



CORPORATE FINANCE MANUAL (the “Manual”)

UPDATE NOTICE ***July 31, 2003***

Last Update Notice – March 24, 2003

The amendment communicated in this *Update Notice* is reflected in the Internet version of the Manual:

[English:

<http://www.tsx.com/en/productsAndServices/listings/cdnx/resources/resourcePolicies.html>]

[French:

<http://www.tsx.com/fr/productsAndServices/listings/cdnx/resources/resourcePolicies.html>]

Re: NEX

General

The TSX Venture Exchange (“TSX Venture”) is pleased to announce the launch of NEX, a new board of TSX Venture, **effective August 18, 2003** (the “Launch Date”). NEX is the name chosen for the Inactive Board referenced in TSX Venture’s Bulletin dated June 24, 2003.

NEX is a separate board of TSX Venture that provides a trading forum for:

1. issuers that have been listed on TSX Venture and no longer meet the Tier Maintenance Requirements (currently known as Inactive Issuers);
2. CPCs that have failed to complete a Qualifying Transaction in accordance with TSX Venture requirements; and
3. Toronto Stock Exchange (“TSX”) issuers that fail to meet continued listing requirements and would have been eligible for listing on TSX Venture as Inactive Issuers under existing policies.

NEX will not accept new listings from issuers that have not been listed on TSX or TSX Venture and issuers that have been delisted from TSX and TSX Venture.

NEX replaces the current TSX Venture regime for dealing with Inactive Issuers, including the policies and processes. Issuers that do not meet TSX Venture Tier Maintenance Requirements (“TMR”) will receive 90 days notice prior to having their listing moved from Tier 1 or 2 to NEX. Although NEX is a board of TSX Venture, it has separate policies and a segregated stock list. In general terms, references to TSX Venture refer to Tier 1 and 2 of the TSX Venture Exchange, and do not include NEX.

NEX is a forum where issuers without an active business or issuers in the process of reactivating can trade. It replaces the current system which culminates in suspension and delisting of Inactive Issuers and provides these issuers with a place to trade while they reactivate. In addition, the creation of this separate board will provide the investing public with a clear means of differentiating issuers with an active business from those that do not have an active business and may have minimal assets and/or operations.

NEX issuers will be designated as such by the addition of an “.H” suffix to their trading symbol. NEX issuers will not be required to obtain new CUSIP numbers or make any changes to their share certificates.

Eligibility for NEX

All TSX Venture issuers that have been designated as Inactive will be eligible for transfer to NEX on the Launch Date.

As of May 22, 2003, all TSX Venture listed Issuers that do not meet Tier 2 TMR have been or will be given a 90 day notice period to demonstrate that they meet Tier 2 TMR, failing which they will be eligible for transfer from TSX Venture to NEX. Upon filing the Listing Notification Form, issuers’ securities will trade on NEX, provided that there are no outstanding regulatory issues.

Transition

Except as noted below, all issuers transferring to NEX on the Launch Date are required to complete and file NEX Form A – Listing Notification, by August 31, 2003.

Current Inactive Issuers that have been halted or suspended solely for not completing a reactivation within an 18 month period currently specified under TSX Venture policies will be transferred to NEX, following which the halt or suspension will be lifted, provided that there are no outstanding regulatory issues.

Inactive Issuers that are subject to halts or suspensions for reasons other than failure to complete a reactivation within 18 months, for example, those issuers subject to a cease trade order, will be transferred to NEX and will remain subject to any outstanding halt or suspension until the situation is addressed to the satisfaction of TSX Venture and all applicable securities regulators. Issuers must rectify the outstanding issues and file a NEX Form A – Listing Notification by August 8, 2003, in order to trade on NEX on the Launch Date.

TSX Venture will exercise discretion in transferring issuers to NEX that are currently in the process of a reactivation.

CPCs that have not completed a Qualifying Transaction within the prescribed time frame will be eligible to transfer to NEX provided that they have received the requisite shareholder approval to do so. CPC shareholders will have a choice to either delist the CPC, cancel the principals' shares and redistribute the remaining cash to shareholders, or cancel the principals' shares and transfer the issuer to NEX. CPCs that transfer to NEX will remain subject to TSX Venture Policy 2.4 *Capital Pool Companies*.

On August 12, 2003, the Exchange will issue the requisite Bulletins setting out the names and applicable symbol changes, if any, of the issuers transferring to NEX.

Tier 3 Issuers

Tier 3 issuers that are moved to NEX will no longer be considered Tier 3 issuers. Accordingly, their trading symbol will no longer start with a "Y". These issuers will be selecting a completely new symbol for use on the Launch Date which will contain the same identifier as all other NEX issuers. A list of the symbol changes will be provided on the tsxventure.com website immediately prior to the Launch Date.

Tier 3 Inactive Issuers transferring to NEX may be subject to tax related consequences, depending on their status prior to the transfer. These issuers should contact a tax professional in order to determine the implications of transferring the listing of their securities from Tier 3 to NEX.

Policies for NEX

NEX has a separate set of policies suited to the needs of issuers without an active business, and those structuring or restructuring their company in contemplation of a reactivation. Certain NEX policies provide cross-references to TSX Venture Policies. NEX Policies and Forms, and consequential amendments to TSX Venture Policies will be available on the TSX website at <http://www.tsx.com/en/nex> on August 18, 2003 and will be provided in paper form to subscribers to the Corporate Finance Manual.

After the Launch Date, the NEX policies will be available on the NEX website, which will be accessible by clicking a designated link on the TSX.com home page.

TSX Venture's current Inactive Issuer regime and related policies and procedures will be replaced by NEX. The NEX policies and procedures, however, contain certain key differences designed to support the reactivation process while ensuring that issuers with active businesses that meet TSX Venture standards do not remain on NEX.

For example, NEX issuers will be subject to certain financing and share issuance restrictions appropriate for companies without an active business undertaking due diligence on reactivation opportunities.

Most significantly, issuers will not be permitted to issue more than 100% of their outstanding shares (fully diluted) in any 12 month period, or raise more than \$350,000 in aggregate through the issuance of securities in any 12 month period.

Issuers that undertake transactions in excess of these limits will be required to either meet applicable TSX Venture listing requirements and graduate back to Tier 1 or Tier 2 of TSX Venture, or delist from NEX.

Management fees continue to be limited to \$2,500 per month per issuer. In addition, no individual will be permitted to receive more than \$5,000 per month in aggregate in management fees for NEX issuers. NEX issuers will be permitted to issue up to 10% of their issued and outstanding shares in stock options to provide management with incentive to reactivate the issuer.

A \$0.05 minimum price will be imposed for the issuance of shares on NEX. In order to create a more level playing field, TSX Venture policies will also be amended to reduce the current \$0.10 minimum price to \$0.05. Warrants and incentive stock options will continue to be subject to a \$0.10 minimum exercise price on both NEX and TSX Venture.

Filing procedures for NEX issuers have been simplified, and transactions will be subject to general oversight and non-disapproval mechanisms rather than detailed review and approval.

Maintaining a Listing

Issuers listed on NEX are not subject to time limits to complete a reactivation, and may continue to have their securities listed on NEX for an indefinite period of time provided that they comply with NEX requirements. NEX may delist an issuer that:

1. does not comply with NEX Policies;
2. fails to comply with applicable securities laws;
3. completes a Reverse Takeover (“RTO”);
4. conducts a transaction, transactions or activities such that it becomes an active issuer that meets applicable TSX Venture listing standards; or
5. NEX determines is in its best interest to do so.

If a NEX issuer undertakes an RTO as defined in TSX Venture Policies, it will be subject to TSX Venture Policies governing RTOs including the halt requirement. Subject to the required halt, it will be listed and continue trading on NEX until completion of the RTO, at which time it will be required to either graduate to TSX Venture or simply delist from NEX.

Issuers that develop their businesses such that they meet applicable TSX Venture standards will also be required to either graduate to TSX Venture or delist from NEX. Depending on the nature of the reactivation (if the issuer is continuing in the same business with the same principals), TSX Venture may elect to permit an issuer to graduate to TSX Venture based on TMR rather than Minimum Listing Requirements.

Legal Status and Regulatory Oversight

Although NEX is a separate board of TSX Venture Exchange, it is not a separate legal entity. It will operate as a separate division of TSX Venture and is subject to the regulatory regime that currently governs TSX Venture, including the existing recognition orders and the joint oversight arrangements.

NEX Scope

NEX is, like TSX Venture, national in scope.

Trading System

The trading platform for NEX is the one that is currently used for all of the securities listed on TSX Venture and TSX, and the Universal Market Integrity Rules and specific TSX Venture market quality rules will apply to the trading of securities listed on NEX.

Trading and market data feeds will distinguish information for NEX issuers with the ".H" symbol identifier and an "H" marker. Newspapers and TSX Venture publications will display information for NEX issuers as a separate section.

NEX Regulation

As NEX is a division of TSX Venture, Market Regulation Services Inc. ("RS Inc.") will provide the same regulation services currently provided by RS Inc. to TSX Venture, in particular in relation to Inactive Issuers. In addition, as indicated above, both the Universal Market Integrity Rules and TSX Venture trading rules will apply to the trading of NEX listed securities.

Investigation and Enforcement

Corporate finance investigations and enforcement respecting issuers listed on NEX will be structured on the same basis as is currently applicable to TSX Venture issuers and will be carried out by TSX Venture's Compliance Services / Regulation Services.

Fees

NEX fees are set on a competitive basis with other evolving and emerging markets, and with consideration of TSX Venture's current pricing structure.

TSX Venture charges an annual sustaining fee and filing fees, ranging from \$500 to \$17,500, with each reviewable filing made during the year. By contrast, commencing in 2004, NEX will combine the sustaining fee and filing fees into a quarterly listing maintenance fee of \$1,250, payable on the first business day of each quarter. The quarterly fee will likely increase by another \$250 once Internet filing becomes available.

NEX will not charge the maintenance fee for issuers that move from TSX Venture or TSX to NEX in 2003. NEX issuers will be subject to all other fees prescribed in the TSX Venture fee schedule for filings made from the Launch Date until December 31, 2003.

Effective January 1, 2004, NEX listed issuers will be subject to the NEX fee schedule, and newly transferred NEX issuers will pay a pro-rated fee the month after they move to NEX. Pro-rata payment is consistent with the streamlined sustaining fee process applicable as between TSX and TSX Venture, whereby an issuer graduating to TSX, or transferring down from TSX only pay for the respective months that the issuer was listed on each exchange (not exceeding 12 months)

Contact Information

The NEX filing office is located at:

650 West Georgia Street, Suite 2700
Vancouver, B.C.
V6B 4N9
Ph: (604) 689-3334
Toll free: 1-866-344-5639
Fax: (604) 844-7502

All submissions must clearly indicate that the filer is a NEX issuer.

Questions and submissions regarding NEX should be directed to:

Gary Lee, Corporate Analyst, NEX
Ph: (604) 488-3126
e-mail: gary.lee@tsxventure.com

or

Ungad Chadda, Manager, NEX
Ph: (416) 365-2206
e-mail: ungad.chadda@tsxventure.com

Questions related to NEX policy may also be directed to:

Susan Copland, Manager, National Policy, TSX Venture
Ph: (604) 643-6531
e-mail: susan.copland@tsxventure.com

Additional Amendments:

Paper updates are being provided for the Policy/Forms/Appendix in relation to Bulletins that were issued as noted below.

BC Vetting of Prospectuses:

Further to the Exchange Bulletin dated August 15, 2002, the following policies have been amended to reflect the fact that the Exchange is no longer the primary reviewer of BC Prospectuses.

- Policy 1.1 - Interpretation
- Policy 2.3 – Listing Procedures
- Policy 4.2- Prospectus Offerings

Policy 6.3 - Transitional Provisions for WSE Issuers and Prospective WSE Issuers:

This Policy has been repealed.

Revision of Procedures for Declaration of Dividends:

As per TSX Venture Bulletin dated April 30, 2003:

- Policy 3.2 – Filing Requirements and Continuous Disclosure
- Table of Contents – Forms
- Form 3E – Dividends / Distribution Declaration

FOR FURTHER INFORMATION, PLEASE CONTACT:

In British Columbia: Susan Copland, Phone: 604-643-6531; Fax: 604-844-7502.

In Alberta: Peter Varsanyi, Phone: 403-218-2860, Fax: 403-237-0450.

In Ontario: Tom Graham, Phone: 416-365-2209, Fax: 416-365-2224 or Ungad Chadda, Phone: 416-365-2206, Fax: 416-365-2224.

In Québec: Louis Doyle, Phone: 514-788-2407, Fax: 514-788-2421.

To order an annual subscription to the Manual, please select the appropriate Order Form from:
<http://www.tse-cdn.com/en/productsAndServices/listings/cdn/resources/resourcePolicies.html>