

Comparison of Canadian and U.S. Securities Laws

Offerings and Continuous Disclosure

EXEMPT OFFERINGS		
<u>Canadian exemption</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
		In the U.S., exemptions must comply with both federal law and applicable state laws, except where federal law expressly preempts state law. State laws include the laws of the 50 states, the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands.
	National securities exchange	Federal preemption for any offering of a class of securities that is listed or approved for listing on a national securities exchange, such as NYSE, NYSE American or Nasdaq, except state can require a copy of any SEC filing and a filing fee.
Accredited investor exemption Section 2.1 of NI 43-106	Accredited investor exemption Rule 506 of Regulation D	Sales to accredited investors. No general solicitation or general advertising, unless full diligence of accredited status. Subject to bad actor disqualifications. Post-closing notice on Form D with SEC and relevant states. State laws preempted except for filing and fee. Up to 35 non-accredited investors permitted, but rare because requires sophistication and detailed offering documents. Restricted securities, usually legended.
Family, Friends and Business Associates exemption Section 2.5 of NI 43-106	General private placement exemption Section 4(a)(2) of Securities Act	Statutory exemption interpreted by case law. Depends on facts and circumstances, including sophistication and number of offerees, adequacy of information, financial suitability, etc. No general solicitation or general advertising. State law exemptions required, which may limit availability. Restricted securities, usually legended.
Rights offering exemption Section 2.1 of NI 45-106	No equivalent	Consider one of the above exemptions, which may limit how shareholders are solicited, and which are permitted to participate.
	Foreign issuer rights offering exemption Rule 801	Foreign private issuer with less than 10% U.S. ownership. General solicitation ok. Equal treatment of U.S. holders. Cdn offering document must be filed with SEC on Form CB, and consent to service filed on Form F-X. State law exemptions required, which may limit availability. Securities restricted if and to the same extent as the originally held securities.
	Canadian issuer rights offering MJDS registration Form F-7	Canadian foreign private issuer listed on TSX or certain other exchange tiers for 12 months. Registered offering that does not trigger ongoing SEC reporting. Equal treatment of U.S. holders. Cdn offering document filed with SEC on Form F-7, and consent to service filed on Form F-X. Effective upon filing. Few SEC substantive rules apply. No review. Prospectus liability for misstatements or omissions. State law exemptions required, which may limit availability. No hold period.

<u>EXEMPT OFFERINGS</u>		
<u>Canadian exemption</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
Offering memorandum exemption Section 2.9 of NI 45-106	No general equivalent	Accredited investor exemption (above) permits up to 35 non-accredited investors subject to conditions including a detailed offering document.
	Regulation A+	Public offering on Form 1-A offering circular filed with and reviewed by SEC. Subject to bad actor disqualifications. Tier 1 – all investors, up to US\$20 million every 12 months, financials not required to be audited, no ongoing reporting, but subject to state law requirements. Tier 2 – up to US\$75 million every 12 months, state laws preempted except notice filing and fee, audited financials, ongoing SEC reporting (specific reports, but not full reporting), investment limits on non-accredited. No hold period.
Listed issuer financing exemption Section 5A.2 of NI 43-106	No equivalent	Consider accredited investor exemption.
Employee, executive officer, director and consultant exemption Section 2.24 of NI 45-106	No equivalent	If limited to directors and executive officers, consider accredited investor exemption (directors and executive officers are accredited investors by definition).
	Compensatory benefit exemption Rule 701	Issuer not subject to SEC reporting. Can issue securities, for compensatory purposes only, to directors, officers, employees and certain consultants only (individuals providing bona fide services that are not in connection with a capital raising transaction and do not support the stock price), generally of issuer or majority-owned subsidiaries. Subject to rolling 12 month limits that aren't usually exceeded. Disclosure documents if exceed US\$10 million per year. State exemptions required, but usually available. Restricted securities, usually legended.
	Compensatory benefit registration Form S-8	Issuer subject to SEC reporting, filed all information required within last 12 months (or shorter period subject to reporting). Can issue securities, for compensatory purposes only, to the same types of persons eligible for Rule 701, except subsidiaries only need be controlled, not majority-owned. Effective immediately upon filing. No review. Registration statement omits prospectus, which must exist but is only delivered to participants. Prospectus focus is terms of the awards, tax treatment and resale restrictions.

<u>PROSPECTUS OFFERINGS</u>		
<u>Canadian prospectus type</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
		U.S. states are usually bypassed, with most public offerings made by preempted NYSE or Nasdaq companies. Otherwise, it's common to limit investors to those institutional investors for which state exemptions are available. U.S. state registration can be onerous given the number of states, and their regulations and policies which can prohibit registration even if disclosures are well crafted.
Long form prospectus Form 41-101F1	Form S-1 for domestic issuers	Requires detailed business and financial information, similar to a Cdn prospectus. U.S. GAAP. Exhibits include constating documents, material contracts, expert consents, underwriting agreement and legal opinion on validity of securities. Subject to SEC review and comment, which can go several rounds especially for an IPO. Comments are generally more numerous and slower than Cdn regulators. If issuer already SEC reporting, incorporation by reference of previous filings may be permitted, but no incorporation by reference of future filings except for smaller reporting companies. U.S. federal law contemplates filing a "registration statement". The registration statement includes the prospectus, additional registration statement cover and end pages, and various exhibits such as material contracts and expert consents. Issuers pay a per-offering fee, rate updated annually. Drafts and SEC comments can initially be exchanged confidentially in an IPO, or for a foreign issuer doing a U.S. IPO.
	Form F-1 for foreign private issuers	Similar to the above, except various disclosure requirements are modified for foreign private issuers, and no forward incorporation by reference. Foreign issuers may use IFRS as issued by the IASB without a U.S. GAAP reconciliation.
Base prep long form prospectus Form 41-101F1 / NI 44-103	Form S-1 or Form F-1 as above, omitting certain information per Rules 430 through 430D	Registration statement and prospectus may omit certain information at the time of effectiveness, such as offering price, underwriting discounts, and proceeds. File final prospectus under Rule 424 within two business days after pricing/use.

<u>PROSPECTUS OFFERINGS</u>		
<u>Canadian prospectus type</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
Short form prospectus NI 44-101 / Form 44-101F1 Base shelf prospectus NI 44-102 / Form 44-101F1	Form S-3 for domestic issuers	SEC reporting issuer for 12 months, made all filings in last 12 months timely (subject to exceptions), no financial defaults. Additional restrictions depending on type of registration; e.g., an unlimited dollar primary offering shelf requires a US\$75 million equity “public float” (excluding affiliate holdings), while smaller issuers listed on national securities exchange can use “baby shelf” rules to sell up to 1/3 of equity public float every 12 months. Reduced requirements from S-1, with most disclosure incorporated by reference to previous and future filings. Subject to SEC review, but SEC often elects not to review. Eligibility reassessed upon filing each SEC annual report.
	Form F-3 for foreign private issuers	Similar to the above.
	Form F-10 for Canadian MJDS issuers	Canadian foreign private issuer, reporting in at least one Cdn jurisdiction for at least 12 months, currently in compliance with Cdn reporting requirements, US\$75 million equity “public float” (excluding 10% holders at last fiscal year end), filing a Cdn prospectus. Include certain U.S. notices in Cdn prospectus. File Cdn prospectus with SEC with F-10 wrap pages and exhibits, and consent to service filed on Form F-X. Few SEC substantive rules apply, and SEC very rarely reviews. Becomes effective promptly following receipt of the Cdn final receipt.
Prospectus supplements NI 44-102 / Form 44-101F1	Prospectus supplements	Prospectus supplements may be filed under all of the registration forms discussed above, to update the prospectus. For Forms S-1 and F-1 (long form), prospectus supplements are frequently used to update the issuer’s disclosure, because these forms do not permit forward incorporation by reference except on S-1 for smaller reporting companies. For Forms S-3 and F-3 (short form), prospectus supplements are more commonly used to disclose the terms of an offering whose terms are not fully disclosed in the original registration statement. For Form F-10 (MJDS), the issuer must file a copy of any Cdn prospectus supplement, which must include certain U.S. notices.
WKSI prospectus Blanket orders (e.g., BCI 44-503) and future rule amendments to NI 44-102	Form S-3 or F-3 filed as a WKSI automatic shelf registration statement; Rule 430B	Well-known seasoned issuer, or WKSI, is generally an S-3 or F-3 eligible issuer that has an equity “public float” of US\$700 million (or US\$1 billion in non-convertible debt issued in last three years). Can elect to file an S-3 or F-3 as an automatic shelf, which is effective automatically upon filing, allows filing fee to be deferred until an offering, and allows omission of more information which can be updated by prospectus supplement or by other filings (e.g., changes to the types of securities offered, plan of distribution, identity of seller). Eligibility reassessed upon filing each SEC annual report.

<u>CONTINUOUS DISCLOSURE DOCUMENTS</u>		
<u>Canadian document</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
Annual information form Form 51-102F2 Annual audited financial statements Section 4.2 of NI 51-102 Annual MD&A Form 51-102F1	Form 10-K for domestic issuers	Annual report for domestic issuers. Includes in a single filing information substantively similar to a Canadian annual information form, audited annual financial statements and annual MD&A, plus much of the compensation and governance information included in a management information circular. Due within 60, 75 or 90 days after fiscal year end depending on whether a large accelerated filer, accelerated filer, or non-accelerated filer. Exhibits include organizational documents, a description of share rights, material contracts, list of subsidiaries, auditor consent, other expert consents if being incorporated into a registration statement, CEO and CFO certifications, and technical report summaries for mining companies. Compensation and governance information can be omitted if proxy statement is filed within 120 days after fiscal year end.
	Form 20-F for foreign private issuers	Annual report for foreign private issuers who are not eligible for Form 40-F. Includes in a single filing information substantively similar to a Canadian annual information form, audited annual financial statements and annual MD&A, plus much of the compensation and governance information included in a management information circular. Due within four months after fiscal year end. Canadian issuers often elect to file earlier, by the Canadian filing deadline, so that the Form 20-F can be used to satisfy the annual filing requirements in Canada. Exhibits include organizational documents, a description of share rights, material contracts, auditor consent, other expert consents if being incorporated into a registration statement, CEO and CFO certifications, and technical report summaries for mining companies.
	Form 40-F for Canadian MJDS issuers	Annual report for Canadian foreign private issuers reporting in at least one Cdn jurisdiction for at least 12 months, currently in compliance with Cdn reporting requirements, US\$75 million equity “public float” (excluding 10% holders at last fiscal year end). Filed concurrently with Canadian filing of annual information form. Includes copies of annual information form, audited annual financial statements, annual MD&A, CEO and CFO certifications and consents of experts. Few SEC substantive rules apply.
Information circular Form 51-102F5 Form 51-102F6/F6V	Schedule 14A proxy statement for domestic issuers	Required of domestic issuers holding a shareholder meeting. Proxy card attached at back. For matters other than election of directors, ratification of auditor, approval of compensatory plan, say on pay and say on frequency, must file a preliminary version and wait 10 days to permit SEC to comment if desired. If using notice and access, separate concurrent filing for the notice.
	Form 6-K for foreign private issuers	Foreign private issuers must promptly furnish on Form 6-K a copy of any material information distributed to shareholders. Accordingly, Canadian foreign private issuers furnish their Canadian management information circular on Form 6-K.

<u>CONTINUOUS DISCLOSURE DOCUMENTS</u>		
<u>Canadian document</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
Interim financial statements Section 4.4 of NI 51-102 Interim MD&A Form 51-102F1	Form 10-Q for domestic issuers	Quarterly report for domestic issuers. Includes in a single filing information substantively similar to Canadian interim financial statements and interim MD&A, plus some additional disclosures. Due within 40 or 45 days after each of the first three fiscal quarter ends, depending on whether a large accelerated filer. Exhibits include CEO and CFO certifications and any new or amendments to existing organizational documents or material contracts.
	Form 6-K for foreign private issuers	Foreign private issuers must promptly furnish on Form 6-K a copy of any material information made public pursuant to the law of its jurisdiction of domicile. Accordingly, Canadian foreign private issuers furnish their interim financial statements and interim MD&A on Form 6-K.
Material change report Form 51-102F3	Form 8-K for domestic issuers	Current report for domestic issuers. Unlike a material change report, an 8-K contains numerous very specific triggers that require filing a report, generally within four business days, even if not material. Triggers include: new material contract; material amendment or termination of material contract (with certain director or officer contracts deemed material); bankruptcy or receivership; material cybersecurity incidents; asset acquisitions or dispositions meeting certain thresholds; material results of operations; creation, increase or acceleration of certain financial obligations; material impairments; notice of exchange delisting or violation; private placements of securities; modifications of holder rights; change in accountants; notice of non-reliance upon financial statements; change of control; notice of resignation, refusal to stand for reelection or appointment of director or certain officers; material compensatory arrangements; change of fiscal year; code of ethics amendment or waiver; and shareholder voting results. Each trigger requires specific information to be disclosed. Where disclosing a new document, such as a material contract, the contract is often attached voluntarily rather than waiting for the next 10-K or 10-Q.
	Form 6-K for foreign private issuers	Foreign private issuers must promptly furnish on Form 6-K a copy of any material information made public pursuant to the law of its jurisdiction of domicile. Accordingly, Canadian foreign private issuers furnish their material change reports on Form 6-K.

<u>CONTINUOUS DISCLOSURE DOCUMENTS</u>		
<u>Canadian document</u>	<u>U.S. equivalent</u>	<u>Description (including differences in approach)</u>
Business acquisition reports (BARs) Part 8 of NI 51-102 / Form 51-102F4	Items 2.01 and 9.01 of Form 8-K for domestic issuers	Material acquisitions or dispositions that are reported by domestic issuers on Item 2.01 of Form 8-K may also trigger financial statement requirements under Item 9.01 of Form 8-K. If a disposition requires pro forma financial statements, they must be included in the 8-K filed within four business days after the transaction is completed. If an acquisition requires acquired business financial statements and/or pro forma financial statements, the issuer may either include them in the initial post-closing 8-K or, as long as the issuer was not a shell company prior to the transaction, may include them by filing an amendment to the initial 8-K within 71 days after the initial 8-K deadline. U.S. standards are generally stricter than Cdn standards in determining whether financial statements are required. They are generally required if any one of the three required methods of calculation exceeds 20% significance. If the transaction results in the issuer ceasing to be a shell company, the 8-K must include extensive additional disclosure, similar to that required in a long form prospectus.
	Form 6-K for foreign private issuers	Foreign private issuers must promptly furnish on Form 6-K a copy of any material information made public pursuant to the law of its jurisdiction of domicile. Accordingly, Canadian foreign private issuers furnish their BARs on Form 6-K.
Certification NI 52-109 Forms 52-109F1, FV1, F2, FV2	Sarbanes Oxley Act Section 302 and 906 certifications and Section 404 auditor attestation	Domestic issuers must generally include in their quarterly 10-Q and annual 10-K filings two certificates from the principal executive officer and principal financial officer. The Section 906 certificate confirms form compliance and fair presentation of the issuer's financial condition and operations. The Section 302 certificate focuses on the issuer's disclosure controls and procedures and internal control over financial reporting, the effectiveness and other aspects of which are disclosed elsewhere in quarterly and annual reports. Foreign private issuers are subject to similar requirements, but only annually, in their 20-F or 40-F. Issuers must also generally include in the 10-K, 20-F or 40-F an attestation of the auditors with respect to the effectiveness of internal control over financial reporting, although exceptions are available for newly public companies, non-accelerated filers and emerging growth companies.