a minimum offering amount in their prospectus, should refer to section 2.2.1 and subsection 4.3(3) of the Companion Policy to NI 41-101 for further guidance.”

5. These amendments become effective on ●, 2012.