

BULLETIN TYPE: Notice to Issuers

BULLETIN DATE: August 11, 2016

Re: Notice of Policy Amendments: Policy 4.5 – Rights Offerings

On January 18, 2016, the TSX Venture Exchange (the “**Exchange**”) published a Notice to Issuers providing guidance with respect to Policy 4.5 - *Rights Offerings* (“**Policy 4.5**”) of the Exchange’s Corporate Finance Manual (the “**Manual**”) in light of the adoption by the Canadian Securities Administrators (“**CSA**”) of amendments relating to rights offerings (the “**CSA Amendments**”). The Exchange has received all required regulatory approvals to formally amend Policy 4.5 to incorporate that guidance. Accordingly, the Exchange is implementing its amended Policy 4.5 – *Rights Offerings*, effective immediately.

The full text of the amended Policy 4.5 along with a blackline to the previously existing version of Policy 4.5 (dated December 15, 2008) are now available on the Exchange’s website at the following page:

<http://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-venture-exchange-issuer-resources/tsx-venture-exchange-corporate-finance-manual/tsxv-corporate-finance-bulletins?lang=en>

Please note that while a rights offering circular is no longer subject to CSA review and approval prior to delivery to an Issuer’s security holders, the Exchange still requires the pre-clearance of rights offering documents, including the rights offering notice (Form 45-106F14) together with the rights offering circular (Form 45-106F15), or the rights offering prospectus (the “**Rights Offering Documents**”) under Policy 4.5. The Rights Offering Documents should be filed in draft form with the Exchange prior to finalization in order to provide sufficient time for the Exchange to review the pricing, mechanics and timing of the rights offering in order to maintain an orderly market for the trading of the listed securities and the rights.

A summary of substantive amendments to Policy 4.5 follows. Capitalized terms not specifically defined in this bulletin have the meanings ascribed to them in Policy 1.1 – *Interpretation* or Policy 4.5.

Determination of Record Date

The CSA Amendments were designed to make prospectus-exempt rights offerings more attractive to reporting issuers by streamlining the review and approval process. To that end, the Exchange has changed the date by which all deficiencies in the Rights Offering Documents must be resolved from at least seven trading days to at least five trading days prior to the record date.

Minimum Rights Subscription Price - \$0.01

Policy 4.5 has been amended to provide that the subscription price for securities to be acquired on the exercise of rights cannot in any case be less than \$0.01.

Minimum Warrant Exercise Price

Policy 4.5 has been amended to provide that the minimum exercise price of a Warrant forming part of a unit to be acquired on the exercise of a right must not be less than the Market Price of the Issuer’s Listed Shares prior to the news release announcing the rights offering and in any case must not be less than \$0.05.

Fractional Rights

Policy 4.5 has been amended to delete the requirement that Shareholders receive exactly one right for each security held and accordingly, fractions of rights may be issued provided that the number of rights required to purchase a security is a whole number.

Optional Listing of Rights

Policy 4.5 has been amended to expressly provide that rights may be, but are not required to be, listed for trading on the Exchange, at the election of the Issuer. Nevertheless, all rights must be transferable.

New Large Shareholders

Policy 4.5 has been amended to provide that shareholder approval of the creation of any new Control Person of the Issuer as a consequence of a stand-by commitment for a rights offering generally will not be required provided that the rights are listed for trading on the Exchange and the subscription price for the rights is at a “significant discount” to the Market Price. A “significant discount” would be equal to at least the maximum discount to Market Price allowed for private placements as set forth in the definition of “Discounted Market Price” in Policy 1.1. If either of these criteria is not satisfied, the Exchange may first require shareholder approval of the creation of the new Control Person.

Further, before the Exchange will accept a rights offering which includes a stand-by commitment, any individual who may own or control, beneficially or as nominee, directly or indirectly, securities representing more than 10% of the voting rights attached to all outstanding voting securities of the Issuer (and, where such a securityholder is not an individual, any director, officer or insider of that securityholder) on the completion of the rights offering must first file with the Exchange a duly completed Personal Information Form (Form 2A) or, if applicable, a Declaration (Form 2C1).

It should be noted that the foregoing is a summary only. The full text of the amended Policy 4.5 should be reviewed to ascertain the full extent of the amendments to Policy 4.5.

If you have any questions about this Bulletin or Policy 4.5, please contact:

Charlotte Bell	Senior Policy Counsel	604-643-6577	charlotte.bell@tsx.com
Kyle Araki	Team Manager, Calgary	403-218-2851	kyle.araki@tsx.com
Andrew Creech	Team Manager, Vancouver	604-602-6936	andrew.creech@tsx.com
Eric Loree	Team Manager, Toronto	416-365-2221	eric.loree@tsx.com
Sylvain Martel	Team Manager, Montréal	514-788-2408	sylvain.martel@tsx.com
