



BULLETIN TYPE: Notice to Issuers
BULLETIN DATE: April 8, 2020

Re: Temporary Relief of \$0.05 Minimum Pricing Requirement

TSX Venture Exchange (the “**Exchange**”) is providing notice of further measures it is undertaking in response to the COVID-19 pandemic. Given the current extraordinary ongoing situation, the Exchange will provide temporary relief (the “**Temporary Relief**”) from certain requirements of the Exchange’s Corporate Finance Manual (the “**Manual**”) as described in more detail below. Capitalized terms not specifically defined in this Bulletin have the meanings ascribed to them in the Manual.

The purpose of this Bulletin is to revise the minimum price at which Listed Shares may be issued from \$0.05 to \$0.01 in certain circumstances. In summary, if the Market Price of an Issuer’s Listed Shares is not greater than \$0.05, the minimum price at which that Issuer may issue its Listed Shares is equal to that Market Price, subject to a minimum price of \$0.01. If the Market Price of an Issuer’s Listed Shares is greater than \$0.05, the minimum price at which that Issuer may issue its Listed Shares remains equal to the Market Price less the existing allowable maximum discounts based on closing price, subject to a minimum price of \$0.05. In the case of any discrepancy, the details of the Temporary Relief set out below prevail.

Private Placement Financings

Under Policy 4.1 – *Private Placements* of the Manual (“**Policy 4.1**”), the offering price for a financing involving the issuance of Listed Shares must not be less than the applicable Discounted Market Price, which includes a minimum price of \$0.05. Under the Temporary Relief, the minimum offering price is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05.

Public Offerings

Under Policy 4.2 – *Prospectus Offerings* of the Manual (“**Policy 4.2**”), the offering price will generally be the Market Price at the date of the final receipt for the Prospectus, and while the offering price will not normally exceed a 20% discount to the Market Price, it must in no case be less than \$0.05. Under the Temporary Relief, the minimum offering price is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05.

Under Policy 4.6 – *Public Offering by Short Form Offering Document* of the Manual (“**Policy 4.6**”), the price for the securities offered cannot be less than the greater of: (a) the closing price of the Listed Shares on the trading day before the news release disclosing the Short Form offering is disseminated, less a discount of 10%; and (b) \$0.05 per share or unit. Under the Temporary Relief, the minimum offering price is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05.

Shares for Debt

Under Policy 4.3 – *Shares for Debt* of the Manual (“**Policy 4.3**”), the minimum deemed price at which debt may be converted into Listed Shares must not be less than the applicable Discounted Market Price, which includes a minimum price of \$0.05. Under the Temporary Relief, the minimum deemed price at which debt may be converted into Listed Shares is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05.

Bonus Shares and Warrants

Under Policy 5.1 – *Loans, Loan Bonuses, Finder’s Fees and Commissions* of the Manual (“**Policy 5.1**”), the calculation of the number of Listed Shares and Warrants that may be issued as a bonus for a loan or guarantee is calculated using the Market Price, which includes a minimum of \$0.05. Under the Temporary Relief, that minimum is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05.

NEX Policy

Under the NEX Policy (“**NEX Policy**”), all share issuances are subject to the same price protection mechanisms and pricing policies as would apply to such transactions on the Exchange, including the minimum issuance price of \$0.05 for shares. Under the Temporary Relief, that minimum issuance price for any financings and shares for debt transactions is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05.

Temporary Relief

1. Under the Temporary Relief, for the purposes of:

- Policy 4.1, sections 1.5, 1.6(d), 1.7 and 1.11(d);
- Policy 4.3, sections 3.3, 3.4, 3.9 and 3.12(d); and
- Policy 5.1, sections 2.2(b) and 3.4;

the definitions of “**Market Price**” and “**Discounted Market Price**” in Policy 1.1 - *Interpretation of the Manual (“Policy 1.1”)* are revised to read as follows:

“**Market Price**” means the last closing price of the Issuer’s Listed Shares before the issuance of the news release required to fix the price at which the securities are to be issued or deemed to be issued (the “**Notice of the Transaction**”), except under the following circumstances, where applicable:

- (a) “*Consolidation Exception*” The Market Price is to be adjusted for any share consolidation or split. If the notice of the transaction is within 5 days following a consolidation of the Issuer’s share capital, the minimum price per share will be the greater of the Market Price, adjusted for any share consolidation or split, or \$0.01;
- (b) “*Material Information Exception*” If the Issuer announces Material Information regarding the affairs of the Issuer after providing notice of the transaction and if the Exchange determines that a party to the transaction should reasonably have been aware of that pending Material Information, then the Market Price will be at least equal to the closing price of the Listed Shares on the Trading Day after the day on which that Material Information was announced;
- (c) “*Price Interference Exception*” If the Exchange determines that the closing price is not a fair reflection of the market for the Listed Shares and the Listed Shares appear to have been high-closed or low-closed, then the Exchange will determine the Market Price to be used;
- (d) “*Suspension Exception*” If the Issuer is suspended from trading or has for any reason not traded for an extended period of time, the Exchange may determine the deemed Market Price to be used; and
- (e) “*Minimum Price Exception*” The Exchange will not generally permit Listed Shares to be issued from treasury at a price less than \$0.01 nor will the Exchange generally permit any securities convertible into Listed Shares including incentive stock options and Warrants to be issued with an effective conversion price of less than \$0.05 per Listed Share.

“**Discounted Market Price**” means:

- (a) if the Market Price is not greater than \$0.05, the Market Price (subject to a minimum price per share of \$0.01); or
- (b) if the Market Price is greater than \$0.05, the Market Price less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of \$0.05):

| Closing Price | Discount |
|------------------|----------|
| up to \$0.50 | 25% |
| \$0.51 to \$2.00 | 20% |
| Above \$2.00 | 15% |

2. Under the Temporary Relief, section 1.5(a) of Policy 4.2 is revised to read as follows:

1.5(a) If Listed Shares are being offered, then the offering price will generally be the Market Price at the date of the final receipt for the Prospectus. While the offering price will not normally exceed a 20% discount to the Market Price, it must in no case be less than:

- (i) where the Market Price of the Issuer's Listed Shares is not greater than \$0.05, that Market Price (subject to a minimum price of \$0.01); and
- (ii) where the Market Price of the Issuer's Listed Shares is greater than \$0.05, \$0.05.

3. Under the Temporary Relief, section 6.1 of Policy 4.6 is revised to read as follows:

6.1 The price for the securities offered cannot be less than the greater of the closing price of the Listed Shares on the trading day before the news release disclosing the Short Form offering is disseminated, less a discount of 10%, and:

- (a) where the Market Price of the Issuer's Listed Shares is not greater than \$0.05, that Market Price (subject to a minimum price of \$0.01); and
- (b) where the Market Price of the Issuer's Listed Shares is greater than \$0.05, \$0.05.

4. Under the Temporary Relief, section 5.1 of the NEX Policy is revised to read as follows:

5.1 All share issuances (including private placements, shares for debt, and acquisitions) are subject to the same price protection mechanisms and pricing policies as would apply to such transactions on TSX Venture. For the purposes of NEX, the Price Reservation Form is Form B.

Notwithstanding the above and for greater certainty, the Temporary Relief does not implement changes to any Exchange Policies applicable to incentive stock options, Warrants and Convertible Securities, which remain subject to minimum \$0.05 exercise/conversion prices and all other requirements and restrictions set out in the Manual.

Criteria

An Issuer may only rely upon the Temporary Relief where all of the following applicable criteria are satisfied:

- (i) The proposed price is protected/reserved by way of a news release and not a Form 4A – *Price Reservation Form*.
- (ii) The aggregate number of Listed Shares of an Issuer that are issued under the Temporary Relief at a price or deemed price that is below \$0.05 is not more than 100% of the number of Listed Shares of the Issuer which are outstanding, on a non-diluted basis, on April 7, 2020.
- (iii) The proceeds of any financing will not primarily be used to pay management fees or for Investor Relations Activities.

- (iv) The Issuer will fully disclose to the public at the time of announcement of any financing and at the time of closing of any financing the proposed use of proceeds of the financing, including any proposed payments to Related Parties of the Issuer.
- (v) In addition to any applicable Resale Restrictions under Securities Laws, all securities issued under the Temporary Relief at a price or deemed price that is below \$0.05 are subject to the Exchange Hold Period and must be legended accordingly. See Policy 1.1 and Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

In addition, in respect of any Private Placement financing, Issuers are encouraged to utilize the “existing security holder exemption” described in British Columbia Instrument 45-534 – *Exemption from Prospectus Requirement for Certain Trades to Existing Security Holders*, and/or analogous exemptions so that the offering is made available to all of the Issuer’s existing Shareholders.

Temporary Relief - Termination

The Temporary Relief will be in effect and apply to Listed Shares that are issued on or before September 30, 2020.

Other COVID-19 Measures

For further COVID-19 measures undertaken by the Exchange, please see our Bulletins dated March 16, 2020, March 23, 2020 and March 25, 2020, which are available using the following link:

<https://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-venture-exchange-issuer-resources/tsx-venture-exchange-corporate-finance-manual/tsxv-corporate-finance-bulletins>

The Exchange will continue to monitor the effect that the pandemic and market conditions are having on the operation of its rules and its Issuers. Our thoughts go out to all of those affected by COVID-19 across our communities.

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

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