

BULLETIN TYPE: Notice to Issuers
BULLETIN DATE: March 30, 2015

Re: Reverse Takeovers and Changes of Business – Discretionary Waivers of Shareholder Approval Requirement

The policies of TSX Venture Exchange (“**TSXV**” or the “**Exchange**”) relating to Reverse Takeovers and Changes of Business include a requirement that an Issuer must obtain shareholder approval of a proposed Reverse Takeover or Change of Business before its completion. This requirement is set forth in section 4.1 of Policy 5.2 – *Changes of Business and Reverse Takeovers* (“**Policy 5.2**”) of the TSXV Corporate Finance Manual. The purpose of this Notice to Issuers is to provide Issuers with guidance on the specific circumstances in which the Exchange may be amenable to waiving the shareholder approval requirement for a particular Reverse Takeover or Change of Business.

Capitalized terms not specifically defined in this bulletin shall have the meanings ascribed to them in Policy 1.1 – *Interpretation* or Policy 5.2.

The Exchange has broad discretion to waive its policy requirements but will only exercise such discretion where the Exchange is reasonably satisfied that the waiver will not be contrary to the integrity of the market or the public interest. Within the context of section 4.1 of Policy 5.2, an application to waive the shareholder approval requirement for a Reverse Takeover or Change of Business will be considered by the Exchange on a case by case basis with a view to the facts specific to the Issuer and the proposed transaction(s). The following key factors will be taken into account by the Exchange in assessing any such waiver application:

- (1) **Arm’s Length Transaction:** The Exchange will not waive the shareholder approval requirement for a Reverse Takeover or Change of Business if the transaction is a Related Party Transaction or if other circumstances exist which may, in the Exchange’s view, compromise the independence of the Issuer or other interested parties (in particular the Issuer’s directors and officers) with respect to the transaction. In applying for a waiver, the Issuer’s application must fully disclose all non-arm’s length aspects to the proposed transaction.
- (2) **Inactive Issuer:** The Exchange will not waive the shareholder approval requirement for a Reverse Takeover or Change of Business unless the Issuer is without active operations. For these purposes, the Exchange will generally consider the following Issuers to be without active operations:
 - (a) Issuers listed on the NEX Board or on notice to be transferred to the NEX Board.
 - (b) Tier 1 and Tier 2 Issuers that do not satisfy the Tier 2 Continued Listing Requirement for “Activity” for the Issuer’s industry segment but have not yet been put on notice to be transferred to the NEX Board. Refer to section 2.1 of Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*.
 - (c) Tier 1 and Tier 2 Issuers that otherwise satisfy the Exchange that they are without active operations based upon, without limitation, the extent of their business operations over the previous 12 to 24 months, the state of their current asset base and prospects for returning to active operations based on such asset base.
- (3) **Good Standing:** The Exchange will not waive the shareholder approval requirement for a Reverse Takeover or Change of Business if the Issuer is subject to a cease trade order or is otherwise suspended from trading.

Exchange staff will give due consideration to all waiver applications. Waiver applications should be made in writing to the Exchange’s Listed Issuer Services Department, address the factors outlined above in sufficient detail and also provide such other information as the Issuer may regard as pertinent to the

Exchange's consideration of the Issuer's request. The "Application Fee – detailed preliminary assessment" set out in Policy 1.3 – *Schedule of Fees* will be applicable to the waiver application if made in advance of a full initial submission for the proposed Reverse Takeover or Change of Business (with such fees to then be applied towards the full fees for the transaction).

An Issuer that has applied for or intends to apply for a waiver of the shareholder approval requirement for a Reverse Takeover or Change of Business must specifically disclose that it has made such application or intends to make such application, as the case may be, in the press release required by section 2.1 of Policy 5.2.

It should be noted that irrespective of the Exchange waiving the shareholder approval requirement for a particular Reverse Takeover or Change of Business, the transaction will still remain subject to the balance of the requirements under Policy 5.2 and other applicable Exchange policies. It should also be noted that any waiver of the Exchange's shareholder approval requirement does not constitute a waiver of any shareholder approval requirements that may be applicable under relevant corporate or securities laws.

The guidance outlined in this bulletin will be in effect until March 31, 2016. The Exchange will closely monitor how waivers of shareholder approval are adopted by issuer clients and will be seeking stakeholder input relating to the impact of this guidance. On or before March 31, 2016 the Exchange will either determine that a permanent revision of Exchange policy relating to shareholder approvals should be implemented (subject to regulatory approval), extend the period that this guidance will be in effect or, if appropriate, abandon this guidance and revert to the status quo.

If you have any questions about this bulletin, please contact:

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