



**TSX Venture
Exchange**

Managing a Public Company

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Shareholder Communications

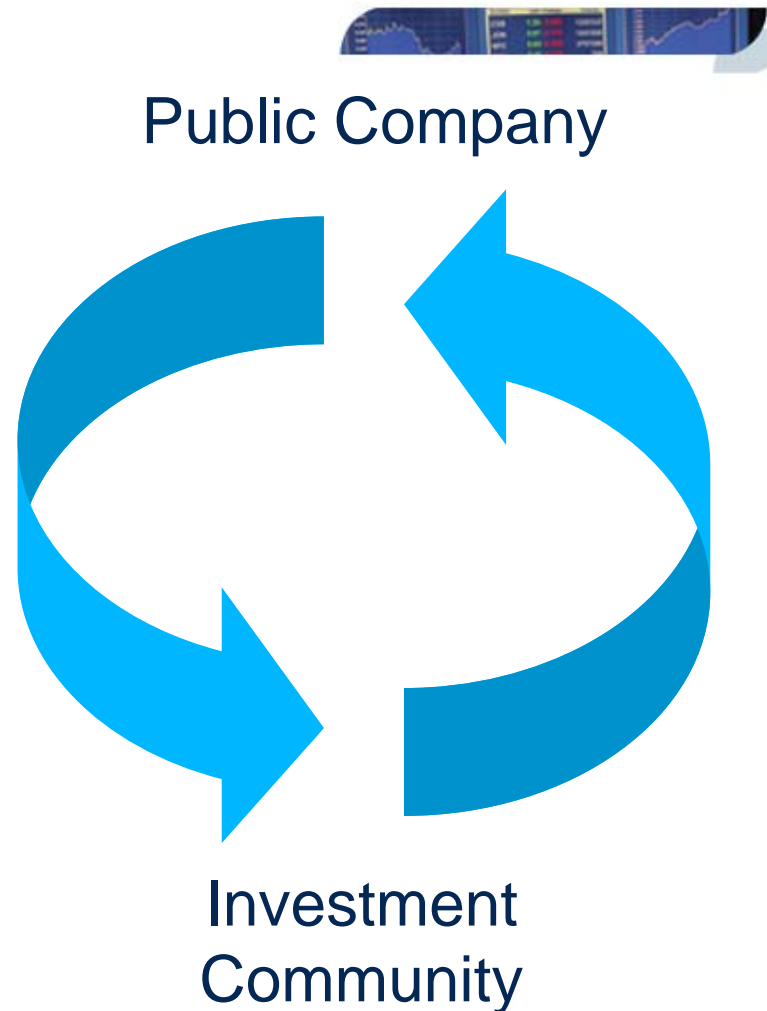


Investor Relations

Cameron Davies
The Equicom Group

What is Investor Relations?

- Bi-directional flow of information between the issuer and the investment community
- An ongoing communications program
 - builds on existing disclosure requirements
 - reinforces strengths, strategy and management team



What is Investor Relations?



Goal?

Fair market
Valuation
&
maximize
shareholder
value

Effective Investor Relations



- Provides publicly available information to facilitate knowledgeable investment decisions
- Helps achieve highest sustainable price for securities
 - Accurately and fully reflecting fundamental value
- Builds management credibility and investor commitment
- Strong investor relations programs have become an invaluable and required function
 - Analogous to legal and accounting function

What isn't IR?



- Promotion: the “Pump and Dump” Legacy
 - Don't create short-term expectations (urgency)
- Misrepresentation or inflated expectations
- Not a substitute for strong fundamentals

IR 101

Set expectations

Consistent communication

Credibility

Establish milestones and strategic vision

Articulate events in the context of the overall business plan/vision

Long-term and loyal stakeholders

The Message

Need Expressed

Hunger

Need Addressed

Value Proposition

Market Opportunity

Greed

Be Consistent and Realistic!

The Message



Do's

- Use Clear, Simple, High-retention messaging
- Use Visual Language
- Manage Expectations
 - Set credible milestones

Don'ts

- Don't sell the investment community
- Don't spin bad news – articulate impact and mitigation strategy

200^{times}
more productive

Technological
advances

- Lighter Materials
- Larger Turbines
- Advanced Generators

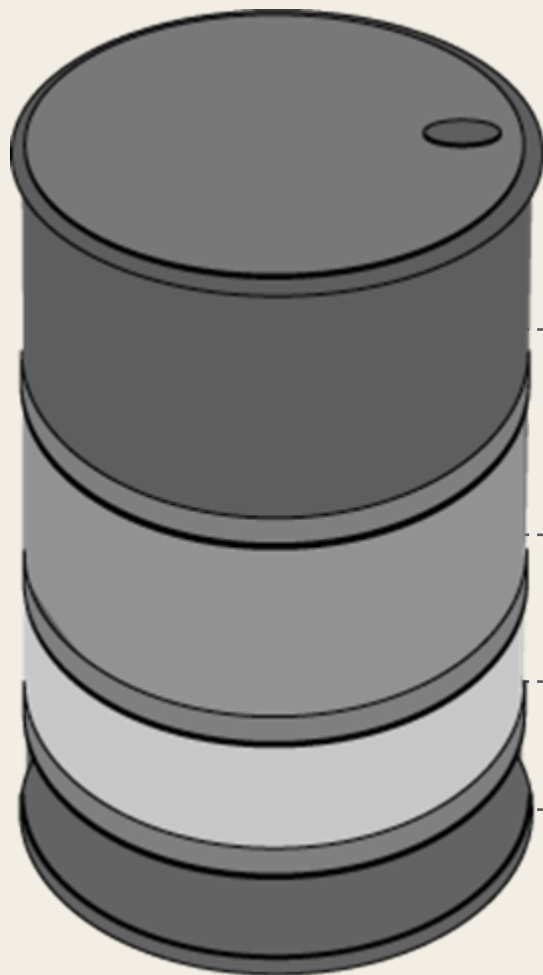
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Economically
attractive

1980's

Today

Does the price of oil matter?



\$60 current oil price

\$40 targeted returns

\$30 breakeven all costs

\$20 breakeven cash-flow

Molybdenum

\$12B*
annual market



Strengthens steel

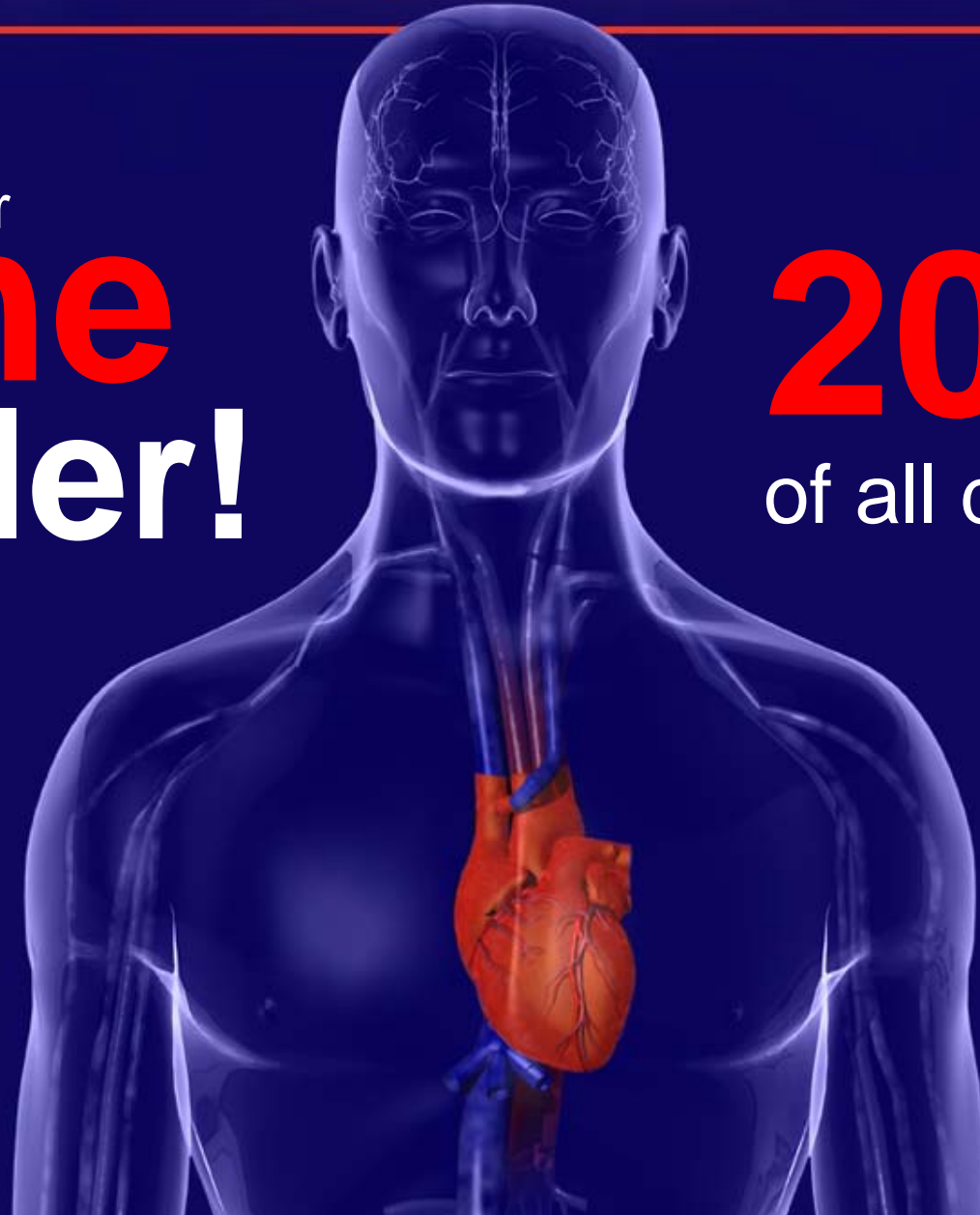
Anti-corrosive agent

Chemical catalyst

Coronary Heart Disease

Number
one
killer!

20%
of all deaths



IR Programs – Have a Plan

Strategic Plan

Execution

Measurement

- > Messages
- > Objectives
- > Tactics
- > Calendar

- > Roadshow
- > Media plan
- > Disclosure
- > Best practices

- > Feedback
- > Perceptions
- > Objectives
- > Enhance message

Objectives of an Investor Relations Program



Ongoing IR goals

- Maximize buy/sell-side interest and analyst following
- Utilize the broker network to maximize liquidity
- Develop a diverse shareholder base
- Reduce volatility
- Develop and preserve a ready market for the company's stock for raising future capital

Strategies and Tactics



Communications Media – the basics

- Press Releases
 - Timely disclosure of material developments
 - Transparent and balanced information
 - If news is negative – include strategy to mitigate effects
 - Should be sent to dissemination list
- Web Site
 - Develop an IR section and keep it up to date
- Fact Sheet
- Investor Presentation
- Conference Calls

Strategies and Tactics



Institutional Investors

- Update them regularly
 - Regular communication from company
- Leverage sell side relationships for introductions
- Provide information geared to their level of sophistication
 - Contact with an IR professional who understands (and can predict) their needs
- Gather and act on feedback from the “street”

Strategies and Tactics



Analysts – Attracting coverage

- Prepare all disclosure material with a sophisticated audience in mind
 - Focus on the growth strategy
 - Clearly identify milestones
 - Manage expectations from day 1
 - Build management's credibility
- Target key Analysts in the sector and build a relationship
 - Office visits and presentations by CEO/CFO

Strategies and Tactics



Analysts

- Always provide:
 - Regular contact for routine inquiries, CFO for financial matters and CEO for strategy
 - Honest, focused and detailed replies to their questions (restrict to publicly available information)
 - Useful, strategic, operational, market and product information
- Position the company by suggesting appropriate criteria for appraisal

Strategies and Tactics



Analysts

- Have due regard for Analysts' influence over institutional investors and brokers
 - Provide as much information as possible with regard to competitive concerns and securities law
 - Do not engage in selective disclosure
- Don't sell the street

Strategies and Tactics



Retail Brokers

- Time for analysis is limited
 - Heavy reliance on opinions of Analysts
 - Key is to provide succinct and compelling points on the company
- Broker Lunches/Branch Presentations
 - Opportunity to introduce the company and its management to a group of brokers simultaneously

Strategies and Tactics



Individual Investors

- Make them feel included among company's priorities
 - Clear, honest and timely communications
 - Web casting of all conference calls
 - Have someone available to answer their questions

Strategies and Tactics



Business Media

- Working with journalists
 - Focus on key messages
 - Deadlines can be minutes away – be sensitive to time constraints
 - Select a media spokesperson and let him/her handle all contact (consistency is crucial)
 - Have comprehensive backgrounders available
 - Stay skeptical! If you don't want to see it in print... Don't say it

Desired Results – IR Program



Short term

- Well understood long term vision
- Consistent message across communication platforms
- Awareness on ‘the street’

Long term

- Enhanced liquidity / reduced volatility
- Improved feedback from investment community
- Increased analyst coverage
- Improved valuation multiples vs. peer group



Strong IR
Program

=

Fair market
Valuation



Questions?



Shareholder Meetings
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Types of Meetings



- Annual meeting:
 - basic component of corporate activity – “housekeeping matters”
 - required under corporate statutes (Provincial/Federal Business Corporations Acts) and Exchange policies
- Special meeting:
 - where shareholder approval of special or extraordinary matters is required at a meeting (as opposed to in writing)
- Both types of meetings involve provisions of corporate and securities laws and Exchange rules relating to holding of meeting, timing and materials

Formal Elements



- Annual meetings:
 - requirement to place financial statements before the shareholders (current to within 6 months before meeting, and accompanied by auditors' report)
 - elect directors
 - appoint auditors
 - deal with shareholder proposals

Formal Elements



- Special meeting:
 - “Special business” - any matter that requires shareholder approval other than business required at Annual Meetings, e.g. approve option plans, amalgamations, plans of arrangement.
 - Special business often requires a “special resolution”, which may require a special majority for approval.

Formal Elements



- Shareholder proposals:
 - Shareholder entitled to vote at a meeting may submit proposal to company for that meeting and discuss any such matter at the meeting.
 - Issuer is required to include proposal in management information circular, together with the shareholder's statement of support, subject to certain exceptions:
 - submitted at least 60 days before anniversary date of annual meeting or 60 days before any other meeting
 - primary purpose is personal claim or grievance against company or its directors, officers or shareholders, or does not significantly relate to the company's business or affairs
 - Person failed to present submitted proposal at meeting, or proposal was defeated, within the last two years
 - Proposal may include nominations for director if shareholders submitting own 5% or more of the issuer's shares.

When Must a Meeting be Held?



- Annual meeting:
 - within 18 months of incorporation (OBCA)
 - within 15 months of last annual meeting (OBCA)
- Special meeting:
 - whenever one is required to pass special business

[Hint: coordinate the mailing of annual meeting materials with the mailing of annual report in order to save costs]

Who Calls a Meeting?



- Annual meeting:
 - directors shall call by dates set by statutory requirements
 - bylaws may permit certain officers to call
- Special meeting:
 - directors may call at any time
 - bylaws may permit certain officers to call
 - shareholders holding at least 5% of voting shares:
 - if directors do not call within 21 days of requisition, shareholder may call
 - subject to certain exceptions (where notice already provided or circumstances similar to exceptions for shareholder proposals)
 - court may order that a meeting be held

Where Must a Meeting Be Held?



- Subject to the Articles, wherever the Directors determine (OBCA)
- Location should reflect your corporation's style and image as well as have all necessary amenities

Providing Notice and Information to Shareholders



- Two ways to hold shares:
 - registered shareholders, hold shares directly - names appear on formal list of shareholders
 - beneficial shareholders, hold shares through brokerage or similar accounts (“street” form)
- Intermediaries (brokers) - hold shares on behalf of shareholders. It is the intermediaries which appear on the formal list of shareholders

Providing Notice and Information to Shareholders



- All shareholders* are entitled to:
 - notice of meetings
 - information on the business to be conducted
 - vote on the matters tabled for business
- All within strict timelines
- A regime exists to insure that proper notice and information are provided:
 - meeting materials to be sent to intermediaries who forwarded to beneficial shareholders;
 - meeting materials may be sent to certain shareholders directly in addition to sending through intermediaries

*Some restrictions may apply

Shareholder Meeting Proxy Materials



- Proxy materials include Notice, form of Proxy, Information Circular and Supplemental Mailing List form.
- Notice to include meeting particulars and nature of special business in sufficient detail to permit reasoned judgment.
- Proxy to allow for proxy designee other than management and may confer discretionary authority.
- Information Circular – prescribed disclosure (Form 51-102F5). Note new executive compensation disclosure requirements.
- Supplemental Mailing List – for sending annual and interim financials and related MD&A.
- File materials with Commissions and Exchange.

Shareholder Meeting Timelines



- All planning centers on the “Record Date”:
 - Advise transfer agent one month before Record Date.
 - Notice to Commissions, Exchanges, Clearing Agencies – at least 25 days before Record Date.
 - Record Date – at least 30 days and at most 60 days before Meeting Date.
 - Delivery of Materials to intermediaries (e.g. annual report and information circular) at least 33 days before Meeting Date.
 - Time frame is capable of being abridged.

Shareholder Proposals



- Shareholder proposals:
 - Shareholder entitled to vote at a meeting may submit proposal to company for that meeting and discuss any such matter at the meeting.
 - Issuer is required to include proposal in management information circular, together with the shareholder's statement of support, subject to certain exceptions:
 - submitted at least 60 days before anniversary date of annual meeting or 60 days before any other meeting
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 - Proposal may include nominations for director if shareholders submitting own 5% or more of the issuer's shares.

Proxy Solicitation



- Proxies may be solicited by other than management:
 - The votes of shareholders (“proxies”) may be solicited by parties who either support or oppose the matters that management places before a meeting.
 - Parties who solicit votes opposed to management’s initiatives (“dissidents”) must send their own proxy materials to shareholders in a prescribed manner, subject to certain exceptions.
 - Parties who solicit votes may access shareholder lists.

Proxy Solicitation



- Proxy solicitation without a circular:
 - A dissident shareholder can solicit proxies without sending a circular, provided:
 - the solicitation is made to the public by public broadcast, speech or publication
 - solicitation of proxies by public broadcast, speech or publication is permitted by the laws under which the reporting issuer is incorporated
 - the solicitation contains information relating to the reporting issuer, the identity of the dissident shareholder, its percentage shareholdings and its interests in the matter being solicited, and such information has been filed on SEDAR
 - A dissident shareholder can also solicit proxies without sending a circular if proxies are solicited from no more than 15 shareholders

Proxy Solicitation



- Exempt proxy solicitation:
 - The following do not constitute solicitation:
 - A shareholder publicly announcing how it intends to vote and the reasons why.
 - Communicating for the purpose of obtaining the number of securities required for a shareholder proposal.

Meeting Preparation



- Keep yourself informed
 - Stay in regular contact with transfer agent to make sure that you have quorum.
 - Know your shareholders – use the IR function to gauge the response in advance to contentious issues.
 - If the response is uncertain consider retaining a proxy solicitation service.

Meeting Preparation



- Script for the Chair (formal business).
- Decide on meeting procedure to be followed
 - Who will be chair/secretary
 - Who will make and second motions
- Prepare a presentation of corporate activities
 - Highlights
 - Facts
 - Publicly available information only
 - Strategy
- Material announcements at a meeting must be followed immediately by a press release.
- Prepare responses to likely questions.



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