

Goodmans^{LLP} Update

Barristers & Solicitors

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Corporate Securities Law

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New Securities Rule Requires Disclosure Of Voting Results

In our Corporate Securities Update of January 13, 2004, we introduced National Instrument 51-102 - Continuous Disclosure Obligations which provides a nationally harmonized set of continuous disclosure requirements for reporting issuers (other than investment funds).

With the implementation of the Rule, the Canadian Securities Administrators intend that investors be provided with higher quality information on a more timely basis. To achieve this objective, the Rule imposes a number of filing requirements that reporting issuers previously did not have. Among those is a requirement to file a report disclosing the results of matters voted on at shareholder meetings.

The reporting requirement applies to all reporting issuers (other than venture issuers¹) and requires that a report be filed promptly following a shareholder meeting at which a matter was submitted to a vote. The report must provide a brief description of each matter voted upon and the outcome of the vote. In addition, if the vote was conducted by ballot (including a vote on a matter in which votes are cast both in person and by proxy), the report must disclose the number or percentage of votes cast for, against or withheld from the vote. By implication on a vote by show of hands, only the outcome of the vote and not the number or percentage of votes cast for, against or withheld from the vote need be reported.

Pursuant to federal and provincial corporate legislation, votes on routine matters usually are carried out by a show of hands where proxy votes against what will be the decision of the meeting represent less than five percent of all the votes that might be cast at the meeting on a particular matter. It is of course open to issuers to voluntarily report voting percentages based on proxies received for matters voted on by a show of hands.

No specific form of disclosure is prescribed by the Rule or the accompanying Companion Policy.

Please contact any member of the Goodmans securities team to discuss the new filing requirement with respect to voting results.

Toronto

Justin Beber

jbeber@goodmans.ca 416.597.4252

Sheldon Freeman

sfreeman@goodmans.ca 416.597.6256

Allan Goodman

agoodman@goodmans.ca 416.597.4243

Francesca Guolo

fguolo@goodmans.ca 416.597.4238

Stephen Halperin

shalperin@goodmans.ca 416.597.4115

Tim Heeney

theeney@goodmans.ca 416.597.4195

Jonathan Lampe

jlampe@goodmans.ca 416.597.4128

Dale Lastman

dlastman@goodmans.ca 416.597.4129

David Matlow

dmatlow@goodmans.ca 416.597.4147

¹ Venture issuer means a reporting issuer, that at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States.

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Neill May

nmay@goodmans.ca 416.597.4187

Stephen Pincus

spincus@goodmans.ca 416.597.4104

William Rosenfeld

wrosenfeld@goodmans.ca 416.597.4145

Meredith Roth

meroth@goodmans.ca 416.597.6260

Neil Sheehy

nsheehy@goodmans.ca 416.597.4229

Bob Vaux

rvaux@goodmans.ca 416.597.6265

Kenneth Wiener

kwiener@goodmans.ca 416.597.4106

Vancouver**Paul Goldman**

pgoldman@goodmans.ca 604.608.4550

Steven Robertson

srobertson@goodmans.ca 604.608.4552

Bruce Wright

bwright@goodmans.ca 604.608.4551

Hong Kong**Leo Seewald**

lseewald@goodmans.ca 852.2522.1061

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