

*Note: [30 Mar 2004] – The following is 51-102F1 as it was initially implemented. This version of 51-102F1 is no longer current.*

**FORM 51-102F1  
MANAGEMENT'S DISCUSSION & ANALYSIS**

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**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

**PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION**

**(a) What is MD&A?**

MD&A is a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements, and of your company's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements.

Your objective when preparing the MD&A should be to improve your company's overall financial disclosure by giving a balanced discussion of your company's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news. Your MD&A should

- help current and prospective investors understand what the financial statements show and do not show;
- discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations;
- discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and
- provide information about the quality, and potential variability, of your company's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

**(b) Date of Information**

In preparing the MD&A, you must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, you must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

**(c) Use of "Company"**

Wherever this Form uses the word "company", the term includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

**(d) Explain Your Analysis**

Explain the nature of, and reasons for, changes in your company's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. Your discussion should assist the reader to understand trends, events, transactions and expenditures.

**(e) Focus on Material Information**

Focus your MD&A on material information. You do not need to disclose information that is not material. Exercise your judgment when determining whether information is material.

**(f) What is Material?**

Would a reasonable investor's decision whether or not to buy, sell or hold securities in your company likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

**(g) Forward-Looking Information**

You are encouraged to provide forward-looking information if you have a reasonable basis for making the statements. Preparing your MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect your company's business. However, MD&A does not require that your company provide a detailed forecast of future revenues, income or loss or other information.

All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, your material assumptions and appropriate risk disclosure and cautionary language.

You must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Your timely disclosure obligations might also require you to issue a news release and file a material change report.

**(h) Venture Issuers Without Significant Revenues**

If your company is a venture issuer without significant revenues from operations, focus your discussion and analysis of results of operations on expenditures and progress towards achieving your business objectives and milestones.

**(i) Reverse Takeover Transactions**

When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

**(j) Foreign Accounting Principles**

If your company's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, your MD&A must focus on the primary financial statements.

**(k) Resource Issuers**

If your company has mineral projects, your disclosure must comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person.

If your company has oil and gas activities, your disclosure must comply with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

**(l) Numbering and Headings**

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the headings or numbering or follow the order of items in this Form. Disclosure provided in response to any item need not be repeated elsewhere.

**(m) Omitting Information**

You do not need to respond to any item in this Form that is inapplicable.

**(n) Defined Terms**

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 51-102 and to National Instrument 14-101 *Definitions*. If a term is used in this Form and is defined in both the securities statute of the local jurisdiction and in National Instrument 51-102, refer to section 1.4 of Companion Policy 51-102CP.

**(o) Plain Language**

Write the MD&A so that readers are able to understand it. Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP. If you use technical terms, explain them in a clear and concise manner.

## **PART 2 CONTENT OF MD&A**

### **Item 1 Annual MD&A**

#### **1.1 Date**

Specify the date of your MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for your company's most recently completed financial year.

#### **1.2 Overall Performance**

Provide an analysis of your company's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company's business. Compare your company's performance in the most recently completed financial year to the prior year's performance. Your analysis should address at least the following:

- (a) operating segments that are reportable segments as those terms are used in the Handbook;
- (b) other parts of your business if
  - (i) they have a disproportionate effect on revenues, income or cash needs; or
  - (ii) there are any legal or other restrictions on the flow of funds from one part of your company's business to another;
- (c) industry and economic factors affecting your company's performance;
- (d) why changes have occurred or expected changes have not occurred in your company's financial condition and results of operations; and
- (e) the effect of discontinued operations on current operations.

#### **INSTRUCTIONS**

- (i) *When explaining changes in your company's financial condition and results, include an analysis of the effect on your continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.*
- (ii) *Financial condition includes your company's financial position (as shown on the balance sheet) and other factors that may affect your company's liquidity and capital resources.*
- (iii) *Include information for a period longer than two financial years if it will help the reader to better understand a trend.*

### **1.3 Selected Annual Information**

(1) Provide the following financial data derived from your company's financial statements for each of the three most recently completed financial years:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
- (c) net income or loss, in total and on a per-share and diluted per-share basis;
- (d) total assets;
- (e) total long-term financial liabilities; and
- (f) cash dividends declared per-share for each class of share.

(2) Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of your business, and any other information your company believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

#### *INSTRUCTION*

*Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.*

### **1.4 Results of Operations**

Discuss your analysis of your company's operations for the most recently completed financial year, including

- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;
- (b) any other significant factors that caused changes in net sales or total revenues;
- (c) cost of sales or gross profit;
- (d) for issuers that have significant projects that have not yet generated operating revenue, describe each project, including your company's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

- (e) for resource issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;
- (f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;
- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect your company's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;
- (h) effect of inflation and specific price changes on your company's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;
- (i) a comparison in tabular form of disclosure you previously made about how your company was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on your company's ability to achieve its business objectives and milestones; and
- (j) unusual or infrequent events or transactions.

#### *INSTRUCTION*

*Your discussion under paragraph 1.4(d) should include*

- (i) *whether or not you plan to expend additional funds on the project; and*
- (ii) *any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.*

#### **1.5 Summary of Quarterly Results**

Provide the following information in summary form, derived from your company's financial statements, for each of the eight most recently completed quarters:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and
- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

#### *INSTRUCTIONS*

- (i) *In the case of the annual MD&A, your most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year.*

- (ii) *You do not have to provide information for a quarter prior to your company becoming a reporting issuer if your company has not prepared financial statements for those quarters.*
- (iii) *For sections 1.2, 1.3, 1.4 and 1.5 consider identifying, discussing and analyzing the following factors:*
  - (A) *changes in customer buying patterns, including changes due to new technologies and changes in demographics;*
  - (B) *changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;*
  - (C) *changes in competition, including an assessment of the issuer's resources, strengths and weaknesses relative to those of its competitors;*
  - (D) *the effect of exchange rates;*
  - (E) *changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;*
  - (F) *changes in production capacity, including changes due to plant closures and work stoppages;*
  - (G) *changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;*
  - (H) *changes in the terms and conditions of service contracts;*
  - (I) *the progress in achieving previously announced milestones; and*
  - (J) *for resource issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.*
- (iv) *Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.*

## **1.6 Liquidity**

Provide an analysis of your company's liquidity, including



- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain your company's capacity, to meet your company's planned growth or to fund development activities;
- (b) trends or expected fluctuations in your company's liquidity, taking into account demands, commitments, events or uncertainties;
- (c) its working capital requirements;
- (d) liquidity risks associated with financial instruments;
- (e) if your company has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;
- (f) balance sheet conditions or income or cash flow items that may affect your company's liquidity;
- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to your company and the effect these restrictions have had or may have on the ability of your company to meet its obligations; and
- (h) defaults or arrears or anticipated defaults or arrears on
  - (i) dividend payments, lease payments, interest or principal payment on debt;
  - (ii) debt covenants during the most recently completed financial year; and
  - (iii) redemption or retraction or sinking fund payments,and how your company intends to cure the default or arrears.

#### *INSTRUCTIONS*

- (i) *In discussing your company's ability to generate sufficient amounts of cash and cash equivalents you should describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.*
- (ii) *In discussing trends or expected fluctuations in your company's liquidity and liquidity risks associated with financial instruments you should discuss*
  - (A) *provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment. Examples of such situations are provisions linked to credit rating, earnings, cash flows or share price; and*
  - (B) *circumstances that could impair your company's ability to undertake transaction considered essential to operations. Examples of such circumstances are the*

*inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.*

- (iii) *In discussing your company’s working capital requirements you should discuss situations where your company must maintain significant inventory to meet customers’ delivery requirements or any situations involving extended payment terms.*
- (iv) *In discussing your company’s balance sheet conditions or income or cash flow items you should present a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. The summary and table do not have to be provided if your company is a venture issuer. An example of a table that can be adapted to your company’s particular circumstances follows:*

<b><i>Contractual Obligations</i></b>	<b><i>Payments Due by Period</i></b>				
	<b><i>Total</i></b>	<b><i>Less than 1 year</i></b>	<b><i>1 - 3 years</i></b>	<b><i>4 - 5 years</i></b>	<b><i>After 5 years</i></b>
<i>Long Term Debt</i>					
<i>Capital Lease Obligations</i>					
<i>Operating Leases</i>					
<i>Purchase Obligations<sup>1</sup></i>					
<i>Other Long Term Obligations<sup>2</sup></i>					
<b><i>Total Contractual Obligations</i></b>					

<sup>1</sup> “Purchase Obligation” means an agreement to purchase goods or services that is enforceable and legally binding on your company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

<sup>2</sup> “Other Long Term Obligations” means other long-term liabilities reflected on your company’s balance sheet.

*The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of your company’s specified contractual obligations.*

## 1.7 Capital Resources

Provide an analysis of your company's capital resources, including

- (a) commitments for capital expenditures as of the date of your company's financial statements including
  - (i) the amount, nature and purpose of these commitments;
  - (ii) the expected source of funds to meet these commitments; and
  - (iii) expenditures not yet committed but required to maintain your company's capacity, to meet your company's planned growth or to fund development activities;
- (b) known trends or expected fluctuations in your company's capital resources, including expected changes in the mix and relative cost of these resources; and
- (c) sources of financing that your company has arranged but not yet used.

### *INSTRUCTIONS*

- (i) *Capital resources are financing resources available to your company and include debt, equity and any other financing arrangements that you reasonably consider will provide financial resources to your company.*
- (ii) *In discussing your company's commitments you should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.*

## 1.8 Off-Balance Sheet Arrangements

Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of your company including, without limitation, such considerations as liquidity and capital resources.

In your discussion of off-balance sheet arrangements you should discuss their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments. Your discussion should include

- (a) a description of the other contracting party(ies);
- (b) the effects of terminating the arrangement;
- (c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require your company to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and
- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

#### *INSTRUCTIONS*

- (i) *Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with your company, under which your company has*
  - (A) *any obligation under certain guarantee contracts;*
  - (B) *a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;*
  - (C) *any obligation under certain derivative instruments; or*
  - (D) *any obligation under a material variable interest held by your company in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to your company, or engages in leasing, hedging or, research and development services with your company.*
- (ii) *Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.*
- (iii) *Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.*
- (iv) *The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.*

#### **1.9 Transactions with Related Parties**

Discuss all transactions involving related parties as defined by the Handbook.

#### *INSTRUCTION*

*In discussing your company's transactions with related parties, your discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of the transactions' business purpose and economic substance. You should discuss*

- (A) *the relationship and identify the related person or entities;*
- (B) *the business purpose of the transaction;*
- (C) *the recorded amount of the transaction and the measurement basis used; and*
- (D) *any ongoing contractual or other commitments resulting from the transaction.*

#### **1.10 Fourth Quarter**

Discuss and analyze fourth quarter events or items that affected your company's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of your company's business and dispositions of business segments.

#### **1.11 Proposed Transactions**

Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if your company's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

#### *INSTRUCTION*

*You do not have to disclose this information if, under section 7.1 of National Instrument 51-102, your company has filed a Form 51-102F3 Material Change Report regarding the transaction on a confidential basis and the report remains confidential.*

#### **1.12 Critical Accounting Estimates**

If your company is not a venture issuer, provide an analysis of your company's critical accounting estimates. Your analysis should

- (a) identify and describe each critical accounting estimate used by your company including
  - (i) a description of the accounting estimate;
  - (ii) the methodology used in determining the critical accounting estimate;
  - (iii) the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made;
  - (iv) any known trends, commitments, events or uncertainties that you reasonably believe will materially affect the methodology or the assumptions described; and
  - (v) if applicable, why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation;

- (b) explain the significance of the accounting estimate to your company's financial condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate;
- (c) quantify the changes in overall financial performance and financial statement line items if you assume that the accounting estimate was to change by using either
  - (i) reasonably likely changes in the material assumptions; or
  - (ii) the upper and lower ends of the range of estimates from which the recorded estimate was selected;
- (d) discuss changes made to critical accounting estimates during the past two financial years including the reasons for the change and the quantitative effect on your company's overall financial performance and financial statement line items; and
- (e) identify the segments of your company's business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if your company operates in more than one segment.

#### *INSTRUCTION*

*An accounting estimate is a critical accounting estimate only if*

- (A) *it requires your company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and*
- (B) *different estimates that your company could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on your company's financial condition, changes in financial condition or results of operations.*

#### **1.13 Changes in Accounting Policies including Initial Adoption**

Discuss and analyze any changes in your company's accounting policies, including

- (a) for any accounting policies that you have adopted or expect to adopt subsequent to the end of your most recently completed financial year, including changes you have made or expect to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date, you should
  - (i) describe the new standard, the date you are required to adopt it and, if determined, the date you plan to adopt it;
  - (ii) disclose the methods of adoption permitted by the accounting standard and the method you expect to use;

- (iii) discuss the expected effect on your company's financial statements, or if applicable, state that you cannot reasonably estimate the effect; and
  - (iv) discuss the potential effect on your business, for example technical violations or default of debt covenants or changes in business practices; and
- (b) for any accounting policies that you have initially adopted during the most recently completed financial year, you should
- (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy;
  - (ii) describe the accounting principle that has been adopted and the method of applying that principle;
  - (iii) discuss the effect resulting from the initial adoption of the accounting policy on your company's financial condition, changes in financial condition and results of operations;
  - (iv) if your company is permitted a choice among acceptable accounting principles,
    - (A) state that you made a choice among acceptable alternatives;
    - (B) identify the alternatives;
    - (C) describe why you made the choice that you did; and
    - (D) discuss the effect, where material, on your company's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and
  - (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to your initial adoption of the accounting policy, explain your decision regarding which accounting principle to use and the method of applying that principle.

#### *INSTRUCTION*

*You do not have to present the discussion under paragraph 1.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.*

#### **1.14 Financial Instruments and Other Instruments**

For financial instruments and other instruments,

- (a) discuss the nature and extent of your company's use of, including relationships among, the instruments and the business purposes that they serve;
- (b) describe and analyze the risks associated with the instruments;

- (c) describe how you manage the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;
- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and
- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

### **INSTRUCTIONS**

- (i) *“Other instruments” are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.*
- (ii) *Your discussion under paragraph 1.14(a) should enhance a reader’s understanding of the significance of recognized and unrecognized instruments on your company’s financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.*
- (iii) *For purposes of paragraph 1.14(c), if your company is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing your company’s exposure to price risk.*
- (iv) *For purposes of paragraph 1.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.*

### **1.15 Other MD&A Requirements**

- (a) Your MD&A must disclose that additional information relating to your company, including your company’s AIF if your company files an AIF, is on SEDAR at [www.sedar.com](http://www.sedar.com).
- (b) Your MD&A must also provide the information required in the following sections of National Instrument 51-102:
  - (i) Section 5.3 – Additional Disclosure for Venture Issuers without Significant Revenue; and



- (ii) Section 5.4 – Disclosure of Outstanding Share Data.

**INSTRUCTION**

*Your company may also be required to provide additional disclosure in its MD&A as set out in Form 52-109F1 Certification of Annual Filings and Form 52-109F2 Certification of Interim Filings.*

**Item 2 Interim MD&A**

**2.1 Date**

Specify the date of your interim MD&A.

**2.2 Interim MD&A**

Interim MD&A must update your company's annual MD&A for all disclosure required by Item 1 except section 1.3. This disclosure must include

- (a) a discussion of your analysis of
  - (i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;
  - (ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;
  - (iii) any seasonal aspects of your company's business that affect its financial condition, results of operations or cash flows; and
- (b) a comparison of your company's interim financial condition to your company's financial condition as at the most recently completed financial year-end.

**INSTRUCTION**

- (i) *If the first MD&A you file in this Form (your first MD&A) is not an annual MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. Your subsequent interim MD&A for that year will update your first interim MD&A.*
- (ii) *For the purposes of paragraph 2.2(b), you may assume the reader has access to your annual MD&A or your first MD&A. You do not have to duplicate the discussion and analysis of financial condition in your annual MD&A or your first MD&A. For example, if economic and industry factors are substantially unchanged you may make a statement to this effect.*
- (iii) *For the purposes of subparagraph 2.2(a)(i), you should generally give prominence to the current quarter.*

- (iv) *In discussing your company's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 1.6. Instead, you should disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of your company's business.*
- (v) *Interim MD&A prepared in accordance with Item 2 is not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).*