

FORM 40

STATEMENT OF EXECUTIVE COMPENSATION

ITEM 1 General:

- (1) For the purposes of this Form “executive officer” of an issuer means
- (a) the chairman and any vice-chairman of the board of directors of the issuer where that person performs the functions of that office on a full-time basis,
 - (b) the president or any vice-president in charge of a principal business unit such as sales, finance or production, and
 - (c) any officer of the issuer or of any subsidiary of the issuer who performs a policy-making function in respect of the issuer, whether or not that officer is also a director of the issuer or the subsidiary.
- (2) An unincorporated issuer, including a mutual fund that does not itself directly employ officers and the business of which is managed by a manager pursuant to a management contract with the issuer or by a trustee pursuant to a trust indenture, need comply only with Items 6 and 7, to the extent those items are applicable.

ITEM 2 Cash:

- (1) State the number of executive officers of the issuer.
- (2) State the aggregate cash compensation paid to the issuer's executive officers by the issuer and its subsidiaries for services rendered during the most recently completed financial year.
- (3) For the purposes of subsection (2),
- (a) cash compensation includes salaries, fees (including directors' fees), commissions and bonuses and, in addition to amounts actually paid during and for the most recently completed financial year, cash compensation includes,
 - (i) bonuses to be paid for services rendered during the most recently completed financial year unless those amounts have not yet been allocated,

- (ii) bonuses paid during the most recently completed financial year for services rendered in a previous financial year, and
 - (iii) any compensation other than bonuses earned during the most recently completed financial year, the payment of which is deferred;
- (b) compensation for a period during which an individual was not then an executive officer shall not be included in the determination of cash remuneration of executive officers, and
- (c) compensation paid during the most recently completed financial year that was disclosed in a filing of a document complying with the requirements of this Form or a predecessor thereof in respect of a financial year other than the most recently completed financial year shall not be included.

(4) At the option of the issuer, the cash compensation figure set out pursuant to subsection (2) may be broken down into categories such as salaries, fees, commissions and bonuses.

ITEM 3 Plans:

(1) Describe briefly any plan pursuant to which cash or non-cash compensation was paid or distributed to executive officers during the most recently completed financial year or is proposed to be paid or distributed in a subsequent year and include in the description the following:

- (a) a summary of how the plan operates;
- (b) the criteria used to determine amounts payable;
- (c) the time periods over which the measurement of benefits will be determined;
- (d) payment schedules;
- (e) any recent material amendments to the plan;
- (f) amounts paid or distributed during the most recently completed financial year;
- (g) amounts accrued for the group during the most recently completed financial year, inasmuch as the distribution or unconditional vesting of same is not subject to future events.

(2) With respect to options to purchase securities granted to executive officers during the most recently completed financial year set out the following:

- (a) a summary of how the plan operates;

- (b) the criteria used to determine the number of securities under option;
- (c) the time periods over which the measurement of benefits will be determined;
- (d) payment schedules;
- (e) any recent material amendments to the plan;
- (f) the number of securities optioned during the most recently completed financial year;
- (g) the designation and aggregate number of securities under options;
- (h) the average per security exercise price (when options with differing terms are granted, the information should be given for each class or type of option) and, when that price is less than the market value of the security underlying the option on the date the option is granted, provide the market price on that date.

(3) With respect to options exercised during the issuer's most recently completed financial year, provide, in addition to the information prescribed by subsection (2)(a) and (f), the aggregate net value (market value less exercise price at the date of exercise) of the securities under option.

(4) For the purposes of this Item,

- (a) compensation pursuant to a plan need be taken into account only to the extent that the plan discriminates in scope, terms or operation in favour of executive officers and is not available to all full-time employees other than those covered by a collective agreement;
- (b) where disclosure of an amount paid or distributed pursuant to a plan is made under a cash compensation in Item 2, that amount shall not be included under subsection (1)(f) of this Item if a statement is made under this Item confirming that the disclosure of the amount was made under Item 2;
- (c) amounts paid or distributed that are disclosed under subsection (1)(f) shall not include amounts paid or distributed that have been disclosed in a previous filing of a document, other than a prospectus, complying with the requirements of this Form under subsection (1)(g) as accruing to the group in respect of a financial year other than the most recently completed financial year;
- (d) "options" includes all options, share purchase warrants or rights, other than those issued to
 - (i) all security holders of the same class, or
 - (ii) all security holders of the same class resident in Canada on a pro rata basis,

and an extension of an option shall be deemed to be a granting of an option;

- (e) “plan” includes any plan, contract, authorization or arrangement, whether or not set forth in any formal document and may be applicable to only 1 person, but does not include the Canada Pension Plan or a similar government plan.

ITEM 4 Other:

(1) Describe all other compensation not referred to in Items 2 or 3 paid during the most recently completed financial year, including personal benefits and securities or property paid or distributed, other than pursuant to a plan referred to in Item 3, where compensation is not offered on the same terms to all full-time employees.

(2) For the purposes of describing other compensation under subsection (1) the value to be given for the compensation shall be the issuer's and its subsidiaries' aggregate incremental cost.

(3) For the purposes of subsection (2), “incremental cost” is the cost to the issuer and its subsidiaries of conferring a benefit upon an individual where the cost would not be otherwise incurred by the issuer if the benefit were not so conferred.

(4) When the aggregate value of the compensation disclosed under subsection (1) does not exceed the lesser of

- (a) \$10 000, or in the discretion of the Executive Director \$25 000, times the number of persons in the group, and
- (b) 10% of the compensation stated under Item 2,

it is necessary to declare that fact only.

ITEM 5 Termination of Employment or Change of Control:

Describe any plan or arrangement in respect of compensation received or that may be received by executive officers in the issuer's most recently completed financial year with a view to compensating those officers in the event of

- (a) the termination of employment (resignation, retirement, change of control), or
- (b) a change in responsibilities following a change in control,

where in respect of an executive officer the value of such compensation exceeds \$60 000.

ITEM 6 Compensation of Directors:

(1) Describe,

- (a) any standard arrangements, stating amounts, pursuant to which directors are compensated by the issuer for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments, and
- (b) any other arrangements, stating amounts, in addition to or in lieu of, any standard arrangement, pursuant to which directors were compensated by the issuer in their capacity as directors during the most recently completed financial year.

(2) Where compensation is in non-cash form, state the value of the benefit conferred or, if it is not possible to state the value, describe the benefit conferred.

ITEM 7 Unincorporated Issuers:

(1) Unincorporated issuers must report,

- (a) the aggregate amount of fees or other compensation paid by the issuer to individuals acting as directors or trustees of the issuer in respect of each of the financial years reported on, and
- (b) the aggregate amount of expenses reimbursed by the issuer to the individuals in respect of the fulfilment of their duties as directors or trustees.

(2) Where compensation is in non-cash form, state the value of the benefit conferred or, if it is not possible to state the value, describe the benefit conferred.

(3) The information required by this Item may be disclosed in the annual financial statement in lieu of textual disclosure in or as an attachment to an information circular or prospectus.