

Corporate Securities Law

April 16, 2015

CSA Announce Amendments to Continuous Disclosure Obligations for Venture Issuers

The Canadian Securities Administrators (CSA) announced amendments to the continuous disclosure and governance obligations of issuers listed on the TSX Venture Exchange (“**Venture Issuers**”) in three national instruments: National Instrument 51-102 *Continuous Disclosure Obligations*, National Instrument 41-101 *General Prospectus Requirements* and National Instrument 52-110 *Audit Committees* (collectively, the “**Amendments**”). As noted in our previous Update from July 9, 2014 entitled, *Proposed Amendments to Venture Issuer Disclosure Requirements*, the Amendments originally proposed in May of 2014 retain elements from a previous CSA proposal from July 2013 that was withdrawn based on feedback from the Venture Issuer community. Unlike the previous CSA proposal which created a separate national instrument to deal with the continuous disclosure and corporate governance of Venture Issuers, the Amendments will be implemented by amending the national instruments making up the current regime. The Amendments aim to simplify and focus the disclosure and governance requirements of Venture Issuers with a view to eliminating disclosure obligations that may be less valuable to Venture Issuer investors. Provided all necessary approvals are obtained, the Amendments will come into force between June 30, 2015 and January 1, 2016.

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

Quarterly Highlights

The Amendments will allow Venture Issuers to meet interim management’s discussion and analysis (MD&A) requirements by preparing brief “quarterly

highlights” rather than a full interim MD&A. The quarterly highlights would include an analysis of the issuer’s financial condition, financial performance and cash flows and any significant factors that have caused fluctuations in these figures; emerging trends, risks or demands; major operating milestones; commitments and events that have materially affected the issuer or may do so going forward; significant changes from certain prior disclosures; and significant related party transactions. The option to file quarterly highlights as an alternative to interim MD&A will apply to financial years beginning on or after July 1, 2015.

Executive Compensation Disclosure

Venture Issuers will now have the option to use a new Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* for financial years beginning on or after July 1, 2015. The new Form 51-102F6V provides, among other things, that:

- Venture Issuers may provide less extensive compensation discussion and analysis disclosure;
- The number of individuals for whom disclosure is required is reduced from a maximum of five individuals to a maximum of three individuals and only two years of such historical compensation disclosure (rather than three years) is now required; and
- Venture Issuers are not required to include fair value calculations for stock options and other share-based awards granted to named executive officers or directors.

Significant Acquisition Threshold Increased

The Amendments to National Instrument 51-102 will also reduce the instances in which Venture Issuers will have to file business acquisition reports by increasing the significance threshold from 40% to 100%.

Goodmans^{LLP} Update

Amendments to National Instrument 52-110 *Audit Committees*

Consistent with the requirements of the TSX Venture Exchange Corporate Finance Manual, Venture Issuers are now required to have an audit committee of at least three members, the majority of whom cannot be executive officers, employees or control persons of the Venture Issuer or of an affiliate of the Venture Issuer. There are limited short-term exemptions for events beyond the control of Venture Issuers and for death, disability or resignation of an audit committee member. These obligations will apply to Venture Issuers for financial years beginning on or after January 1, 2016.

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

The Amendments will streamline prospectus disclosure requirements by reducing the number of years of company history and audited financial statements required in a Venture Issuer's initial public offering prospectus from three to two years.

Please contact any member of our Corporate Securities Group to discuss the implications of the Amendments.