



**BULLETIN TYPE: Notice to Issuers**  
**BULLETIN DATE: March 13, 2023**

**Re: Private Placements of Flow-through Securities involving Charities – Filing Requirements**

TSX Venture Exchange (the “**Exchange**”) is providing guidance in respect of Policy 4.1 – *Private Placements* (“**Policy 4.1**”) of the Exchange’s Corporate Finance Manual (the “**Manual**”). The Exchange uses Bulletins to provide Issuers with a better understanding of Exchange Requirements. This Bulletin addresses Private Placements of flow-through securities involving charities. The process typically begins with a Person (the “**Initial Purchaser**”) subscribing for flow-through securities of an Issuer and receiving the associated Canadian Exploration/Development Expense (CEE/CDE) and investment tax credit benefits. The Initial Purchaser then immediately donates these securities to their chosen charity. The charity then immediately resells the securities to another previously arranged Person (the “**End Purchaser**”) in order for the charity to receive its funds, and a donation tax receipt is then also issued to the Initial Purchaser. Alternatively, in some cases, no charity is involved and the Initial Purchaser immediately resells the securities to the End Purchaser. In both of such cases, the Exchange considers the entirety of the transaction through to the End Purchaser to be a Private Placement, and:

1. The Issuer must ensure that there is an exemption from the prospectus requirement under applicable securities laws that is available in relation to the distribution of the flow-through securities to the Initial Purchaser and if applicable, to the transfer of such securities to the charity and to the End Purchaser, and any required Form 45-106F1 – *Report of Exempt Distribution* must be filed with the applicable securities commissions.
2. The Issuer must consider and, if applicable, comply with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
3. The Form 4B – *Notice of Private Placement* (“**Form 4B**”) filed with the Exchange in relation to the Private Placement must disclose the nature of the transaction and include the names and other required information for all Initial Purchasers and all End Purchasers that fall within any of the following categories as set out in section II.4(a) of Form 4B:
  - a. Insider prior to closing of the Private Placement;
  - b. Insider on closing of the Private Placement;
  - c. member of the Aggregate Pro Group; or
  - d. holder of 5% or more of the issued and outstanding Listed Shares on closing of the Private Placement on either an Undiluted or Diluted basis.
4. Securities issued to Initial Purchasers will not be subject to the Exchange Hold Period, unless the Initial Purchaser continues to hold any of the securities on completion of the transaction; however, securities issued to End Purchasers may be subject to the Exchange Hold Period, if applicable.
5. Issuers are reminded:
  - a. under Policy 4.1, section 1.10(c), Personal Information Forms or, if applicable, Declarations are required for any new Insiders that will be created as a result of the completion of the Private Placement;

- b. under Policy 4.1, section 1.12, if the issuance of the Private Placement Shares and the Listed Shares issued on conversion of a Warrant or Convertible Security will result in, or is part of a series of transactions that will result in, the creation of a new Control Person, the Exchange will require the Issuer to obtain prior Shareholder approval of the issuance of such securities; and
- c. under Policy 4.1, section 1.15, if a Placee whose identity is required to be included in a Form 4B is not an individual (i.e. the Placee is a Company) (a “**Corporate Placee**”), the Issuer must file a Form 4C from each such Corporate Placee that is an End Purchaser or an Initial Purchaser that continues to hold any of the securities on completion of the transaction.

Capitalized terms not specifically defined in this Bulletin have the meanings ascribed to them in the Manual.

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