

Corporate Finance Manual

June 2, 2025

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TSX VENTURE EXCHANGE

CORPORATE FINANCE MANUAL

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INTERPRETATION

1. Definitions

1.1 The definitions provided in the Manual (which includes Policies, forms and appendices) may differ from the definitions in Securities Laws for the same or similar terms. The definitions provided in the Manual apply only to the Manual.

1.2 In the Manual:

“Affiliate” means a Company that is affiliated with another Company as described in section 2.

“Agent” means a Person that, as agent, offers for sale or sells securities in connection with a Distribution and that is permitted pursuant to applicable Securities Laws to perform this function.

“Agent’s Option” means a non-transferable compensation option to acquire securities of an Issuer granted by an Issuer to an Agent as consideration for the Agent conducting a financing for the Issuer.

“Aggregate Pro Group” means all Persons who are members of any Pro Group whether or not the Person is involved in a contractual relationship with the Issuer to provide financing, sponsorship or other advisory services.

“Agreement in Principle” has the meaning ascribed to that phrase in Policy 2.4 – *Capital Pool Companies*.

“Application for Listing” means a formal application by an Issuer or Resulting Issuer for a listing on the Exchange.

“Approved Expenditures” means any exploration expenditures resulting or arising from, or relating to, geological and scientific surveys conducted on a mineral property where such surveys advanced a mineral project or enhanced the Issuer’s geoscientific database but does not include any of the following costs or expenses: general and administrative, land maintenance, public affairs, required property payments, staking, property or project acquisition, flight expenditures of personnel where the project or property is non-domestic, tax and GST.

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction.

“ASC” means the Alberta Securities Commission.

“**ASE**” means The Alberta Stock Exchange, being one of the predecessor stock exchanges of the Exchange.

“**Associate**” means, if used to indicate a relationship with any Person:

- (a) a partner, other than a limited partner, of that Person;
- (b) a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity;
- (c) an issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer; or
- (d) a relative, including the spouse, of that Person or a relative of that Person’s spouse, if the relative has the same home as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

“**Available Funds**” means the estimated minimum Working Capital available to the Issuer, its subsidiaries and proposed subsidiaries as of the most recent month end, and the amounts and sources of other funds that will be available to the Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of a Reverse Takeover, Qualifying Transaction or Initial Public Offering.

“**BCSC**” means the British Columbia Securities Commission.

“**BHs**” mean those beneficial shareholders of an Issuer that are included in either:

- (f) a DSR for the Issuer and whose shares were disclosed in the Issuer’s books and records or list of registered shareholders as being held by an intermediary; or
- (g) a NOBO list for the Issuer.

“**Board Lot**” means, in respect of:

- (a) a derivative instrument, one contract;
- (b) a debt security that is a listed security or a quoted security, \$1,000 in principal amount; or
- (c) any equity or similar security:
 - (i) 1,000 units of a security trading at less than \$0.10 per unit,

- (ii) 500 units of a security trading at \$0.10 or more per unit and less than \$1.00 per unit, and
- (iii) 100 units of a security trading at \$1.00 or more per unit.

“Brokered Private Placement” means a Private Placement for which the Issuer has retained an Agent to offer and sell securities.

“Cease Trade Order” means an order issued by one of the Securities Commissions that all trading (and acts in furtherance of a trade) either through the facilities of the Exchange, or otherwise in the jurisdiction of that Securities Commission, must cease.

“Change of Business” or **“COB”** has the meaning ascribed to that phrase in Policy 5.2 – *Changes of Business and Reverse Takeovers*. Generally, means a transaction or series of transactions which will redirect an Issuer’s resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Issuer’s market value, assets or operations, or which becomes the principal enterprise of the Issuer.

See section 1.2 of Policy 5.2 – *Changes of Business and Reverse Takeovers* for guidance on the general application of this definition.

“Change of Control” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one Person holds a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer, or
- (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer,

where such Person or combination of Persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer.

“Change of Management” means:

- (a) a reconstitution of the board of directors of an Issuer so that the majority of the board of directors is comprised of Persons who were not members of the board of directors before the reconstitution; or
- (b) a reconstitution in both the senior management and the board of directors of an Issuer so that the control and direction over the Issuer’s business and affairs is predominantly in the hands of Persons who, before the reconstitution, were not senior officers or directors of the Issuer.

“CICA Handbook” or **“CPA Canada Handbook”** means the handbook published by the Chartered Professional Accountants of Canada, as amended from time to time.

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, fund, association and any other entity other than an individual.

“**Continued Listing Requirements**” or “**CLR**” means the minimum standards that must be maintained by an Issuer for continued listing on Tier 1 or Tier 2. See Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding Voting Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

“**CPC**” has the meaning ascribed to that term in Policy 2.4 – *Capital Pool Companies*.

“**CPC Prospectus**” means an IPO Prospectus prepared in accordance with Form 3A – *Information Required in a CPC Prospectus*, Policy 2.4 – *Capital Pool Companies* and the Securities Laws in the jurisdiction where the Distribution is made.

“**CSA Jurisdiction**” means a province or territory of Canada in which the applicable securities commission or securities regulatory authority participates as a member of the Canadian Securities Administrators.

“**Declaration**” means Form 2C1 – *Declaration*.

“**Discounted Market Price**” means:

- (a) if the Market Price is not greater than \$0.05, the Market Price (subject to a minimum price per security 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 security of \$0.05):

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

provided however that except for special warrants and subscription receipts, the Exchange will not permit any securities convertible, exercisable or exchangeable into Listed Shares, including Security Based Compensation issued pursuant to a Security Based Compensation Plan, Warrants, Agent’s Options and Commission Warrants, to be issued with an effective issue, conversion, exercise or exchange price of less than \$0.05 per Listed Share.

“**Distribution**” has the meaning ascribed to that term in the applicable Securities Laws. Generally, means the sale of securities from the treasury of a Company, the sale of securities by a purchaser who acquired securities under an exemption from the Prospectus requirements of applicable Securities Laws, other than in accordance with the applicable Resale Restrictions, or the sale of securities by a Control Person other than in accordance with the applicable Resale Restrictions.

“**DSR**” means the Demographic Summary Report available from the International Investors Communications Corporation (“**IICC**”).

“**Exchange**” means the TSX Venture Exchange Inc.

“**Exchange Hold Period**” means a four month resale restriction imposed by the Exchange on:

- (a) Listed Shares and securities convertible, exercisable or exchangeable into Listed Shares (including incentive stock options) issued by an Issuer to:
 - (i) directors, officers and Promoters of the Issuer;
 - (ii) Consultants (as defined in Policy 4.4 – *Security Based Compensation*) of the Issuer; or
 - (iii) to Persons holding securities carrying more than 10% of the voting rights attached to the Issuer’s securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Issuer,except in the case of securities whose Distribution was qualified by a Prospectus or which were issued under a take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure;
- (b) incentive stock options granted by an Issuer to any Person with an exercise price that is less than the applicable Market Price; and
- (c) as required by subsection (e)(v) of the definition of Market Price, securities issued at a price or deemed price that is less than \$0.05 except in the case of securities whose Distribution was qualified by a Prospectus or securities issued pursuant to Policy 4.5 – *Rights Offerings*.

See Policy 3.2 – *Filing Requirements and Continuous Disclosure* for legending requirements related to the Exchange Hold Period.

“**Exchange Requirements**” means and includes the Articles, by-laws, policies, circulars, rules (including UMIR) guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of a Regulation Services Provider or the Exchange (including those of any committee of the Exchange as appointed from time to time), the *Securities Act* (Alberta) and rules and regulations thereunder as amended, the *Securities Act* (British Columbia) and rules and regulations thereunder as amended and any policies, rules, orders, rulings, forms or regulations from time to time enacted by the ASC or BCSC and all applicable provisions of the Securities Laws of any other jurisdiction.

“Final Exchange Bulletin” means an Exchange Bulletin that evidences the final Exchange acceptance of a transaction.

“Financial Resources” means generally the ability of an Issuer to pay from its cash flow all general and administrative expenses and costs reasonably required pursuant to its business plan.

“Fundamental Acquisition” has the meaning ascribed to that phrase in Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*.

“GAAP” means generally accepted accounting principles as set out in the CPA Canada Handbook.

“GAAS” means generally accepted auditing standards as set out in the CPA Canada Handbook.

“Geological Report” means:

- (a) in the case of a mining property, a report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, or
- (b) in the case of an oil and gas property, a report with supporting materials prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, and the COGE Handbook.

“IFRS” means international financial reporting standards as set out in the CPA Canada Handbook.

“Information Circular” means a document in the form required by applicable corporate law and applicable Securities Laws prepared in connection with a proxy solicitation for a shareholders’ meeting.

“Initial Listing” means the listing of an Issuer on the Exchange (other than a listing pursuant to a Reverse Takeover, Change of Business or Qualifying Transaction) and includes a listing following an IPO.

“Initial Listing Requirements” or **“ILR”** means the minimum financial, distribution and other standards that must be met by an Issuer seeking a listing on a particular tier of the Exchange.

“Initial Public Offering” or **“IPO”** means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first Prospectus.

“Insider” if used in relation to an Issuer means:

- (a) a director or an officer of the Issuer,
- (b) a director or an officer of a Company that is itself an Insider or a subsidiary of the Issuer;
- (c) a Person that has
 - (i) beneficial ownership of, or control or direction over, directly or indirectly, or
 - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of the Issuer carrying more than 10% of the voting rights attached to all the Issuer’s outstanding voting securities, excluding, for the purpose of the calculation of

the percentage held, any securities held by the Person as underwriter in the course of a distribution; or

- (d) the Issuer if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security.

“Investor Relations Activities” means any activities, by or on behalf of an Issuer or Shareholder of the Issuer, that promote or reasonably could be expected to promote the purchase or sale of securities of the Issuer, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Issuer:
 - (i) to promote the sale of products or services of the Issuer, or
 - (ii) to raise public awareness of the Issuer,that cannot reasonably be considered to promote the purchase or sale of securities of the Issuer;
- (b) activities or communications necessary to comply with the requirements of:
 - (i) applicable Securities Laws;
 - (ii) Exchange Requirements or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Issuer;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (i) the communication is only through the newspaper, magazine or publication, and
 - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the Exchange.

“Issuer” means a Company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant Company seeking a listing of its securities on the Exchange.

“Listed Share” means a share or other security that is listed on the Exchange.

“Listing Agreement” means the contract with the Exchange that every Issuer must sign and file with the Exchange before being listed. See Form 2D – *Listing Agreement*.

“Manual” means the Exchange’s Corporate Finance Manual, including Policies, forms and appendices, as amended from time to time.

“Market Price” means the last closing price of the Issuer’s Listed Shares before either the issuance of the news release or the filing of the Form 4A – *Price Reservation Form* 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/Split Exception*” The Market Price is to be adjusted for any concurrent or recent share consolidation or split;
- (b) “*Material Information Exception*” If the Issuer announces Material Information regarding the affairs of the Issuer after providing Notice of the Transaction, 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 or may require that the Issuer be reinstated to trading for a period of time before an acceptable Market Price can be established; and
- (e) “*Minimum Price Exception*” Except for special warrants and subscription receipts, the Exchange will not permit any securities convertible, exercisable or exchangeable into Listed Shares, including Security Based Compensation issued pursuant to a Security Based Compensation Plan, Warrants, Agent’s Options and Commission Warrants, to be issued with an effective issue, conversion, exercise or exchange price of less than \$0.05 per Listed Share. Further, the Exchange generally will not permit Listed Shares to be issued from treasury at a price less than \$0.05, provided, however, that other than securities issued in connection with a New Listing (including a CPC IPO, Bridge Financing, Concurrent Financing and other concurrent transaction), the Exchange may permit Listed Shares to be issued from treasury at a price that is less than \$0.05 and not less than \$0.01 where all of the following applicable criteria are satisfied:
 - (i) the proposed price is protected/reserved by way of a news release and not by way of a Form 4A – *Price Reservation Form* and the last closing price of the Issuer’s Listed Shares at that time is not greater than \$0.05;
 - (ii) the aggregate number of Listed Shares of an Issuer that are issued at a price or deemed price that is less than \$0.05 in any 12 month period does not exceed 100% of the number of Listed Shares of the Issuer which were issued and outstanding, on a non-diluted basis, at the beginning of that 12 month period;
 - (iii) not more than 10% of the proceeds of any financing will be used for Investor Relations Activities;
 - (iv) the Issuer fully discloses 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 a breakdown by amount or percentage of:
 - (A) any proposed payments to Non-Arm’s Length Parties of the Issuer; and

- (B) any proposed payments to Persons conducting Investor Relations Activities; and
- (C) any specific use representing 10% or more of the gross proceeds; and
- (v) in addition to any applicable Resale Restrictions under Securities Laws, all securities issued at a price or deemed price that is less than \$0.05, except in the case of securities whose Distribution was qualified by a Prospectus or securities issued pursuant to Policy 4.5 – *Rights Offerings*, are subject to the Exchange Hold Period and legended accordingly.

“**Material Change**” has the meaning ascribed to that phrase in the applicable Securities Laws.

“**Material Fact**” has the meaning ascribed to that phrase in the applicable Securities Laws.

“**Material Information**” means a Material Fact and/or Material Change as defined in the applicable Securities Laws and Exchange Policy.

“**Member**” has the meaning ascribed to that term in Rule A.1.00.

“**MI 61-101**” has the meaning ascribed to that phrase in Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*.

“**National Instrument**” means an instrument published by the Canadian Securities Administrators, including any successor instrument.

“**National Policy**” means a policy published by the Canadian Securities Administrators, including any successor policy.

“**Net Tangible Assets**” or “**NTA**” means total assets less total liabilities, goodwill, and intangibles. At the discretion of the Exchange, NTA can include deferred exploration and development expenditures or deferred research and development costs (other than general and administrative expenses) incurred in the five fiscal years before the Application for Listing, if the expenditures relate to the development of the asset, property, or technology which is the basis on which the Issuer will otherwise meeting Initial Listing Requirements and in respect of which either commercialization has occurred or is reasonably imminent or in respect of which a further work program or research and development program has been recommended by an independent expert. Audited financial statements or an audited statement of costs must provide evidence of these expenditures. The Exchange can permit the inclusion of non-deferred expenditures in the case of Issuers which have expensed those costs against revenues or Issuers who were required by standard accounting practices in their jurisdiction of residence to expense these costs, provided the Issuer provides satisfactory evidence of the costs.

“**New Listing**” means an Initial Listing or the listing of an Issuer pursuant to a Reverse Takeover, Change of Business or a Qualifying Transaction.

“**NEX**” means the board on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange CLR for Tier 2 Issuers may continue to trade.

“**NEX Company**” means a Company which has its securities listed for trading on NEX.

“**NOBO list**” has the meaning ascribed to the phrase “non-objecting beneficial owner list” in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**NOBOs**” has the meaning ascribed to the phrase “non-objecting beneficial owner” in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**Non-Arm’s Length Party**” means:

- (a) in relation to a Company:
 - (i) a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any of such Persons; or
 - (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Company.
- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a Promoter, officer, director, insider or Control Person.

“**Officer**” or “**officer**” has the meaning ascribed to that phrase in the applicable Securities Laws.

“**OSC**” means the Ontario Securities Commission.

“**Participating Organization**” means, generally, a Company that is not a Member but has been granted access to trading privileges through the Exchange. See the definition in Rule A.1.00.

“**Person**” means a Company or individual.

“**Personal Information Form**” or “**PIF**” means Form 2A – *Personal Information Form*.

“**Policy**” means a policy of the Exchange set out in the Manual.

“**Principal**” means:

- (a) a Person who acted as a Promoter of the Issuer within two years before the IPO Prospectus or Final Exchange Bulletin;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO Prospectus or Final Exchange Bulletin;
- (c) a **20% holder** – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a **10% holder** – a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A Company, more than 50% held by one or more Principals, will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and any relatives of the Principal or spouse who live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

"Principal Properties" means any properties of an Issuer, other than a Tier 1 Property or Qualifying Property, in respect of which an Issuer will spend more than 20% of its Available Funds in the next 18 months.

"Private Placement" means an issuance from treasury of securities for cash without Prospectus disclosure, in reliance on one or more of the exemptions under applicable Securities Laws, including the issuance of shares, units, Warrants, convertible securities or debt, but not including a rights offering, issuance of shares for debt, acquisition, take-over bid or offering by a Short Form Offering Document. See Policy 4.1 – *Private Placements*, Policy 4.3 – *Shares for Debt*, Policy 4.5 – *Rights Offerings* and Policy 4.6 – *Public Offering by Short Form Offering Document*.

"Pro Group" includes, either individually or as a group:

- (a) a Member or a Participating Organization or a Participating Organization of the Toronto Stock Exchange Inc. (each of which is referred to in this definition as a **"Member"**);
- (b) employees of the Member;
- (c) partners, officers and directors of the Member;
- (d) Affiliates of the Member; and
- (e) Associates of any parties referred to in subparagraphs (a) through (d).

Despite the foregoing, the Exchange may, in its discretion:

- (i) include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm's length to the Member;
- (ii) exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm's length of the Member; and
- (iii) deem a Person who would otherwise be included in the Pro Group to be excluded from the Pro Group where the Exchange determines that:
 - (A) the Person is an affiliate or associate of the Member and is acting at arm's length of the Member;

- (B) the associate or affiliate has a separate corporate and reporting structure;
- (C) there are sufficient controls on information flowing between the Member and the associate or affiliate; and
- (D) the Member maintains a list of such excluded Persons.

“**Promoter**” has the meaning ascribed to that term in the applicable Securities Laws.

“**Prospectus**” means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable Securities Laws.

“**Proved Value**” means the net present value of future cash flows, before taxes, from proved oil, natural gas or mineral reserves, prepared on a forecast basis and discounted at a rate of 10%.

“**Public Float**” means Listed Shares of the Issuer held by Public Shareholders and not subject to Resale Restrictions.

“**Public Shareholder**” means a Shareholder of an Issuer that is not any of the following:

- (a) a Promoter of the Issuer;
- (b) an Insider of the Issuer; or
- (c) an Associate or an Affiliate of an Insider of the Issuer.

“**Qualified Person**” or “**QP**” has the meaning ascribed to the phrase “qualified person” in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**Qualifying Property**” means any property upon which an Issuer in the mining or oil & gas industry segment is relying in order to meet the standards applicable to its industry segment and tier under section 2.5 or section 2.6 of Policy 2.1 – *Initial Listing Requirements*, as applicable.

“**Qualifying Transaction**” has the meaning ascribed to that phrase in Policy 2.4 – *Capital Pool Companies*.

“**Reactivation**” means the process of a NEX Company undertaking a transaction or series of transactions which results in the NEX Company becoming eligible to re-list on the Exchange by meeting all Tier 1 or Tier 2 Continued Listing Requirements or Initial Listing Requirements in accordance with Exchange Requirements.

“**Registrant**” means a Person registered under applicable Securities Laws.

“**Regulation Services Provider**” has the meaning ascribed to that phrase in National Instrument 21-101 – *Marketplace Operation* and refers to the Investment Industry Regulatory Organization of Canada (or “**IIROC**”) or any successor retained by the Exchange.

“**Related Party**” has the meaning ascribed to that phrase in MI 61-101 unless otherwise defined in the Manual.

“**Related Party Transaction**” has the meaning ascribed to that phrase in MI 61-101, and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction. The

Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm's Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

“Reorganization” means a merger, amalgamation, reorganization or the making of a take-over bid.

“Resale Restrictions” means restrictions on the ability to trade securities, including restrictions imposed under applicable Securities Laws such as hold periods and notice requirements, the four month Exchange Hold Period and any restrictions under applicable escrow or pooling agreements.

“Resulting Issuer” has the meaning ascribed to that phrase in Policy 2.4 – *Capital Pool Companies* or Policy 5.2 – *Changes of Business and Reverse Takeovers*, as applicable. Generally, means the Issuer that exists following completion of a Reverse Takeover, Qualifying Transaction or other Reorganization.

“Reverse Takeover” or **“RTO”** has the meaning ascribed to that phrase in Policy 5.2 – *Changes of Business and Reverse Takeovers*. Generally, means a transaction which involves an Issuer issuing securities from its treasury to purchase another Company or significant assets, where the owners of the other Company or assets acquire control of the Resulting Issuer.

“RHs” mean the registered shareholders of the Issuer that are beneficial owners of the equity securities of the Issuer. For the purposes of this definition, where the beneficial owner controls or is an Affiliate of the registered shareholder, the registered shareholder shall be deemed to be the beneficial owner.

“Rule A.1.00” means Rule A.1.00 of the TSX Venture Exchange Rule Book and Policies.

“Securities Commissions” means any one or more of the ASC, BCSC and any other CSA Jurisdiction member.

“Securities Laws” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer.

“Seed Capital” or **“Seed Shares”** means securities issued before an Issuer's IPO or by a private Target Company before an RTO, COB or Qualifying Transaction, regardless of whether the securities are subject to Resale Restrictions or are free trading.

“Senior Officer” or **“senior officer”** has the meaning ascribed to the term “officer” in the applicable Securities Laws.

“Shareholder” means a registered or beneficial holder of shares or, if the context requires, other securities of a Company.

“Significant Connection to Ontario” exists where an Issuer has:

- (a) RHs and BHs resident in Ontario who beneficially own more than 20% of the total number of equity securities beneficially owned by the RHs and the BHs of the Issuer; or
- (b) its mind and management principally located in Ontario and has RHs and BHs resident in Ontario who beneficially own more than 10% of the number of equity securities beneficially owned by the RHs and the BHs of the Issuer.

The residence of the majority of the board of directors in Ontario or the residence of the President or the Chief Executive Officer in Ontario may be considered determinative in assessing whether the mind and management of the Issuer is principally located in Ontario.

“Significant Interest” means at least a 50% interest.

“Sponsor” means a Member that meets the criteria specified in Policy 2.2 – *Sponsorship and Sponsorship Requirements*, which has an agreement with an Issuer to undertake the functions of sponsorship as required by that Policy and various other Exchange Policies.

“Target Company” has the meaning ascribed to that phrase in Policy 2.4 – *Capital Pool Companies* or Policy 5.2 – *Changes of Business and Reverse Takeovers*, as applicable. Generally means a Company that is intended to be acquired as part of a Reverse Takeover, Qualifying Transaction or other Reorganization, regardless of whether the acquisition is to be by way of securities or assets.

“Tier 1 Issuer” has the meaning ascribed to that phrase in Policy 2.1 – *Initial Listing Requirements*.

“Tier 1 Property” means, in the case of a mining Issuer, a property that meets all of the following criteria:

- (a) a property in which the Issuer holds a material interest;

Guidance Note:

N.1 The Exchange will take into consideration the following two criteria when assessing whether an Issuer holds a material interest in a property: (1) the level and nature of the Issuer’s ownership interest in the property; and (2) the level of control the Issuer has over operations on the property. More specifically:

(1) The Exchange will not generally consider an Issuer to hold a material interest in a property unless the Issuer beneficially owns at least a 50% interest in the property (with an option to acquire such an interest not generally being considered a material interest for the purposes of this definition). For development or production stage properties, the Exchange may consider a lesser ownership interest to be satisfactory.

(2) The Exchange will not generally consider an Issuer to hold a material interest in a property unless the Issuer has control and direction over operations on the property. For production stage properties, the Exchange may consider a lesser level of control and direction to be satisfactory.

- (b) a property on which previous exploration, including detailed surface geological, geophysical and/or geochemical surveying and at least an initial phase of drilling or other detailed sampling (such as trench or underground opening sampling), has identified, at a minimum, a current inferred mineral resource on the property; and

Guidance Note:

N.1 For the purposes of this defined term, the term “inferred mineral resource” has the meaning ascribed to such term by the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) in the CIM Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council and as may be amended by the CIM from time to time.

- (c) either: (1) a current Geological Report on the property recommends a minimum \$500,000 program for the property focused on either: (A) expanding the disclosed mineral resource; (B) enhancing the confidence of the disclosed mineral resource; or (C) the economic evaluation of the disclosed mineral resource; or (2) a current independent feasibility study demonstrates that the property is capable of generating positive cash flow from ongoing operations.

“**Tier 2 Issuer**” has the meaning ascribed to that phrase in Policy 2.1 – *Initial Listing Requirements*.

“**Tier 2 Property**” means:

- (a) in the case of a mining and exploration Issuer, an exploration property which has geological merit that meets the following criteria:
 - (i) an exploration property in which the Issuer holds a Significant Interest or may acquire a Significant Interest or has entered into a satisfactory joint venture or operator agreement to protect its interest;
 - (ii) at least \$100,000 in Approved Expenditures have been incurred on the property in the last three years which warrants continued exploration of the property; and
 - (iii) a Geological Report recommends a minimum \$200,000 Phase 1 exploration program based on previous exploration results; or
- (b) in the case of an oil and gas Issuer, a property that satisfies all of the criteria set out for the oil & gas industry segment under section 2.5 of Policy 2.1 – *Initial Listing Requirements*.

“**Trading Day**” means a day when trading occurs through the facilities of the Exchange.

“**TSX**” means the Toronto Stock Exchange or any successor stock exchange.

“**TSX Venture Exchange Rule Book and Policies**” means the rules and policies which govern the manner in which Members and Participating Organizations conduct business on the Exchange and, for more certainty, does not mean the Manual.

“**UMIR**” means the Universal Market Integrity Rules adopted by the Exchange and as may be amended from time to time and administered and enforced by the Exchange or any Regulation Services Provider retained by the Exchange.

“**Underwriter**” means a Company that, as principal, agrees to purchase securities for the purpose of a Distribution that is permitted pursuant to applicable Securities Laws to undertake this function.

“**Voting Share**” means a security of an Issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

“**VSE**” means the Vancouver Stock Exchange, being one of the predecessor stock exchanges combined to create the Exchange.

“**Warrants**” means Listed Share purchase warrants, being a right which can be exercised to acquire Listed Shares upon payment of cash consideration, usually issued in connection with a Private Placement or pursuant to a Prospectus. See Policy 4.1 – *Private Placements* for the limitations on the terms and pricing of Warrants.

“**Working Capital**” means current assets less current liabilities based on the Issuer’s most recent balance sheet.

2. Affiliation and Control

2.1 A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

2.2 A Company is “controlled” by a Person if:

- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting rights attached to those Voting Shares are entitled, if exercised, to elect a majority of the directors of the Company.

2.3 A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

3. Rules of Construction

3.1 The word “or” is not exclusive and the word “including”, when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as “without limitation” or “but not limited to” or similar words) is used.

3.2 Any reference to a statute includes and, unless otherwise specified, is a reference to that statute and to the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that may be passed which supplements or supersedes that statute or regulation.

3.3 Unless otherwise specified, any reference to a policy, rule, blanket order or instrument includes all amendments made and in force from time to time and any policy, rule, blanket order or instrument which supplements or supersedes that policy, rule, blanket order or instrument.

3.4 Words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

3.5 The headings in the Manual are for convenience only and are not intended to interpret, define or limit the scope or intent of any provision of the Manual.

3.6 Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

3.7 The Manual uses words such as “must” and phrases such as “shall require”. Provisions in the Manual containing these and similar words and phrases should not be interpreted to mean the

Exchange will refuse to exercise the discretion described in section 4 below regarding of any provision of the Manual containing such words or phrases.

4. Exchange Discretion

- 4.1** The policies of the Exchange have been put in place to serve as guidelines to Issuers seeking a listing on the Exchange and their professional advisers. However, the Exchange reserves the right to exercise its discretion in its application of these policies. The Exchange may waive or modify an existing requirement or impose additional requirements in applying its discretion. It may also take into consideration the public interest and any facts or situations unique to a particular party. Issuers are reminded that listing on the Exchange is a privilege and not a right. The Exchange may grant or deny an application, including an Application for Listing, notwithstanding the published policies of the Exchange.

5. Appeals of Decisions

- 5.1** If an Issuer is dissatisfied with a decision of the Exchange, the Issuer may, within 30 calendar days of the original decision, request an appeal of such decision. The matter will be considered by a minimum of one and a maximum of three senior officer(s) of the Exchange who were not participants in making the original decision, as determined by the Exchange. The senior officer(s) may uphold the original decision or may render a new decision. Issuers must request the appeal in writing and make written submissions in support of an appeal under this section.
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POLICY 1.2

FILING LOCATIONS AND PROCEDURES

Scope of Policy

This Policy describes the procedures for determining and changing the Exchange office that will be the Issuer's filing office. This Policy also sets out the Exchange policy regarding paper and electronic filings, and confidentiality of information received by the Exchange.

1. Filing Office – New Listing Applicants

- 1.1 Issuers making an application to obtain a New Listing on the Exchange that desire to have a particular filing office deal with their filings should specify the choice and the basis for such choice in the filing letter accompanying the New Listing application. If no choice is specified then the Exchange will assign a filing office based on the location of the Issuer's head office or other business factors.
- 1.2 Issuers which file an Exchange Vetted Prospectus in connection with their Application for Listing will be assigned a filing office which will correspond with the office of the Exchange responsible for vetting (reviewing) the Prospectus. See *Policy 4.2 - Prospectus Offerings* and *Policy 2.4 - Capital Pool Companies*.

2. Change in Filing Office

- 2.1 Issuers are permitted to make an application to change their filing office in circumstances where an Issuer has undertaken a Reverse Take-Over, Change of Business, Qualifying Transaction or Change of Management and, as a result, factors such as the location of new management or professional advisors justify a change in filing office. The Exchange will consider applications for a change in filing office at other times where the Issuer submits satisfactory business reasons as to the need for a change in filing office. However, a change in filing office should be a very infrequent occurrence. Repeated applications for a change in filing office will likely be refused. An Issuer seeking a change in its filing office will be required to make an application to the current filing office.

3. Electronic or Paper Filing

- 3.1 Certain documents filed with Securities Commissions via SEDAR, such as continuous disclosure documents and Prospectuses, may also be filed with the Exchange via SEDAR. See *Policy 3.2 - Filing Requirements and Continuous Disclosure*. Other Exchange filings may be made in paper format or by SEDAR. Unless originals are indicated as being required, documents may be filed by facsimile.
- 3.2 Filers must select "Canadian Venture Exchange" as a recipient when filing documents with the Exchange through the SEDAR system. The recipient categories of "Canadian Venture Exchange-BC" or "Canadian Venture Exchange-AB" are no longer relevant and must not be used.
- 3.3 Final versions of the Exchange Listing Application (Form 2B), and Filing Statement (Form 5A) must be filed via SEDAR under the continuous disclosure category for Exchange filings:
 - (a) in the case of a Listing Application, using the filing type "Other," and after an amendment is made to SEDAR to accommodate this filing in the continuous disclosure category, using the appropriate filing type for this document, and
 - (b) in the case of a Filing Statement, using the filing type "Filing Statement."

4. Confidential Information

- 4.1 With the exception of Personal Information Forms, all Exchange Forms and documents prepared in accordance with Securities Laws, which are required to be filed with the Exchange, may be treated by the Exchange as public information.
- 4.2 For the purpose of this Policy, information about the issuance of securities to an individual, including information about the names of individuals acquiring securities of an Issuer, the province or state in which the individual resides or carries on business and their relationship to the Issuer is not confidential information.
- 4.3 Exchange Forms and documents prepared in accordance with Securities Laws which are required to be filed with the Exchange, if treated as public information, will be placed in a public file and made available to members of the public through InfoCDNX.¹ On InfoCDNX, such forms and documents are electronically scanned and the image stored in a database, including the image of original signatures appearing on such forms and documents. Issuers and individuals concerned about the disclosure of signatures on InfoCDNX should file such forms and documents through SEDAR so that a typed name will appear, rather than an image of the actual signature.

¹ Such forms and documents may also be available to members of the public through SEDAR.

- 4.4 Personal Information Forms (“PIFs”) are not placed in a public file. They are, however, disclosed to the Securities Commissions so that background checks can be carried out on the individuals listed in the PIFs.
 - 4.5 Documents that are not in a public file are considered by the Exchange to be confidential. They are not made available through InfoCDNX. From time to time, however, the Exchange discloses confidential information to comply with the law or carry out its obligations as a securities industry regulator.
 - 4.6 Generally, correspondence (other than Exchange Forms) and contracts filed with the Exchange (other than in connection with a public offering) are not placed in a public file.
 - 4.7 All Exchange Forms, documents and material (collectively, the “Information”) provided to or filed with the Exchange, in whatever form, becomes the property of the Exchange. Subject to Sections 4.1 through 4.6, inclusive, the Exchange may sell, license, copy, distribute, make available for public inspection, provide copies of the Information to others at any time and without notice to the Issuer or to anyone else, including individuals whose personal information appears in the Information.
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POLICY 1.3

SCHEDULE OF FEES

The main headings in this Policy are:

1. Interpretation
2. New Listing Fees
3. Financing and Transaction Fees
4. Other Filing Fees
5. Annual Sustaining Fee
6. General
7. Summary Table

Schedule “A” – Tax Exempt Issuers

1. Interpretation

1.1 Definitions

Any capitalized terms not otherwise defined in this Policy have the meanings ascribed to them in the Manual. See Policy 1.1 – *Interpretation*, Policy 4.1 – *Private Placements*, Policy 4.3 – *Shares for Debt*, Policy 4.4 – *Security Based Compensation* and Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*.

In this Policy:

“**Aggregate Market Capitalization**” means the sum of the Market Capitalization for each class of securities of an Issuer listed on the Exchange.

“**Deemed Value per Share**” means:

- (a) in relation to a New Listing:
 - (i) in the case of an IPO, the IPO offering price;

- (ii) in the case of an RTO, COB or Qualifying Transaction, the greater of:
 - (A) the issue price in any concurrent financing; and
 - (B) the Discounted Market Price calculated using the last closing price of the Issuer's Listed Shares before the issuance of the news release announcing the RTO, COB or Qualifying Transaction; or
- (iii) in the case of a direct listing from another market other than Toronto Stock Exchange or in conjunction with a non-offering Prospectus or other non-IPO direct listing:
 - (A) the greater of:
 - (I) the issue price in any concurrent financing; and
 - (II) the last closing price of the Issuer's shares on the existing exchange or marketplace prior to the Exchange's final acceptance of the listing; or
 - (B) such other price as is acceptable to the Exchange; or
- (b) in relation to a Financing or Transaction, the issue price of the Financing or the deemed issue price of the Issuer's shares in relation to the Transaction, provided that:
 - (i) if the Financing involves the issuance of convertible debentures, the Deemed Value per Share of the Reserved Shares underlying the convertible debentures will be the initial conversion price of the convertible debentures;
 - (ii) in the case of a Shares for Debt Transaction, the Deemed Value per Share will conform to the value ascribed to the shares by the Issuer in accordance with Policy 4.3 – *Shares for Debt*, and for greater certainty, the value of the shares being issued may be determined based on the settlement amount of the debt and not necessarily the book value of the debt; or
 - (iii) in the case of an Expedited Acquisition or Reviewable Transaction, the Deemed Value per Share will not be less than the Discounted Market Price calculated using the last closing price of the Issuer's Listed Shares before the issuance of the news release announcing the Expedited Acquisition or Reviewable Transaction.

“**Financing**” includes a financing effected by way of a Private Placement, Prospectus, short form offering document, rights offering, loan to the Issuer that must be filed with the Exchange under Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*, or any other fundraising involving the issuance of securities of the Issuer, and which is not conducted in relation to a New Listing.

“Listing Capitalization” means:

- (a) in relation to a New Listing, the product of the Deemed Value per Share and the total number of shares calculated as follows:
 - (i) the sum of the number of Listed Shares outstanding plus the number of Reserved Shares on the date that trading of the Issuer’s Listed Shares on the Exchange commences or resumes; minus
 - (ii) in the case of an RTO, COB or Qualifying Transaction, the sum of the number of Listed Shares outstanding plus the number of Reserved Shares on the date of the news release announcing the RTO, COB or Qualifying Transaction (adjusted for any related capital consolidation, split or other reorganization); or
- (b) in relation to a Financing or Transaction, the product of the Deemed Value per Share and the total number of shares calculated as follows:
 - (i) the sum of the number of Listed Shares to be issued in relation to the Financing or Transaction plus the number of Reserved Shares in relation to the Financing or Transaction; minus
 - (ii) in the case where any of the Reserved Shares referred to in subsection (b)(i) above relate to Warrants or Agent’s Options, the number equal to 75% of the number of Reserved Shares issuable pursuant to such Warrants or Agent’s Options.

“Market Capitalization” means, for any class of securities of an Issuer listed on the Exchange, the product of the last closing price of such securities prior to January 1 of the calendar year for which the annual sustaining fee is being calculated and the total number of such securities outstanding on December 31 of the year prior to the calendar year for which the annual sustaining fee is being calculated.

“Reserved Shares” means any shares of the class of shares of the Issuer listed or to be listed on the Exchange that are reserved for issuance for a specific purpose at a later date, including, but not limited to, those reserved for issuance pursuant to subscription receipts, special warrants (and similar exchangeable securities), warrants, convertible debentures, outstanding securities issued under security based compensation plans, dividend re-investment plans, over-allotment options, and acquisition, option, joint venture or other agreements or arrangements of the Issuer, but does not include any such shares reserved for future issuance under security based compensation plans pursuant to securities not yet issued or granted under those plans.

“Tranche” means a portion of an offering of securities under a Financing or Transaction which will close in stages over a period of time, with all closings subject to the original Financing or Transaction terms.

“**Transaction**” includes Shares for Debt, Shares for Services, Securities for Services, other Security Based Compensation described in Part 6 of Policy 4.4 – *Security Based Compensation*, Expedited Acquisition, Reviewable Transaction, amalgamation/merger (excluding those described in section 4.2(a)), dividend re-investment plans and similar transactions.

1.2 Taxes

All fees in this Policy are in Canadian dollars and are subject to all applicable taxes, which must be added to and paid together with the fees, unless, with respect to the Goods and Services Tax (“**GST**”) and Harmonized Sales Tax (“**HST**”), the filer, prior to or at the time of submission of any fees, provides satisfactory evidence to the Exchange as prescribed under the *Excise Tax Act* (Canada) as to proof of non-residence and non-registration for GST/HST purposes. Such evidence can be provided by completing and filing Schedule “A” to this Policy.

2. New Listing Fees

2.1 Preliminary Assessment

Prior to filing an application for a New Listing, the Issuer may request, upon payment of a non-refundable fee of \$5,000 (plus applicable taxes) (which amount will be applied toward the fee payable with the initial application for a New Listing in accordance with section 2.2), that the Exchange provide a preliminary assessment of such potential filing, which could include:

- (a) reviewing any Personal Information Forms;
- (b) reviewing any Geological Report or feasibility study;
- (c) reviewing a novel corporate structure or business sector;
- (d) preliminary assessment of financial statement requirements;
- (e) preliminary assessment of Initial Listing Requirements;
- (f) preliminary assessment of requirements of Policy 2.10 – *Listing of Emerging Market Issuers*;
- (g) preliminary assessment of policy interpretation requests;
- (h) preliminary assessment of policy waiver requests; and/or
- (i) preliminary review of legal opinions regarding the Issuer’s business or properties.

2.2 Initial Application

Subject to sections 2.5 and 2.6, a New Listing application must be accompanied by a non-refundable fee of \$10,000 (plus applicable taxes) prior to the Exchange commencing its review, which fee will be applied toward the final New Listing fee as calculated in accordance with section 2.3. The balance of the New Listing fee must be paid prior to listing.

2.3 New Listing Fee

Subject to sections 2.4, 2.5 and 2.6, the fee for a New Listing pursuant to an Initial Listing, RTO, COB or Qualifying Transaction is calculated as follows:

| Listing Capitalization of the Issuer | Fee (plus applicable taxes) |
|---|--|
| Up to \$2,500,000 | $\$10,000 + [0.4\% \times \text{Listing Capitalization}]$ |
| \$2,500,001 - \$6,000,000 | $\$20,000 + [0.3\% \times (\text{Listing Capitalization} - \$2,500,000)]$ |
| \$6,000,001 - \$15,000,000 | $\$30,500 + [0.2\% \times (\text{Listing Capitalization} - \$6,000,000)]$ |
| Above \$15,000,000 | $\$48,500 + [0.1\% \times (\text{Listing Capitalization} - \$15,000,000)]$ |
| Maximum Fee | \$70,000 |

2.4 Guidance for New Listing Fee Calculations

The following guidance is provided regarding the calculation of the fee for a New Listing under section 2.3.

- (a) **Related and Concurrent Transactions.** The fee payable for a New Listing as calculated under section 2.3 will cover, and no additional fee needs to be paid in respect of, related and concurrent transactions filed with the Exchange, such as a name change, share consolidation, share split, Financing and Security Based Compensation Plan.
- (b) **Warrants.** If Warrants are issued as part of the New Listing, the Deemed Value per Share of the Reserved Shares underlying the Warrants will be the Deemed Value per Share in relation to the New Listing (as determined in section 1.1), and not the exercise price of the Warrants.
- (c) **New Listing of Flow-Through Shares and Non-Flow-Through Shares Concurrently.** Where an Issuer conducts concurrent offerings of flow-through shares and non-flow-through shares in connection with a New Listing, the Listing Capitalization will be calculated as the aggregate of the Listing Capitalization of the flow-through shares and the non-flow-through shares. The Deemed Value per Share of the Reserved Shares underlying any Warrants attached to the flow-through shares or non-flow-through shares will be the offering price of the respective shares to which they are attached, and not the exercise price of the Warrants. The Deemed Value per Share of all other Listed Shares and Reserved Shares will be the offering price of the non-flow-through shares.

2.5 Capital Pool Company

The fee for a New Listing of a CPC is \$15,000 (plus applicable taxes), including a non-refundable fee of \$5,000 (plus applicable taxes) paid with the initial application for listing prior to the Exchange commencing its review, and the balance of which must be paid prior to listing.

Where a CPC is proposing to combine with one or more other CPCs, and is not undertaking the combination in conjunction with a Qualifying Transaction, or where a CPC is completing a Qualifying Transaction involving another Exchange listed Issuer, the fee will be the amalgamation fee, payable by each Issuer involved in the transaction, pursuant to section 4.2.

2.6 Transfer from Toronto Stock Exchange

The fee for a New Listing of an Issuer that is transferring to the Exchange from Toronto Stock Exchange pursuant to Part 4 of Policy 2.3 – *Initial Listing Procedures* is \$15,000 (plus applicable taxes), including a non-refundable fee of \$5,000 (plus applicable taxes) paid with the initial application for listing prior to the Exchange commencing its review, and the balance of which must be paid prior to listing.

3. Financing and Transaction Fees

3.1 Initial Application

An application for Exchange acceptance of a Financing or Transaction must be accompanied by a non-refundable fee of \$1,000 (plus applicable taxes) prior to the Exchange commencing its review, which fee will be applied toward the final Financing or Transaction fee as calculated in accordance with section 3.2. The balance of the Financing or Transaction fee, as calculated in accordance with section 3.2, must be paid prior to the Exchange issuing its final acceptance of the Financing or Transaction.

3.2 Financing and Transaction Fees

Subject to section 3.3, the fee for a Financing or Transaction is calculated as follows:

| Listing Capitalization of the Financing or Transaction | Fee (plus applicable taxes) |
|---|---|
| Up to \$6,000,000 | $\$1,000 + [0.50\% \times \text{Listing Capitalization}]$ |
| \$6,000,001 - \$15,000,000 | $\$31,000 + [0.25\% \times (\text{Listing Capitalization} - \$6,000,000)]$ |
| Above \$15,000,000 | $\$53,500 + [0.15\% \times (\text{Listing Capitalization} - \$15,000,000)]$ |
| Maximum Fee | \$70,000 |

3.3 Guidance for Financing or Transaction Fee Calculations

The following guidance is provided regarding the calculation of the fee for a Financing or Transaction under section 3.2.

- (a) **Financing or Transaction Involving Multiple Tranches.** Except as otherwise provided in section 3.3(e), all Tranches of the Financing or Transaction will be aggregated to calculate the Listing Capitalization.
- (b) **Warrants.** If Warrants are issued as part of the Financing or Transaction, the Deemed Value per Share of the Reserved Shares underlying the Warrants will be the issue price of the Financing or the deemed issue price of the Issuer's shares in relation to the Transaction, and not the exercise price of the Warrants. For greater certainty, if Warrants are underlying convertible debentures, the Deemed Value per Share of the Reserved Shares underlying such Warrants will be the initial conversion price of the convertible debentures.
- (c) **Financings of Flow-Through Shares and Non-Flow-Through Shares Concurrently.** Where an Issuer conducts concurrent offerings of flow-through shares and non-flow-through shares in connection with a Financing, the Listing Capitalization will be calculated as the aggregate of the Listing Capitalization of the flow-through shares and the non-flow-through shares. The Deemed Value per Share of the Reserved Shares underlying any Warrants attached to the flow-through shares or non-flow-through shares will be the issue price of the respective shares to which they are attached, and not the exercise price of the Warrants. The Deemed Value per Share of all other Listed Shares and Reserved Shares will be the issue price of the non-flow-through shares.
- (d) **Financings of Special Warrants.** Where a Financing involves the issuance of special warrants (or subscription receipts or other similar exchangeable securities), the Listing Capitalization will be calculated as though the underlying shares (and Warrants or other Reserved Shares, if applicable) had been issued directly. For greater certainty, special warrants are not considered Warrants for purposes of section (b)(ii) in the definition of Listing Capitalization.
- (e) **At-the-Market Distributions.** For an at-the-market distribution (an "ATM Distribution") as described in Policy 4.2 – *Prospectus Offerings*, the minimum fee of \$1,000 must be paid at the time the initial notice is filed with the Exchange prior to commencement of the ATM Distribution. At the time of each quarterly filing with the Exchange, additional fees must be paid, to be calculated using the Listing Capitalization of all securities issued pursuant to the ATM Distribution during that fiscal quarter.
- (f) **Finder's Fees.** Where a finder's fee or agent's commission, or any other similar compensation is payable in connection with any Financing or Transaction, and such compensation is payable, in whole or in part, in Listed Shares or securities

convertible into Listed Shares, such securities will be included in the calculation of Listing Capitalization.

- (g) **Expedited Acquisition / Reviewable Transaction.** Where securities are issued as consideration in a non-cash asset Transaction, the calculation of Listing Capitalization will include all securities issuable in connection with the Transaction, whether issued initially or agreed to be issued in the future.
- (h) **Different Financings Effected Concurrently at Different Prices.** Where an Issuer concurrently announces different Financings to be effected at different prices and possibly over different timeframes, such Financings will be treated separately, with the Listing Capitalization and associated filing fee being calculated separately.
- (i) **Existing Convertible Security.** In the case of a Private Placement that is a Replacement of an existing Convertible Security pursuant to Part 4 of Policy 4.1 – *Private Placements*, or in the case of a Shares for Debt settlement of an existing Convertible Security, the fee payable pursuant to section 3.2 will be reduced by the amount of the fee paid on the original issuance of the existing Convertible Security, subject to the minimum non-refundable fee of \$1,000 (plus applicable taxes) in accordance with section 3.1. In the case of a Private Placement that is an Amendment of an existing Convertible Security pursuant to Part 4 of Policy 4.1 – *Private Placements*, the fee payable will be the non-refundable fee of \$1,000 (plus applicable taxes) in accordance with section 4.2(b), provided that if any additional securities are to be issued or reserved for issuance in connection with that Amendment, the fee payable for such additional securities will be calculated in accordance with the table set out in section 3.2.

4. Other Filing Fees

4.1 Security Based Compensation Plans

An application for Exchange acceptance of the implementation, renewal or amendment of each Security Based Compensation Plan must be accompanied by a non-refundable flat fee of \$1,500 (plus applicable taxes) which must be paid prior to the Exchange commencing its review.

4.2 Other Transactions

An application for Exchange acceptance of any of the following must be accompanied by a non-refundable flat fee of \$1,000 (plus applicable taxes) each, which must be paid prior to the Exchange commencing its review:

- (a) amalgamation or merger of two or more Issuers listed on the Exchange (a separate fee is payable by each Issuer);
- (b) amendment or extension of Warrant or convertible debt (subject to section 3.3(i));
- (c) amendment to Security Based Compensation;
- (d) change in constating documents and security reclassifications;
- (e) Change of Control;

- (f) Change of Management;
- (g) dividend in kind (non-cash);
- (h) escrow amendment;
- (i) escrow transfer;
- (j) going private transaction or similar restructuring;
- (k) investor relations agreement;
- (l) issuer bid;
- (m) material agreement as defined in Policy 3.2 – *Filing Requirements and Continuous Disclosure*;
- (n) name change;
- (o) normal course issuer bid;
- (p) processing fee for an application not otherwise covered by this Policy;
- (q) reinstatement for trading following suspension;
- (r) share consolidation, with or without a name change;
- (s) shareholder rights plan adoption or renewal;
- (t) share split;
- (u) small Shareholders selling and purchase arrangement;
- (v) supplemental listing of securities (plus any applicable fee under section 3.2);
- (w) transfer of shares within the Exchange Hold Period; or
- (x) upward tier movement, including the Reactivation of a NEX Company.

5. Annual Sustaining Fee

5.1 Calculation

Subject to section 5.2, the annual sustaining fee is payable for each calendar year and is equal to \$5,500 plus 0.011% of the Issuer's Aggregate Market Capitalization (plus applicable taxes) up to a maximum of \$90,000 (plus applicable taxes).

If an Issuer fails to submit its annual sustaining fee by the remittance date specified by the Exchange in its invoice, an additional monthly fee of 1.5% of the outstanding annual sustaining fee will be payable by the Issuer for each full month that the annual sustaining fee remains unpaid.

5.2 New Listings

The first annual sustaining fee for a New Listing is calculated on a pro rata basis commencing on the first full month after the listing on the Exchange. The Aggregate Market Capitalization is calculated using the Deemed Value per Share in relation to the New Listing.

5.3 Delistings

An Issuer delisting on or after January 1, but on or before March 31 of a calendar year, is entitled to a refund of, or a reduction representing 75% of the annual sustaining fee otherwise payable for that calendar year. An Issuer delisted on or after April 1 is not entitled to a refund or a reduction of the annual sustaining fee otherwise payable for that calendar year.

5.4 Graduation to Toronto Stock Exchange

An Issuer graduating to Toronto Stock Exchange will be entitled to a pro rata credit or refund of annual sustaining fees for the remaining full months of the calendar year that the Issuer is no longer listed on the Exchange.

6. General

6.1 Cost Recovery

The Exchange may impose fees to recover its costs, including any expenses that it has incurred relating to:

- (a) due diligence, research or assessment procedures which the Exchange deems necessary in connection with any notice or application that has been filed or that, in the opinion of the Exchange, ought to have been filed in accordance with Exchange Requirements;
- (b) a review or investigation that the Exchange deems necessary as to the suitability of any Person to be involved with an Issuer or an Associate or Affiliate of an Issuer;
- (c) any review or investigation that the Exchange deems necessary respecting the business or affairs of an Issuer or any Person involved or to be involved with an Issuer; or
- (d) an appeal of a decision made by the Exchange pursuant to the Manual.

6.2 Additional Costs

The Exchange reserves the right to charge additional fees in extraordinary circumstances where an inordinate amount of time is required to process an application or a filing.

6.3 Out-of-Pocket Costs

Any out-of-pocket expenses incurred by the Exchange in connection with any review or application (including any external review of a technical report or a background search on a Personal Information Form undertaken outside of Canada) are not covered by the fees in this Policy and such expenses will be charged to the Issuer.

6.4 No Fees

No fee will be charged by the Exchange for the review of a news release or for a pre-filing meeting.

7. Summary Table

The following table provides only a summary of the applicable fees and in the case of any discrepancy, the more detailed provisions of this Policy set out above prevail. All fees in this Policy are in Canadian dollars and are subject to all applicable taxes.

| Application Type | Initial Application Fee* | Maximum Fee | Fee Calculation | Section Reference |
|--|--------------------------|-------------|---|------------------------------|
| ANNUAL SUSTAINING FEE | | | | <i>Part 5</i> |
| Annual Sustaining Fee for all Issuers | N/A | \$90,000 | $\$5,500 + [0.011\% \times \text{Aggregate Market Capitalization}]$ | <i>s.5.1</i> |
| NEW LISTING FEES | | | | <i>Part 2</i> |
| Preliminary Assessment Fee | \$5,000 | | Payment to be applied toward the initial application fee for the New Listing, RTO, COB or Qualifying Transaction. | <i>s.2.1</i> |
| <i>New Listing / RTO / COB / Qualifying Transaction Fee</i> | | | | <i>ss.2.2, 2.3 & 2.4</i> |
| Listing Capitalization up to \$2,500,000 | \$10,000 | \$20,000 | $\$10,000 + [0.4\% \times \text{Listing Capitalization}]$ | |
| Listing Capitalization \$2,500,001 - \$6,000,000 | \$10,000 | \$30,500 | $\$20,000 + [0.3\% \times (\text{Listing Capitalization} - \$2,500,000)]$ | |
| Listing Capitalization \$6,000,001-\$15,000,000 | \$10,000 | \$48,500 | $\$30,500 + [0.2\% \times (\text{Listing Capitalization} - \$6,000,000)]$ | |
| Listing Capitalization above \$15,000,000 | \$10,000 | \$70,000 | $\$48,500 + [0.1\% \times (\text{Listing Capitalization} - \$15,000,000)]$ | |
| CPC Listing Fee | \$5,000 | \$15,000 | A \$5,000 fee is payable with the initial application. The \$10,000 balance must be paid prior to listing. | <i>s.2.5</i> |
| Transfer from Toronto Stock Exchange Fee | \$5,000 | \$15,000 | A \$5,000 fee is payable with the initial application. The \$10,000 balance must be paid prior to listing. | <i>s.2.6</i> |
| FINANCING AND TRANSACTION FEES | | | | <i>Part 3</i> |
| Listing Capitalization up to \$6,000,000 | \$1,000 | \$31,000 | $\$1,000 + [0.5\% \times \text{Listing Capitalization}]$ | <i>ss.3.1, 3.2 & 3.3</i> |
| Listing Capitalization \$6,000,001-\$15,000,000 | \$1,000 | \$53,500 | $\$31,000 + [0.25\% \times (\text{Listing Capitalization} - \$6,000,000)]$ | |
| Listing Capitalization above \$15,000,000 | \$1,000 | \$70,000 | $\$53,500 + [0.15\% \times (\text{Listing Capitalization} - \$15,000,000)]$ | |
| FILING FEES | | | | <i>Part 4</i> |
| Security Based Compensation Plan | \$1,500 | | Flat fee of \$1,500 per plan | <i>s.4.1</i> |
| Other Transactions (see list below) | \$1,000 | | Flat fee of \$1,000 each | <i>s.4.2</i> |
| <ul style="list-style-type: none"> • amalgamation or merger • amendment or extension of Warrant or convertible debt • amendment to Security Based Compensation • change in constating documents and security reclassifications • Change of Control • Change of Management • dividend in kind (non-cash) • escrow amendment • escrow transfer • going private transaction or similar restructuring • investor relations agreement • issuer bid • material agreement as defined in Policy 3.2 – <i>Filing Requirements and Continuous Disclosure</i> • name change • normal course issuer bid • processing fee for an application not otherwise covered by this Policy • reinstatement for trading following suspension • share consolidation, with or without a name change • shareholder rights plan adoption or renewal • share split • small Shareholders selling and purchase arrangement; • supplemental listing of securities (plus any applicable fee under section 3.2) • transfer of shares within the Exchange Hold Period • upward tier movement, including the Reactivation of a NEX Company. | | | | |

*All initial application fees, plus taxes, must be submitted with the initial documentation prior to the Exchange commencing its review.

SCHEDULE "A" TAX EXEMPT ISSUERS

SATISFACTORY EVIDENCE OF PROOF OF NON-RESIDENCE AND NON-REGISTRATION FOR GST/HST PURPOSES

The following example of written documentation, to be kept on file, will generally be acceptable to the Minister of National Revenue as certification that the person to whom the supply is made is a non-resident in Canada and is not registered for GST/HST purposes:

(a) In the case of a non-resident, unregistered individual:

I, _____, (name and complete address of individual) certify that I am not resident in Canada for purposes of the *Excise Tax Act* and that I am not registered under that Act.

Where applicable, I agree to advise (name and complete address of vendor) in the event there is any change to my residence status or should I become registered for the purposes of the *Excise Tax Act*.

Date

Signature of Individual

(b) In the case of a non-resident, unregistered person, other than an individual:

I, _____, (name and title of authorized individual), of (name and complete legal address of person, other than individual), certify that (name of person, other than individual) is not resident in Canada for purposes of the *Excise Tax Act* and that (name of person, other than individual) is not registered under that Act.

Where applicable, I agree to advise (name and complete address of vendor) in the event there is any change to the residence status of (name of person, other than individual) or should (name of person, other than individual) become registered for the purposes of the *Excise Tax Act*.

Date

Signature of Individual

Print name of individual

Title

POLICY 2.1

INITIAL LISTING REQUIREMENTS

Scope of Policy

This Policy sets out the Initial Listing Requirements, or ILR for all Issuers making application for a New Listing on the Exchange, including a listing following an Initial Public Offering, an application for listing by an Issuer that was previously listed on another stock exchange or otherwise meets all Exchange ILR before listing, a Reverse Takeover and a Change of Business. This Policy also applies to a Capital Pool Company conducting its Qualifying Transaction in accordance with Policy 2.4 - *Capital Pool Companies*.

Securities to be Listed

This Policy applies only to a New Listing of common shares (or equivalent securities) of an Issuer. The Exchange will not generally accept an application for listing of securities of an Issuer other than common shares, except where the common shares of that Issuer are already listed, or where the common shares and the other class of securities will be contemporaneously listed. For the purpose of this Policy, a security is equivalent to common shares if it has a single voting right and a right to participate in the distribution of property upon dissolution or winding-up, and generally includes class A shares and limited partnership units. An Issuer seeking to list both common shares and another class of security, such as warrants, should refer to Policy 2.8 - *Supplemental Listings* for the distribution and other requirements applicable to the other class of securities.

An Issuer seeking to list only securities which are not common shares or equivalents should consult with Exchange staff and schedule a pre-filing conference. Applications to list securities other than common shares or equivalents will be considered on a case-by-case basis. See Policy 2.8 - *Supplemental Listings*, Policy 3.5 – *Restricted Shares* and Policy 2.7 - *Pre-Filing Conferences*.

The main headings in this Policy are:

1. Introduction - Tiers and Industry Segments
2. Initial Listing Requirements
3. Pricing
4. Pre-Listing Transactions and Capital Structure
5. Exercise of Discretion

A list of notes is also set out at the end of this Policy for additional guidance.

1. Introduction – Tiers and Industry Segments

1.1 General

The Exchange currently classifies Issuers into different tiers based on standards, including historical financial performance, stage of development and financial resources of the Issuer at the time of listing. Specific Initial Listing Requirements for each industry segment in each of Tier 1 and Tier 2 have been developed. This Policy outlines the Initial Listings Requirements for each industry segment in Tier 1 and Tier 2.

1.2 Distinctions between Tiers and Industry Segments

- (a) Tier 1 is the Exchange's premier tier and is reserved for the Exchange's most advanced Issuers with the most significant financial resources. Tier 1 Issuers benefit from decreased filing requirements and improved service standards. Tier 2 is the tier where the majority of the Exchange's listed Issuers will trade.
- (b) The Exchange classifies listed Issuers into different classes based on the industry segment of the Issuer's business. The Exchange will classify Issuers based on information that is available in the Issuer's application. An Issuer should specify in its initial Application for Listing or other New Listing application, the tier and industry segment it is applying to be listed on. The Exchange, at its discretion, can designate an Issuer into a different category or tier than the one applied for.
- (c) A Tier 1 or Tier 2 Issuer generally has a two or three letter stock symbol.

2. Initial Listing Requirements

2.1 Every Issuer making Application for Listing, at the time its securities are listed for trading, must:

- (a) meet the minimum quantitative requirements set out in sections 2.5 or 2.6, as applicable, of this Policy for a particular tier and industry segment;
- (b) meet the minimum distribution requirements set out in sections 2.5 or 2.6, as applicable, of this Policy applicable to the particular tier on which the applicant Issuer is applying to be listed;
- (c) be in compliance with the requirements set out in section 4 of this policy applicable to pre-listing transactions and capital structure;
- (d) be in compliance with Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*, including the suitability and qualifications of directors and management;
- (e) have had a Sponsor submit a final Sponsor Report where required; and

- (f) have submitted all agreements, reports, other documentation and information as required by Policy 2.3 – *Listing Procedures*.
- 2.2 Except in the case of a Mining Issuer, Oil & Gas Issuer or an Investment Issuer, an Issuer must have Significant Interest in the business that forms the basis of its listing on the Exchange. In addition, the Issuer must have a means to enable it to retain at least the Significant Interest in the business.
- 2.3 For the purposes of this Policy 2.1, an “Arm’s Length Financing” is any financing from which no more than 25% of the proceeds are obtained from Non Arm’s Length Parties.
- 2.4 Issuers should consult the notes which follow section 5.3 of this Policy 2.1 for additional guidance regarding ILR.

2.5 The following table sets out the Initial Listing Requirements and industry segments for Tier 2 Issuers:

| Tier 2 Initial Listing Requirements | | | | |
|---|--|--|--|--|
| Standard | Industry Segments | | | |
| | Mining | Oil & Gas (Exploration or Reserves) | Industrial or Technology or Life Sciences | Real Estate or Investment |
| Net Tangible Assets or Revenue or Arm's Length Financing (as applicable) | no requirement | no requirement | \$750,000 NTA or \$500,000 in revenue or \$2,000,000 Arm's Length Financing | \$2,000,000 NTA or \$3,000,000 Arm's Length Financing |
| Property or Reserves | Issuer has Significant Interest in a Qualifying Property or, at the discretion of the Exchange, a right to earn a Significant Interest in the Qualifying Property | <p>(a) Exploration: either (i) Issuer has an unproven property with prospects or (ii) Issuer has joint venture interest and \$5,000,000 raised by Prospectus offering</p> <p>(b) Reserves: either (i) \$500,000 in proved developed producing reserves or (ii) \$750,000 in proved plus probable reserves</p> | Issuer has Significant Interest in business or primary asset used to carry on business | <p>Real Estate: Issuer has Significant Interest in real property</p> <p>Investment: no requirement</p> |
| Prior Expenditures and Work Program | (i) sufficient evidence of no less than \$100,000 of Approved Expenditures by Issuer on the Qualifying Property within 36 months period preceding Application for Listing and (ii) a work program with an initial phase of no less than \$200,000, as recommended in a Geological Report | <p>(a) Exploration: minimum of \$1,500,000 allocated by Issuer to a work program as recommended in a Geological Report except where Issuer has a joint venture interest and has raised \$5,000,000 in Prospectus offering</p> <p>(b) Reserves: (i) satisfactory work program and (ii) in an amount of no less than \$300,000 if proved developed producing reserves have a value of less than \$500,000, as recommended in a Geological Report</p> | history of operations or validation of business | <p>Real Estate: no requirement</p> <p>Investment: (i) disclosed investment policy and (ii) 50% of available funds must be allocated to at least 2 specific investments</p> |
| Working Capital and Financial Resources | (i) adequate Working Capital and Financial Resources to carry out stated work program or execute business plan for 12 months following listing and (ii) \$100,000 in unallocated funds | | | |
| Public Distribution | (i) Public Float of 500,000 shares, (ii) 200 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares and (iii) 20% of issued and outstanding shares in the hands of Public Shareholders | | | |

| Tier 2 Initial Listing Requirements | | | | |
|-------------------------------------|---|---|---|------------------------------|
| Standard | Industry Segments | | | |
| | Mining | Oil & Gas (Exploration or Reserves) | Industrial or Technology or Life Sciences | Real Estate or Investment |
| Other Criteria | Geological Report recommending completion of work program (Sponsor Report if required) | Geological Report recommending completion of work program (Sponsor Report if required) | if no revenue, two year management plan demonstrating reasonable likelihood of revenue within 24 months (Sponsor Report if required) | (Sponsor Report if required) |

2.6 The following tables sets out the Initial Listing Requirements for Tier 1 Issuers:

| Tier 1 Initial Listing Requirements | | | | |
|---|--|---|--|---|
| Standard | Industry Segments | | | |
| | Mining | Oil & Gas (Exploration or Producing) | Industrial or Technology or Life Sciences | Real Estate or Investment |
| Net Tangible Assets or Revenue (as applicable) | \$2,000,000 NTA | no requirement | \$5,000,000 NTA or \$5,000,000 revenue | Real Estate: \$5,000,000 NTA Investment: \$10,000,000 NTA |
| Property or Reserves | Issuer has material interest in a Tier 1 Property | (a) Exploration: \$3,000,000 in reserves of which a minimum of \$1,000,000 must be proved developed reserves and the balance probable reserves (b) Producing: \$2,000,000 in proved developed reserves | Issuer has Significant Interest in business or primary asset used to carry on business | Real Estate: Issuer has Significant Interest in real property Investment: no requirement |
| Prior Expenditures and Work Program | (i) a work program with an initial phase of no less than \$500,000 as recommended in a Geological Report and (ii) satisfaction of other Tier 1 Property requirements | (a) Exploration: satisfactory work program (i) of no less than \$500,000 and (ii) which can reasonably be expected to increase reserves, as recommended in a Geological Report (b) Producing: no requirement | history of operations or validation of business | Real Estate: no requirement Investment: disclosed investment policy |
| Working Capital and Financial Resources | (i) adequate Working Capital and Financial Resources to carry out stated work program or execute business plan for 18 months following listing and (ii) \$200,000 in unallocated funds | | | |
| Public Distribution | (i) Public Float of 1,000,000 shares, (ii) 250 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares and (iii) 20% of issued and outstanding shares in the hands of Public Shareholders | | | |

Tier 1 Initial Listing Requirements

| Standard | Industry Segments | | | |
|----------------|---|---|---|------------------------------|
| | Mining | Oil & Gas (Exploration or Producing) | Industrial or Technology or Life Sciences | Real Estate or Investment |
| Other Criteria | Geological Report recommending completion of work program (Sponsor Report if required) | Geological Report recommending completion of work program (Sponsor Report if required) | if no revenue, two year management plan demonstrating reasonable likelihood of revenue within 24 months | (Sponsor Report if required) |

3. Pricing

An Issuer cannot sell any securities issued in its Initial Public Offering for less than \$0.10 per security.

4. Pre-Listing Transactions and Capital Structure

- 4.1 The capital structure of an Issuer making application for an Initial Listing or a New Listing must be acceptable to the Exchange. Before a New Listing or Initial Listing, all securities issued to Principals of the Issuer or the Resulting Issuer, as well as securities issued below certain price levels, are generally required to be escrowed or held subject to hold periods.
- 4.2 Subject to section 4.3 of this Policy 2.1, where convertible securities (such as stock options, common share purchase warrants, special warrants, convertible debentures or notes) are issued prior to listing and exercisable or convertible into Listed Shares at a price that is less than the issuance price per security under a Prospectus offering or other financing or acquisition undertaken contemporaneously with the Application for Listing, the underlying security will be subject to escrow, if issued to a Principal, or the Seed Share Resale Restrictions in all other cases.
- 4.3 Where there is no concurrent financing, the minimum permitted price at which the securities can be exercisable or convertible, and not be subject to escrow or an Exchange hold period pursuant to Exchange Seed Share Resale Restrictions under Policy 5.4, is the greater of the Market Price and \$0.10. The Exchange will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed unless and until the security has been granted to a particular Person.
- 4.4 If an Issuer has completed a Private Placement of convertible securities anticipated to be qualified pursuant to Prospectus or otherwise within the three month period prior to its application for a New Listing, and the issuance price per convertible security is less than the Prospectus or Market Price at the time of the New Listing, the Exchange may impose an Exchange Hold Period on the underlying securities pursuant to the Seed Share Resale Restrictions, whether or not the underlying securities have been qualified for distribution by a Prospectus. Alternatively, the Exchange can require that some or all of those securities be escrowed. See Policy 3.2 – *Filing Requirements and Continuous Disclosure* for the terms of any hold period and Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* for the terms of applicable escrow.
- 4.5 The Exchange will generally not accept an Application for Listing if the aggregate number of Listed Shares owned, directly or indirectly, by the Pro Group exceeds 20% of the total issued and outstanding Listed Shares of the Issuer at the time of listing. Additional restrictions on Pro Group participation apply in the case of Capital Pool Companies. See Policy 2.4 – *Capital Pool Companies*.

- 4.6 The Exchange will generally not accept an Application for Listing if securities offered by Prospectus or Private Placement have been purchased by the Pro Group, unless, after a bona fide offering of the total amount of the offering to the public, the offering has not been fully subscribed.
- 4.7 The Exchange may refuse an Application for Listing if the Issuer's capital structure appears to be excessively dilutive or otherwise imbalanced. In assessing whether an Issuer's capital structure appears to be excessively dilutive or imbalanced, the Exchange will review all documents submitted by the Issuer in its Application for Listing. If, during this review, the Exchange determines that the Issuer has issued shares to any Person at an effective price of less than \$0.05 per share prior to the proposed New Listing, the Exchange may request, in these instances, additional information from, or action on the part of, the Issuer, including amendments to the Issuer's capital structure, before approving an Application for Listing. Issuers are therefore encouraged to consult with Exchange staff on the acceptability of their capital structures for listing purposes prior to submitting their Applications for Listing. Issuers should also ensure, prior to making an Application for Listing, that any of their securities have been validly issued in accordance with the corporate laws of the Issuer's jurisdiction of incorporation or formation.

The Exchange will apply guidelines contained in bulletins it publishes from time to time in making any decision on the suitability of an Issuer's capital structure. The Exchange will also consider, if applicable, an Issuer's history of operations, its listing category, its ownership of, or interest in, an asset or assets of determinable value, and the amount of any Arm's Length Transaction financing undertaken by the Issuer, and associated with its listing, before making any decision on capital structure, adequacy and acceptability.

5. Exercise of Discretion

- 5.1 When reviewing an Application for Listing, the Exchange will consider the public interest and any facts or circumstances unique to the Issuer.
- 5.2 The Exchange will also consider whether:
- (a) the past conduct of any Insider suggests that the business of the Issuer will not be conducted with integrity and in the best interests of the Public Shareholders;
 - (b) the rules and regulations of any exchange or regulatory authority have not been complied with by any Insider; and
 - (c) the distribution of the Issuer's securities to Public Shareholders is not sufficient to ensure an orderly market or appears to be susceptible to manipulation or abuse.
- 5.3 Whether or not an applicant Issuer appears to satisfy the Initial Listing Requirements, the Exchange may:
- (a) impose listing requirements of a more restrictive nature;

- (b) impose additional listing requirements;
- (c) waive, modify or impose any other terms or conditions that it considers advisable;
- (d) refuse to accept the Application for Listing for public policy reasons which may include that the nature of the business is unacceptable to the Exchange; or
- (e) classify an Issuer in a different tier or industry segment than the one the Issuer applied for.

Guidance Notes for Policy 2.1

N.1 Financial Requirements - General

The Exchange will usually include the assets of other entities acquired concurrent with an Issuer's listing in determining the Issuer's Working Capital, Financial Resources, available cash and NTA. The Exchange will include in its NTA evaluation any cash proceeds raised in any financing which is completed concurrent with the listing. The costs necessary to carry on an Issuer's business must include general and administrative expenses necessary to meet Exchange Requirements and Securities Laws following listing. Generally, the Exchange considers Issuers with a history of positive cash flow to have sufficient Financial Resources to meet general and administrative expenses. However, the Exchange may also consider an Issuer's revenues when determining Working Capital and Financial Resources, even if the Issuer does not have positive cash flow.

N.2 Public Float and Distribution – General

The Exchange will exclude from both the Public Float and shares held by Public Shareholders determinations any shares obtained in a distribution which (i) is contrary to Securities Laws or Exchange Requirements or (ii) was effected principally by way of gift.

Distribution requirements are not met if, at the time of listing, the aggregate number of Listed Shares beneficially owned or controlled, directly or indirectly, by the Pro Group (before inclusion of any Agent Options) exceeds 20% of the Issuer's Listed Shares outstanding. If less than 25 shareholders hold more than one-half of the Public Float (a "tight float"), the Exchange may also require further distribution. Issuers expecting a tight float should discuss distribution with the Exchange as early as possible in a pre-filing conference.

N.3 Resource Issuers – Mining and Oil & Gas

Recommendation of any work program for an Issuer seeking a listing in the Mining or Oil & Gas industry segments must be made in Geological Reports prepared in accordance with the applicable provisions of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") or National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), as the case may be. With respect to the independence of a Geological Report, the Exchange will generally defer to the requirements of NI 43-101 or NI 51-101 and the respective independence requirement, or definition of the term "independent", which is contained in those instruments. However, the Exchange may, at its discretion and notwithstanding no similar requirement in NI 43-101 or NI 51-101, require that the Geological Report be "independent".

N.3 (1) Mining Issuers

Issuers should consult with the Exchange regarding the work program and details on the type of Geological Report that is required. The Exchange may waive all or a portion of the Approved Expenditures requirement by comparing the size of the work program against any Approved Expenditures, the size of an Arm's Length Financing concurrent with the listing and the experience of an Issuer's management team. The Exchange may add back to NTA any direct costs incurred by an Issuer on a project in the five year period preceding the listing application provided those direct costs have been expensed in the Issuer's financial statements.

N.3 (2) Oil & Gas Issuers

"proved reserves" and "probable reserves" have the meanings given in the COGE Handbook. Development status and production status must also be determined in accordance with the requirements of the COGE Handbook. Dollar amounts to be used to value reserves are the Issuer's future net revenues before income taxes, calculated in accordance with NI 51-101, using a discount rate of 15% and prices and costs forecasted in the Geological Report.

Issuers should consult with the Exchange regarding both the work program and Geological Report contents required by the Exchange for unproven properties.

The work program for an unproven property should comprise either:

- (i) a proposed drilling program that includes a minimum of three independent drill hole target locations with sufficient funds to complete each well; or
- (ii) an exploration work program that recommends:
 - A. further exploration on the prospects such as seismic program to verify or confirm numerous drill locations for either test or exploratory drill holes where the prospects are on large tracts of land; or
 - B. seismic programs on very large tracts of unproved property with several prospects that will have potential to generate numerous drill targets.

The Geological Report for an unproven property should contain, in addition to the requirements in NI 51-101 and the COGE Handbook, the following:

- (i) location of the prospect;
- (ii) any land lease terms;
- (iii) land holding size;
- (iv) land location maps;
- (v) expanded geological descriptions and discussions;
- (vi) net pay maps, structural maps and isopach maps, where applicable;
- (vii) land acquisition details and details about exploration work conducted to date;
- (viii) details on any proposed work program including drill hole locations, estimated costs to drill the wells, seismic work and timetable; and
- (ix) all supporting material, information and summary discussions of results obtained that justify the work program including results, result interpretation(s), conclusions and recommendations.

N.4 Industrial, Life Science or Technology Issuers - General

To meet any revenue requirements, revenues must be derived from commercial operations in the last 12 months. The Exchange may add back to NTA any direct costs incurred by an Issuer on a project in the five year period preceding the listing application provided those direct costs have been expensed in the Issuer's financial statements. The Exchange will deduct from NTA those assets which do not relate to the Issuer's current business at the time of listing.

Property requirements for life sciences or technology issuers will generally be interpreted by the Exchange to mean "intellectual property". Issuers must ensure that they either own the intellectual property or that they are entitled, or have rights, to its usage under the provisions of a legally valid and enforceable licence agreement.

N.4 (1) Industrial, Life Science or Technology Issuers – Validity of Business

The Exchange may consider, among other things, the following in determining the validity of a business:

- (i) the existence of any working prototype;
- (ii) the existence of any satisfactory testing demonstrating reasonable likelihood of commercial viability;
- (iii) the existence of any joint venture or collaborating arrangements with a credible partners;
- (iv) the existence of any reputable third party evaluations;
- (v) the existence of any clinical evidence; and
- (vi) the existence of any university sponsorship.

Issuers should discuss validation of business issues with the Exchange as early as possible in a pre-filing conference. Issuers should not commission third party reports, in the hope of meeting Exchange Requirements, before first discussing the issue with the Exchange in a pre-filing conference.

POLICY 2.2

SPONSORSHIP AND SPONSORSHIP REQUIREMENTS

Scope of Policy

Issuers undertaking certain transactions such a New Listing, Reverse Takeover, Change of Business or Qualifying Transaction, may be required to have the transaction sponsored by a Member of the Exchange.

This Policy sets forth:

- (a) the circumstances where a Sponsor is required;
- (b) exemptions from the sponsorship requirements;
- (c) the criteria which must be met in order for a Member to qualify as a Sponsor;
- (d) the Review Procedures;
- (e) the circumstances and requirements for a Sponsorship Acknowledgement Form; and
- (f) the required contents of the Sponsor Report to be provided to the Exchange by the Sponsor.

The main headings in this Policy are:

- 1. Application
- 2. Definitions
- 3. Requirements for Sponsorship
- 4. Sponsors and Qualifications
- 5. Review Procedures
- 6. Sponsorship Acknowledgement Form
- 7. Sponsor Reports

1. Application

- 1.1 A number of policies of the Exchange refer to Sponsors and the requirement for a Sponsor Report. Among other policies, a Sponsor may be required under Policy 2.3 - *Listing Procedures*, Policy 2.4 - *Capital Pool Companies*, Policy 3.2 – *Filing Requirements and Continuous Disclosure*, Policy 5.2 - *Changes of Business and Reverse Takeovers* and Policy 5.3 - *Acquisitions and Dispositions of Non-Cash Assets*.

2. Definitions

2.1 In this Policy:

“Connected Issuers” has the meaning as defined in National Instrument 33-105 *Underwriting Conflicts* or any successor instrument or policy.

“Due Diligence” means a due diligence review, appropriate in the circumstances, in connection with the sponsorship of an Issuer.

“Expert” means an expert, consultant or specialist that prepares an assessment or technical report that may be relied upon by the Sponsor in preparing the Sponsor Report.

“Foreign Issuer” means an Issuer:

- (a) the majority of whose mind and management or whose Control Person, is resident outside of Canada or the United States; or
- (b) the majority of whose principal operating assets are located outside of Canada or the United States.

“Issuer” means:

- (a) in connection with an Initial Listing, an applicant Issuer;
- (b) in connection with a Qualifying Transaction, Reverse Takeover or Change of Business, the Issuer, and any Target Company and the Resulting Issuer, as applicable; or
- (c) in connection with any other transaction, the Issuer, unless the circumstances reasonably require otherwise.

“Related Issuers” has the meaning as defined in National Instrument 33-105 - *Underwriting Conflicts* or any successor instrument or policy.

“Review Procedures” means:

- (a) the minimum review procedures set forth at section 5.4 required to be conducted by a Sponsor, together with the review procedure guidelines at Appendix 2A; and
- (b) in the case of a Foreign Issuer, the minimum review procedures set forth in section 5.5, in addition to those set forth at section 5.4, required to be conducted by the Sponsor, together with the review procedure guidelines at Appendix 2A;

in connection with the preparation of a Sponsor Report.

“Sponsor Report” means the report to be provided to the Exchange by the Sponsor.

“Sponsorship Acknowledgement Form” means the form prepared in accordance with Form 2G.

“Third Party Provider” means any accounting firm, law firm, search house or other third party service provider retained by the Sponsor to assist the Sponsor with the conduct of Review Procedures.

3. Requirements for Sponsorship

3.1 Sponsorship Required

Subject to section 3.4 sponsorship will be required in connection with:

- (a) any application for a New Listing, other than pursuant to an IPO, where the prospectus is executed by at least one member; or
- (b) any application for a New Listing made in the context of a Qualifying Transaction, Change of Business or Reverse Takeover.

See Policy 2.3 – *Listing Procedures*, Policy 2.4 – *Capital Pool Companies*, Policy 3.2 – *Filing Requirements and Continuous Disclosure* and Policy 5.2 – *Changes Of Business and Reverse Takeovers*.

3.2 Sponsorship May Be Required

The Exchange may, in its discretion, require sponsorship in connection with:

- (a) a Change of Management or a Change of Control where the new directors, management or new Control Persons, do not have a sufficient history of involvement and experience with the Exchange, another recognized Canadian Exchange or with other public or non-public Companies, or
- (b) other significant transactions, where it is considered necessary or advisable by the Exchange.

3.3 Limited Scope of Certain Sponsor Reports

- (a) In connection with a Change of Business, where there is no Change of Management or no Change of Control, the scope of the Sponsor Report may be limited to Review Procedures relating to the proposed new business or assets of the Issuer and a determination of whether such business or assets meet the applicable Initial Listing Requirements; or
- (b) In connection with a Change of Management or Change of Control described in section 3.2(a), the scope of the Sponsor Report may be limited to a review of the new directors, management, Insiders or Control Persons.

3.4 Exemptions from Sponsorship

- (a) Subject to section 3.5, the Exchange may exempt an Issuer from all or part of the sponsorship requirements of this Policy where:
 - (i) the following conditions are satisfied:
 - (A) the Issuer is not a Foreign Issuer;
 - (B) the management of the Issuer meets a high standard such that the directors and senior officers of the Issuer collectively possess appropriate experience, qualifications and history whereby each member or proposed member of the board is suitable both on an individual basis and in relation to other members of the board, such that the members of the board collectively possess:
 - (I) a positive record with junior companies, as evidenced by growth of such companies;
 - (II) the ability to raise financing;
 - (III) a positive corporate governance and regulatory history;
 - (IV) technical experience in the appropriate industry sector, where applicable; and
 - (V) positive experience as directors or senior officers with public companies in Canada or the United States, as evidenced by the growth of such companies and/or the listing of such companies on Tier 1 of the Exchange or on a senior exchange or quotation system such as the TSX, NASDAQ, or NYSE; and

- (C) the Issuer is any category of a Mining or Oil and Gas Issuer category that:
 - (I) satisfies at least the Tier 2 Initial Listing Requirements as set forth in Policy 2.1 - *Initial Listing Requirements*, and
 - (II) has a current Geological Report for each of the Issuer's Qualifying and Principal Properties, including recommendations for exploration and/or development work; or
 - (ii) the following conditions are satisfied:
 - (A) the Issuer files a Transaction Disclosure Form (Form 2I); and
 - (B) either:
 - (I) there is significant involvement of a bank or other major financial institution in the transaction; or
 - (II) the Issuer conducts a concurrent brokered financing of at least \$500,000 in connection with the transaction, and the agent for that transaction has provided the Exchange with confirmation that it has completed appropriate due diligence on both the transaction and the disclosure document (referred to (C) below) that is generally in compliance with the relevant standards and guidelines applicable in this Policy 2.2; and
 - (C) a disclosure document such as a Filing Statement or an Information Circular is prepared in conjunction with the transaction. Where the transaction does not require a Filing Statement or Information Circular, the Issuer must prepare a disclosure document containing at a minimum, the information required in an offering memorandum or pursuant to Exchange Requirements.
 - (iii) in the particular circumstances of a case, the Exchange considers that to do so would not be contrary to the public interest.
- (b) In certain situations where sponsorship has been waived, the Exchange may elect not to undertake a review of the specific due diligence performed in relation to the transaction. As such, it is possible that certain transactions that are exempt from sponsorship may not have had the benefit of a third party review as prescribed by this Policy or otherwise.

3.5 Pre-Filing Conference

The Exchange encourages Issuers to hold pre-filing conferences with staff of the Exchange.

In order to rely on any of the exemptions set forth under section 3.4(a), an Issuer must arrange a pre-filing conference with staff of the Exchange and obtain Exchange confirmation that the transaction is exempt from sponsorship. Failure by an Issuer to arrange for a pre-filing conference and obtain such confirmation may result in significant time delays on filings should the Exchange determine that the Issuer is required to retain a Sponsor in respect of a particular transaction. See Policy 2.7 – *Pre-Filing Conferences*.

4. Sponsors and Qualifications

4.1 Sponsor to be a Member

A Sponsor must be a Member or a Participating Organization of the Toronto Stock Exchange Inc. Unless specifically waived or agreed to by the Exchange, a Sponsor must meet all of the minimum specifications set forth in this section 4.

4.2 Disclosure of a Sponsor

The identity of a Sponsor must be publicly disclosed and the Exchange will generally require public disclosure to be made upon an agreement being reached whereby the Sponsor agrees to sponsor an Issuer and provide a Sponsor Report.

4.3 General Qualifications

The Sponsor shall:

- (a) not have previously been advised that it may no longer act as a Sponsor or if so previously advised, the Exchange must have subsequently agreed to accept the Member as a Sponsor;
- (b) be a registrant in good standing with each Securities Commission in which it is registered as an adviser, securities dealer, underwriter, portfolio manager or other similar category of registrant, pursuant to applicable Securities Laws and have not had any registration refused, cancelled, restricted or suspended under any Securities Laws;
- (c) be a member in good standing with each exchange or other self-regulatory body of which it is a member;
- (d) have policies and procedures that encompass the following, to the extent applicable:

- (i) conflicts of interest including those which may arise in connection with acting in multiple roles, such as acting as an underwriter and/or Sponsor and trading or advising the public in regard to the securities of a listed issuer;
- (ii) separation of underwriting functions and/or sponsorship functions from trading functions, including the establishment of safeguards for dealing with confidential information;
- (iii) the accumulation and maintenance of a complete list Connected Issuers and Related Issuers;
- (iv) restricting the Sponsor from preparing a Sponsor Report on behalf of any Related Issuer or Connected Issuer;
- (v) establishing proficiency requirements including standards for acceptable corporate finance staff education and experience, which are commensurate with the requirements and responsibilities of underwriting;
- (vi) ensuring that proper Due Diligence, commensurate with that of an underwriter, is undertaken by or on behalf of the Sponsor prior to the execution by the Sponsor of a Sponsor Report; and
- (vii) procedures for periodic review of the Sponsor's policies and procedures.

4.4 Corporate Finance Department

Without limiting the generality of section 4.3(d)(ii) above, the Sponsor shall have established a corporate finance department to deal with underwriting functions and the preparation of Sponsor Reports which department shall be separate and apart from any of its trading and advising functions.

4.5 Conflicts of Interest Policies and Procedures

The Sponsor shall have policies and procedures for the purpose of:

- (a) to the greatest extent possible, restricting access to Material Information from or relating to Issuers in respect of which the Member has been engaged to act as an underwriter or Sponsor where the information obtained is not necessarily in the public domain ("Confidential Information"). Access to Confidential Information shall only be made available to the corporate finance department personnel and the Sponsor's authorized directors and senior officers ("Corporate Finance Persons");
- (b) ensuring that where Confidential Information is provided to non-Corporate Finance Persons, those persons are advised that they possess Confidential Information which cannot be communicated to any other person;

- (c) physically separating, to the greatest extent possible, the work space of members of the corporate finance department, from other areas of the Member's office and ensuring that access to the corporate finance department work space is restricted;
- (d) securing physical and electronic Confidential Information in locked cabinets, computers or offices, and restricting access only to Corporate Finance Persons;
- (e) securing at all times, Confidential Information which is not being immediately reviewed or utilized by the Corporate Finance Persons;
- (f) ensuring that Confidential Information is not discussed in areas outside of the corporate finance department or within the proximity of persons other than Corporate Finance Persons;
- (g) to the greatest extent possible, providing the corporate finance department with separate and dedicated telephones, messaging services, facsimile machines, photocopiers and confidential mail and courier delivery service to ensure that persons engaged in trading or advising functions do not have access, inadvertently or otherwise, to Confidential Information; and
- (h) providing education to Member personnel with respect to their ethical responsibilities, including what constitutes Confidential Information, inside information, Insider trading, tipping and the legal restrictions on transmission and use of Confidential Information or Insider information and the legal consequences, criminal, quasi-criminal, civil and regulatory for breaches of such restrictions in respect of Insider trading and tipping.

4.6 Sponsor's Assessment of Issuers

When engaged as Sponsor in regard to an Issuer, the Sponsor is required to assess and determine whether it is appropriate and advisable to monitor, restrict or discontinue certain activities of itself and of its employees in relation to the securities of such Issuer, including: trading, advising and dissemination of research material.

4.7 Trading and Other Restrictions

Without limiting any other obligation or restriction under applicable Securities Laws or Exchange Requirements, the Sponsor shall have policies and procedures which provide that once the Sponsor has agreed to act as Sponsor of an Issuer:

- (a) until such time as the applicable Application for Listing, Information Circular, Prospectus, Filing Statement, other disclosure document or detailed press release is properly filed and disseminated:
 - (i) the Corporate Finance Persons are prohibited from, purchasing or selling any of the securities of such Issuer;

- (ii) all partners, directors, officers, approved persons and employees of the Sponsor, who by virtue of their position with the Sponsor or involvement with the Issuer have or can reasonably be expected to gain access to Confidential Information in regard to the Issuer are prohibited from:
 - (A) soliciting purchase orders of the Issuer's securities; or
 - (B) purchasing or selling the Issuer's securities for accounts beneficially owned or controlled by them;
 - (iii) the Sponsor is prohibited from disseminating research reports relating to the Issuer or buying, selling or otherwise trading the Issuer's securities for its own account, except for permitted transactions and stabilizing bids contemplated by Exchange Rules;
 - (iv) in regard to Capital Pool Companies the exercise of an Agent's Option and sale of securities issued to the Sponsor by the Issuer pursuant to the exercise of previously issued Agent's Options shall be effected solely to the extent permitted by section 6.2 of Policy 2.4 – *Capital Pool Companies*; and
- (b) trading in the securities of the Issuer by all partners, directors, officers, employees and approved persons shall be monitored by a designated and duly qualified officer of the Sponsor to assess whether trading has or might reasonably appear to have occurred based on access to Confidential Information.

4.8 Officers and Branch Managers

Without limiting the generality of section 4.3(d)(v) (and without limiting any other educational requirements required under applicable Securities Laws or Exchange Requirements), the Sponsor shall employ a corporate finance officer, compliance officer or branch manager who will oversee and be responsible for the preparation of the Sponsor Report and who:

- (a) has successfully completed the Canadian Securities Course,
- (b) has successfully completed the Partners, Directors and Senior Officers Qualifying Exam (CSI);
- (c) is not engaged in trading on behalf of or advising:
 - (i) public clients, or
 - (ii) any other clients, including associated parties, unless the Sponsor has instituted internal controls to deal with conflicts of interest; and

- (d) either:
 - (i) has at least seven continuous years of relevant experience in the securities industry or securities regulatory industry, two years of which must have been with an underwriter that is a member of a Canadian stock exchange or other self-regulatory body in Canada,
 - (ii) has at least five continuous years of relevant experience with an underwriter that is a member of a Canadian stock exchange or other self-regulatory body in Canada or five continuous years of relevant experience with a securities regulatory body or Canadian exchange,
 - (iii) is licensed by the Association of Investment Management and Research to use the designation “Chartered Financial Analyst” or “CFA” or is licensed to use the designation Chartered Business Valuator or “CBV”, or
 - (iv) has at least three years of relevant experience in the securities industry or securities regulatory industry and has other professional qualifications satisfactory to the Exchange.

4.9 Technical Expertise

The Sponsor shall employ or retain at least one individual with reasonably satisfactory education or experience in evaluating and assessing the technical aspects of businesses in the industry sector in respect of the Issuer in regard to which the Sponsor Report is to be provided, or is intended to be, engaged.

4.10 Review Procedure Materials

The Sponsor agrees, for a period of six years from the date of the Sponsor Report, to provide upon request by the Exchange all and any part of the materials and information obtained or compiled by the Sponsor in connection with the Review Procedures conducted.

4.11 Refusal to Accept Sponsor Report

The Exchange may refuse to accept a Sponsor Report from a Member where it is not satisfied that the Member qualifies as a Sponsor, and the Exchange may refuse to accept a Sponsor Report where it reasonably appears that the Member has not implemented internal policies which are designed to ensure that Confidential Information obtained in the course of the preparation of the Sponsor Report is not communicated or made available to or used by any person involved in the trading of securities or providing investment advice to clients.

4.12 Toronto Stock Exchange Participating Organization Requirements

Every Participating Organization of the Toronto Stock Exchange that is not a Member of the Exchange, which proposes to act as Sponsor of an Issuer must agree to be subject to any applicable Exchange Requirements relating to sponsorship. This agreement must be filed concurrently with any preliminary Sponsor Report required to be filed in accordance with any Exchange Requirements.

5. Review Procedures

5.1 General

- (a) The Sponsor is required to complete an appropriate Due Diligence review in connection with the sponsorship of an Issuer. The Exchange requires that the Sponsor complete Review Procedures as set forth at section 5.4 and, if applicable, section 5.5 of this Policy. These Review Procedures are expected to be conducted as part of the Sponsor's Due Diligence.
- (b) The scope and extent of Due Diligence considered appropriate by the Sponsor will vary in each circumstance. The Exchange will rely heavily upon the assumption that a Sponsor has the expertise and ability to determine what constitutes appropriate Due Diligence and to fulfil its responsibilities in that regard. The Due Diligence process should provide the Sponsor with a thorough understanding of the business of the Issuer and the risks associated with the Issuer's business. The understanding gained from this process puts the Sponsor in a better position to decide whether to sponsor the Issuer and to provide the preliminary Sponsor Report and subsequently, the final Sponsor Report.

5.2 Use of Experts and Third Party Providers

- (a) Where the Sponsor, in its professional judgement determines that particular experience or technical expertise is necessary to conduct the appropriate Due Diligence or Review Procedures, the Sponsor is required to ensure that such experience or technical expertise exists either among the employees of the Sponsor or the Sponsor may rely upon an Expert to prepare an assessment report or technical report on which the Sponsor can rely.
- (b) The Sponsor may also rely upon the services of any Third Party Provider to assist it with the conduct of its Due Diligence and Review Procedures.
- (c) It is the responsibility of the Sponsor to take reasonable steps to confirm that any employee of the Sponsor, Expert or Third Party Provider retained or relied upon, possesses the appropriate business or other experience and education necessary to assess the business, products, services or technology or to otherwise perform the services for which they were retained.

- (d) The Sponsor is also responsible for confirming that any Expert or Third Party Provider retained by the Sponsor or upon whom the Sponsor may rely, is not a Related Issuer or Connected Issuer of the Issuer, or does not otherwise have a relationship with the Issuer that may lead a reasonable person to conclude that the Expert's or Third Party Provider's independence or objectivity could be compromised. The Sponsor must confirm that any Expert does not have any direct, indirect or contingent interest in any of the securities or assets of the Issuer, its Insiders, or any Associates or Affiliates of the Issuer.

5.3 Review Procedures

The Review Procedures to be conducted by the Sponsor, as part of its Due Diligence, are outlined in section 5.4 of this Policy. In the case of a Foreign Issuer, in addition to the requirements of section 5.4, the Sponsor must undertake the Review Procedures set forth under section 5.5. A Sponsor shall perform a review of the directors, senior officers, other Insiders and Promoters of the Issuer, the Issuer's business and the conformity of the Issuer to the applicable Initial Listing Requirements or, as may be applicable, Continued Listing Requirements.

5.4 Required Review Procedures

Prior to the execution of a Sponsor Report, the following Review Procedures must be conducted by a Sponsor in the context of its Due Diligence review:

- (a) a review and assessment of the directors and management of the Issuer, both on an individual and collective basis as to compliance with Exchange Requirements and their compliance with continuous disclosures responsibilities pursuant to applicable Securities Laws and Exchange Requirements;
- (b) a review and general overall assessment of the Issuer's business, including a review and assessment of its business plan;
- (c) a review and assessment of the proposed transaction, and the consideration proposed to be paid and/or issued under the transaction together with an assessment as to whether such consideration and the share structure of the Issuer, upon completion of the transaction, would not be unreasonable;
- (d) an assessment of the Working Capital of the Issuer to determine its adequacy to carry out stated purposes as well as whether the Issuer will have sufficient funds available for at least 12 months of operations;
- (e) a review of material contracts, including, where applicable, a review of the disclosure respecting material contracts that is included in an Application for Listing, Information Circular, Prospectus, Filing Statement or other disclosure document; and
- (f) a review to determine if the Issuer will, upon completion of the transaction, satisfy Minimum Listing Requirements under Policy 2.1 – *Initial Listing Requirements* and other Exchange Requirements.

5.5 Review Procedures for Foreign Issuers

In addition to the Review Procedures under Section 5.4, a Sponsor must undertake the following additional steps for Foreign Issuers:

- (a) a site visit must be conducted and title opinions must be prepared in respect of a Foreign Issuer's principal operating assets located outside of Canada or the United States. The requirement for a site visit in respect of resource properties may be satisfied by the site visit conducted by the independent engineer or geologist providing the Geological Report;
- (b) in the case of an oil and gas property the Geological Report must be prepared by an independent engineering firm with international experience preferably in the country where the foreign property is located;
- (c) a review of any prior or concurrent financings and proposed share issuances in the proposed Target Company and make appropriate inquiry and if determined to be appropriate, perform database searches on the parties associated with these transactions to determine their acceptability; and
- (d) if the Foreign Issuer engages auditors not from Canada or the United States, the Foreign Issuer's auditors (collectively the "Foreign Auditors") shall also engage a Canadian auditor to advise them on matters of Canadian GAAP and GAAS applicable to all financial statements audited or reviewed by the Foreign Auditors and all reports and letters filed by the Foreign Auditors with the Exchange. A Canadian auditor so engaged shall be competent as to the main differences between GAAP and GAAS of the Foreign Issuers and Canadian GAAP & GAAS. The Exchange may in its discretion require that auditors in the United States comply with this subclause (d).

5.6 Review Procedure Guidelines

- (a) The Sponsor is expected to follow the Review Procedure Guidelines in Appendix 2A unless, in relation to a particular Review Procedure, the Sponsor concludes that it is unnecessary.
- (b) If the Sponsor does not conduct a Review Procedure outlined in Appendix 2A, the Sponsor shall include in its internal files a reference as to the reasons why that Review Procedure was considered unnecessary.

6. Sponsorship Acknowledgement Form

- 6.1 A number of policies of the Exchange require the filing by a Sponsor of a Sponsorship Acknowledgement Form, which is intended to provide the Exchange with notice that a Member is prepared to act as Sponsor in respect of a particular filing matter and has conducted certain preliminary due diligence. The Sponsorship Acknowledgement Form appears at Form 2G.

See Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.

- 6.2 Except where a preliminary Prospectus for an IPO will be filed, when a sponsorship agreement has been entered into, a Sponsorship Acknowledgement Form should be filed with the Exchange. Where a Sponsor has been retained, a submission of the Sponsorship Acknowledgement Form will generally be required prior to any halt in trading of the listed Issuer's securities being lifted where such halt resulted from the announcement of a Qualifying Transaction, Reverse Takeover or Change of Business. See Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.

- 6.3 Prior to submitting the Sponsorship Acknowledgement Form to the Exchange the Sponsor must review:

- (a) the Personal Information Forms and if applicable, the Declarations, for each director, senior officer, other Insider and Promoter and resumes for each member of management of the Resulting Issuer,
- (b) on the basis of a preliminary assessment, the existence of the asset, property or technology that is the subject matter of the transaction, and

based upon this review be able to provide the assurances required by the Sponsorship Acknowledgement Form.

- 6.4 In carrying out the preliminary assessment referred to in section 6.3 (b), the Sponsor is expected to review:

- (a) in the case of an Oil and Gas or Mining Issuer, the applicable Geological Reports; and
- (b) in the case of any other Issuer, the financial statements of that Issuer.

- 6.5 In the case of a Change of Business or a Reverse Take Over, and where required by the Exchange, the Sponsorship Acknowledgement Form shall include confirmation by the Sponsor that the securities held by directors, officers, other Insiders and Promoters of the Issuer are subject to a pooling agreement and are releasable upon final Exchange Acceptance of the Reverse Take Over or Change of Business, as the case may be.

7. Sponsor Reports

7.1 Reliance on Sponsor Report

In making a determination as to whether an Issuer meets Exchange Requirements and is suitable for listing on the Exchange, the Exchange will rely heavily upon the fact that a Sponsor has agreed to sponsor the Issuer and has agreed to prepare and submit a Sponsor Report to the Exchange.

7.2 Preliminary Sponsor Report

Subject to section 3.4, Policy 2.3 – *Listing Procedures*, Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers* require that the Sponsor provide a preliminary Sponsor Report to the Exchange concurrently with the filing of certain Applications for Listing, draft Information Circular or draft Filing Statement by the Issuer. The Exchange expects that the Sponsor will have substantially completed all material Due Diligence and the Review Procedures prior to providing the preliminary Sponsor Report to the Exchange. The Exchange requires that the Sponsor will confirm that it has reviewed the disclosure the draft Information Circular or draft Filing Statement and all material contracts on a preliminary due diligence basis before the applicable transaction will be presented for consideration to the Executive Listing Committee. A Sponsor should not submit a preliminary Sponsor Report until it is reasonably comfortable that no material adverse issues will arise from completion of the balance of the Due Diligence and the Review Procedures. The Issuer is expected to have addressed any material issues raised by the Sponsor, which arise as a result of its Due Diligence, prior to the filing of a preliminary Sponsor Report.

7.3 Final Sponsor Report

- (a) Subject to subsections 7.3 (b) and (c), below, a final executed Sponsor Report will be required prior to an Exchange Bulletin being issued confirming final acceptance of the transaction in respect of which the Sponsor Report was required. The final executed Sponsor Report may be required at such earlier time as specified by the Exchange.
- (b) Subject to section 3.4, the final executed Sponsor Report required in connection with a New Listing will be required to be filed with the Exchange prior to listing of the Issuer's securities on the Exchange.
- (c) Subject to section 3.4, in the case of Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reserve Takeovers*, the final Sponsor Report is required to be filed with the Exchange after the meeting of Shareholders at the time that all post-meeting documents are required to be filed and must be filed prior to final acceptance of the transaction by the Exchange. The Exchange expects that all material Due Diligence and all material Review Procedures will have been completed by the Sponsor.

7.4 Disclosure Requirements For A Sponsor Report

- (a) Subject to subsection 7.4 (b), the Sponsor shall disclose in the Sponsor Report prepared substantially in accordance with Form 2H, the following:
 - (i) it has complied with the requirements of sections 4 and 5 of this Policy;
 - (ii) identification of any information or facts which the Sponsor is aware or has become aware in the course of conducting its Due Diligence which might reasonably impact upon the Exchange's determination of the suitability for listing of the Issuer or the suitability of the directors and officers to act in such a capacity;
 - (iii) the qualifications and experience of the person(s) primarily responsible for the investigation and preparation of the Sponsor Report, including knowledge of the proposed industry and/or business of the Issuer and without limitation, such person's:
 - (A) name, address and occupation;
 - (B) relevant educational background, including areas of principal studies;
 - (C) relevant employment history, including a description as to how it relates to the material aspects of the principal business of the listed Issuer;
 - (D) experience in the areas of corporate planning and financial analysis;
 - (E) membership in any professional organization; and
 - (F) the period during which the Due Diligence and Review Procedures were carried out;
 - (iv) disclosure of any conflicts of interest, including:
 - (A) a statement to the effect that the person referred to in section 7.4(a)(iii) has no material conflicts of interest as a result of his or her relationship with the Issuer, and the Issuer's Insiders, Associates and Affiliates;
 - (B) a statement that the person referred to in section 7.4(a)(iii) does not own any direct, indirect or contingent interest in any of the securities or assets of the Issuer, or of any Associates or Affiliates of the Issuer or disclosure of any such interest, which interest must not be material;

- (C) full particulars of any material past dealings between the Sponsor and any current or proposed Non Arm's Length Party of the Issuer; and
 - (D) full particulars of any direct, indirect or contingent interest in any of the securities or assets of the Issuer or of any Associates or Affiliates of the Issuer beneficially owned or controlled by the Pro Group;
- (v) where the Sponsor, in preparing the Sponsor Report, has retained the services of an Expert, or otherwise relied upon the services of an Expert, the Sponsor shall state, in respect of each Expert upon whom the Sponsor has relied, the information described in subparagraphs (A), (B), (C), (E) and (F) of section 7.4(a)(iii);
- (vi) any other facts or information considered to be material by the Sponsor that could reasonably be expected to significantly affect the value of the securities of the Issuer to be listed; and
- (vii) based upon its Due Diligence review:
 - (A) the directors and management of the applicant Issuer, both on an individual and on a collective basis, comply with Exchange Requirements and are knowledgeable about their ongoing continuous disclosure responsibilities pursuant to applicable Securities Laws and Exchange Requirements;
 - (B) the consideration and share structure, upon completion of the transaction, will not be unreasonable;
 - (C) the Working Capital of the applicant Issuer is adequate to carry out stated purposes and it appears reasonable that the Issuer will have sufficient funds available for 12 months of operations;
 - (D) the applicant Issuer meets the Initial Listing Requirements under Policy 2.1 - *Initial Listing Requirements* as applicable; and
 - (E) it has concluded that the applicant Issuer is suitable for listing on the Exchange.
- (b) The Exchange, in its discretion, may require that the Sponsor prepare and complete a detailed Sponsor Report that includes, in addition to the requirements of Form 2H, disclosure as to the completion of the applicable Review Procedures set forth at Appendix 2A.

7.5 Execution of Sponsor Report

The Sponsor Report shall be signed by two duly authorized officer(s) and/or director(s) of the Sponsor, one of who shall be a person that would otherwise be eligible to execute a Prospectus on behalf of the Sponsor.

POLICY 2.3

LISTING PROCEDURES

Scope of Policy

This Policy describes the procedure for listing an Issuer on the Exchange. The Policy applies to Applications for Listing made with or without a Prospectus offering, and to Applications for Listing of securities of an Issuer whose securities previously traded in another market or otherwise meets all Initial Listing Requirements before listing. This Policy may be applied to Issuers formerly listed on NEX in situations where Policy 5.2 - *Changes of Business and Reverse Takeovers* does not apply.

This Policy does not describe the procedures for listing pursuant to a Qualifying Transaction or Reverse Takeover or Change of Business. The procedures for undertaking a Qualifying Transaction by a Capital Pool Company are described in Policy 2.4 – *Capital Pool Companies*. The procedures for listing pursuant to a Reverse Takeover or Change of Business are described in Policy 5.2 – *Changes of Business and Reverse Takeovers*.

The main headings in this Policy are:

1. Initial Filing Requirements
2. Exchange Review
3. Final Filing Requirements
4. TSX Issuers Listing on TSX Venture Exchange
5. Significant Connection to Ontario

1. Initial Filing Requirements

Initial Submission – General

Issuers must file the following with the Exchange in connection with their initial submission for an Application for Listing:

- 1.1 a letter requesting conditional acceptance of the listing of securities that:
 - (a) specifies the applicable industry and category for which the Issuer is applying for listing;

- (b) where applicable, identifies any required waiver or exemptive relief application made or to be made pursuant to applicable Exchange Requirements and Securities Laws; and
- (c) identifies three choices for a stock symbol root, listed in order of preference.

1.2 Form 2J - *Securityholder Information*;

Listing by Prospectus

- 1.3** if the Application for Listing is made concurrently with a Prospectus offering, a copy of the preliminary Prospectus;

Listing by Listing Application

- 1.4** if the Application for Listing is not being made concurrently with a Prospectus offering, a Qualifying Transaction, a Reverse Takeover or a Change of Business, a draft listing application (Form 2B) which:
- (a) provides prospectus level disclosure, unless the Issuer has been a reporting issuer in Canada or been subject to equivalent continuous disclosure requirements in a foreign jurisdiction for at least one year, and its continuous disclosure record is available or will be made available on SEDAR;
 - (b) includes those financial statements required under Form 2B or, where Form 2B is silent, under NI 41-101 – General Prospectus Requirements, provided that references in that instrument and form to “date of the prospectus” should be deemed to read “date of the listing application”. If the Issuer’s securities have been listed or quoted on another exchange, quotation system or regulator, the Issuer must ensure it includes in the filing those financial statements filed in the last year with the applicable exchange, quotation system and regulator pursuant to that listing or quotation; and
 - (c) provides a certified list of all securityholders from the Issuer’s transfer agent and registrar, together with:
 - (i) a report from each depository specifying the number of securities of each class of the Issuer registered in the name of the depository held by each intermediary and
 - (ii) a list of beneficial securityholders provided by each intermediary holding greater than 10% of the Issuer’s securities calculated as of the date of the certified list of securityholders or other register of securities.

Sponsorship

- 1.5** if applicable, a preliminary Sponsor Report; (See Policy 2.2 – *Sponsorship Requirements*)

Personal Information Forms

- 1.6** a Personal Information Form (Form 2A) or, if applicable, a Declaration (Form 2C1) from each director, officer, Promoter and other Insider of the Issuer. If any of these Persons is not an individual, a PIF or, if applicable, Declaration from each director, officer and each Control Person of that Person;
- 1.7** If the individual has submitted a Personal Information Form to TSX or the Exchange in the last 60 months (from the date of the application), that individual will not be required to submit a new PIF to the Exchange, provided that he or she completes the Declaration and there are no substantial changes to the information contained in the previously submitted PIF. Each Declaration must be accompanied by an originally executed Release and Discharge Relating to Consent to Disclosure of Criminal Record Information;

Mining and Oil and Gas Issuers

- 1.8** if the Issuer is in a mining Issuer or Oil and Gas Issuer industry segment, a Geological Report for each of the Issuer's Principal Properties which must include recommendations for exploration and/or development work;

Industrial or Technology or Life Sciences Issuers

- 1.9** if the Issuer is in the Technology or Industrial or Life Sciences industry segment and has not yet generated net income from its business in the amount referred to in Policy 2.1 - *Initial Listing Requirements*, a comprehensive business plan with forecasts and assumptions for the next 24 months;

Research and Development Programs

- 1.10** if any Technology or Life Sciences Issuer has a research and development program, a description of the research and development conducted to date and recommended research and development work program;

Financial Statements

- 1.11 except as otherwise required under Form 2B, and where the listing application requires completion of a Form 2B, copies of any audited and unaudited financial statements of the Issuer (signed by two directors of the Issuer on behalf of the Issuer's board) required under National Instrument 41-101 – General Prospectus Rules, together with any applicable consents and consent letters, except where such financial statements have been previously filed on SEDAR;
- 1.12 a copy of all stock option or security purchase plan and any other agreement under which securities may be issued;
- 1.13 if the Issuer is instituting a Dividend Re-Investment Plan or “DRIP”:
 - (a) a final copy of the executed DRIP; and
 - (b) a copy of the resolution of the applicant's board of directors, approving the DRIP;
- 1.14 a list of all material contracts;
- 1.15 a copy of any material contract that the Issuer has entered into (and any draft material contract which the Issuer expects to enter into) relating to the issuance of securities, Non-Arm's Length Transactions or the assets upon which the Exchange listing will be based;
- 1.16 if applicable, a valuation or appraisal report prepared by a qualified individual in accordance with industry standards;
- 1.17 if the Issuer's Principal Properties or assets are located outside Canada or the United States, the Exchange will generally require a title opinion or other appropriate confirmation of title in a form acceptable to the Exchange; and
- 1.18 for more certainty, where an applicant is not incorporated or created under the laws of Canada or any Canadian province, and wishes to list on the Exchange, any jurisdictional reconciliation requested by the Exchange. For more certainty, the Exchange may request that the applicant complete a reconciliation of its constating documents and the corporate or equivalent law regimes of its home jurisdiction with that of the *Canada Business Corporations Act* where the applicant is not incorporated or created under the laws of Canada or any Canadian province. The Exchange will review any requested reconciliation to determine whether any significant deficiencies exist with respect to overall market and investor protections, when compared with similar provisions in the *Canada Business Corporations Act*. The Exchange may, as a result of its review, also require the applicant to amend its articles, by-laws, any declaration of trust or equivalent document in order to address any of the significant deficiencies.

Listed Warrants and Restricted Voting Securities

- 1.19** In addition to the documents required above, the Issuer must file the following with the Exchange:
- (a) if the Issuer is listing Restricted Voting Securities, a copy of the take-over bid protection agreement (“coattails” trust agreement); and
 - (b) if the Issuer is listing Warrants and the Warrant holders are entitled to purchase listed securities, a copy of the Warrant trust indenture.

Application Fee

- 1.20** The applicable minimum non-refundable listing fee prescribed by Policy 1.3 - *Schedule of Fees*.

Listing Representations

- 1.21** Any representation, written or oral, that a security will be listed on the Exchange or that application has been or will be made to list such security on the Exchange must comply with Securities Laws.

2. Exchange Review

- 2.1** Upon receipt of the initial submission, the Exchange may require the Issuer to respond to any questions or comments of the Exchange and may require the submission of additional documents or agreements that the Exchange considers appropriate in the circumstances.
- 2.2** If the Application for Listing is made concurrently with a Prospectus offering, the Issuer must provide the Exchange with copies of all correspondence with the applicable Securities Commissions.

Conditional Acceptance

- 2.3** Following completion of the initial review, the Exchange will either:
- (a) grant conditional acceptance, subject to meeting specified conditions within a 90 day period; or
 - (b) defer the decision on the application, pending resolution of specified issues within a 90 day period. Failure to address these issues to the satisfaction of the Exchange within the 90 day period will result in the application being declined; or
 - (c) decline the Application for Listing. When an Application for Listing is declined, at least six months must pass before the Issuer becomes eligible for reconsideration.

2.4 Conditional acceptance of an Application for Listing will be subject to the following conditions:

- (a) there are no material changes in the final prospectus or Listing Application to the information disclosed in those documents; and
- (b) all other required documentation and evidence of satisfactory distribution of securities will be filed with the Exchange within 90 days or such other date as required by the Exchange.

3. Final Filing Requirements

General

3.1 The Exchange must receive the following final documentation prior to providing final Exchange acceptance of the listing:

- (a) an executed Listing Agreement (Form 2D) filed in paper form;
- (b) if applicable, an executed copy of the final Sponsor Report (see Policy 2.2 - *Sponsorship Requirements*);
- (c) a letter from the transfer agent confirming that the security certificate complies with Exchange Requirements provided that, in the case of a generic certificate, the letter need generally only confirm that the generic certificate complies with the requirements of the Security Transfer Association of Canada and such confirmation will generally be deemed by the Exchange to constitute compliance with Exchange Requirements (see Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance* for details about Exchange requirements for security certificates);
- (d) an unqualified letter from CDS confirming the CUSIP or ISIN number(s) assigned to the securities;
- (e) a letter from the Issuer's transfer agent and registrar confirming that it has been appointed as transfer agent and registrar for the Issuer. The transfer agent must also undertake to provide the Exchange with a copy of each treasury order of the Issuer within five business days after any issuance of Listed Shares;
- (f) if applicable, a consent letter from each auditor, accountant, engineer, appraiser, lawyer or other person or party (an "Expert") whose report, appraisal, opinion or statement (a "Report") is disclosed or summarized or incorporated by reference into the Listing Application or supporting documents, which states that the Expert has read the Listing Application and confirms that there are no misrepresentations contained in the Listing Application which are derived from the Expert's Report or of which the Expert is otherwise aware as a result of the review conducted in connection with the preparation of such Report;

- (g) a legal opinion which states that the Issuer is in good standing under or not in default of applicable corporate law, and is a reporting issuer in good standing and not in default in each jurisdiction in which it is a reporting issuer;
- (h) the balance of the applicable listing fee as set out in Policy 1.3 - *Schedule of Fees*; and
- (i) any other documentation that may be requested by the Exchange.

Listing by Prospectus

- 3.2** In addition to the documents required in section 3.1, if the Application for Listing is made concurrently with a Prospectus offering, the Exchange must also receive a Distribution Summary Statement (Form 2E) prepared by a Member firm acting as, or on behalf of, the Issuer's Agent prior to providing final Exchange acceptance of the listing.

Listing by Listing Application

- 3.3** In addition to the documents required in section 3.1, if the Application for Listing is not made concurrently with Prospectus offering, the Exchange must also receive one originally executed copy of the final listing application (Form 2B) dated within three business days of the date it is submitted to the Exchange prior to providing final Exchange acceptance of the listing.

The final version of the listing application must also be filed with the Exchange via SEDAR using the filing type "Filing Statement" under the continuous disclosure category for Exchange filings until an applicable filing type is specifically created for this document in the continuous disclosure category.

Listed Warrants

- 3.4** In addition to the applicable documents required above, if the Application for Listing is for listed Warrants, the Exchange must also receive the following final documentation prior to providing final Exchange acceptance of the listing:
- (a) a letter from the Issuer's transfer agent or underwriter certifying that at a recent date that at least 100 public securityholders hold at least 100 Warrants with a total public float of at least 200,000 Warrants;
 - (b) a letter from the transfer agent confirming that the Warrant certificate complies with Exchange Requirements. In the case of a generic certificate, the letter must confirm that the generic certificate complies with the requirements of the Security Transfer Association of Canada (see Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance* for details about Exchange requirements for security certificates); and
 - (c) an unqualified letter from CDS confirming the CUSIP or ISIN number(s) assigned to the securities.

Additional Documentation for Non British Columbia or Alberta Offerings

3.5 If a Prospectus is not filed in British Columbia or Alberta in connection with an Application for Listing, the Issuer must file in paper format, within 7 days of conditional listing acceptance by the Exchange:

- (a) a notice to the ASC and BCSC containing the following information;
 - (i) Issuer name;
 - (ii) year end;
 - (iii) head and registered office addresses;
 - (iv) telephone and facsimile numbers;
 - (v) contact person;
 - (vi) name changes/name history;
 - (vii) jurisdiction of incorporation, and
 - (viii) information as to other jurisdictions in which the Issuer has reporting issuer status.
- (b) copies to the BCSC of each Personal Information Form (Form 2A) which has been filed with the Exchange in connection with the Application for Listing.

4. TSX Issuers Listing on TSX Venture Exchange

4.1 TSX listed issuers (“TSX Issuers”) that no longer meet TSX Minimum Listing Requirements, and are suspended for delisting (but not yet delisted) may, in many cases be eligible to obtain a listing on the Exchange. A TSX Issuer may qualify to be listed on Tier 1, Tier 2 or NEX, depending on its financial and operational circumstances.

Streamlined Listing Procedure

- 4.2** A streamlined listing procedure is available for any TSX Issuer that meets Exchange Continued Listing Requirements and is continuing in the same active business as it did while listed on TSX. The streamlined listing procedure expedites the listing process by adjusting the filing and review process. TSX Issuers may also be exempted from substantive requirements such as escrow and sponsorship in certain situations. The degree to which the Exchange will abridge its filing review and substantive requirements will depend on the financial and operational circumstances of the issuer, as well as its regulatory record.
- 4.3** In order to list on the Exchange using the streamlined listing procedure, a TSX Issuer must:
- (a) be continuing in the same active business as it carried on while listed on TSX;
 - (b) meet Exchange Continued Listing Requirements for the applicable tier and industry sector;
 - (c) submit a letter application describing:
 - (i) the nature of its business;
 - (ii) how it meets Exchange Continued Listing Requirements; and
 - (iii) the reason for its suspension from TSX;
 - (d) provide all correspondence related to suspension and delisting on TSX;
 - (e) provide PIFs for directors, senior officers, promoters and IR providers;
 - (f) submit a signed copy of the Exchange Listing Agreement; and
 - (g) submit the applicable Exchange listing fee as per the Exchange Policy 1.3.

Issuers in this category will, generally, not be required to submit a Listing Application, obtain sponsorship or enter into an Exchange escrow arrangement.

Additional Listing Requirements

- 4.4** The Exchange may impose additional requirements on a TSX Issuer, or to deny such issuer the benefit of the streamlined process where it is determines that the streamlined process is not appropriate in the particular circumstances.

Non-Streamlined Exchange Listing Applications

- 4.5** TSX Issuers that are not eligible to use the streamlined Listing Application procedure must meet ILR and comply with the listing procedures in sections 1 through 3 of this Policy.
- 4.6** If the TSX Issuer is undertaking a COB or RTO, all aspects of applicable Exchange ILR and Policy 5.2 - *Changes of Business and Reverse Takeovers* are applicable.
- 4.7** Where a TSX Issuer seeking to list on the Exchange fails to meet the Exchange's Continued Listing Requirements, it must apply to be listed on NEX rather than Tier 1 or Tier 2. The TSX Issuer must meet the qualifications and comply with the procedures to list on NEX as outlined in the NEX policies.

Personal Information Forms

- 4.8** The requirement to file PIFs with the Exchange may be waived if a PIF has been filed with TSX or the Exchange within the 60 month period prior to the date of the Listing Application.

Credit for Sustaining Fees

- 4.9** When TSX Issuers move to the Exchange during the period from January 1st to June 30th, TSX will refund their TSX sustaining fees based on the number of full months remaining in the year. The refund is first applied to any amount payable to the Exchange for sustaining fees that are due and any balance will be refunded to the Issuer, assuming there are no other amounts owing to TSX or the Exchange in relation to other fees. The Exchange sustaining fee is based on the same number of full months remaining in the year.
- 4.10** When TSX Issuers move to the Exchange during the period from July 1st to November 30th, they will be charged a sustaining fee for the full remaining months that they will be listed on the Exchange, which will be paid in part or full by a credit for the amount that they have paid to TSX for sustaining fees for the period July 1st to December 31st.
- 4.11** When TSX Issuers move to the Exchange in December, no charges will be levied and no refunds will be granted.

5. Significant Connection to Ontario

- 5.1** Where it appears to the Exchange that an Issuer undertaking an Initial Listing on the Exchange has a Significant Connection to Ontario, the Exchange will, as a condition of its acceptance of the Initial Listing, require the Issuer to provide the Exchange with evidence that it has made a bona fide application to become a reporting issuer in Ontario. See Policy 3.1 - *Directors, Officers, Other Insiders & Personnel, and Corporate Governance* for details on becoming a reporting issuer in Ontario.

POLICY 2.4

CAPITAL POOL COMPANIES

Scope of Policy

This Policy applies to any Issuer that proposes to list on the Exchange as a capital pool company (a “CPC”). The Exchange’s CPC program was designed as a corporate finance vehicle to provide businesses with an opportunity to obtain financing earlier in their development than might be possible with an IPO. The CPC program permits an IPO to be conducted and an Exchange listing to be achieved by a newly created company that has no assets, other than cash, and has not commenced commercial operations. The CPC then uses this pool of funds to identify and evaluate assets or businesses which, when acquired, qualify the CPC for listing as a regular Tier 1 Issuer or Tier 2 Issuer on the Exchange.

This Policy outlines the procedures for listing a CPC on the Exchange and the procedures to be followed and standards to be applied when a CPC undertakes a Qualifying Transaction.

The main headings in this Policy are:

1. Definitions
2. Overview of Process
3. Initial Listing Requirements for CPCs
4. Disclosure Required in a CPC Prospectus
5. Agents
6. Other Options Issued by the CPC
7. Use of Proceeds and Prohibited Payments
8. Restrictions on Trading
9. Private Placements for Cash
10. Escrow
11. Qualifying Transaction
12. Information Circular and Filing Statement
13. Other Requirements
14. CPC Combinations
15. Transition

1. Definitions

1.1 In this Policy:

“Agent” means any Person registered under applicable Securities Laws to act as an agent to offer and sell the IPO Shares on behalf of the CPC which has entered into a best efforts agency agreement with the CPC.

“Agent’s Option” means an option to purchase Common Shares of the CPC which may be granted to the Agent in accordance with section 5.2(c) or section 9.7(b).

“Agreement in Principle” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements or to complete the transaction; and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm’s Length Parties to the CPC or the Non-Arm’s Length Parties to the Qualifying Transaction.

“AMF” means the Autorité des marchés financiers.

“Bridge Financing” has the meaning ascribed to that phrase in section 9.4.

“Commissions” refers to the Securities Commissions with which the CPC Prospectus is filed.

“Common Shares” means single voting common shares of an Issuer, or in the case of a CPC that is a trust, means single voting trust units of the Issuer.

“Completion of the Qualifying Transaction” means the date of the Final QT Exchange Bulletin issued by the Exchange.

“Concurrent Financing” has the meaning ascribed to that phrase in section 9.5.

“Conditional Acceptance” has the meaning ascribed to that phrase in section 11.4.

“Conditional Acceptance Documents” has the meaning ascribed to that phrase in section 11.5.

“Corporate Opinion” has the meaning ascribed to that phrase in section 11.3(k).

“CPC” or **“Capital Pool Company”** means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC Prospectus from one or more of the Commissions in compliance with this Policy; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

“CPC Escrow Agreement” means the Form 2F – *CPC Escrow Agreement*.

“CPC Filing Statement” means the Filing Statement of the CPC prepared in accordance with Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the CPC and the Significant Assets.

“CPC Information Circular” means the Information Circular of the CPC prepared in accordance with applicable Securities Laws and Form 3B1 – *Information Required in an Information Circular for a Qualifying Transaction*, which provides full, true and plain disclosure of all material facts relating to the CPC and the Significant Assets.

“CPC Prospectus” means an IPO Prospectus prepared in accordance with Form 3A – *Information Required in a CPC Prospectus*, this Policy and the Securities Laws in the jurisdictions where the Distribution is made.

“CPC Stock Options” has the meaning ascribed to that phrase in section 6.1.

“Disclosure Document” means the CPC Filing Statement or the CPC Information Circular, as the case may be, or the Prospectus if required by section 11.1(f).

“Escrow Securities” has the meaning ascribed to that phrase in section 10.1.

“Escrow Shares” has the meaning ascribed to that phrase in section 10.1.

“Final Documents” has the meaning ascribed to that phrase in section 11.7.

“Final QT Exchange Bulletin” means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“Former Policy” means the version of Policy 2.4 – *Capital Pool Companies* (as at June 14, 2010) that was in effect on December 31, 2020, a copy of which is attached as Schedule “A”.

“General Prospectus Rules” means National Instrument 41-101 – *General Prospectus Requirements*.

“Initial Documents” has the meaning ascribed to that phrase in section 11.3.

“IPO Shares” means the Common Shares offered to the public pursuant to the IPO of the CPC.

“Majority of the Minority Approval” means the approval by the majority of the votes cast at a meeting of Shareholders of the CPC, or by the written consent of Shareholders holding more than 50% of the issued Listed Shares of the CPC, provided that the votes attached to Listed Shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if a CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction.

“Non-Arm’s Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of the Vendor(s), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Option Shares” has the meaning ascribed to that phrase in section 10.1.

“Qualifying Transaction” means a transaction where the CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

“Qualifying Transaction Agreement” means any agreement or other similar commitment respecting the Qualifying Transaction which identifies the fundamental terms upon which the parties agree or intend to agree, including:

- (a) the Significant Assets and/or Target Company;
- (b) the parties to the Qualifying Transaction;
- (c) the value of the Significant Assets and/or Target Company and the consideration to be paid or otherwise identifies the means by which the consideration will be determined; and

- (d) the conditions to any further formal agreements or completion of the Qualifying Transaction.

“**Reporting Issuer Opinion**” has the meaning ascribed to that phrase in section 11.3(l).

“**Resulting Issuer**” means the Issuer that was formerly a CPC, which exists upon issuance of the Final QT Exchange Bulletin.

“**SEDAR**” means the filing system referred to in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* or its successor legislation (or its successor system).

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the Initial Listing Requirements. See Policy 2.1 – *Initial Listing Requirements*.

“**Target Company**” means a Company to be acquired by the CPC as its Significant Assets pursuant to a Qualifying Transaction.

“**Title Opinion**” has the meaning ascribed to that phrase in section 11.3(j).

“**Vendor(s)**” means one or all of the beneficial owners of the Significant Assets and/or Target Company.

2. Overview of Process

The following is a summary only and is subject to, and supplemented by, the more detailed information and requirements set forth in this Policy.

2.1 General Matters

The CPC program is a two-stage process. The first stage involves the filing and clearing of a CPC Prospectus, the completion of the IPO and the listing of the CPC’s Common Shares on the Exchange. The second stage involves a Qualifying Transaction Agreement in respect of a proposed Qualifying Transaction, and the preparation and filing with the Exchange of a comprehensive Disclosure Document. Where the proposed Qualifying Transaction is a Non-Arm’s Length Qualifying Transaction, the CPC must obtain Majority of the Minority Approval of the Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction, the Exchange will not require the CPC to obtain Shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement or a Prospectus. Where the proposed Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction but Shareholder approval is otherwise required by law (including where there will be a change of auditor, election of new directors, or in an amalgamation situation), the CPC may restrict the Shareholder approval to those transactions for which Shareholder approval is required by law.

2.2 Stage One – CPC Prospectus and Exchange Listing

- (a) The CPC program is not available in all jurisdictions. Accordingly, Issuers must determine whether the CPC program is available in each jurisdiction in which the CPC Prospectus is proposed to be filed. Each of the Commissions retains discretion to determine whether or not to issue a receipt for a CPC Prospectus.
- (b) The CPC must retain an Agent who will sign the CPC Prospectus as underwriter.
- (c) The preliminary CPC Prospectus and all supporting documents required by applicable Securities Laws are concurrently filed via SEDAR with the Exchange and with the Commissions in those jurisdictions where the Distribution is to be made. Concurrently with the filing of the preliminary CPC Prospectus, the CPC must also make an application to the Exchange for conditional acceptance of the listing of the CPC. See Policy 2.3 – *Listing Procedures*.
- (d) Where the IPO will be conducted in one province only, the CPC Prospectus must be filed with the regional office of the Exchange in the jurisdiction where the IPO is to be conducted. If the IPO is to be conducted in a region with no corresponding Exchange regional office, the filer may choose the office it wishes to vet the CPC Prospectus. If the IPO is conducted in more than one jurisdiction, the CPC Prospectus should be filed with the regional office of the Exchange corresponding to the principal regulator pursuant to National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions*.
- (e) The Exchange will issue comments in regard to the preliminary CPC Prospectus and the Application for Listing. All comments from the Exchange and all responses made by the CPC to the Exchange, relating to the preliminary CPC Prospectus and CPC Prospectus must be communicated via SEDAR. When the CPC has satisfactorily resolved the significant comments of the Exchange, the Application for Listing will then be presented to the Exchange’s listings committee for consideration. If the Application for Listing is conditionally accepted, and the Commissions indicate via SEDAR that they are clear to receive final materials, the CPC will file its final CPC Prospectus and all supporting documents via SEDAR with the Exchange and the Commissions.
- (f) After each applicable Commission has issued a final receipt for the CPC Prospectus, the CPC proceeds to close the IPO. After the closing of the IPO, final listing documentation, as required under Policy 2.3 – *Listing Procedures*, is filed with the Exchange. If all final listing documentation is satisfactory, the Exchange issues an Exchange Bulletin evidencing its final acceptance of the documents and indicating that the CPC’s Common Shares will commence trading on the Exchange on the date determined by the Exchange after consultation with the CPC. On the date specified in the Exchange Bulletin, the Common Shares will commence trading on Tier 2 of the Exchange with the designation “.P” beside the stock symbol to indicate that the Issuer is a CPC.

2.3 Stage Two – Completion of a Qualifying Transaction

- (a) The second stage of the CPC program is triggered when there is a Qualifying Transaction Agreement to acquire the Significant Assets that form the basis of the CPC's Qualifying Transaction. As soon as the CPC reaches a Qualifying Transaction Agreement, it must notify the Exchange and the Regulation Services Provider and the Listed Shares of the CPC will immediately be subject to a trading halt, and the CPC must issue a comprehensive news release as described in section 11.2. When the CPC anticipates that it will be issuing such news release, it must immediately send a copy of the draft news release to the Exchange for its prior review. A Material Change report must also be filed pursuant to applicable Securities Laws.
- (b) Trading in the Listed Shares of the CPC will be halted pursuant to section 13.6(a) pending announcement of the Qualifying Transaction Agreement made in accordance with section 11.2. Trading will remain halted until each of the following has occurred:
 - (i) a comprehensive news release, accepted by the Exchange, has been issued;
 - (ii) where the transaction is subject to sponsorship, the Exchange has received a Form 2G – *Sponsorship Acknowledgement Form*, and the accompanying documents as may be required by Policy 2.2 – *Sponsorship and Sponsorship Requirements*;
 - (iii) the Exchange has received a Form 2A – *Personal Information Form* or, if applicable, a Form 2C1 – *Declaration* from each Person who will be a director, senior officer, Promoter (including a Promoter as described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*) or other Insider of the Resulting Issuer, and if any of these Persons is not an individual, a Personal Information Form or, if applicable, Declaration, from each director, senior officer and Control Person of that Person;
 - (iv) the Exchange has completed all preliminary background searches it considers necessary or advisable; and
 - (v) the Exchange has completed a preliminary assessment, including receipt of a Geological Report and audited financial statements, if applicable, of the ability of the Resulting Issuer to satisfy Exchange Requirements following the Qualifying Transaction and has reviewed any potentially significant issues involving the Qualifying Transaction.

The Exchange recommends that a pre-filing conference, as contemplated by Policy 2.7 – *Pre-Filing Conferences*, be held by a CPC, particularly where the Qualifying Transaction Agreement or proposed Qualifying Transaction may involve unique or unusual circumstances.

For the circumstances where a Sponsor Report is required, see Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

- (c) Notwithstanding the satisfaction of the conditions in section 2.3(b), the Exchange may continue or reinstate a halt in trading of the Listed Shares of a CPC for reasons that may include:
 - (i) the nature of the proposed business of the Resulting Issuer is or will be unacceptable to the Exchange; or
 - (ii) the number of conditions precedent that are required to be satisfied by the CPC in order to complete the Qualifying Transaction, or the nature or number of any deficiency or deficiencies required by the Exchange to be resolved is or are so significant or numerous, as to make it appear to the Exchange that the halt should be reinstated or continued.
- (d) The CPC has 75 days from the announcement of the Qualifying Transaction Agreement to make the initial submission required by section 11.3. The primary documents in the initial submission include the draft Disclosure Document, and if there is a Sponsor, confirmation that the Sponsor has reviewed the draft Disclosure Document in accordance with section 11.3(b). See also Policy 2.2 – *Sponsorship and Sponsorship Requirements*. The CPC must prepare and file the CPC Information Circular, proxy material and related information where Shareholder approval is required for the Qualifying Transaction and is to be obtained at a meeting of Shareholders of the CPC. Where Shareholder approval is not required or will be evidenced by the written consent of Shareholders, the CPC Filing Statement or Prospectus serves as the Disclosure Document. The Exchange reviews the draft Disclosure Document and the supporting documents including, if applicable, the preliminary Sponsor Report, and advises of any comments. Provided that the comments in the initial Exchange comment letter are not of a substantial nature, where Shareholder approval is required, the Exchange will permit the CPC to set the date for the Shareholder meeting for approval of the proposed Qualifying Transaction.
- (e) If the Exchange determines that the draft Disclosure Document or any supporting document, contains significant deficiencies, the Exchange may request that the CPC re-file all materials at a later date. In these circumstances, the Exchange may not commence its initial detailed review of the draft Disclosure Document or any other supporting document including, if applicable, the preliminary Sponsor Report, until such deficiencies are substantially resolved to the satisfaction of the Exchange.
- (f) The initial submission is presented to the Exchange's listings committee for consideration. If the application is conditionally accepted, the CPC will be invited to file the Conditional Acceptance Documents described in section 11.5 with the Exchange and:
 - (i) where Shareholder approval is not required, the CPC must file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:

- (A) the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the CPC are halted from trading; or
- (B) the Completion of the Qualifying Transaction, if the securities of the CPC are not halted from trading;

and concurrent with such filing on SEDAR, the CPC must issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the CPC Filing Statement or Prospectus is available on SEDAR, and then provided that all of the conditions set out in the Conditional Acceptance have been satisfied, the CPC may close the Qualifying Transaction and may close any concurrent transactions;

- (ii) where Shareholder approval is required by this Policy or corporate or Securities Laws and is to be obtained at a meeting of Shareholders, the CPC will file on SEDAR and mail to its Shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents. Concurrent with such filing on SEDAR, the CPC must issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the CPC Information Circular is available on SEDAR. If the proposed Qualifying Transaction is a Non-Arm's Length Qualifying Transaction or is subject to Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*, Majority of the Minority Approval will be required. Majority of the Minority Approval constitutes minority approval as contemplated under Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*. Once the requisite Shareholder approval of the proposed Qualifying Transaction and any other related matters is obtained, then provided that all of the conditions set out in the Conditional Acceptance have been satisfied, the CPC may close the Qualifying Transaction and may close any concurrent transactions; and
- (iii) where Shareholder approval is required by this Policy or corporate or Securities Laws and is to be obtained by written consent, the CPC will file on SEDAR the final Disclosure Document. Concurrent with such filing on SEDAR, the CPC must issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the Disclosure Document is available on SEDAR. Once the requisite Shareholder approval of the proposed Qualifying Transaction and any other related matters is obtained, then provided that all of the conditions set out in the Conditional Acceptance have been satisfied, the CPC may close the Qualifying Transaction and may close any concurrent transactions.
- (g) After closing the Qualifying Transaction, the CPC is required to file with the Exchange all applicable Final Documents as described in section 11.7.
- (h) Provided that the Final Documents are satisfactory, the Exchange issues the Final QT Exchange Bulletin that evidences final Exchange acceptance and confirms

Completion of the Qualifying Transaction. The Final QT Exchange Bulletin also indicates that the Resulting Issuer will not be considered a CPC, will not trade with the designation “.P” and will commence trading on the date determined by the Exchange, after consultation with the CPC, under a new name and a new stock symbol, if applicable.

2.4 Availability of the CPC Program

The CPC program may not be used where the proposed CPC has an Agreement in Principle. Where a proposed CPC or its Agent(s) is uncertain about the availability of the CPC program, the Exchange encourages them to schedule a pre-filing conference to discuss the issue. See Policy 2.7 – *Pre-Filing Conferences*.

2.5 Guidelines for Interpretation – Agreement in Principle Exists

- (a) **No Material Conditions** – If the board of directors of a proposed CPC has a “meeting of minds” with the other parties to a proposed Qualifying Transaction on all fundamental terms, and no material conditions to closing exist which are beyond the reasonable control of the Non-Arm’s Length Parties to the CPC or Non-Arm’s Length Parties to the Qualifying Transaction (other than receipt of shareholder approval and Exchange acceptance), then an Agreement in Principle exists. In such cases, the parties should seek an alternative method of going public.
- (b) **Non-Arm’s Length Qualifying Transaction** – Regulatory concern arises where the CPC undertakes a Non-Arm’s Length Qualifying Transaction. Although a formal agreement may not have been entered into, if the Non-Arm’s Length Parties are nevertheless virtually certain of reaching an agreement, an Agreement in Principle exists and the parties should seek an alternative method of going public.

2.6 Guidelines for Interpretation – Agreement in Principle Does Not Exist

- (a) **Public Announcement of the Intended Transaction** – A public announcement of an intended transaction is not, in and of itself, evidence that an Agreement in Principle exists if material conditions beyond the control of the Non-Arm’s Length Parties to the CPC or the Non-Arm’s Length Parties to the Qualifying Transaction have to be completed in order to effect the transaction.
- (b) **Private Placement Financing** – If the CPC is undertaking a best efforts financing, and such financing is a material condition of closing of the proposed transaction that is unfulfilled, the Exchange will generally consider that an Agreement in Principle has not been reached.
- (c) **Consideration** – If the parties to a proposed transaction have not agreed on the total consideration to be paid for the Significant Assets or have not conclusively identified the means by which the consideration for the Significant Assets will be determined, the Exchange will generally consider that an Agreement in Principle has not been reached. If a valuation opinion has not been prepared or is not complete, the reasons why the valuation opinion has not been prepared or is not complete should be evaluated. Where there are significant uncertainties underlying source data or

assumptions or valuation techniques to be applied, the Exchange will generally consider that an Agreement in Principle has not been reached.

- (d) **Financial Statements** – If financial statements relating to the Significant Assets to be acquired have not yet been prepared, primary due diligence procedures fundamental to the decision to proceed have not been completed. Accordingly, the Exchange will generally consider that an Agreement in Principle has not been reached.
- (e) **Due Diligence** – Where significant due diligence matters remain unresolved, the Exchange will generally consider that an Agreement in Principle has not been reached.

2.7 Disclosure in CPC Prospectus

Notwithstanding the guidelines set forth at sections 2.5 and 2.6, the Persons signing the certificate contained in the CPC Prospectus are reminded that they are ultimately responsible for ensuring that the CPC Prospectus provides full, true and plain disclosure of all material facts as required by Securities Laws and as contemplated by section 4.1, including, where applicable, material facts relating to any potential Qualifying Transaction.

3. Initial Listing Requirements for CPCs

3.1 Restrictions on Business of a CPC

The only business permitted to be undertaken by a CPC is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Until the Completion of the Qualifying Transaction, a CPC must not carry on any business other than the identification and evaluation of assets or businesses with a view to a potential Qualifying Transaction.

3.2 Listing Requirements

The following initial listing requirements must be satisfied to be listed as a CPC with the Exchange and to maintain that listing:

- (a) Except to the extent specifically modified by this Policy, the CPC must comply with Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*. Each proposed director and officer must meet the minimum suitability requirements under Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance* and the board of directors of the CPC as a whole must have the public company experience required by that Policy. In addition, the majority of the proposed directors and senior officers of the CPC must be either:
 - (i) residents of Canada or the United States, or
 - (ii) individuals who have demonstrated a positive association as a director or officer with one or more public companies that are subject to a regulatory regime comparable to that of a Canadian exchange. The CPC must provide the

Exchange with evidence that such regulatory regime is comparable (in terms of registration, regulatory oversight and filing requirements).

- (b) Given the nature of the CPC program, the Exchange expects management of the CPC to meet a high standard. As a result, in addition to the requirements set out in Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*, the Exchange requires that the directors and senior officers of the CPC must collectively possess the appropriate experience, qualifications and history which demonstrates that the management of the CPC will be capable of identifying, investigating and acquiring Significant Assets. In determining the acceptability of each director and senior officer, and the board of directors as a whole, the Exchange will review the qualifications, experience, and regulatory history of each proposed member of the board of directors to determine their suitability as a CPC board member on both an individual basis, and in relation to the other members of the board.
- (c) In determining the acceptability of the board of directors in general, the Exchange will consider whether the members of the board collectively possess:
 - (i) a positive track record with junior companies, as evidenced by growth of such companies;
 - (ii) the ability to raise financing;
 - (iii) a positive corporate governance and regulatory history;
 - (iv) technical experience in the appropriate industry sector, where applicable;
 - (v) the ability to locate and develop appropriate acquisition opportunities for companies; and
 - (vi) positive experience as directors or senior officers with public companies in Canada or the United States, as evidenced by the growth of such companies and/or the listing of such companies on the Exchange or on a senior exchange or quotation system such as the TSX, NASDAQ or NYSE.
- (d) Notwithstanding any other provisions in the Manual or the Listing Agreement, one Person may act as the chief executive officer, chief financial officer and corporate secretary of the same CPC at the same time.
- (e) The minimum price per share at which the Seed Shares may be issued is the greater of \$0.05 and 50% of the price at which the IPO Shares are sold.
- (f) The Seed Capital raised by the CPC through the issuance of the Seed Shares must satisfy all of the following requirements:
 - (i) the maximum amount of Seed Capital raised by the CPC through the issuance of Seed Shares issued at less than the IPO price does not exceed \$1,000,000;

- (ii) the minimum aggregate amount of Seed Capital raised by the CPC through the issuance of Seed Shares to directors and senior officers of the CPC, or to trusts or holding companies controlled by these directors or senior officers, must be at least equal to the greater of:
 - (A) \$100,000; and
 - (B) 5% of the aggregate of all proceeds received by the CPC prior to listing on the Exchange resulting from the issuance of treasury securities, including, without limitation, proceeds from the issuance of the Seed Shares, any Private Placement securities and IPO Shares assuming the completion of the maximum IPO offering;

and Seed Share subscriptions by others will only be permitted after the minimum aggregate of the greater of the amount required under (A) and (B) above has been contributed by the directors and senior officers of the CPC; and
- (iii) each director and senior officer of the CPC, or their respective trust or holding company controlled by them, must subscribe for Seed Shares for consideration of at least \$5,000.

For the purposes of this section, control can be demonstrated by ownership of 50% or more of the outstanding voting securities or in the case of a trust, beneficial interest in the trust. Seed Capital contributions made by trusts or holding companies will be pro-rated on the basis of the percentage of ownership or beneficial interest held by the applicable directors or senior officers or immediate family members of such directors and senior officers.

- (g) The minimum price at which the IPO Shares may be issued is \$0.10. Only a single class of Common Shares may be issued as Seed Shares and IPO Shares.
- (h) Companies cannot hold Seed Shares unless the name of each individual who directly or indirectly beneficially owns, controls or directs these securities is disclosed to the Exchange. If the beneficial owner of Seed Shares is not an individual, the name of the individual or individuals beneficially owning, controlling or directing the Company or Companies that hold the Seed Shares of the CPC must be disclosed.
- (i) At the time of listing and until Completion of the Qualifying Transaction, neither the CPC nor any other party on behalf of the CPC will have engaged or will engage the services of any Person to provide Investor Relations Activities, promotional or market-making services.
- (j) The gross proceeds to the treasury of the CPC from its IPO must be equal to or greater than \$200,000 and must not exceed \$9,500,000.
- (k) The maximum aggregate gross proceeds to the treasury of the CPC from the issuance of IPO Shares and all Seed Shares and any Common Shares issued pursuant to a Private Placement must not exceed \$10,000,000.

- (l) Upon completion of the IPO, the CPC must satisfy the following public distribution requirements:
 - (i) the minimum number of Common Shares in the Public Float as set out in Policy 2.1 – *Initial Listing Requirements* for a Tier 2 Issuer;
 - (ii) a minimum number of Public Shareholders that is equal to the lesser of:
 - (A) 150 Public Shareholders; and
 - (B) the minimum number of Public Shareholders as set out in Policy 2.1 – *Initial Listing Requirements* for a Tier 2 Issuer; and

with each such Public Shareholder beneficially owning at least 1,000 Common Shares free of Resale Restrictions; and
 - (iii) Public Shareholders beneficially owning at least 20% of the issued and outstanding Common Shares of the CPC.
- (m) 75% of the IPO Shares are subject to the following limits:
 - (i) the maximum number of Common Shares which may be directly or indirectly purchased by any one purchaser pursuant to the IPO is 2% of the IPO Shares; and
 - (ii) notwithstanding section 3.2(m)(i), the maximum number of Common Shares that may be directly or indirectly purchased pursuant to the IPO by any purchaser, together with that purchaser's Associates and Affiliates, is 4% of the IPO Shares.
- (n) Other than as disclosed in the CPC Prospectus, no new Insider of the CPC may exist on the closing of the CPC's IPO (including in that calculation any shares of the CPC that are issued pursuant to a Private Placement that closes prior to or concurrently with the CPC's IPO).
- (o) Other than IPO Shares, the only additional securities of the CPC that may be issued and outstanding are Seed Shares, CPC Stock Options as permitted by Part 6, the Agent's Options, any securities issued pursuant to a Private Placement in accordance with Part 9, and any securities issued pursuant to the Qualifying Transaction.

3.3 Listing Documents

A Company seeking a listing as a CPC must file:

- (a) with the Exchange and the Commissions:

- (i) all documentation required to be filed in connection with a Prospectus under applicable Securities Laws, and, in the case of the filing with the Exchange, must also include in the covering letter identification of any required waivers or exemptive relief applications from Exchange Requirements or from applicable Securities Laws; and
- (ii) a written undertaking from the CPC and each of its directors and senior officers addressed to the Exchange and the Commissions confirming that:
 - (A) they will comply in all respects with the restrictions contained in Part 7 in connection with the expenditure of funds raised prior to Completion of the Qualifying Transaction;
 - (B) in the event that the Exchange delists the Listed Shares of the CPC, then within 90 days from the date of such delisting, they will, in accordance with applicable law, wind-up and liquidate the CPC's assets and distribute its remaining assets, on a pro-rata basis, to its Shareholders unless, within that 90 day period, the Shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the CPC, approve another use of the remaining assets; and
 - (C) they will provide written confirmation to the Commissions no later than 90 days from the date of delisting, that they have complied with the undertakings at (A) and (B) above;
- (b) with the AMF (with a copy provided to the Exchange), a written undertaking from the CPC confirming that the CPC will not complete its Qualifying Transaction unless the Disclosure Document is filed with the AMF (concurrent with its filing with the Exchange) for analysis and approval by the AMF, which undertaking is only required if the CPC has its head office in Québec at the time of its IPO and filed its CPC Prospectus only in Québec, or in Québec and in other jurisdictions where the AMF is the principal regulator pursuant to Quebec Regulation 11-102 Respecting Passport System; and
- (c) with the Exchange, all applicable documentation required to be filed for a Listing Application under Policy 2.3 – *Listing Procedures*.

4. Disclosure Required in a CPC Prospectus

- 4.1 A CPC Prospectus must provide full, true and plain disclosure of all material facts relating to the securities offered under the CPC Prospectus. It must be prepared in accordance with applicable Securities Laws, and pursuant to the Form 3A – *Information Required in a CPC Prospectus*. The Exchange requires all Issuers filing a CPC Prospectus to comply with applicable General Prospectus Rules and the form under the applicable General Prospectus Rules. Issuers are reminded that the Form 3A – *Information Required in a CPC Prospectus*

is not a Commission form, and is intended to provide guidance to a CPC in respect of compliance with the form under the applicable General Prospectus Rules.

5. Agents

5.1 General

In each jurisdiction where the IPO is conducted, the CPC must have an Agent who is registered under the Securities Laws in a category which permits the Agent to act as the selling agent of the IPO Shares. An Agent must sign the certificate page of the CPC Prospectus as underwriter. Other than as provided for in this Policy, no securities of the CPC can be issued or granted to the Agent or its Associates or Affiliates.

5.2 Agent Compensation in Connection with the IPO

- (a) The maximum sales commission payable to an Agent as compensation for acting as the Agent in connection with the IPO is 10% of the gross proceeds raised pursuant to the IPO.
- (b) Any corporate finance fee or other compensation paid or to be paid to the Agent in its capacity as agent or otherwise in connection with the CPC Prospectus must be disclosed in the CPC Prospectus and any such fee or compensation payable in connection with a Qualifying Transaction must be disclosed in the Disclosure Document, and if known at the date of the CPC Prospectus, in the CPC Prospectus. Any such fees or compensation must be reasonable in the circumstances.
- (c) No option or other right to subscribe for securities of the CPC may be granted to the Agent in connection with the IPO unless:
 - (i) the option or right is a single, non-transferable option or right;
 - (ii) the number of Common Shares issuable upon exercise of the option or right does not exceed 10% of the total number of IPO Shares;
 - (iii) the exercise price per share under the option or right is not less than the IPO Share price;
 - (iv) the option or right is exercisable only until the close of business on a date that is not more than five years from the date of listing of the Common Shares of the CPC on the Exchange; and
 - (v) the option or right may be exercised in whole or in part by the Agent before the Completion of the Qualifying Transaction by the CPC, provided that no more than 50 percent of the aggregate number of Common Shares which can be acquired by the Agent on exercise of the entire option or right may be sold by the Agent before the Completion of the Qualifying Transaction.

5.3 Agent Compensation in Connection with a Private Placement under Part 9

For details of compensation permitted in connection with a Private Placement under Part 9, see section 9.7.

6. Other Options Issued by the CPC

- 6.1 Stock options granted by a CPC (the “**CPC Stock Options**”) may only entitle the holder to acquire Common Shares of the CPC. CPC Stock Options may only be granted to a director or senior officer of the CPC, and where permitted by Securities Laws, a technical consultant whose particular industry expertise in relation to the business of the Vendor(s) or the Target Company, as the case may be, is required to evaluate the proposed Qualifying Transaction, or a Company, all of whose securities are owned by such a director, senior officer or technical consultant, or to an Eligible Charitable Organization as defined in Policy 4.4 – *Incentive Stock Options*. The total number of Common Shares reserved under option for issuance under this section may not exceed 10% of the Common Shares of the CPC outstanding as at the date of grant of any CPC Stock Option.
- 6.2 The number of Common Shares reserved under option for issuance to any individual director or senior officer may not exceed 5% of the Common Shares of the CPC outstanding as at the date of grant of any CPC Stock Option. The number of Common Shares reserved under option for issuance to all technical consultants may not exceed 2% of the Common Shares of the CPC outstanding as at the date of grant of any CPC Stock Option. The number of Common Shares reserved under option for issuance to all Eligible Charitable Organizations may not exceed 1% of the Common Shares of the CPC outstanding as at the date of grant of any CPC Stock Option. CPC Stock Options are subject to the percentage limitations set forth in Policy 4.4 – *Incentive Stock Options*.
- 6.3 The CPC is prohibited from granting CPC Stock Options to any Person providing Investor Relations Activities, promotional or market-making services.
- 6.4 The exercise price per Common Share under any CPC Stock Option granted by the CPC prior to the closing of the IPO cannot be less than the lowest price at which Seed Shares were issued by the CPC.
- 6.5 All CPC Stock Options granted by the CPC must be granted in compliance with Policy 4.4 – *Incentive Stock Options* and in compliance with this Policy.
- 6.6 No CPC Stock Option may be granted by a CPC unless the optionee first enters into a CPC Escrow Agreement agreeing to deposit the CPC Stock Option, and the Common Shares

acquired pursuant to the exercise of such CPC Stock Option, into escrow as described in Part 10.

- 6.7 The term of a CPC Stock Option must expire not later than 12 months after the optionee ceases to be a director, senior officer or technical consultant of the CPC, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such CPC Stock Option.

7. Use of Proceeds and Prohibited Payments

7.1 Permitted Use of Proceeds

- (a) Subject to sections 3.1 and 7.2, until the Completion of the Qualifying Transaction, the CPC may only incur expenses to operate its business as described in section 3.1 to identify and evaluate assets or businesses and obtain Shareholder approval, if applicable, for a proposed Qualifying Transaction, including expenses such as:
 - (i) reasonable expenses relating to the CPC's IPO, including:
 - (A) fees for legal services and audit services relating to the preparation and filing of the CPC Prospectus;
 - (B) Agent's fees, costs and commissions; and
 - (C) printing costs, including printing of the CPC Prospectus and share certificates;
 - (ii) reasonable general and administrative expenses of the CPC (not exceeding in aggregate \$3,000 per month), including:
 - (A) office supplies, office rent and related utilities;
 - (B) equipment leases;
 - (C) fees for legal services; and
 - (D) fees for accounting and advisory services;
 - (iii) reasonable expenses relating to a proposed Qualifying Transaction, including:
 - (A) valuations or appraisals;
 - (B) business plans;
 - (C) feasibility studies and technical assessments;
 - (D) sponsorship reports;
 - (E) Geological Reports;
 - (F) financial statements;

- (G) fees for legal services; and
- (H) fees for accounting, assurance and audit services;
- (iv) agents' and finders' fees, costs and commissions;
- (v) assurance and audit fees of the CPC;
- (vi) escrow agent and transfer agent fees of the CPC; and
- (vii) regulatory filing fees of the CPC.
- (b) Until the Completion of the Qualifying Transaction, no proceeds from the sale of securities of the CPC may be used to acquire or lease a vehicle.
- (c) Certain deposits, loans and advances may be made by the CPC provided they are made in compliance with section 7.4.
- (d) If the CPC completes a Qualifying Transaction before spending the entire proceeds on identifying and evaluating assets or businesses and in the case of a Non-Arm's Length Qualifying Transaction, obtaining Shareholder approval for a proposed Qualifying Transaction, the CPC may use the remaining funds to finance or partly finance the acquisition of, or participation in, the Significant Assets.

7.2 Prohibited Payments to Non-Arm's Length Parties

Until the Completion of the Qualifying Transaction, other than expenses:

- (a) described in sections 6, 7.1(a)(ii), 7.1(a)(iii)(G) and 7.3; and
- (b) to reimburse a Non-Arm's Length Party to the CPC for the reasonable out-of-pocket expenses described in section 7.1 incurred in pursuing the business of the CPC as described in section 3.1,

no payment of any kind may be made, directly or indirectly, by the CPC to a Non-Arm's Length Party to the CPC or to a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in Investor Relations Activities, promotional or market-making services in respect of the CPC or the securities of the CPC or any Resulting Issuer, by any means including:

- (c) remuneration, which includes, but is not limited to:
 - (i) salaries;
 - (ii) consulting fees;
 - (iii) management contract fees or directors' fees;
 - (iv) finder's fees, except as permitted in section 7.3;
 - (v) loans;

- (vi) advances; and
- (vii) bonuses; and
- (d) deposits and similar payments.

No payment referred to in this section may be made by a CPC or by any other Person after the Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred before or in connection with the Qualifying Transaction.

7.3 Finder's Fees

Upon Completion of the Qualifying Transaction, the CPC and Target Company may pay finder's fees in aggregate pursuant to Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*:

- (a) to a Person that is not a Non-Arm's Length Party to the CPC; and
- (b) to a Non-Arm's Length Party to the CPC, notwithstanding section 3.2(a) of Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*, provided that:
 - (i) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
 - (ii) the Qualifying Transaction is not a transaction between the CPC and an existing public company in accordance with Part 14;
 - (iii) the finder's fee is payable in the form of cash, Listed Shares and/or Warrants only;
 - (iv) the amount of any Concurrent Financing is not included in the value of the measurable benefit used to calculate the finder's fee; and
 - (v) Shareholder approval of the finder's fee is obtained by ordinary resolution at a meeting of Shareholders or by the written consent of Shareholders holding more than 50% of the issued Listed Shares, provided that the votes attached to the Listed Shares of the CPC held by the recipient of the finder's fee and its Associates and Affiliates are excluded from the calculation of any such approval or written consent.

7.4 Deposits, Advances and Loans to the Vendor(s) or Target Company

- (a) A maximum of \$25,000 in aggregate may be advanced as a non-refundable deposit or unsecured loan to a Target Company or the Vendor(s), as the case may be, without prior Exchange acceptance.
- (b) Any proposed deposit, advance or loan of funds (including from any of the proceeds of a Private Placement conducted after the announcement made pursuant to section 11.2 but before the Completion of the Qualifying Transaction) from the CPC to the Target Company or any Vendor(s) in excess of the \$25,000 maximum aggregate

referred to in section 7.4(a) may only be made:

- (i) as a secured loan by a CPC to the Target Company or the Vendor(s), as the case may be; and
- (ii) if all of the following conditions are satisfied:
 - (A) Exchange acceptance is obtained prior to any such funds being loaned to the Target Company or Vendor(s);
 - (B) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
 - (C) the Qualifying Transaction has been announced in a comprehensive news release pursuant to section 11.2;
 - (D) the due diligence with respect to the Qualifying Transaction is well underway;
 - (E) if applicable, a Sponsor has been engaged (as evidenced by the filing of a Form 2G – *Sponsorship Acknowledgement Form* as defined in Policy 2.2 – *Sponsorship and Sponsorship Requirements*) or sponsorship has been waived in relation to the Qualifying Transaction;
 - (F) the loan has been announced in a news release at least 15 days prior to the date of any such loan; and
 - (G) the total amount of all deposits, advances and loans from the CPC under this section 7.4 does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Issuer to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the CPC.
- (c) If less than the entire permitted portion of a deposit or loan is advanced, a subsequent deposit or loan up to the balance of the maximum aggregate deposit or loan permitted by this Policy may be made. Similarly, if a deposit or loan or a part of it is refunded, the refunded amount can be used for a subsequent advance. Each such subsequent advance is subject to the requirements of section 7.4, including Exchange acceptance.

7.5 Investment of CPC Funds

Until required for the CPC's purposes, the proceeds may only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

8. Restrictions on Trading

- 8.1 Other than the IPO Shares, the Agent's Option and CPC Stock Options, or as otherwise permitted by Part 9, no securities of a CPC may be issued or traded during the period between the date of the receipt for the preliminary CPC Prospectus and the time the Common Shares begin trading on the Exchange, except with the prior approval of the Exchange and, if applicable, pursuant to exemptions from the registration and prospectus requirements under applicable Securities Laws.

9. Private Placements for Cash

9.1 Prior Exchange Acceptance

After the closing of the IPO and until the Completion of the Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities. See Policy 4.1 – *Private Placements*.

9.2 Maximum Aggregate Proceeds

The Exchange will not accept a Private Placement by a CPC where the aggregate gross proceeds raised from the issuance of all Seed Shares, IPO Shares, other Private Placements, and any proceeds anticipated to be raised upon closing of the Private Placement exceeds \$10,000,000.

9.3 Permissible Securities

The only securities issuable pursuant to a Private Placement prior to the Completion of the Qualifying Transaction are Common Shares of the CPC and securities issued in relation to the Private Placement in accordance with section 5.3 and Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*. Units and/or share purchase warrants may not be issued to subscribers pursuant to a Private Placement undertaken prior to Completion of the Qualifying Transaction. Notwithstanding the foregoing, as part of a Concurrent Financing, the Exchange may permit the issuance of subscription receipts and/or special warrants that convert into Listed Shares, or Listed Shares and Warrants, only upon Completion of the Qualifying Transaction in certain limited circumstances as described in section 9.5.

9.4 Bridge Financing

A Private Placement that a CPC proposes to complete after it has entered into a Qualifying Transaction Agreement and prior to Completion of the Qualifying Transaction to raise funds needed to pay for the costs associated with proceeding to completion of the proposed Qualifying Transaction (e.g. audit fees, legal fees, costs of preparing the necessary documentation for the Qualifying Transaction, due diligence costs, etc., but excluding closing payments to the Vendor(s)), is a bridge financing (a "**Bridge Financing**").

9.5 Concurrent Financing

A Private Placement that an Issuer proposes to complete after it has entered into a Qualifying Transaction Agreement and concurrently with the closing of the Qualifying Transaction to raise funds

needed to close the Qualifying Transaction (e.g. closing payments to the Vendor(s)) and to satisfy applicable Initial Listing Requirements related to Working Capital and Financial Resources is a concurrent financing (a “**Concurrent Financing**”), the requirements for which are set out in Policy 4.1 – *Private Placements* (other than the part and parcel pricing exception set out in section 1.7 of Policy 4.1 – *Private Placements*, which does not apply to Qualifying Transactions).

The Exchange will not permit a CPC to complete a Concurrent Financing prior to the closing of its Qualifying Transaction unless:

- (a) the comprehensive news release referred to in section 11.2 has been disseminated prior to the closing of the Concurrent Financing;
- (b) the Concurrent Financing is done on a special warrant, subscription receipt or similar basis with all of the funds being held in escrow pending closing of the Qualifying Transaction; and
- (c) no finder’s fee or commission is payable or paid by the CPC until the closing of the Qualifying Transaction.

The Exchange will not consider a financing into a Target Company to be a Concurrent Financing unless the comprehensive news release referred to in section 11.2 has been disseminated prior to the closing of the Concurrent Financing; and further, the Exchange may refuse to consider a financing into a Target Company to be a Concurrent Financing if a significant amount of time has elapsed between the date of such financing and the Completion of the Qualifying Transaction or if a significant amount of the funds raised in such financing have been expended prior to Completion of the Qualifying Transaction.

9.6 Bridge Financing Terms

A CPC proposing a Bridge Financing must satisfy all of the following requirements:

- (a) the CPC does not have sufficient financial resources to pay for the costs associated with proceeding to completion of the proposed Qualifying Transaction (e.g. audit fees, legal fees, costs of preparing the necessary documentation for the Qualifying Transaction, due diligence costs, etc.);
- (b) the Bridge Financing will be completed independent of the completion of the Qualifying Transaction with the funds being made available for the CPC’s use immediately upon closing of the Bridge Financing;
- (c) except as permitted under section 7.4(b), the proceeds of the Bridge Financing must be specifically for the purpose of funding the costs associated with proceeding to completion of the proposed Qualifying Transaction (e.g. audit fees, legal fees, costs of preparing the necessary documentation for the Qualifying Transaction, due diligence costs, etc.), excluding any payments due to the Vendor(s) on closing, and the CPC must provide the Exchange with details of the proposed use of proceeds;
- (d) subject to section 9.6(f), the Bridge Financing is on essentially the same terms as the Concurrent Financing (with regards to type of security and offering price); however,

to account for the risk being assumed by the investors (where the funds are truly “at risk” (i.e. the funds are immediately available for the CPC’s use and there is no certainty that the Qualifying Transaction will be completed at the time of completion of the Bridge Financing)), the Bridge Financing may have a lower offering price than the Concurrent Financing;

- (e) subject to section 9.6(f), if the Bridge Financing is to be priced at a discount to the Concurrent Financing price, the maximum discount to the Concurrent Financing price should be no greater than what is permitted under the definition of Discounted Market Price (i.e. 25% if the Concurrent Financing price is up to \$0.50; 20% if the Concurrent Financing price is more than \$0.50 and up to \$2.00; and 15% if the Concurrent Financing price is above \$2.00); provided that in any event, the offering price of the Bridge Financing must not be less than the applicable Discounted Market Price at the time of announcement of the Qualifying Transaction;
- (f) if the terms of the Concurrent Financing have not been set at the time of the Bridge Financing (thereby making it impossible to compare the terms of the Bridge Financing and the Concurrent Financing), the terms of the Bridge Financing can be independent of the terms of the Concurrent Financing;

- (g) there is no general requirement that the Bridge Financing be an Arm's Length Transaction, however, at least 75% of the Bridge Financing must be subscribed for by Persons who are not Non-Arm's Length Parties to the Qualifying Transaction if either:
 - (i) the Bridge Financing is done on better terms to the investors than the Concurrent Financing; or
 - (ii) the terms of the Concurrent Financing have not been set at the time of the Bridge Financing;
- (h) for the purposes of Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*, the Bridge Financing shall be treated as independent of the Concurrent Financing; and
- (i) the applicable Exchange filing fee in respect of the Bridge Financing must be calculated and paid separately from the Qualifying Transaction and any Concurrent Financing.

9.7 Compensation in Connection with a Private Placement

Subject to section 9.5 and pursuant to Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*:

- (a) the maximum sales commission payable to a Person as compensation in connection with a Private Placement under Part 9 that closes prior to the Completion of the Qualifying Transaction is 10% of the gross proceeds raised pursuant to such Private Placement; and
- (b) no option or other right to subscribe for securities of the CPC may be granted to a Person as compensation in connection with a Private Placement under Part 9 that closes prior to the Completion of the Qualifying Transaction unless:
 - (i) the option or right is a single, non-transferable option or right;
 - (ii) the number of Common Shares issuable upon exercise of the option or right does not exceed 10% of the total number of Common Shares of the CPC issued under such Private Placement;
 - (iii) the exercise price per share under the option or right is not less than the price the Common Shares of the CPC are issued at under such Private Placement;
 - (iv) the option or right is exercisable only until the close of business on a date that is not more than five years from the date of the grant of such option or right; and

- (v) the option or right may be exercised in whole or in part by the Person before the Completion of the Qualifying Transaction by the CPC, provided that no more than 50 percent of the aggregate number of Common Shares which can be acquired by the Person on exercise of the entire option or right may be sold by the Person before the Completion of the Qualifying Transaction.

10. Escrow

10.1 Escrow Securities

The following securities must be held in escrow in accordance with the CPC Escrow Agreement:

- (a) all Seed Shares issued at a price lower than the issue price of the IPO Shares; and
- (b) all Seed Shares, IPO Shares and any securities acquired from treasury after the IPO but before the date of the Final QT Exchange Bulletin which are, directly or indirectly, beneficially owned or controlled by Non-Arm's Length Parties to the CPC (as determined post IPO) other than Common Shares acquired which are subject to section 10.6;

(collectively, the “**Escrow Shares**”),

and all CPC Stock Options, and all Common Shares of the CPC issued pursuant to the exercise of CPC Stock Options (the “**Option Shares**”, and together with the CPC Stock Options and Escrow Shares, the “**Escrow Securities**”).

10.2 Release from Escrow

Subject to sections 10.3 and 14.4(b), Escrow Securities will be released from escrow as prescribed by the CPC Escrow Agreement, which includes the following release provisions:

- (a) all CPC Stock Options granted prior to the date of the Final QT Exchange Bulletin and all Option Shares that were issued prior to the date of the Final QT Exchange Bulletin will be released from escrow on the date of the Final QT Exchange Bulletin, other than CPC Stock Options that were granted prior to the CPC's IPO with an exercise price that is less than the issue price of the IPO Shares and any Option Shares that were issued pursuant to the exercise of such CPC Stock Options which will be released from escrow in accordance with the schedule set out in section 10.2(b);
- (b) except for the CPC Stock Options and Option Shares that are released from escrow on the date of the Final QT Exchange Bulletin as provided for in section 10.2(a), all Escrow Securities will be released from escrow in accordance with the following schedule:

| Release Dates | Percentage to be Released |
|---|----------------------------------|
| Date of Final QT Exchange Bulletin | 25% |
| Date 6 months following Final QT Exchange Bulletin | 25% |
| Date 12 months following Final QT Exchange Bulletin | 25% |
| Date 18 months following Final QT Exchange Bulletin | 25% |
| TOTAL | 100% |

10.3 Cancellation of Escrow Securities

- (a) If Non-Arm's Length Parties to the CPC purchased Seed Shares at a discount to the IPO price, the terms of the CPC Escrow Agreement must irrevocably authorize and direct the escrow agent appointed under the CPC Escrow Agreement to immediately cancel all such shares, and all CPC Stock Options and Option Shares held by such Persons, upon the issuance of an Exchange Bulletin delisting the CPC from the Exchange.
- (b) The CPC Escrow Agreement must provide an irrevocable authorization and direction to the escrow agent to cancel all Escrow Securities on a date that is 10 years from the date the Exchange issues an Exchange Bulletin delisting the CPC from the Exchange.

10.4 Holding Companies

If securities of the CPC required to be held in escrow are held by a non-individual (a “**holding company**”), the holding company may not carry out any transactions that would result in a change of control of the holding company without the consent of the Exchange. Any holding company must sign the undertaking to the Exchange, included in the CPC Escrow Agreement, that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange requires an undertaking from any control persons of the holding company not to transfer shares of the holding company.

10.5 Transfers

Except as specifically provided for in the CPC Escrow Agreement, transfers of Escrow Securities require the prior written consent of the Exchange. The Exchange will generally only permit a transfer of Escrow Shares to existing Principals and/or to incoming Principals in connection with a proposed Qualifying Transaction. Issuers are reminded that any such transfer of securities must be made pursuant to exemptions from the registration and prospectus requirements under applicable Securities Laws.

10.6 Escrow of Securities Issued in Connection with the Qualifying Transaction

- (a) All securities other than Escrow Securities which will be held by Principals of the proposed Resulting Issuer at the date of the Final QT Exchange Bulletin are required to be escrowed pursuant to Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

- (b) Any securities issued to any other Person in conjunction with, or contemporaneous to, the Qualifying Transaction may be subject to escrow requirements or Resale Restrictions pursuant to Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

11. Qualifying Transaction

11.1 Initial Listing Requirements

- (a) Prior to the Exchange issuing the Final QT Exchange Bulletin, the Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed by Policy 2.1 – *Initial Listing Requirements*.
- (b) References in Policy 2.1 – *Initial Listing Requirements* to Approved Expenditures of the Issuer mean, for the purposes of this Policy, prior expenditures of the Target Company or Vendor(s) of the Significant Assets.
- (c) References in Policy 2.1 – *Initial Listing Requirements* to Working Capital, Financial Resources or Net Tangible Assets mean, for the purposes of this Policy, the consolidated Working Capital, Financial Resources and Net Tangible Assets of the Resulting Issuer.
- (d) The directors and senior officers of the Resulting Issuer must satisfy the requirements of Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance* and the exceptions set out in section 3.2(d) of this Policy do not apply to the Resulting Issuer.
- (e) The Resulting Issuer cannot be a mutual fund, as defined under applicable Securities Laws, and Issuers in doubt as to whether the Resulting Issuer may be a mutual fund should consult with the Exchange.
- (f) Except where the Resulting Issuer is an Oil & Gas Issuer or a Mining Issuer (including a Resulting Issuer whose primary business is to hold mineral projects as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*), when the Qualifying Transaction of a CPC that is a reporting issuer in Ontario involves the acquisition of a Significant Asset not located in Canada or the United States, the Qualifying Transaction must be undertaken using a Prospectus as the Disclosure Document.
- (g) Issuers are reminded that in respect of a Qualifying Transaction, this Policy must be read in conjunction with Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*.
- (h) Where the proposed Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the CPC must obtain Majority of the Minority Approval of the Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Exchange will not require the CPC to

obtain Shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement or a Prospectus. Where the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction but Shareholder approval is otherwise required by law (including where there will be a change of auditor, election of new directors, or in an amalgamation situation), the CPC may restrict the Shareholder approval to those transactions for which Shareholder approval is required by law.

- (i) Issuers are referred to Québec Policy Statement 41-601Q respecting Capital Pool Companies which applies to Qualifying Transactions for CPCs with certain connections to Québec, in which circumstances the AMF will also review the Qualifying Transaction and the Disclosure Document must not be filed on SEDAR until after the AMF has notified the Exchange that the Disclosure Document is acceptable to the AMF.

11.2 Announcement of Qualifying Transaction Agreement Regarding a Proposed Qualifying Transaction

As soon as the CPC reaches a Qualifying Transaction Agreement, it must notify the Exchange and the Regulation Services Provider and the Listed Shares of the CPC will immediately be subject to a trading halt, and the CPC must immediately submit a comprehensive news release to the Exchange and the Regulation Services Provider for review. This news release must include:

- (a) the date of the Qualifying Transaction Agreement;
- (b) a description of the proposed Significant Assets, including:
 - (i) the industry sector in which the Resulting Issuer will be involved upon the Completion of the Qualifying Transaction;
 - (ii) the history of the Significant Assets and/or the history and nature of the business previously conducted by the Target Company; and
 - (iii) a summary of any available significant financial information respecting the Significant Assets (including, at a minimum, assets, liabilities, revenues and net profits/losses), with an indication as to whether such information is audited or unaudited and the date to which it was prepared;
- (c) a description of the terms of the proposed Qualifying Transaction, including the amount of proposed consideration, how the consideration will be paid and specifying the amounts to be paid by way of cash, securities, indebtedness or other means;
- (d) the location of the proposed Significant Assets, and, in the case of the acquisition of a Target Company, the jurisdiction of incorporation or creation of the Target Company;
- (e) identification of:

- (i) any direct or indirect beneficial interest of any of the Non-Arm's Length Parties to the CPC:
 - (A) in the Vendor(s),
 - (B) in the Significant Assets, and/or
 - (C) in the Target Company,
 and the names of such Non-Arm's Length Parties;
- (ii) any Non-Arm's Length Parties to the CPC that are Insiders of any Target Company;
- (iii) any relationship between or among the Non-Arm's Length Parties to the CPC and the Non-Arm's Length Parties to the Qualifying Transaction;
- (iv) whether or not the proposed Qualifying Transaction constitutes a Non-Arm's Length Qualifying Transaction; and
- (v) whether or not the Qualifying Transaction will be subject to Shareholder approval;
- (f) the names and backgrounds of all Persons who will constitute Principals or Insiders of the Resulting Issuer and, if any of such Persons is a Company, the full name and jurisdiction of incorporation or creation of each such Company, and the name and jurisdiction of residence of each of the individuals who directly or indirectly beneficially holds a controlling interest in or who otherwise controls or directs that Company;
- (g) details of any finder's fee or commission paid or payable in relation to the Qualifying Transaction;
- (h) a description of any financing arrangement for or in conjunction with the Qualifying Transaction, including the amount, security, terms, use of proceeds and details of any finder's fee or commission;
- (i) a description of any deposit, advance or loan made or to be made, subject to Exchange acceptance, including the names of the parties involved, the terms of the deposit, advance, loan or any proposed Private Placement from which proceeds are to be raised to provide the funds for such deposit, advance or loan and the proposed use of any deposit, advance or loan;
- (j) details of any significant conditions required to be satisfied in connection with the Completion of the Qualifying Transaction;
- (k) if a Sponsor has been retained in connection with the proposed Qualifying Transaction, identification of the Sponsor and the terms of the sponsorship;

- (l) the following statement:

“Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.”

- (m) if a Sponsor has been retained, the following additional statement:

“[Insert name of Sponsor], subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.”

- (n) if applicable, any additional disclosure required pursuant to Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*; and
- (o) all other requirements of Policy 3.3 – *Timely Disclosure*.

The Exchange will co-ordinate with the CPC the timing of this comprehensive news release in an effort to ensure proper dissemination. Provided that the securities of the CPC are subject to the trading halt referred to in section 2.3(b), the Exchange will not object to the CPC disseminating a brief news release in relation to the Qualifying Transaction prior to the dissemination of the comprehensive news release, although the CPC should consult with its own legal counsel to ensure that corporate and Securities Laws are also complied with. Subject to section 2.3(c), trading in the Common Shares of the CPC will remain halted until the steps referenced in section 2.3(b) have been completed.

CPCs are reminded that they will be required to update the news release in respect of any change in Material Information as contemplated by Policy 3.3 – *Timely Disclosure*.

11.3 Initial Submission

The following documents (the “**Initial Documents**”) must be filed with the Exchange for review within 75 days after the news release announcing the Qualifying Transaction Agreement, failing which the trading in the Common Shares of the CPC will be halted until the Initial Documents have been filed or a news release announcing the termination of the Qualifying Transaction Agreement has been disseminated:

- (a) a submission letter from the CPC (or, with the consent of the CPC, from the Target Company) giving notice of the proposed Qualifying Transaction and providing the following information:

- (i) the applicable industry and category for which the Resulting Issuer is applying for listing;
 - (ii) a summary of the transaction and identification of all material terms and any unusual terms;
 - (iii) if applicable, a request for the reservation of a new stock symbol root for the Resulting Issuer, including three possible choices listed in order of preference;
 - (iv) a list of the documents included in the submission;
 - (v) the particular Prospectus exemptions, if any, being relied upon if securities are to be issued as part of the transaction;
 - (vi) a list of all Non-Arm's Length Parties to the Qualifying Transaction and their holdings of securities in the CPC, any Target Company and/or any Vendor;
 - (vii) indication of whether the proposed Qualifying Transaction is subject to Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* and if so, a summary of the analysis of its application to the Qualifying Transaction, and
 - (viii) where applicable, identification of any required waivers or exemptive relief applications made or to be made from Exchange Requirements and applicable Securities Laws;
- (b) if applicable, the preliminary Sponsor Report accompanied by a confirmation that the Sponsor has reviewed the draft Disclosure Document on a preliminary due diligence basis. (See Policy 2.2 – *Sponsorship and Sponsorship Requirements*);
 - (c) a Personal Information Form or, if applicable, a Declaration from each Person who will be a director, senior officer, Promoter (including a Promoter as described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*) or other Insider of the Resulting Issuer, and if any of these Persons is not an individual, a Personal Information Form or, if applicable, Declaration from each director, senior officer and Control Person of that Person;
 - (d) a draft of the Disclosure Document, including the financial statements required, pursuant to Part 12;
 - (e) Form 2J – *Securityholder Information*;
 - (f) a list of each material contract that the CPC or any Target Company has entered into which has not been previously filed with the Exchange;
 - (g) a copy of any material contract that the CPC or any Target Company has entered into which has not been previously filed with the Exchange relating to:
 - (i) the issuance of securities;

- (ii) a loan or advance of funds to or from the Target Company or any Vendor;
 - (iii) any transaction that is not an Arm's Length Transaction; or
 - (iv) the assets upon which the listing of the Resulting Issuer will be based;
- (h) a copy of each Geological Report for each of the Resulting Issuer's Qualifying Properties (which must include recommendations for exploration and/or development work), Principal Properties and other material properties, valuation, appraisal or other technical report required to be filed with the Exchange, and a letter of qualifications and independence from the author of each report;
 - (i) in the case of any non-resource Resulting Issuer, a comprehensive business plan (or other similar document in a form acceptable to the Exchange) with forecasts and assumptions for the next 24 months, and if any Resulting Issuer is in a technology or life sciences industry segment and has a research and development program, a description of the research and development conducted to date and recommended research and development work program;
 - (j) if available, a draft legal opinion or other appropriate confirmation of title in a form acceptable to the Exchange (the "**Title Opinion**") if the Resulting Issuer's Significant Assets or Target Company are located outside Canada and the United States;
 - (k) if available, a draft legal opinion (the "**Corporate Opinion**") in respect of each Target Company and each of its material subsidiaries if incorporated in a jurisdiction outside Canada and the United States, including for each:
 - (i) it is validly incorporated;
 - (ii) it is in good standing; and
 - (iii) for any intercorporate relationships between a Target Company and its material subsidiaries, the shareholders and the percentage of securities held by each;
 - (l) if available, a draft legal opinion or officer's certificate (the "**Reporting Issuer Opinion**") that, on Completion of the Qualifying Transaction, the Resulting Issuer:
 - (i) is not included in the list of reporting issuers in default in any jurisdiction in which it is a reporting issuer; and
 - (ii) is not subject to a cease trade order and not otherwise suspended from trading;
 - (m) evidence of value as contemplated by Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* or, if applicable, by Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*;
 - (n) if Shareholder approval is required and is intended to be obtained by written consent,

a draft of the form of written consent to be signed by Shareholders; and

- (o) the applicable minimum fee as prescribed by Policy 1.3 – *Schedule of Fees*.

Where a draft of the Title Opinion, Corporate Opinion or Reporting Issuer Opinion is not available at the time the other Initial Documents are filed with the Exchange, such should be filed with the Exchange before Conditional Acceptance is issued.

The Exchange will review the Initial Documents and, provided that the comments in the initial Exchange comment letter are not of a substantial nature, where Shareholder approval is required and is to be obtained at a meeting of Shareholders, the CPC will be permitted to set a meeting date to approve the proposed Qualifying Transaction. Where a Qualifying Transaction has not been sponsored, the Exchange will require additional time to review the Initial Documents and confirm that appropriate due diligence measures have been undertaken by the CPC and its advisors.

11.4 Conditional Acceptance of the Exchange

Following the resolution of all material deficiencies to the satisfaction of Exchange staff, the application is submitted to the listings committee for consideration. If the Qualifying Transaction is acceptable, the Exchange will issue a conditional acceptance letter (the “**Conditional Acceptance**”) advising that the application has been accepted subject to certain conditions including Shareholder approval, if applicable, and the submission and satisfactory review of all Conditional Acceptance Documents as set out in section 11.5 and all Final Documents as set out in section 11.7.

11.5 Pre-Meeting/Pre-Closing Documentation

Following the Exchange’s Conditional Acceptance of the Qualifying Transaction, the CPC must file with the Exchange the conditional acceptance documents (the “**Conditional Acceptance Documents**”) which include:

- (a) the final Disclosure Document, including the financial statements as required by Part 12;
- (b) a version of the final Disclosure Document, black-lined to show changes from the draft Disclosure Document, referred to in section 11.3(d);
- (c) where applicable, the notice of meeting and the form of proxy to be provided to Shareholders;
- (d) a copy of any material contract that the CPC or any Target Company has entered into, or other document previously filed with the Exchange in draft form; and
- (e) a consent letter from any auditor, engineer, appraiser or other expert (an “**Expert**”) named in the Disclosure Document as having prepared or rendered a report, opinion or valuation (a “**Report**”) on any part of the Disclosure Document or named as having prepared a Report filed in connection with the Disclosure Document, which letter must:

- (i) consent to the submission of the Report to the Exchange, and the inclusion or reference in the Disclosure Document of the Expert's Report;
- (ii) state that the Expert has read the Disclosure Document and has no reason to believe that there is any misrepresentation contained in it which is derived from the Expert's Report or of which the Expert is otherwise aware; and
- (iii) in the case of the consent of a qualified person as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, the letter shall, in the case of a technical report, also include the consent and certificate required by that instrument.

11.6 Process for Closing

Once the Conditional Acceptance Documents have been accepted for filing, the Exchange will advise the CPC that it is cleared to file the final Disclosure Document on SEDAR and:

- (a) where Shareholder approval is not required, the CPC must file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:
 - (A) the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the CPC are halted from trading; or
 - (B) the Completion of the Qualifying Transaction, if the securities of the CPC are not halted from trading;

and concurrent with such filing on SEDAR, the CPC must issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the CPC Filing Statement or Prospectus is available on SEDAR, and then provided that all of the conditions set out in the Conditional Acceptance have been satisfied, the CPC may close the Qualifying Transaction and may close any concurrent transactions;

- (b) where Shareholder approval is required and is to be obtained at a meeting of Shareholders, the CPC will file on SEDAR and mail to its Shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents. Concurrent with such filing on SEDAR, the CPC must issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the CPC Information Circular is available on SEDAR. Once the requisite Shareholder approval of the proposed Qualifying Transaction and any other related matters is obtained, then provided that all of the conditions set out in the Conditional Acceptance have been satisfied, the CPC may close the Qualifying Transaction and may close any concurrent transactions; and
- (c) where Shareholder approval is required and is to be obtained by written consent, the CPC will file on SEDAR the final Disclosure Document. Concurrent with such filing on SEDAR, the CPC must issue a news release which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the Disclosure Document

is available on SEDAR. Once the requisite Shareholder approval of the proposed Qualifying Transaction and any other related matters is obtained, then provided that all of the conditions set out in the Conditional Acceptance have been satisfied, the CPC may close the Qualifying Transaction and may close any concurrent transactions.

11.7 Post-Meeting/Post-Closing Documentation

Within 90 days after Conditional Acceptance of the Qualifying Transaction and before the Exchange will issue the Final QT Exchange Bulletin, the CPC must file with the Exchange the final documents (the “**Final Documents**”) which include:

- (a) where Shareholder approval is required:
 - (i) if Shareholder approval is obtained at a Shareholder meeting, a copy of the scrutineer’s report which details the results of the vote on the resolution to approve the Qualifying Transaction confirming:
 - (A) the applicable Shareholder approval was received for the Qualifying Transaction (for Non-Arm’s Length Qualifying Transactions and Qualifying Transactions subject to Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*, Majority of the Minority Approval must be obtained), and where applicable, confirming that the votes required to be excluded were not included when tabulating the results of the Shareholder vote; and
 - (B) if applicable, that Shareholder approval was obtained on any other matters in respect of which it was required; or
 - (ii) if Shareholder approval is obtained by written consent, the CPC must provide copies of the signed consent letters to the Exchange;
- (b) if applicable, the final executed Sponsor Report;
- (c) if applicable, the final Title Opinion, if not previously filed;
- (d) if applicable, the final Corporate Opinion, if not previously filed;
- (e) the final Reporting Issuer Opinion, if not previously filed;
- (f) a legal opinion or officers’ certificate confirming that, other than final Exchange acceptance, all closing conditions have been satisfied;
- (g) a fully executed version of any escrow agreement(s) required under Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;
- (h) if applicable, satisfactory evidence that the hold periods have been imposed on securities in accordance with Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;

- (i) if applicable, CDS confirmation of a new CUSIP number and eligibility for the Resulting Issuer's Listed Shares;
- (j) any other documents required to be filed; and
- (k) the balance of the applicable listing fee as prescribed by Policy 1.3 – *Schedule of Fees*.

11.8 Assessment of a Significant Connection to Ontario

Where a Resulting Issuer, upon Completion of a Qualifying Transaction, is aware that it has a Significant Connection to Ontario, it must immediately notify the Exchange and make application to the Ontario Securities Commission to be deemed a reporting issuer pursuant to section 18.2 of Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

12. Information Circular and Filing Statement

12.1 Disclosure Document

Where applicable, the CPC Information Circular submitted to the Exchange and mailed to shareholders in connection with a proposed Qualifying Transaction must be prepared in accordance with Form 3B1 – *Information Required in an Information Circular for a Qualifying Transaction* and the provisions of this Policy and prepared and mailed in accordance with applicable corporate law and Securities Law requirements. If applicable, CPCs are reminded of the additional disclosure requirements under Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*.

Where applicable, the CPC Filing Statement submitted to the Exchange in connection with a proposed Qualifying Transaction must be prepared in accordance with Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction* and the provisions of this Policy.

12.2 Financial Statements Required

Except as specifically modified below, the financial statements that are to be included in the CPC Information Circular or CPC Filing Statement must comply with the requirements of Form 3B1 – *Information Required in an Information Circular for a Qualifying Transaction*, or Form 3B2 – *Information Required in a Filing Statement for a Qualifying Transaction*, as applicable.

12.3 Waivers Involving Securities Laws

Notwithstanding section 12.2, the Exchange cannot provide a waiver involving Securities Laws, including financial statements in respect of any CPC Filing Statement or any information circular filed in connection with a reverse takeover, as that term is defined in National Instrument 51-102 – *Continuous Disclosure Requirements*. Therefore, Issuers must obtain any waivers involving Securities Laws from applicable Securities Commissions.

12.4 Exchange Waivers regarding Financial Statements

Where the Exchange waives a requirement for audited financial statements because such audited financial statements are not otherwise required under applicable Securities Laws, it is the

responsibility of the Issuer to ensure that the financial records of the Target Company are adequate and that sufficient audit procedures are performed to:

- (a) enable an auditor to provide an unqualified opinion in connection with the Resulting Issuer's future financial statements; and
- (b) enable the Resulting Issuer to prepare audited financial statements in connection with any future Prospectus offering filings.

12.5 Amendments to CPC Information Circular or CPC Filing Statement

In the event that there is a change in the material information included:

- (a) in the CPC Information Circular between:
 - (i) the date of mailing of the notice of meeting, the CPC Information Circular and form of proxy to shareholders, as contemplated by section 11.6, and
 - (ii) the date of the meeting of Shareholders of the CPC, or
- (b) in the CPC Filing Statement between:
 - (i) the date that the CPC Filing Statement is filed on SEDAR, and
 - (ii) the date of the Completion of the Qualifying Transaction,

the CPC shall promptly:

- (c) seek advice of legal counsel in respect of the treatment of such change; and
- (d) provide written notice to the Exchange describing the change in the material information so as to enable the Exchange to determine the applicable treatment of that change.

12.6 Exchange Treatment of Amendments to the CPC Information Circular or CPC Filing Statement

After receiving the notice pursuant to section 12.5(d) and any other materials that it may require, the Exchange will advise the CPC as to the conditions that will be required to be satisfied in respect of the treatment of any change in material information included in the Disclosure Document.

13. Other Requirements

13.1 Exchange Review of Qualifying Transactions

As part of the review of the proposed Qualifying Transaction, the Exchange will review the expenses, disclosure, trading history and other transactions undertaken by the CPC during its listing to determine compliance with Exchange Requirements. The Exchange may refuse to accept the

Qualifying Transaction if significant concerns arise from its review, which need not be limited to concerns with the items specifically listed in this Policy.

13.2 Share Price

- (a) Generally, where payment of consideration by the CPC for Significant Assets includes the issuance of securities, the Exchange requires that the price per Listed Share to be issued is at least the Discounted Market Price. The total consideration is determined based on the number of securities issued multiplied by the price per share. However, where the proposed Qualifying Transaction is announced following the closing of the IPO but before listing of the Common Shares for trading on the Exchange, the value of the Common Shares to be issued will be based on the average closing price of the Common Shares in each of the first five trading days, less permissible discounts, provided such price is not less than the IPO Share price.
- (b) The Exchange will require the exercise price of any stock options granted in connection with a Qualifying Transaction to be the greater of the price per Listed Share of the securities issued on the Qualifying Transaction, the price of any Concurrent Financing and the Discounted Market Price at the time of announcement of the grant of options.

13.3 Inactivity or Failure to Respond to Exchange

- (a) If
 - (i) the CPC Information Circular has not been mailed to shareholders, or
 - (ii) the CPC Filing Statement or Prospectus has not been filed on SEDAR, within 75 days after the submission to the Exchange of Initial Documents required under section 11.3 and, in the opinion of the Exchange, the delay is due to the inaction of the CPC, the Vendor(s) or any Target Company, the Exchange may
 - (iii) close its file as “not proceeded with” and require the CPC to issue a news release with respect to the status of the proposed Qualifying Transaction; or
 - (iv) require that an updated Disclosure Document containing updated material facts and updated financial statements, Geological Reports, valuations or other reports be filed.
- (b) If the Final Documents required under section 11.7 have not been submitted to the Exchange within 90 days after Conditional Acceptance of the Qualifying Transaction, the Exchange may
 - (i) require the CPC or the Resulting Issuer to issue a news release explaining the delay; and/or
 - (ii) halt or suspend trading in the Listed Shares of the CPC for failure to complete a Qualifying Transaction, pending filing of the Final Documents; and/or

- (iii) require that an updated Disclosure Document containing updated material facts and updated financial statements, Geological Reports, valuations or other reports be filed.
- (c) Inactivity may be evidenced by the failure to make reasonable and timely efforts to provide acceptable responses to the comments of the Exchange.

13.4 Multiple Filings

The Exchange will generally not grant Conditional Acceptance for listing of a CPC where any director or senior officer of the CPC is associated with more than one other CPC that has not yet completed a Qualifying Transaction.

13.5 Consulting Fees

The Exchange may seek the opinion of an independent engineer, appraiser or other expert in determining the reasonableness of a technical report, Geological Report, business valuation or other Expert Report filed with the Exchange. In such circumstances, the Exchange will require the CPC or any Resulting Issuer to pay for the Exchange's costs.

13.6 Trading Halts, Suspension and Delisting

- (a) The Exchange will halt trading in the Listed Shares of a CPC from the date of announcement of a Qualifying Transaction Agreement regarding a Qualifying Transaction until all steps referenced in section 2.3(b) have been completed.
- (b) A trading halt may be imposed where the Issuer has not filed the Initial Documents required by section 11.3 within 75 days after the date of the announcement of the Qualifying Transaction Agreement. Such halt will remain in effect until either the Exchange receives and reviews the documentation required under this Policy and the CPC Filing Statement or Prospectus has been filed on SEDAR or the CPC Information Circular has been mailed to the shareholders, as applicable, or the CPC issues a news release disclosing that the proposed Qualifying Transaction is not proceeding.
- (c) As indicated in section 13.3, a trading halt or suspension may also be required when Final Documents are not submitted within the prescribed time.
- (d) If a CPC determines or becomes aware that a proposed Qualifying Transaction will not be proceeding as previously announced, or at all, the CPC must immediately notify the Exchange and issue a news release in that regard.
- (e) If a Sponsor is required and the CPC or Sponsor terminates the sponsorship of the proposed Qualifying Transaction, the parties must immediately notify the Exchange and issue a news release advising of the termination. Trading in the Listed Shares of the CPC will be halted and the halt will remain in effect until a new Sponsor has provided the Exchange with a Form 2G – *Sponsorship Acknowledgement Form* and a pre-filing conference has been completed.

See Policy 2.9 – *Trading Halts, Suspensions and Delisting*.

13.7 Refusal of Qualifying Transaction

Notwithstanding that a transaction may meet the definition of a Qualifying Transaction, the Exchange may not approve a Qualifying Transaction if the CPC fails to meet the Initial Listing Requirements upon the completion of the Qualifying Transaction or for any other reason at the sole discretion of the Exchange.

13.8 Compliance with Securities Law

Participants in the CPC program are reminded that, in addition to complying with the provisions of this Policy, they must also continue to comply with relevant Securities Laws. In particular:

- (a) Participants in the CPC program are reminded of their obligation to comply with the applicable General Prospectus Rules.
- (b) Management of the CPC and the Resulting Issuer are reminded of their obligations to comply, to the extent applicable, with National Instrument 51-102 – *Continuous Disclosure Obligations*, including the provisions relating to change of auditors and changes in year-end, future oriented financial information and forward-looking information.

13.9 Effect of Exchange Acceptance

Neither review of any proposed Qualifying Transaction and supporting documents, acceptance of any CPC Information Circular, or any CPC Filing Statement, or the issuance of a Final QT Exchange Bulletin should be construed as assurance that the CPC or any Resulting Issuer is in compliance with applicable Securities Laws, including use of any registration or Prospectus exemption or the adequacy of disclosure in any take-over bid circular, offering memorandum or other disclosure document. Similarly, neither review of any proposed Qualifying Transaction and supporting documents, acceptance of any CPC Information Circular, or any CPC Filing Statement, or the issuance of a Final QT Exchange Bulletin should be construed as an assurance as to the merits of the Qualifying Transaction or an investment in the securities of any issuer.

13.10 Changes in the Directors or Officers

If there is a proposed change in the directors and/or senior officers of a CPC or a combined CPC prior to Completion of the Qualifying Transaction, the Exchange must be notified immediately as the CPC must seek and obtain prior Exchange acceptance of any new director or senior officer of the CPC. Prior to such acceptance:

- (a) each new director or senior officer of the CPC or combined CPC, and the board of directors of the CPC as a whole, must satisfy the requirements in sections 3.2(a), 3.2(b) and 3.2(c);
- (b) each new director or senior officer of the CPC or combined CPC must file the written undertaking required pursuant to sections 3.3(a)(ii) or 14.3(e), as applicable;

- (c) each new director or senior officer of the CPC or combined CPC must make the minimum investment into the CPC required pursuant to section 3.2(f)(iii);
- (d) each new director or senior officer of the CPC or combined CPC must file and have a PIF or Declaration cleared; and
- (e) if the changes to the directors and/or senior officers will result in a Change of Management, the disinterested Shareholders of the CPC must have approved the proposed new directors and/or senior officers.

13.11 Change of Control of the CPC

Where there is a proposed Change of Control of the CPC, the CPC must comply with Part 6 of Policy 3.2 – *Filing Requirements and Continuous Disclosure*, pursuant to which the Exchange may require approval by the disinterested Shareholders of the CPC.

14. CPC Combinations

14.1 CPC Combinations

In order to facilitate certain CPCs in their identification and Completion of a Qualifying Transaction, the Exchange will permit:

- (a) the combination of certain CPCs (a “**Combination**”); and
- (b) a transaction between a CPC and an existing public company listed on the Exchange or on the TSX (a “**Public Company Transaction**”).

14.2 Eligibility

The provisions granting CPCs the ability to undertake a Combination or Public Company Transaction are measures intended to assist CPCs that are having difficulty finding and completing a Qualifying Transaction. CPCs must have conducted a pre-filing conference with the Exchange in order to be eligible to undertake a Combination or Public Company Transaction.

14.3 Combination of a Number of CPCs and Completion of an Acceptable Qualifying Transaction

A CPC may undertake a Combination with one or more other CPCs in order to complete a Qualifying Transaction subject to the following conditions:

- (a) the share exchange ratio among the CPCs must be based on the working capital of the CPCs on a pre-transaction basis;
- (b) the funds available to the combined CPC after closing of the Combination transaction cannot exceed \$10,000,000;
- (c) the CPC must comply with all the applicable provisions of this Policy including:

- (i) in the case of a sponsored transaction, the Sponsor must comment in the Sponsor report on the reasonableness of any share exchange ratios and escrow restrictions; and
- (ii) release of Escrow Securities of the CPC will commence upon issuance of the Final QT Exchange Bulletin. Transfers within escrow from the CPC's Principals to new Principals may be acceptable to the Exchange. The provisions relating to the cancellation of escrowed shares pursuant to section 10.3 continue to apply in the event of a Combination of CPCs;
- (d) the CPC must include a provision in any information circular, takeover bid circular or other disclosure document required to effect the Combination which indicates that in the event that the Listed Shares of the combined CPC are delisted by the Exchange, then within 90 days of the date of such delisting the combined CPC will, in accordance with applicable law, wind-up and liquidate its assets, and distribute its remaining assets on a pro-rata basis to its shareholders unless, within that 90 day period, Shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the combined CPC, approve another use of the remaining assets; and
- (e) prior to the approval by the Exchange, the combined CPC subject to the Combination must provide a written undertaking from that CPC and each of the proposed directors and senior officers of the combined CPC addressed to the Exchange and the Commissions, confirming that:
 - (i) they will comply in all respects with the restrictions contained in Part 7 in connection with the expenditure of funds raised prior to Completion of the Qualifying Transaction;
 - (ii) in the event that the Exchange delists the Listed Shares of the combined CPC, then within 90 days from the date of such delisting, they will, in accordance with applicable law, wind-up and liquidate the combined CPC's assets, and distribute its remaining assets, on a pro-rata basis, to its Shareholders unless, within that 90 day period, the Shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the combined CPC, approve another use of the remaining assets; and
 - (iii) they will provide written confirmation to the Commissions no later than 90 days from the date of delisting that they have complied with the undertakings at (i) and (ii) above.

14.4 Combination of a CPC with an Existing Public Company

A CPC may be permitted to combine with an existing public company as a Public Company Transaction subject to the following conditions:

- (a) the existing public company is listed on the Exchange or the TSX;
- (b) the release of Escrow Securities of the CPC will commence upon issuance of the

final Exchange Bulletin in relation to the Public Company Transaction;

- (c) a transfer within escrow from Principals of the CPC to existing public company directors or senior officers, as part of the Public Company Transaction, may be acceptable to the Exchange;
- (d) the share exchange ratio between the CPC and the existing public company must be based on the working capital of the CPC on a pre-transaction basis;
- (e) sponsorship for the transaction will not be required, unless the transaction is part of a further transaction where sponsorship requirements would otherwise apply (i.e. COB, RTO and Change of Control); and
- (f) Shareholder approval requirements applicable to a Non-Arm's Length Qualifying Transaction, as set forth at section 11.6, will apply to the transaction, unless the public company, in compliance with applicable take-over bid requirements, acquires at least 90% of the outstanding Common Shares of the CPC.

14.5 Approval of Securities Regulators

- (a) Issuers are reminded that if, in the context of a combination transaction, there is a proposed transfer of a control block, exemptive relief from applicable securities regulatory authorities may be necessary. In the event that one of the Issuers has been cease traded, an application to the applicable securities regulatory authority for reactivation may also be necessary.

15. Transition

15.1 CPC Applicant

Each Issuer that filed a CPC Prospectus in relation to its IPO and its Application for Listing as a CPC on the Exchange before January 1, 2021 but has not yet completed its Initial Public Offering as at December 31, 2020 may, at its option, elect to either:

- (a) comply with this Policy provided that the final CPC Prospectus (or amended final CPC Prospectus if its final CPC Prospectus has already been receipted) reflects this Policy, including the new forms of CPC Prospectus and CPC Escrow Agreement that come into effect on January 1, 2021 as they may be amended from time to time; or
- (b) file its final CPC Prospectus and complete its IPO in accordance with the Former Policy, in which case the CPC will be governed by the Former Policy, although the CPC may later elect to comply with the transition provisions in section 15.2.

15.2 Existing CPC

Each CPC that is listed on the Exchange, including any CPC that is listed on NEX, as at January 1, 2021, and each CPC that elects to proceed under section 15.1(b), will be entitled to comply with this Policy on the following basis:

- (a) without obtaining Shareholder approval, the CPC may implement any change from the Former Policy other than those set out in section 15.2(b), including but not limited to changes that comply with:
 - (i) section 3.2(k), section 9.2 and section 14.3(b) of this Policy, which provide that the maximum aggregate gross proceeds to the treasury of the CPC from the issuance of IPO Shares and all Seed Shares and any Common Shares issued pursuant to a Private Placement must not exceed \$10,000,000, rather than \$5,000,000;
 - (ii) section 7.1 and section 7.2 of this Policy, which set out the permitted use of proceeds and prohibited payments, and no longer provide that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and \$210,000 may be used for purposes other than identifying and evaluating assets or businesses and obtaining Shareholder approval for a proposed Qualifying Transaction;
 - (iii) section 9.7(b) of this Policy, which permits the CPC to issue new Agent's Options in connection with a Private Placement; and/or
 - (iv) section 3.2(d) of this Policy, which provides certain exceptions regarding the management of the CPC;

provided that it first issues a news release disclosing its intention to do so, including summaries of the substantive changes, at the time the board of directors decides to do so and in any case, prior to the effective date of such change; and

- (b) after it obtains disinterested Shareholder approval, by way of a specific separate resolution in respect of each proposed change described in sections 15.2(b)(i) through (vi) at a meeting of Shareholders or by the written consent of Shareholders holding more than 50% of the issued Listed Shares of the CPC, the CPC may implement any of the following changes from the Former Policy:
 - (i) removing, for any CPC listed on Tier 2 of the Exchange (including any CPC undertaking a Combination with another CPC), the potential consequences of obtaining majority Shareholder approval to list on NEX and cancelling certain Seed Shares held by Non-Arm's Length Parties to the CPC in the event that the CPC fails to complete a Qualifying Transaction within 24 months after the date of listing of the Common Shares of that CPC on the Exchange, provided that the votes attached to the Listed Shares of the CPC held by Non-Arm's Length Parties to the CPC who own Seed Shares and their Associates and Affiliates are excluded from the calculation of any such approval or written consent;
 - (ii) removing, for any CPC listed on Tier 2 of the Exchange that undertook a Combination under section 15.3 of the Former Policy, the requirement to effect the Completion of the Qualifying Transaction within a period of 12 months from the date of closing of the Combination, provided that the votes

attached to the Listed Shares of each CPC held by Non-Arm's Length Parties to such CPC who own Seed Shares and their Associates and Affiliates are excluded from the calculation of any such approval or written consent;

- (iii) increasing the length of the term of any outstanding Agent's Option, which is only permitted if:
 - (A) such increased term does not exceed five years from the date that Agent's Option was originally granted; and
 - (B) the exercise price of the Agent's Option is higher than the Market Price of the CPC's Common Shares at the time of the announcement of the proposed change;

provided that the votes attached to the Listed Shares of the CPC held by the holder of such Agent's Option and its Associates and Affiliates are excluded from the calculation of any such approval or written consent;

- (iv) amending any CPC Escrow Agreement to which it is a party to:
 - (A) reduce the length of the term of any escrow provision to a term that is not less than such as is permitted by section 10.2; and/or
 - (B) immediately release from escrow any Common Shares that were issued at or above the issue price of the CPC's IPO Shares and that are held by a member of the Pro Group who is not a Principal of the CPC;

provided that it complies with all other terms and conditions of the CPC Escrow Agreement applicable to its amendment and that the votes attached to the Listed Shares of the CPC held by Shareholders who are parties to the CPC Escrow Agreement and their Associates and Affiliates are excluded from the calculation of any such approval or written consent;

- (v) permitting the payment of any finder's fee or commission to a Non-Arm's Length Party to the CPC upon Completion of the Qualifying Transaction, provided that the votes attached to the Listed Shares of the CPC held by all Non-Arm's Length Parties to the CPC and their Associates and Affiliates are excluded from the calculation of any such approval or written consent; and/or
- (vi) adopting a stock option plan under which the total number of Common Shares reserved for issuance is 10% of the Common Shares of the CPC outstanding as at the date of grant of any stock option, rather than 10% of the Common Shares of the CPC outstanding as at the closing of the CPC's IPO, provided that the votes attached to the Listed Shares of the CPC held by Insiders to whom options may be granted under the stock option plan and their Associates and Affiliates are excluded from the calculation of any such approval or written consent;

provided that it first issues a news release disclosing its intention to do so, including summaries of the substantive changes, at the time the board of directors decides to do so and in any case, not less than seven business days prior to the effective date of such amendment, and obtains the acceptance of the Exchange.

Any Seed Shares of the CPC that were cancelled in connection with the transfer of the CPC to NEX are not permitted to be re-issued.

15.3 Resulting Issuer

Each Resulting Issuer that is listed on the Exchange or the Toronto Stock Exchange as at January 1, 2021, may amend any CPC Escrow Agreement to which it is a party to:

- (a) reduce the length of the term of any escrow provision to a term that is not less than such as is permitted by section 10.2, which may result in the immediate release of some or all of the Escrow Securities; and/or
- (b) immediately release from escrow any Common Shares held by a member of the Pro Group, who was not a Principal of the CPC, that were issued at or above the issue price of the CPC's IPO Shares;

provided that it first:

- (c) issues a news release disclosing its intention to so amend its CPC Escrow Agreement at the time the board of directors decide to implement that amendment and in any case, not less than seven business days prior to the effective date of such amendment;
- (d) obtains the acceptance of the Exchange;
- (e) obtains disinterested Shareholder approval of the proposed amendment at a meeting of Shareholders or by the written consent of Shareholders holding more than 50% of the issued Listed Shares of the Resulting Issuer, provided that the votes attached to the Listed Shares of the Resulting Issuer held by Shareholders who own Escrow Shares and their Associates and Affiliates are excluded from the calculation of any such approval or written consent; and
- (f) complies with all other terms and conditions of the CPC Escrow Agreement applicable to its amendment.

SCHEDULE “A”

FORMER POLICY



POLICY 2.4

CAPITAL POOL COMPANIES

Scope of Policy

This Policy applies to any issuer that proposes to list on the Exchange as a capital pool company (a “CPC”). The Exchange’s program was designed as a corporate finance vehicle to provide businesses with an opportunity to obtain financing earlier in their development than might be possible with an IPO. The CPC program permits an IPO to be conducted and an Exchange listing to be achieved by a newly created company that has no assets, other than cash, and has not commenced commercial operations. The CPC then uses this pool of funds to identify and evaluate assets or businesses which, when acquired, qualify the CPC for listing as a regular Tier 1 or Tier 2 Issuer on the Exchange.

This Policy outlines the procedures for listing a CPC on the Exchange and the procedures to be followed and standards to be applied when a CPC undertakes a Qualifying Transaction.

The main headings in this Policy are:

1. Definitions
2. Overview of Process
3. Initial Listing Requirements for CPCs
4. Disclosure Required in a CPC Prospectus
5. Agents
6. Agent’s Option
7. Other Options Issued by the CPC
8. Prohibited Payments and Use of Proceeds
9. Restrictions on Trading
10. Private Placements for Cash
11. Escrow
12. Qualifying Transaction
13. Information Circular and Filing Statement
14. Other Requirements
15. CPC Combinations

1. DEFINITIONS

1.1 In this Policy:

“Agent” means any Person registered under applicable Securities Laws to act as an agent to offer and sell the IPO Shares on behalf of the CPC which has entered into a best efforts agency agreement with the CPC.

“Agreement in Principle” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements to complete the transaction; and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm's Length Parties to the CPC or the Non-Arm's Length Parties to the Qualifying Transaction.

“Agent’s Option” means the option to purchase common shares of the CPC which may be granted to the Agent in accordance with section 6 of this Policy.

“AMF” means the Autorité des marchés financiers.

“Commission(s)” refers to the Securities Commission(s) with which the CPC Prospectus is filed.

“common shares” means single voting common shares of an Issuer.

“Completion of the Qualifying Transaction” means the date the Final Exchange Bulletin is issued by the Exchange.

“CPC” means a corporation:

- (a) that has filed and obtained a receipt for a preliminary CPC Prospectus from one or more of the Commissions in compliance with this Policy; and
- (b) in regard to which the Final Exchange Bulletin has not yet been issued.

“CPC Filing Statement” means the Filing Statement of the CPC prepared in accordance with the Exchange Form of Filing Statement (Form 3B2) which provides full, true and plain disclosure of all material facts relating to the CPC and the Target Company.

“CPC Information Circular” means the Information Circular of the CPC prepared in accordance with applicable Securities Laws and the Exchange Form of Information Circular (Form 3B1) which provides full, true and plain disclosure of all material facts relating to the CPC and the Target Company.

“Escrow Shares” means

- (a) all Seed Shares issued at a price lower than the price of the IPO Shares;
- (b) all Seed Shares, IPO Shares and any securities acquired from treasury after the IPO but before issuance of the Final Exchange Bulletin (other than shares acquired which are subject to section 11.6 and those shares acquired upon exercise of stock options which must be escrowed as provided in section 7.5) which are, directly or indirectly, beneficially owned or controlled by Non-Arm's Length Parties of the CPC (as determined post IPO);
- (c) all securities acquired by a Control Person in the secondary market prior to Completion of the Qualifying Transaction; and
- (d) all Seed Shares purchased by a member of the Aggregate Pro Group.

“Final Exchange Bulletin” means the Exchange Bulletin issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange Acceptance of the Qualifying Transaction.

“General Prospectus Rules” means National Instrument 41-101 – *General Prospectus Requirements*.

“IPO Shares” means the common shares offered to the public pursuant to the IPO.

“Majority of the Minority Approval” means the approval of the Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non-Arm's Length Parties to the CPC;
- (b) Non-Arm's Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if a CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction

at a properly constituted meeting of the common shareholders of the CPC.

“Non-Arm's Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm's Length Parties of the Vendor(s), the Non-Arm's Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

“Resulting Issuer” means the Issuer that was formerly a CPC, which exists upon issuance of the Final Exchange Bulletin.

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the Initial Listing Requirements. See Policy 2.1 – *Initial Listing Requirements*.

“Target Company” means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

“Vendors” means one or all of the beneficial owners of the Significant Assets [other than a Target Company(ies)].

2. Overview of Process

2.1 General Matters

The CPC program is a two-stage process. The first stage involves the filing and clearing of a CPC Prospectus, the completion of the IPO and the listing of the CPC’s common shares on the Exchange. The second stage involves an Agreement in Principle in respect of a proposed Qualifying Transaction, the preparation and filing with the Exchange of a comprehensive CPC Information Circular or CPC Filing Statement. Where the proposed Qualifying Transaction is a Non-Arm’s Length Qualifying Transaction, the CPC must file a CPC Information Circular and send that document to its shareholders prior to holding a shareholders’ meeting to obtain Majority of the Minority Approval in connection with the proposed Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction the CPC will not be required to obtain shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement. Where the proposed is not a Non-Arm’s Length Qualifying Transaction but shareholder approval is otherwise required by law (including where there will be a change of auditor, election of new directors, or in an amalgamation situation) the CPC may restrict the shareholder approval to those transactions for which shareholder approval is required by law.

2.2 Stage One – CPC Prospectus and Exchange Listing

- (a) The CPC program is not available in all jurisdictions. Accordingly, Issuers must consult the appropriate Securities Laws to determine the availability of the CPC program in each jurisdiction in which the CPC Prospectus is proposed to be filed. Each of the Commissions retains discretion to determine whether or not to issue a receipt for the CPC Prospectus.
- (b) A CPC must retain an Agent who will sign the CPC Prospectus as underwriter.

- (c) The preliminary CPC Prospectus and all supporting documents required by Securities Laws are concurrently filed via SEDAR with the Exchange and with the Commissions in those jurisdictions where the distribution is to be made. Concurrently with the filing of the preliminary CPC Prospectus, the CPC must also make an application to the Exchange for conditional acceptance of the listing of the CPC. See Policy 2.3 – *Listing Procedures*.
- (d) Where the IPO will be conducted in one province only, the CPC Prospectus must be filed with the regional office of the Exchange in the jurisdiction where the IPO is to be conducted. If the IPO is to be conducted in a region with no corresponding Exchange regional office, the filer may choose the office it wishes to vet the CPC Prospectus. If the IPO is conducted in more than one jurisdiction, the CPC Prospectus should be filed with the regional office of the Exchange corresponding to the principal regulator pursuant to National Policy 11-202 – *Mutual Reliance Review System for Prospectuses and AIFs*.
- (e) The Exchange will issue comments in regard to the preliminary CPC Prospectus and the Application for Listing. All comments from the Exchange and all responses made by the CPC to the Exchange, relating to the preliminary CPC Prospectus and CPC Prospectus must be communicated via SEDAR. When the CPC has satisfactorily resolved the significant comments of the Exchange, the Application for Listing will then be presented to the Exchange’s Executive Listing Committee for consideration. If the Application for Listing is conditionally accepted, and the Commission(s) indicates via SEDAR that they are clear to receive final materials, the CPC will file its final CPC Prospectus and all supporting documents via SEDAR with the Exchange and the Commission(s).
- (f) After each applicable Commission has issued a final receipt for the CPC Prospectus, the CPC proceeds to close the IPO. After the closing, final listing documentation, as required under Policy 2.3 - *Listing Procedures*, is filed with the Exchange. If all final listing documentation is satisfactory, the Exchange issues an Exchange Bulletin evidencing its final acceptance of the documents and indicating that the CPC’s shares will commence trading on the Exchange in two trading days. On the date specified in the Exchange Bulletin, the shares will commence trading on Tier 2 of the Exchange with the designation “.P” beside the stock symbol to indicate that the Issuer is a CPC.

2.3 Stage Two – Completion of a Qualifying Transaction

- (a) The second stage of the CPC program is triggered when there is an Agreement in Principle to acquire the Significant Assets that form the basis of the CPC’s Qualifying Transaction. As soon as the CPC reaches an Agreement in Principle, it must issue a comprehensive news release as described in section 12.2 of this Policy. A Material Change report must be filed pursuant to applicable Securities Laws. When the CPC anticipates that it will be issuing a news release, it must immediately send a copy of the draft news release to the Corporate Finance Department of the Exchange for review.

- (b) Trading in the Listed Shares of the CPC will be halted pursuant to section 14.6(b) pending announcement of the Agreement in Principle made in accordance with section 12.2. Trading will remain halted until each of the following has occurred:
- (i) where the transaction is subject to sponsorship, the Exchange has received a Sponsorship Acknowledgement Form (Form 2G), and the accompanying documents as may be required by Policy 2.2 - *Sponsorship and Sponsorship Requirements*;
 - (ii) the Exchange has received a Personal Information Form (Form 2A) or, if applicable, a Declaration (Form 2C1) for each Person who will be a director, senior officer, Promoter (including a Promoter as described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*) and other Insiders of the Resulting Issuer together with resumes for each director and senior officer of the Resulting Issuer;
 - (iii) the Exchange has completed any preliminary background searches it considers necessary or advisable; and
 - (iv) a comprehensive news release prepared in accordance with section 12.2, which is acceptable to the Exchange, has been issued.

The Exchange recommends that a pre-filing conference, as contemplated by Policy 2.7 – *Pre-Filing Conferences*, be held by a CPC particularly where the Agreement In Principle or proposed Qualifying Transaction may involve unique or unusual circumstances.

For the circumstances where a Sponsor Report is required, see Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

- (c) Notwithstanding the satisfaction of the conditions in section 2.3(b), the Exchange may continue or reinstate a halt in trading of the Listed Shares of a CPC for public policy reasons, which may include:
- (i) the nature of the proposed business of the Resulting Issuer is unacceptable to the Exchange; or
 - (ii) the number of conditions precedent that are required to be satisfied by the CPC in order to complete the Qualifying Transaction, or the nature or number of any deficiency or deficiencies required by the Exchange to be resolved is or are so significant or numerous, as to make it appear to the Exchange that the halt should be reinstated or continued.

- (d) The CPC has 75 days from the announcement of the Agreement in Principle to make the initial submission required by section 12.3 of this Policy. The primary documents in the initial submission are the draft CPC Information Circular or draft CPC Filing Statement, and if there is a Sponsor, confirmation that the Sponsor has reviewed the draft CPC Information Circular or draft CPC Filing Statement, as applicable, in accordance with section 12.3(b) of this Policy. See also Policy 2.2 – *Sponsorship and Sponsorship Requirements*. The CPC must prepare and file a CPC Information Circular, proxy material and related information where shareholder approval is required for the Qualifying Transaction. Where shareholder approval is not required, the CPC Filing Statement serves as the disclosure document. The Exchange reviews the draft CPC Information Circular or draft CPC Filing Statement, as applicable, and the supporting documents including, if applicable, the preliminary Sponsor Report, and advises of any comments. Provided that the comments in the initial Exchange comment letter are not of a substantial nature, where shareholder approval is required, the Exchange will permit the CPC to set the date for the shareholder meeting for approval of the proposed Qualifying Transaction.
- (e) If the Exchange determines that the draft CPC Information Circular or draft CPC Filing Statement, as applicable, or any supporting document, contains significant deficiencies, the Exchange may request that the CPC re-file all materials at a later date. In these circumstances, the Exchange may not commence its initial detailed review of the draft CPC Information Circular or draft CPC Filing Statement or any other supporting document including, if applicable, the preliminary Sponsor Report, until such deficiencies are substantially resolved to the satisfaction of the Exchange.
- (f) The initial submission is presented to the Exchange’s Executive Listings Committee for consideration. If the application is conditionally accepted, the CPC will be invited to file the applicable documentation described in section 12.4 of this Policy with the Exchange and mail the CPC Information Circular to the shareholders. Concurrently with mailing of the CPC Information Circular to the shareholders, the CPC must file the CPC Information Circular with the Exchange and the Commission(s) via SEDAR. If no shareholder approval is required, the CPC must file the CPC Filing Statement on SEDAR once it has obtained conditional approval from the Exchange. The CPC Filing Statement must be filed on SEDAR at least seven business days prior to the closing of the Qualifying Transaction and a news release must be issued, in accordance with section 12.4(i). Upon issuance of the news release, trading in the Listed Shares of the CPC will be briefly halted so as to permit dissemination of the news release, in accordance with section 7.3 of Policy 3.3 – *Timely Disclosure*.
- (g) Where required by this Policy or corporate or Securities Laws, the CPC must then hold the shareholders’ meeting at which the shareholders are asked to grant shareholder approval of the proposed Qualifying Transaction, and to approve any other related matters. If the proposed Qualifying Transaction is a Non-Arm’s Length Qualifying Transaction or is subject to Policy 5.9, Majority of the Minority

Approval will be required. Majority of the Minority Approval constitutes minority approval as contemplated under Policy 5.9. If the shareholders approve the Qualifying Transaction, the CPC may then proceed to close the Qualifying Transaction and acquire the Significant Assets. Where the Qualifying Transaction is not subject to shareholder approval, the CPC may close the Qualifying Transaction after filing the CPC Filing Statement on SEDAR in accordance with section 2(f). After closing of the Qualifying Transaction, the CPC is required to file with the Exchange all applicable final/post-meeting documentation as described in section 12.5 of this Policy.

- (h) Provided that the final/post-meeting documentation is satisfactory, the Exchange issues the Final Exchange Bulletin that evidences final Exchange Acceptance and confirms Completion of the Qualifying Transaction. The Final Exchange Bulletin also indicates that the Resulting Issuer will not be considered a CPC, will not trade with the designation “.P” and will commence trading in two trading days under a new name and a new stock symbol, if applicable.

2.4 Availability of the CPC Program

The CPC program may not be used where the proposed CPC has an Agreement in Principle. Where a proposed CPC or its Agent(s) is uncertain about the availability of the CPC program, the Exchange encourages them to schedule a pre-filing conference to discuss the issue. See Policy 2.7 – *Pre-Filing Conferences*.

2.5 Guidelines for Interpretation – Agreement in Principle Exists

- (a) **No Material Conditions** – If the board of directors of a CPC has a “meeting of minds” with the other parties to a proposed Qualifying Transaction on all fundamental terms, and no material conditions to closing exist which are beyond the reasonable control of the Non-Arm’s Length Parties to the CPC or Non-Arm’s Length Parties to the Qualifying Transaction (other than receipt of shareholder approval and Exchange Acceptance), then an Agreement in Principle exists. In such cases, the parties should seek an alternative method of going public.
- (b) **Non-Arm’s Length Qualifying Transaction** - Regulatory concern arises where the CPC undertakes a Non-Arm’s Length Qualifying Transaction. Although a formal agreement may not have been entered into, if the Non-Arm’s Length Parties are nevertheless virtually certain of reaching an agreement, an Agreement in Principle exists and the parties should seek an alternative method of going public.

2.6 Guidelines for Interpretation – Agreement in Principle Does Not Exist

- (a) **Public Announcement of the Intended Acquisition** – A public announcement of an intended acquisition is not, in and of itself, evidence that an Agreement in Principle exists if material conditions beyond the control of the Non-Arm’s Length Parties to the CPC or the Non-Arm’s Length Parties of the Qualifying Transaction have to be completed in order to effect the acquisition.

- (b) **Private Placement Financing** – If the CPC is undertaking a best efforts financing, and such financing is a material condition of closing that is unfulfilled, the Exchange will generally consider that an Agreement in Principle has not been reached.
- (c) **Consideration** – If the parties to a proposed acquisition have not agreed on the total consideration to be paid for the Significant Assets or have not conclusively identified the means by which the consideration for the Significant Assets will be determined, the Exchange will generally consider that an Agreement in Principle has not been reached. If a valuation opinion has not been prepared or is not complete, the reasons why the valuation opinion has not been prepared or is not complete should be evaluated. Where there are significant uncertainties underlying source data or assumptions or valuation techniques to be applied, the Exchange will generally consider that an Agreement in Principle has not been reached.
- (d) **Financial Statements** – If financial statements relating to the Significant Assets to be acquired have not yet been prepared, primary due diligence procedures fundamental to the decision to proceed have not been completed. Accordingly, the Exchange will generally consider that an Agreement in Principle has not been reached.
- (e) **Due Diligence** – Where significant due diligence matters remain unresolved, the Exchange will generally consider that an Agreement in Principle has not been reached.

2.7 Disclosure in CPC Prospectus

Notwithstanding the guidelines set forth at section 2.5 and 2.6, the Persons signing the certificate contained in the CPC Prospectus are reminded that they are ultimately responsible for ensuring that the CPC Prospectus provides full, true and plain disclosure of all material facts as required by Securities Laws and as contemplated by section 4.1, including, where applicable, material facts relating to any potential Qualifying Transaction.

2.8 Relief from the “Significant Probable Acquisition” and the “Multiple Acquisition” Disclosure Requirements under General Prospectus Rules

Issuers that may have a significant probable acquisition or multiple acquisitions, as defined under applicable General Prospectus Rules, are referred to section 14.10 of this Policy.

3. Initial Listing Requirements for CPCs

3.1 Restrictions on Business of a CPC

The only business permitted to be undertaken by a CPC is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Until the Completion of the Qualifying Transaction, a CPC must not carry on any business other than the identification and evaluation of assets or businesses with a view to a potential Qualifying Transaction.

3.2 Listing Requirements

The following initial listing requirements must be satisfied to be listed as a CPC with the Exchange and to maintain that listing:

- (a) Except to the extent specifically modified by this Policy, the CPC must comply with Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*. Each proposed director and officer must meet the minimum suitability requirements under Policy 3.1 and the board of directors of the CPC as a whole must have the public company experience required by that Policy. In addition, each proposed director and senior officer of the CPC must be either:
 - (i) a resident of Canada or the United States, or
 - (ii) an individual who has demonstrated a positive association as a director or officer with one or more public companies that are subject to a regulatory regime comparable to that of a Canadian exchange. The CPC must provide the Exchange with evidence that such regulatory regime is comparable (in terms of registration, regulatory oversight and filing requirements).
- (b) Given the nature of the CPC program, the Exchange expects management of a CPC to meet a high standard. As a result, in addition to the requirements set out in Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*, the Exchange requires that the directors and senior officers of the CPC must collectively possess the appropriate experience, qualifications and history which demonstrates that the management of the CPC will be capable of identifying, investigating and acquiring Significant Assets. In determining the acceptability of each director and senior officer, and the board as a whole, the Exchange will review the qualifications, experience, and regulatory history of each proposed member of the board to determine their suitability as a CPC board member on both an individual basis, and in relation to the other members of the board.
- (c) In determining the acceptability of the board in general, the Exchange will consider whether the members of the board collectively possess:
 - (i) a positive track record with junior companies, as evidenced by growth of such companies;
 - (ii) the ability to raise financing;
 - (iii) a positive corporate governance and regulatory history;
 - (iv) technical experience in the appropriate industry sector, where applicable;
 - (v) the ability to locate and develop appropriate acquisition opportunities for companies; and

- (vi) positive experience as directors or senior officers with public companies in Canada or the United States, as evidenced by the growth of such companies and /or the listing of such companies on Tier 1 of the Exchange or on a senior exchange or quotation system such as the TSX, NASDAQ or NYSE.
- (d) The minimum price per share at which the Seed Shares may be issued is the greater of \$0.05 and 50% of the price at which the IPO Shares are sold.
- (e) The minimum total amount of Seed Capital raised by the CPC through the issuance of the Seed Shares must be equal to or greater than the greater of (i) \$100,000 and (ii) 5% of the aggregate of all proceeds received by the CPC on the date of its final Prospectus resulting from the issuance of treasury securities, including, without limitation, proceeds from the issuance of Seed Shares, proceeds from any Private Placement securities and proceeds from IPO Shares. The maximum amount of Seed Share Capital raised by Seed Shares issued at less than the IPO price can be no greater than \$500,000. The minimum Seed Capital contribution must be contributed by directors and officers of the CPC or trusts or holding companies controlled by these directors or officers. Control can be demonstrated by ownership of 50% or more of the outstanding voting securities or in the case of a trust, beneficial interest in the trust. Seed Capital contributions made by trusts or holding companies will be pro rated on the basis of the percentage of ownership or beneficial interest held by the applicable directors or officers or immediate family members or such directors and officers. Each director and officer of the CPC or their respective trust (or holding company) must subscribe for Seed Shares for an aggregate consideration of at least \$5000. Seed Share subscriptions by others will only be permitted after the aggregate minimum of the greater of the amount required under (i) and (ii) above has been contributed by each of the directors and officers.
- (f) The minimum price at which the IPO Shares may be issued is \$0.10. Only a single class of common shares may be issued as Seed Shares and IPO Shares.
- (g) Companies cannot hold Seed Shares unless the name of each individual who directly or indirectly beneficially owns controls or directs these securities is disclosed to the Exchange. If the beneficial owner of Seed Shares is not an individual, the name of the individual or individuals beneficially owning, controlling or directing the Company or Companies that hold the Seed Shares of the CPC must be disclosed.
- (h) At the time of listing and until Completion of the Qualifying Transaction, neither the CPC nor any other party on behalf of the CPC will have engaged or will engage the services of any Person to provide Investor Relations Activities, promotional or market-making services.
- (i) The gross proceeds to the treasury of the CPC from its IPO must be equal to or greater than \$200,000 and must not exceed \$4,750,000.

- (j) The maximum aggregate gross proceeds to the treasury of the CPC from the issuance of IPO Shares and all Seed Shares and shares issued pursuant to a Private Placement must not exceed \$5,000,000.
- (k) The CPC must have at least 1,000,000 of its issued and outstanding common shares in the Public Float upon completion of the IPO.
- (l) Upon completion of the IPO, the CPC must have a minimum of 200 shareholders with each shareholder beneficially owning at least 1,000 common shares free of Resale Restrictions exclusive of any common shares held by Non-Arm's Length Parties to the CPC.
- (m) The maximum number of common shares which may be directly or indirectly purchased by any one purchaser pursuant to the IPO will be 2% of the IPO Shares.
- (n) Notwithstanding section 3.2(m) above, the maximum number of common shares that may be directly or indirectly purchased pursuant to the IPO by any purchaser, together with that purchaser's Associates and Affiliates, is 4% of the IPO Shares.
- (o) Other than IPO Shares, the only additional securities that may be issued and outstanding are Seed Shares, stock options as permitted by section 7 of this Policy, the Agent's Option, any securities issued pursuant to a Private Placement in accordance with section 10, and any securities issued pursuant to the Qualifying Transaction.
- (p) The ownership of Seed Shares, IPO Shares and shares issued pursuant to a Private Placement by the Sponsor and its Associates or Affiliates and by any member of the Pro Group, must be in compliance with section 14.8 of this Policy.

3.3 Listing Documents

A Company seeking a listing as a CPC must file:

- (a) with the Exchange and the Commissions:
 - (i) all documentation required to be filed in connection with a Prospectus under applicable Securities Law, and, in the case of the filing with the Exchange, must also include in the covering letter identification of any required waivers or exemptive relief applications from Exchange Requirements; and
 - (ii) a written undertaking from the CPC and each of its directors and officers addressed to the Exchange and the Commissions confirming that:
 - (A) they will comply in all respects with the restrictions contained in Part 8 of this Policy in connection with the expenditure of funds raised prior to Completion of the Qualifying Transaction;

- (B) in the event that the Exchange delists the Listed Shares of the CPC, then within 90 days from the date of such delisting, they will, in accordance with applicable law, wind-up and liquidate the CPC's assets and distribute its remaining assets, on a pro rata basis, to its shareholders unless, within that 90 day period, the shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the CPC, approve another use of the remaining assets;
 - (C) they will provide written confirmation to the Commissions no later than 90 days from the date of delisting, that they have complied with the undertakings at (A) and (B) above; and
- (b) with the Exchange, all applicable documentation required to be filed for a Listing Application under Policy 2.3 - *Listing Procedures*.

4. Disclosure Required in a CPC Prospectus

- 4.1** A CPC Prospectus must provide full, true and plain disclosure of all material facts relating to the securities offered under the CPC Prospectus. It must be prepared in accordance with applicable Securities Law, and pursuant to the CPC Prospectus Form (Form 3A). The Exchange requires all Issuers filing a CPC Prospectus to comply with applicable General Prospectus Rules and the form under the applicable General Prospectus Rules. Issuers are reminded that the CPC Prospectus Form is not a Commission form, and is intended to provide guidance to a CPC in respect of compliance with the form under the applicable General Prospectus Rules.

5. Agents

5.1 General

In each jurisdiction where the IPO is conducted, the CPC must have an Agent who is registered under the Securities Laws in a category which permits the Agent to act as the selling agent of the IPO Shares. At least one Agent must be a Member of the Exchange. An Agent must sign the certificate page of the CPC Prospectus as underwriter.

5.2 Agent's Compensation

- (a) The maximum sales commission payable to an Agent as compensation for acting as the Agent in connection with the IPO is 10% of the gross proceeds raised pursuant to the IPO.
- (b) Other than as provided for in this Policy, no securities of the CPC can be issued or granted to the Agent or its Associates or Affiliates.
- (c) Any corporate finance fee or other compensation paid or to be paid to the Agent in its capacity as agent or otherwise in connection with the CPC Prospectus must be disclosed in the CPC Prospectus and any such fee or compensation payable in

connection with a Qualifying Transaction must be disclosed in the CPC Information Circular or CPC Filing Statement, as applicable, and if known at the date of the CPC Prospectus, in the CPC Prospectus. Any such fees or compensation must be reasonable in the circumstances.

6. Agent's Option

- 6.1** No option or other right to subscribe for securities of a CPC may be granted to the Agent unless:
- (a) the option or right is a single, non-transferable option or right;
 - (b) the number of shares issuable upon exercise of the option or right does not exceed 10% of the total number of IPO Shares;
 - (c) the exercise price per share under the option or right is not less than the IPO Share price; and
 - (d) the option or right is exercisable only until the close of business on the date that is 24 months from the date of listing of the shares of the CPC on the Exchange.

- 6.2 The option or right may be exercised in whole or in part by the Agent before the Completion of the Qualifying Transaction by the CPC, provided that no more than 50 percent of the aggregate number of common shares which can be acquired by the Agent on exercise of the entire option or right may be sold by the Agent before the Completion of the Qualifying Transaction.

7. Other Options Issued by the CPC

- 7.1 Incentive stock options granted by a CPC may only entitle the holder to acquire common shares of the CPC. Incentive stock options may only be granted to a director or officer of the CPC, and where permitted by Securities Laws, a technical consultant whose particular industry expertise in relation to the business of the Vendors or the Target Company, as the case may be, is required to evaluate the proposed Qualifying Transaction, or a Company, all of whose securities are owned by such a director, officer or technical consultant. The total number of common shares reserved under option for issuance under this section or as may be issued under section 7.7, may not exceed 10% of the common shares to be outstanding as at the closing of the IPO.
- 7.2 The number of common shares reserved under option for issuance to any individual director or officer may not exceed 5% of the common shares to be outstanding after closing of the IPO. The number of common shares reserved under option for issuance to all technical consultants may not exceed 2% of the common shares to be outstanding after closing of the IPO. Options granted by a CPC are subject to the percentage limitations set forth in Policy 4.4 - *Incentive Stock Options*.
- 7.3 CPC's are prohibited from granting options to any person providing Investor Relations Activities, promotional or market-making services.
- 7.4 The exercise price per common share under any stock option granted by a CPC cannot be less than the greater of the IPO Share price and the Discounted Market Price.
- 7.5 No stock option granted pursuant to this section may be exercised before the Completion of the Qualifying Transaction unless the optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Bulletin.
- 7.6 Options granted under this section to any Optionee that does not continue as a director, officer, technical consultant or employee of the Resulting Issuer, have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction and 90 days after the Optionee ceases to become a director, officer, technical consultant or employee of the Resulting Issuer.

- 7.7 Stock Options granted after the IPO must be filed using Form 4G - *Summary Form - Incentive Stock Options*.
- 7.8 A CPC may grant an Eligible Charitable Organization (as defined in Policy 4.7 – *Charitable Options*) options to acquire shares of the CPC. Any grant of options made to an Eligible Charitable Organization must be made in accordance with Policy 4.7.

8. Prohibited Payments and Use of Proceeds

8.1 Prohibited Payments to Non-Arm's Length Parties

Except as permitted by sections 7 and 8 of this Policy, until the Completion of the Qualifying Transaction, no payment of any kind may be made, directly or indirectly, by a CPC to a Non-Arm's Length Party to the CPC or a Non-Arm's Length Party to the Qualifying Transaction, or to any person engaged in Investor Relations Activities in respect of the CPC or the securities of the CPC or any Resulting Issuer by any means including:

- (a) remuneration, which includes, but is not limited to:
 - (i) salaries;
 - (ii) consulting fees;
 - (iii) management contract fees or directors' fees;
 - (iv) finder's fees;
 - (v) loans;
 - (vi) advances;
 - (vii) bonuses; and
- (b) deposits and similar payments.

No payment referred to in this section may be made by a CPC or by any party on behalf of the CPC, after the Completion of the Qualifying Transaction, if the payment relates to services rendered or obligations incurred before or in connection with the Qualifying Transaction.

8.2 Exceptions to the Prohibitions on Payments to Related Parties of the CPC

Subject to subsections 3.1, 8.4 and 8.5, a CPC may:

- (a) reimburse a Non-Arm's Length Party to the CPC for:

- (i) reasonable expenses for office supplies, office rent and related utilities;
- (ii) reasonable expenses for equipment leases; and
- (iii) legal services, provided that:
 - (A) if the lawyer receiving the remuneration is a sole practitioner, or a member of an association of sole practitioners, the lawyer is not a Promoter of the CPC; and
 - (B) if the legal services are provided by a firm of lawyers, no member of the law firm is a Promoter or owns greater than 10% of the shares of the CPC; and
- (b) reimburse a Non-Arm's Length Party to the CPC for reasonable out-of-pocket expenses incurred in pursuing the business of the CPC as referenced in section 3.1.

8.3 Permitted Use of Proceeds

- (a) Subject to subsections 3.1, 8.2, and 8.4 until the Completion of the Qualifying Transaction, the gross proceeds realized from the sale of all securities issued by the CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction. The proceeds may be used for expenses such as expenses incurred for the preparation of:
 - (i) valuations or appraisals;
 - (ii) business plans;
 - (iii) feasibility studies and technical assessments;
 - (iv) sponsorship reports;
 - (v) Geological Reports;
 - (vi) financial statements;
 - (vii) fees for legal and accounting services;
 - (viii) Agents fees, costs and commissions;

relating to the identification and evaluation of assets or businesses and the obtaining of shareholder approval for the proposed Qualifying Transaction.
- (b) Certain loans, advances and deposits may be made to the Target Company by the CPC provided they are made in compliance with section 8.5 of this Policy.

8.4 Restrictions on Use of Proceeds

- (a) Until the Completion of the Qualifying Transaction, no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and \$210,000 may be used for purposes other than as provided in section 8.3. For greater clarification, expenditures that are not included in section 8.3 include:
 - (i) listing and filing fees (including SEDAR fees);
 - (ii) other costs of the issue of securities, including legal and audit expenses relating to the preparation and filing of the CPC Prospectus; and
 - (iii) administrative and general expenses of the CPC, including:
 - (A) office supplies, office rent and related utilities;
 - (B) printing costs, including printing of the CPC Prospectus and share certificates;
 - (C) equipment leases; and
 - (D) fees for legal advice and audit services relating to matters other than those described in paragraph 8.3(a)
- (b) Until the Completion of the Qualifying Transaction, no proceeds from the sale of securities of a CPC may be used to acquire or lease a vehicle.
- (c) The restrictions in this Policy on expenditures and the use of proceeds continue to apply until Completion of the Qualifying Transaction.
- (d) If the CPC completes a Qualifying Transaction before spending the entire proceeds on identifying and evaluating properties or businesses, the CPC may use the remaining funds to finance or partly finance the acquisition of, or participation in the Significant Assets.

8.5 Deposits, Loans and Advances to the Vendor or Target Company

- (a) Subject to prior Exchange Acceptance, up to an aggregate of \$225,000 may be advanced as a refundable deposit or secured loan by a CPC to a Vendor or Target Company as the case may be, for a proposed arm's length Qualifying Transaction provided that:
 - (i) the Qualifying Transaction has been announced pursuant to section 12.2;
 - (ii) the due diligence with respect to the Qualifying Transaction is well underway;

- (iii) a sponsor has been engaged (as evidenced by the filing of a Sponsorship Acknowledgement Form) or sponsorship has been waived in relation to the Qualifying Transaction; and
 - (iv) the advance has been announced in a news release at least 15 days prior to the date of any such advance.
- (b) A maximum of \$25,000 in aggregate may also be advanced as a non-refundable deposit, unsecured deposit or advance to a Vendor or Target Company, as the case may be, to preserve assets without prior Exchange Acceptance.
 - (c) Subject to sections 8.5(a) and 10, as well as a public announcement made pursuant to section 12.2, funds raised by a CPC pursuant to a Private Placement conducted after such announcement but before the Completion of the Qualifying Transaction, may be used to provide a secured loan or other deposit to a Vendor or a Target Company, as the case may be, provided that the total amount of any such loan or deposit, together with a loan or advance contemplated by section 8.5(a), does not exceed \$225,000.
 - (d) If less than the entire permitted portion of a loan or deposit is advanced, a subsequent loan or deposit up to the balance of the maximum aggregate loan or deposit permitted may be made. Similarly, if a deposit or loan or a part of it is refunded, the refunded amount can be used for a subsequent advance.

8.6 Investment of CPC Funds

Until required for the CPC's purposes, the proceeds may only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

9. Restrictions on Trading

- 9.1 Other than the IPO Shares, the Agent's Option and incentive stock options and options granted to Eligible Charitable Organizations, or as otherwise permitted by section 10, no securities of a CPC may be issued or traded during the period between the date of the receipt for the preliminary CPC Prospectus and the time the common shares begin trading on the Exchange, except with the prior approval of the Exchange and, if applicable, pursuant to exemptions from the registration and prospectus requirements under applicable Securities Laws.

10. Private Placements for Cash

- 10.1 After the closing of the IPO and until the Completion of the Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities. See Policy 4.1 - *Private Placements* for filing procedures.

- 10.2** The Exchange will not accept a Private Placement by a CPC where the gross proceeds raised from the issuance of Seed Shares, IPO Shares and any proceeds anticipated to be raised upon closing of the Private Placement exceeds \$5,000,000.
- 10.3** The only securities issuable pursuant to a Private Placement are common shares of the CPC. Units and/or share purchase warrants may not be issued pursuant to a Private Placement undertaken prior to closing of the Qualifying Transaction.
- 10.4** Subject to section 11.7, shares issued pursuant to the Private Placement to Non-Arm's Length Parties to the CPC and Principals of the proposed Resulting Issuer must be escrowed pursuant to Policy 5.4 – *Escrow, Vendor Consideration, and Resale Restrictions*.

11. Escrow

- 11.1** All Escrow Shares must be held in escrow pursuant to the CPC escrow agreement prepared in accordance with Form 2F (the “**CPC Escrow Agreement**”).

11.2 Cancellation of Escrow Shares

- (a) If Non-Arm's Length Parties to the CPC purchased Seed Shares at a discount to the IPO Price, the terms of the CPC Escrow Agreement must irrevocably authorize and direct the escrow agent appointed under the CPC Escrow Agreement, to:
- (i) immediately cancel all such shares upon the issuance of an Exchange Bulletin delisting the CPC from the Exchange; or
 - (ii) where the issuer is moved to NEX, immediately cancel the number of Seed Shares held by Non-Arm's Length Parties as determined by shareholders in respect of the shareholder vote required in s.14.13 of this policy.
- (b) The CPC Escrow Agreement must provide an irrevocable authorization and direction to the escrow agent to cancel all Seed Shares on a date that is 10 years from the date the Exchange issues an Exchange Bulletin delisting the CPC.

11.3 Holding Companies

If securities of a CPC required to be held in escrow are held by a non-individual (a “holding company”), the holding company may not carry out any transactions that would result in a change of control of the holding company without the consent of the Exchange. Any holding company must sign the undertaking to the Exchange, included in Form 2F, that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange requires an undertaking from any control persons of the holding company not to transfer shares of the holding company.

11.4 Release from Escrow

Subject to section 7.5 and subsection 11.2, Escrow Shares will be released from escrow as prescribed by the CPC Escrow Agreement.

11.5 Transfers

Except as specifically provided for in the escrow agreements required by this Policy, transfers of shares escrowed pursuant to this Policy require the prior written consent of the Exchange. The Exchange will generally only permit a transfer of shares held in escrow to incoming Principals in connection with a proposed Qualifying Transaction. Issuers are reminded that any such transfer of securities must be made pursuant to exemptions from the registration and prospectus requirements under applicable Securities Laws.

11.6 Escrow of Securities Issued Pursuant to Qualifying Transaction

- (a) Subject to subsection 11.7, all securities which will be held by Principals of the proposed Resulting Issuer at the date of the Final Exchange Bulletin are required to be escrowed pursuant to Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*. All securities issued to Principals of the Resulting Issuer prior to the Completion of the Qualifying Transaction, except pursuant to stock option grants, will be subject to a Value Security Escrow Agreement, including securities which were free trading at the time of the announcement of the proposed Qualifying Transaction pursuant to section 12.2.
- (b) Any securities issued to any other Person in conjunction with or contemporaneous to the Qualifying Transaction may be subject to escrow requirements or Resale Restrictions pursuant to Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

11.7 Exemption for Certain Private Placement Securities

The Exchange will generally exempt from escrow, those securities issued to Principals of the CPC and the proposed Resulting Issuer obtained in connection with a Private Placement if:

- (a) the Private Placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the Discounted Market Price; or
- (b) the Private Placement is announced concurrently with the Agreement in Principle in respect of the proposed Qualifying Transaction and:
 - (i) at least 75% of the proceeds from the Private Placement are not from Principals of the CPC or the proposed Resulting Issuer;
 - (ii) if subscribers, other than Principals of the CPC or the proposed Resulting Issuer will obtain securities subject to hold periods, then, in addition to any Resale Restrictions under applicable Securities Laws, any securities issued to such Principals will be required to be subject to a four month hold period and the securities certificates legended accordingly, as referred to in Policy 3.2 – *Filing Requirements and Continuous Disclosure*; and

- (iii) none of the proceeds from the Private Placement are allocated to pay compensation to or settle indebtedness owing to Principals of the Resulting Issuer.

12. Qualifying Transaction

12.1 Initial Listing Requirements

- (a) Prior to the Exchange issuing the Final Exchange Bulletin, the Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed by Policy 2.1 - *Initial Listing Requirements*.
- (b) References in Policy 2.1 to Approved Expenditures of the Issuer mean, for the purposes of this Policy, prior expenditures of the Target Company or Vendors of the Significant Assets.
- (c) References in Policy 2.1 to Working Capital, Financial Resources or Net Tangible Assets mean, for the purposes of this Policy, the consolidated Working Capital, Financial Resources and Net Tangible Assets of the Resulting Issuer.
- (d) The majority of the directors and senior officers of the Resulting Issuer must be:
 - (i) residents of Canada or the United States; or
 - (ii) individuals who have demonstrated a positive association as directors or officers with public companies that are subject to a regulatory regime comparable to that applicable to companies listed on a Canadian exchange. The Issuer must provide the Exchange with evidence that such regulatory regime is comparable (in terms of registration, regulatory oversight, and filing requirements).
- (e) The Resulting Issuer cannot be a finance company, financial institution, finance issuer, or mutual fund, as defined under applicable Securities Laws, Issuers in doubt as to whether the Resulting Issuer may be a finance company, finance issuer or mutual fund should consult with the Exchange.
- (f) Except where the Resulting Issuer is an Oil & Gas Issuer or a Mining Issuer, when the Qualifying Transaction of a CPC that is a reporting issuer in Ontario involves the acquisition of a Significant Asset not located in Canada or the United States, the Qualifying Transaction must be undertaken using a prospectus as the disclosure document.
- (g) Issuers are reminded that in respect of a Qualifying Transaction, this Policy must be read in conjunction with Policy 5.9.

12.2 Announcement of Agreement in Principle Regarding a Proposed Qualifying Transaction

When an Agreement in Principle is reached, the CPC must immediately prepare and submit to the Exchange for review, a comprehensive news release which must include:

- (a) the date of the agreement;
- (b) a description of the proposed Significant Assets, including:
 - (i) a statement as to the industry sector in which the Resulting Issuer will be involved;
 - (ii) the history and nature of business previously conducted; and
 - (iii) a summary of any available significant financial information respecting the Significant Assets (with an indication as to whether such information is audited or unaudited and the currency of such information);
- (c) a description of the terms of the proposed Qualifying Transaction including the amount of proposed consideration, including an indication of how the consideration is to be satisfied and the amounts to be paid by way of cash, securities, indebtedness or other means;
- (d) identification of the location of the proposed Significant Assets, including, in the event that the Significant Assets are to be acquired by the acquisition of a Target Company, identification of the jurisdiction of incorporation or creation of the Target Company;
- (e) the full names and jurisdictions of residence of each of the Vendors of the Significant Assets and, if any of the Vendors is a Company, the full name and jurisdiction of incorporation or creation of that Company, and the name and jurisdiction of residence of each of the individuals who directly or indirectly beneficially holds a controlling interest in or who otherwise controls or directs that Company;
- (f) identification of:
 - (i) any direct or indirect beneficial interest of any of the Non-Arm's Length Parties to the CPC in the proposed Significant Assets;
 - (ii) any Non-Arm's Length Parties to the CPC that are otherwise Insiders of any Target Company;
 - (iii) any relationship between or among the Non-Arm's Length Parties to the CPC and the Non-Arm's Length Parties to the Qualifying Transaction;

- (iv) whether the proposed Qualifying Transaction constitutes a Non-Arm's Length Qualifying Transaction; and
- (v) whether the Qualifying Transaction will be subject to shareholder approval.
- (g) the names and backgrounds of all Persons who will constitute Insiders of the Resulting Issuer;
- (h) a description of any financing arrangements for or in conjunction with the Qualifying Transaction including the amount, security, terms, use of proceeds and details of the agent's compensation;
- (i) a description of any deposit made as permitted by this Policy and description of any advance or loan to be made, subject to Exchange Acceptance, including the terms of the advance, loan or any proposed Private Placement from which proceeds are to be raised to provide the funds for such advance or loan and the proposed use of the advance or loan;
- (j) an indication of any significant conditions required to be satisfied in connection with the closing of the Qualifying Transaction;
- (k) if a Sponsor has been retained in connection with the proposed Qualifying Transaction as contemplated by Policy 2.2 – *Sponsorship and Sponsorship Requirements*, identification of the Sponsor;
- (l) the following statement:

“Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.”

- (m) if a Sponsor has been retained, the following additional statement:

“[Insert name of Sponsor], subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.”

- (n) if applicable, any additional disclosure required pursuant to Policy 5.9; and
- (o) all other requirements of Policy 3.3 - *Timely Disclosure*.

The Exchange will co-ordinate with the CPC the timing of the news release in an effort to ensure proper dissemination. Subject to section 2.3(c), trading in the common shares of the CPC will remain halted until the steps referenced in section 2.3(b) of this Policy have been completed.

CPCs are reminded that they will be required to update the news release in respect of any change in Material Information as contemplated by Policy 3.3 – *Timely Disclosure*.

12.3 Initial Submission

The following documents must be filed with the Exchange for review within 75 days after the public announcement of the Agreement in Principle, failing which the trading in the shares of the CPC will be halted until all required documents have been filed:

- (a) a submission letter from the CPC (or, with the consent of the CPC, from the Target Company) giving notice of the proposed Qualifying Transaction and providing:
 - (i) a summary of the transaction and identification of any unusual terms;
 - (ii) a list of the documents included in the submission;
 - (iii) identification of particular registration and prospectus exemptions, if any, being relied upon if securities are to be issued as part of the transaction;
 - (iv) indication of whether the proposed Qualifying Transaction is subject to Policy 5.9, and
 - (v) where applicable, identification of any required waivers or exemptive relief applications from Exchange Requirements, and applicable Securities Laws;
- (b) if applicable, the preliminary Sponsor Report accompanied by a confirmation that the Sponsor has reviewed the draft CPC Information Circular or draft CPC Filing Statement, as the case may be, on a preliminary due diligence basis. (See Policy 2.2 – *Sponsorship and Sponsorship Requirements*);
- (c) draft copies of the CPC Information Circular or a draft copy of the CPC Filing Statement, as applicable, disclosing the terms of the proposed Qualifying Transaction and prepared in accordance with section 13 of this Policy;
- (d) Form 2J Securityholder Information;
- (e) a list of each material contract that the CPC (or any Target Company) has entered into which has not been previously filed with the Exchange;

- (f) a copy of any material contract that the CPC or Target Company has entered into, which has not been previously filed with the Exchange relating to the issuance of securities, Non-Arm's Length Transactions or the assets upon which the Exchange listing will be based;
- (g) a copy of each Geological Report, valuation, appraisal or other technical report required to be filed with the Exchange and a letter of qualifications and independence from the author of each report;
- (h) in the case of any non-resource issuer, a copy of a business plan for the next 24 month period . If the Issuer is an Industrial or Technology Issuer that has not yet generated net income from its business in the amount referred to in Policy 2.1 -*Initial Listing Requirements*, a comprehensive business plan with forecasts and assumptions for the next 24 months;
- (i) details of any other evidence of value as contemplated by Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*; and
- (j) the minimum fee as prescribed by Policy 1.3 – *Schedule of Fees*.

The Exchange will review the initial submission, and, provided that the deficiencies are not of a substantial nature, where shareholder approval is required, the CPC will be permitted to set a meeting date to approve the proposed Qualifying Transaction. Where a Qualifying Transaction has not been sponsored, the Exchange will require additional time to review the initial submission and confirm that appropriate due diligence measures have been undertaken by the CPC and its advisors.

12.4 Pre-Meeting/Pre-Closing Documentation

When a CPC has cleared all comments raised by the Exchange in connection with the initial submission, the CPC will be required to file the following documents with the Exchange:

- (a) a copy of the final CPC Information Circular or final CPC Filing Statement, including, where applicable, the notice of meeting and the form of proxy to be mailed to shareholders;
- (b) a copy of the final CPC Information Circular or final CPC Filing Statement, black-lined to show changes from the draft CPC Information Circular or draft CPC Filing Statement, as the case may be, referred to at section 12.3(c);
- (c) a copy of any material contract that the CPC or any Target Company has entered into, or other document previously filed with the Exchange in draft form;

- (d) a consent letter from any auditor, engineer, appraiser or other expert (an “**Expert**”) named in the CPC Information Circular or CPC Filing Statement, as having prepared or rendered a report, opinion or valuation (a “**Report**”) on any part of the circular or statement or named as having prepared a Report filed in connection with the CPC Information Circular or CPC Filing Statement, as applicable. The letter must consent to the submission of the Report to the Exchange, and the inclusion or reference in the CPC Information Circular or the CPC Filing Statement of the Expert’s Report and state that the Expert has read the CPC Information Circular or CPC Filing Statement, and has no reason to believe that there is any misrepresentation contained in the CPC Information Circular or CPC Filing Statement, as the case may be, which is derived from his Expert’s Report or which he is otherwise aware and;
 - (i) in the case of the consent of an auditor, the letter shall also state:
 - (A) the date of the financial statements on which the Report of the auditor is made, and
 - (B) that the auditor has no reason to believe that there are any misrepresentations in the information contained in the CPC Information Circular, or CPC Filing Statement, as applicable;
 - (I) derived from the financial statements on which the auditor has reported, or
 - (II) within the knowledge of the auditor as a result of the audit of the financial statements; and
 - (ii) in the case of the consent of:
 - (A) a qualified person, as defined in National Instrument 43-101 – *Standards of Disclosure For Minerals Projects*, the letter shall, in the case of a technical report, also include the consent and certificate required by that instrument; or
 - (B) a qualified evaluator, as defined in proposed National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*, the letter shall also include the form of consent specified by that instrument;
- (e) only where required by the Exchange, a comfort letter from the auditor of the CPC or the Target Company, as applicable, prepared in accordance with the relevant standards in the Handbook, if an unaudited financial statement of the CPC or a Target Company is included in the CPC Information Circular or CPC Filing Statement, as applicable; and
- (f) if a financial statement included in a CPC Information Circular or CPC Filing Statement has been prepared in accordance with foreign GAAP or includes a foreign auditor’s report, a letter to the Exchange from the auditor that discusses the auditor’s expertise;
 - (i) to audit the reconciliation of foreign GAAP to Canadian GAAP; and

- (ii) in the case of foreign GAAS, other than U.S. GAAS applied by a U.S. auditor, to make the determination that the auditing standards applied are substantially equivalent to Canadian GAAS;
- (g) subject to satisfactory review of the pre-meeting/pre-closing documentation, where shareholder approval is required, the Exchange will advise the CPC that it is cleared to mail the notice of meeting, CPC Information Circular and form of proxy to shareholders. Where shareholder approval is not required, the Exchange will advise the CPC that it is cleared to file the CPC Filing Statement on SEDAR. At this time, the Exchange will provide its conditional acceptance of the Qualifying Transaction subject to the receipt of the required shareholder approval (if applicable) and any other conditions the Exchange deems appropriate. The Exchange will issue a Bulletin indicating that it has accepted the CPC Filing Statement for filing on SEDAR or the CPC Information Circular for the purposes of mailing and filing on SEDAR, as applicable;
- (h) where shareholder approval is required, concurrently, with the mailing of the notice of meeting, CPC Information Circular and form of proxy to shareholders, the CPC must file these documents with the applicable Commission(s) via SEDAR and with the Exchange; and
- (i) where no shareholder approval is required, the CPC must file the CPC Filing Statement on SEDAR with the Exchange and the applicable Commission(s) at least seven business days prior to the closing of the Qualifying Transaction. Concurrent with such filing, the CPC must issue a news release, which discloses the scheduled closing date for the Qualifying Transaction as well as the fact that the CPC Filing Statement is available on SEDAR.

12.5 Post-Meeting/Post-Closing Documentation

The following documentation is required to be filed with the Exchange within the time period prescribed by the Exchange, following the closing of the Qualifying Transaction, where shareholder approval is not required, and following the shareholders' meeting, where shareholder approval is required. This material must be filed before the Exchange will issue the Final Exchange Bulletin:

- (a) where shareholder approval is required, a certified copy of the Scrutineer's Report confirming:
 - (i) applicable shareholder approval was received for the Qualifying Transaction (for Non-Arm's Length Qualifying Transactions and Qualifying Transactions subject to Policy 5.9, Majority of the Minority Approval must be obtained), and
 - (ii) applicable approval of Shareholders of any other matters in respect of which such approval was required;

- (b) a signed copy of the escrow agreements required under Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;
- (c) a legal opinion or officers' certificate confirming that, other than final Exchange acceptance, all closing conditions have been satisfied and that the Issuer is in good standing under or not in default of applicable corporate law, and is a reporting issuer in good standing and not in default in each jurisdiction in which it is a reporting issuer;
- (d) if applicable, a final executed copy of the Sponsor Report;
- (e) the balance of the applicable listing fee as prescribed by Policy 1.3 - *Schedule of Fees*; and
- (f) any other documents required to be filed.

12.6 Assessment of a Significant Connection to Ontario

Where a Resulting Issuer, upon Completion of a Qualifying Transaction, is aware that it has a Significant Connection to Ontario, it must immediately notify the Exchange and make application to the Ontario Securities Commission to be deemed a reporting issuer pursuant to section 18.2 of Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

13. Information Circular and Filing Statement

- 13.1** The CPC Information Circular submitted to the Exchange and mailed to shareholders in connection with a proposed Qualifying Transaction must be prepared in accordance with Form 3B1 and the provisions of this Policy and prepared and mailed in accordance with applicable corporate law and Securities Law requirements. If applicable, CPCs are reminded of the additional disclosure requirements under Policy 5.9 mandated for Related Party Transactions.

Where applicable, the CPC Filing Statement submitted to the Exchange in connection with a proposed Qualifying Transaction must be prepared in accordance with Form 3B2 and the provisions of this Policy.

13.2 Financial Statements

The financial statements that are to be included in the CPC Information Circular or CPC Filing Statement must comply with the requirements of the Exchange Form of Information Circular for a Qualifying Transaction (Form 3B1), or the Exchange Form of Filing Statement for a Qualifying Transaction (Form 3B2), as applicable.

13.3 Generally Accepted Accounting Principles

- (a) The financial statements of an issuer incorporated or organized in a Canadian jurisdiction that are included in the CPC Information Circular or CPC Filing Statement shall be prepared in accordance with Canadian GAAP.

- (b) The financial statements of an issuer incorporated or organized in a foreign jurisdiction that are included in the CPC Information Circular or CPC Filing Statement shall be prepared in accordance with
 - (i) Canadian GAAP; or
 - (ii) foreign GAAP, if the notes to the financial statements
 - (A) explain and quantify the effect of material differences between Canadian GAAP and foreign GAAP that relate to measurements, and
 - (B) provide disclosure consistent with Canadian GAAP requirements to the extent not already reflected in the financial statements.

13.4 Exception to the Requirement to Reconcile Financial Statements Prepared in Accordance with Foreign GAAP.

Despite subsection 13.3(b)(ii), if an issuer has made a significant acquisition or is proposing to make a significant acquisition, and is required to provide financial statements of the business in accordance with the CPC Information Circular or CPC Filing Statement and those financial statements have been prepared in accordance with a foreign GAAP, the reconciliation to Canadian GAAP may be excluded for the earliest of the three years presented.

13.5 Generally Accepted Auditing Standards

- (a) Financial statements of an issuer incorporated or organized in a Canadian jurisdiction that are included in a CPC Information Circular or a CPC Filing Statement shall be audited in accordance with Canadian GAAS and accompanied by a Canadian auditor's report.
- (b) The financial statements of an issuer incorporated or organized in a foreign jurisdiction that are included in a CPC Information Circular or a CPC Filing Statement shall be audited in accordance with
 - (i) Canadian GAAS; or
 - (ii) foreign GAAS provided the foreign GAAS is substantially equivalent to Canadian GAAS.

13.6 Foreign Auditor's Report

If the financial statements included in a CPC Information Circular or a CPC Filing Statement are accompanied by a foreign auditor's report, the auditor's report shall be accompanied by a statement by the auditor

- (a) disclosing any material differences in the form and content of the foreign auditor's report as compared to a Canadian auditor's report; and

- (b) confirming that the auditing standards applied are substantially equivalent to Canadian GAAS.

13.7 Review of Financial Statements Included in a CPC Information Circular or CPC Filing Statement

- (a) An issuer shall not file a CPC Information Circular or a CPC Filing Statement unless each financial statement of an issuer included in that CPC Information Circular or CPC Filing Statement, as the case may be, has been reviewed by the audit committee of the board of directors of the issuer, if the issuer has, or is required to have, an audit committee, and approved by the board of directors.
- (b) If the financial statements included in a CPC Information Circular or a CPC Filing Statement, are those of a private issuer, the Exchange would not expect such an issuer to have an audit committee, but the Exchange will require that the board of directors of that issuer review and approve such financial statements prior to the filing of that CPC Information Circular or CPC Filing Statement, as the case may be.

13.8 Amendments to CPC Information Circular or CPC Filing Statement

In the event that there is a change in the material information included:

- (a) in a CPC Information Circular between:
 - (i) the date of mailing of the notice of meeting, the CPC Information Circular and form of proxy to shareholders, as contemplated by section 12.4, and
 - (ii) the date of the meeting of shareholders of the CPC, or
- (b) in a CPC Filing Statement between:
 - (i) the date that the CPC Filing Statement is filed on SEDAR, and
 - (ii) the date of the closing of the Qualifying Transaction.

the CPC shall promptly:

- (c) seek advice of legal counsel in respect of the treatment of such change;
- (d) provide written notice to the Exchange describing the change in the material information so as to enable the Exchange to determine the applicable treatment of that change; and
- (e) in the case of a CPC Filing Statement:
 - (i) file the amendment to, or the amended CPC Filing Statement on SEDAR,

- (ii) issue a news release disclosing the fact that the amendment to, or the amended CPC Filing Statement is available on SEDAR, and
- (iii) where the amendment reflected in the amendment to, or amended CPC Filing Statement is material, make available that CPC Filing Statement on SEDAR, at least seven business days prior to the scheduled closing date of the Qualifying Transaction.

13.9 Exchange Treatment of Amendments to a CPC Information Circular or CPC Filing Statement

After receiving the notice pursuant to section 13.8(d) and any other materials that it may require, the Exchange will advise the CPC as to the conditions that will be required to be satisfied in respect of the treatment of any change in material information included in the CPC Information Circular or CPC Filing Statement, as the case may be.

14. Other Requirements

14.1 Exchange Review of Qualifying Transactions

As part of the review of the proposed Qualifying Transaction, the Exchange will review the expenses, disclosure, trading history and other transactions undertaken by the CPC during its listing to determine compliance with Exchange Requirements. The Exchange may refuse to accept the Qualifying Transaction if significant concerns arise from its review, which need not be limited to concerns with the items specifically listed above.

14.2 Share Price

- (a) Generally, where payment of consideration by a CPC for Significant Assets includes the issuance of securities, the Exchange requires that the price per Listed Share to be issued is at least the Discounted Market Price. The total consideration is determined based on the number of securities issued multiplied by the price per share. However, where the proposed Qualifying Transaction is announced following the closing of the IPO but before listing of the shares for trading on the Exchange, the value of the shares to be issued will be based on either:
 - (i) the average closing price of the common shares in each of the first five trading days, less permissible discounts, provided such price is not less than the IPO share price; or
 - (ii) on a predetermined value which must not be less than \$0.20 per share.
- (b) The Exchange will require the exercise price of any stock options granted in connection with a Qualifying Transaction to be the greater of the price per Listed Share of the securities issued on the Qualifying Transaction, the price of any concurrent financing and the Discounted Market Price at the time of announcement of the grant of options.

- (c) The determination of price per share in this section is likely different than the determination of price for the purposes of the Pro forma financial statements.

14.3 Inactivity or Failure to Respond to Exchange

- (a) If
 - (i) the CPC Information Circular has not been mailed to shareholders, or
 - (ii) the CPC Filing Statement has not been filed on SEDAR pursuant to section 12.4(i),

within 75 days after the initial submission to the Exchange of documents required under subsection 12.3 and, in the opinion of the Exchange, the delay is due to the inaction of the CPC, the Vendors or any Target Company, the Exchange may
 - (iii) close its file as “not proceeded with” and require the CPC to issue a news release with respect to the status of the proposed Qualifying Transaction; or
 - (iv) require that an updated CPC Information Circular or CPC Filing Statement, as applicable, containing updated material facts and updated financial statements, Geological Reports, valuations or other reports be filed.
- (b) If the post-meeting/final documents required under subsection 12.5 have not been submitted to the Exchange within the time prescribed by the Exchange following the closing of the Qualifying Transaction or the shareholders’ meeting, as applicable, the Exchange may
 - (i) require the CPC or the Resulting Issuer to issue a news release explaining the delay; and/or
 - (ii) halt or suspend trading in the Listed Shares of the CPC for failure to complete a Qualifying Transaction, pending filing of the post-meeting documents.
- (c) Inactivity may be evidenced by the failure to make reasonable and timely efforts to provide acceptable responses to the comments of the Exchange.

14.4 Multiple Filings

The Exchange will generally not grant conditional acceptance for listing of a CPC where any director or officer of a CPC is associated with more than one other CPC, JCP or VCP that has not yet completed a Qualifying Transaction.

14.5 Consulting Fees

The Exchange may seek the opinion of an independent engineer, appraiser or other expert in determining the reasonableness of a technical report, Geological Report, business valuation or other Expert Report filed with the Exchange. In such circumstances, the Exchange will require the CPC or any Resulting Issuer to pay for the Exchange’s costs.

14.6 Trading Halts, Suspension and Delisting

- (a) The Exchange may suspend from trading or delist the Listed Shares of a CPC where the Exchange has not issued a Final Exchange Bulletin to the CPC within 24 months after the date of listing.

In the case of a Combination (referred to at section 15.1(a)) effected in accordance with section 15.3, the Exchange may suspend from trading or delist the Listed Shares of the combined CPC where the Exchange has not issued a Final Exchange Bulletin to the combined CPC within 12 months of the closing date of the Combination.

- (b) The Exchange will halt trading in the Listed Shares of a CPC from the date of announcement of an Agreement in Principle regarding a Qualifying Transaction until all steps referenced in section 2.3(b) have been completed.
- (c) A trading halt may be imposed where the Issuer has not filed the supporting documents required by section 12.3 of this Policy within 75 days after the date of the announcement of the Agreement in Principle. Such halt will remain in effect until either the Exchange receives and reviews the documentation required under this Policy and the CPC Filing Statement has been filed on SEDAR or the CPC Information Circular has been mailed to the shareholders, as applicable, or the CPC issues a news release disclosing that the proposed Qualifying Transaction is not proceeding.
- (d) As indicated in section 14.3, a trading halt or suspension may also be required when post-meeting/final documentation is not submitted within the prescribed time.
- (e) If a CPC determines or becomes aware that a proposed Qualifying Transaction will not be proceeding as previously announced, or at all, the CPC must immediately issue a news release in that regard.
- (f) If the CPC or the Sponsor, where applicable, terminates the sponsorship of the proposed Qualifying Transaction, the parties must immediately issue a news release advising of the termination. Trading in the Listed Shares of the CPC will be halted and the halt will remain in effect until a new Sponsor has provided the Exchange with a Sponsorship Acknowledgement Form and a pre-filing conference has been completed.

See Policy 2.9 - *Trading Halts, Suspensions and Delisting*.

14.7 Refusal of Qualifying Transaction

Notwithstanding that a transaction may meet the definition of a Qualifying Transaction; the Exchange may not approve a Qualifying Transaction if the CPC fails to meet the Initial Listing Requirements upon the completion of the Qualifying Transaction or for any other reason at the sole discretion of the Exchange.

14.8 Pro Group

All subscriptions by any member of the Aggregate Pro Group are subject to the applicable client priority rules.

- (a) Any Seed Shares subscribed to by any member of the Aggregate Pro Group must be held in escrow pursuant to the CPC Escrow Agreement.
- (b) Until Completion of the Qualifying Transaction, the aggregate number of common shares owned directly or indirectly by the Pro Group, or its contractors or Associates or affiliates above, cannot exceed 20% of the total outstanding Listed Shares of the CPC, excluding securities reserved for issuance at a future date.
- (c) The Exchange will require that any securities issued to the Pro Group, in connection with or in contemplation of the Qualifying Transaction will be required to be subject to a four month Exchange hold period and the securities certificate(s) legended accordingly, as prescribed pursuant to Policy 3.2 - *Filing Requirements and Continuous Disclosure*.

14.9 Reverse Takeover

The Exchange will not generally permit a Resulting Issuer to conduct a Reverse Takeover for a period of one-year following Completion of the Qualifying Transaction.

14.10 Compliance with Securities Law

Participants in the CPC program are reminded that, in addition to complying with the provisions of this Policy, they must also continue to comply with relevant Securities Laws. In particular;

- (a) Participants in the CPC program are reminded of their obligation to comply with the applicable General Prospectus Rules.
- (b) Management of the CPC and the Resulting Issuer are reminded of their obligations to comply, to the extent applicable, with National Instrument 51-102 - *Continuous Disclosure Obligations*, including the provisions relating to change of auditors and changes in year-end, future oriented financial information and forward-looking information.

14.11 Effect of Exchange Acceptance

Neither review of any proposed Qualifying Transaction and supporting documents, acceptance of any CPC Information Circular, or any CPC Filing Statement, or the issuance of a Final Exchange Bulletin should be construed as assurance that the CPC or any Resulting Issuer is in compliance with applicable Securities Laws, including use of any Prospectus or registration exemption or the adequacy of disclosure in any take-over bid circular, offering memorandum or other disclosure document. Similarly, neither review of any proposed Qualifying Transaction and supporting documents, acceptance of any CPC Information Circular, or any CPC Filing Statement, or the issuance of a Final Exchange Bulletin should be construed as an assurance as to the merits of the Qualifying Transaction or an investment in the securities of any issuer.

14.12 Undertakings

If there is a change in the directors and/or officers of a CPC or a combined CPC, prior to Completion of the Qualifying Transaction, each new director and officer of the CPC or combined CPC shall promptly provide the written undertaking pursuant to section 3.3(ii) or section 15.3(f), as applicable.

14.13 Transfer of CPC to NEX

If a CPC has not completed a QT within the time frame prescribed by this policy, it may apply for listing on NEX rather than be delisted. In order to be eligible to list on NEX the CPC must:

- (a) obtain majority shareholder approval for the transfer to NEX exclusive of the votes of Non Arms Length Parties of the CPC; and
- (b) either
 - (i) cancel all Seed Shares purchased by Non Arms Length Parties to the CPC at a discount to the IPO price, in accordance with section 11.2(a) of this policy, as if the CPC had delisted from the Exchange, or
 - (ii) subject to majority shareholder approval, cancel an amount of the Seed Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

14.14 CPCs listing on NEX must continue to comply with the all of the requirements and restrictions in TSX Venture Policy 2.4 - *Capital Pool Companies*.

15. CPC Combinations

15.1 CPC Combinations

In order to facilitate certain CPCs in their identification and Completion of a Qualifying Transaction, the Exchange will permit:

- (a) the combination of certain CPCs (a “**Combination**”); and
- (b) a transaction between a CPC and an existing public company (a “**Public Company Transaction**”);

in connection with the Completion of a Qualifying Transaction.

15.2 Eligibility

The provisions granting CPCs the ability to undertake a Combination or Public Company Transaction are measures intended to assist CPCs that are having difficulty finding and completing a Qualifying Transaction. CPCs must have conducted a pre-filing conference with the Exchange in order to be eligible to undertake a Combination or Public Company Transaction.

15.3 Combination of a Number of CPCs and Completion of an Acceptable Qualifying Transaction

A CPC may undertake a Combination with one or more other CPCs in order to complete a Qualifying Transaction subject to the following conditions:

- (a) the share exchange ratio among the CPCs must be based on the cash value of the CPCs on a pre-transaction basis;
- (b) the aggregate number of common shares owned directly or indirectly by the Pro Group upon completion of the Combination and the Qualifying Transaction, cannot exceed 20% of the outstanding shares of the Resulting Issuer;
- (c) the funds available to the combined CPC after closing of the Combination transaction cannot exceed \$5,000,000;
- (d) the CPC must comply with all the applicable provisions of this Policy including:
 - (i) in the case of sponsored transaction, the Sponsor must comment in the Sponsor report on the reasonableness of any share exchange ratios and escrow restrictions; and
 - (ii) release of Escrow Shares of the CPC will commence upon issuance of the Final Exchange Bulletin. Transfers within escrow from a CPC's Insiders to new Insiders may be acceptable to the Exchange. The provisions relating to the cancellation of escrowed shares pursuant to section 11.2 continue to apply in the event of a combination of CPCs.
- (e) the CPC must include a provision in any information circular, takeover bid circular or other disclosure document required to effect the Combination which indicates that in the event that the Listed Shares of the combined CPC are delisted by the Exchange, then within 90 days of the date of such delisting the combined CPC will, in accordance with applicable law, wind-up and liquidate its assets, and distribute its remaining assets on a pro rata basis to its shareholders unless, within that 90 day period, shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the combined CPC, approve another use of the remaining assets;
- (f) prior to the approval by the Exchange, each CPC subject to the Combination must provide a written undertaking from that CPC and each of its directors and officers, and proposed directors and officers of the combined CPC addressed to the Exchange and the Commissions, confirming that:
 - (i) they will comply in all respects with the restrictions contained in Part 8 of this Policy in connection with the expenditure of funds raised prior to Completion of the Qualifying Transaction;

- (ii) in the event that the Exchange delists the Listed Shares of the combined CPC, then within 90 days from the date of such delisting, they will, in accordance with applicable law, wind-up and liquidate the combined CPC's assets, and distribute its remaining assets, on a pro rata basis, to its shareholders unless, within that 90 day period, the shareholders, pursuant to a majority vote, exclusive of the votes of Non-Arm's Length Parties to the combined CPC, approve another use of the remaining assets or approve listing the Issuer on NEX;
- (iii) they will provide written confirmation to the Commissions no later than 90 days from the date of delisting that they have complied with the undertakings at (i) and (ii) above; and
- (g) the combined CPC will have a period of 12 months from the date of closing of the Combination to effect the Completion of a Qualifying Transaction.

15.4 Combination of a CPC with an Existing Public Company

An existing public company may be permitted to combine with a CPC as a Public Company Transaction subject to the following conditions:

- (a) the release of the Escrow Shares of the CPC will commence upon issuance of the Final Exchange Bulletin. A transfer within escrow from Insiders of the CPC to existing public company directors, as part of the Public Company Transaction, may be acceptable to the Exchange;
- (b) the share exchange ratio between the CPC and the existing public company must be based on the cash value of the CPC on a pre-transaction basis;
- (c) sponsorship for the transaction will not be required, unless the transaction is part of further transaction where sponsorship requirements would otherwise apply (i.e. COB, RTO and Change of Control);
- (d) the aggregate number of common shares owned directly or indirectly by a Sponsor and its employees upon completion of the transaction must not exceed 20% of the outstanding shares of the Resulting Issuer; and
- (e) shareholder approval requirements applicable to a Non-Arm's Length Qualifying Transaction, as set forth at section 2.3(g), will apply to the transaction, unless the public company, in compliance with applicable take over bid requirements, acquires at least 90% of the outstanding common shares of the CPC.

15.5 Approval of Securities Regulators

- (a) Junior Capital Pools (“JCPs”) (as opposed to CPCs and Venture Capital Pools (“VCPs”)), are reminded that any waiver of a provision of ASC Rule 46-501 - *Junior Capital Pool Offerings*, requires ASC approval. JCPs are further reminded that the consent of the ASC may also be required in respect of a transfer within escrow.
 - (b) Issuers are reminded that if, in the context of a combination transaction, there is a proposed transfer of a control block, exemptive relief from applicable securities regulatory authorities may be necessary. In the event that one of the Issuers has been cease traded, an application to the applicable securities regulatory authority for reactivation may also be necessary.
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POLICY 2.5

CONTINUED LISTING REQUIREMENTS AND INTER-TIER MOVEMENT

Scope of Policy

This Policy describes the minimum standards to be met by Issuers to continue to qualify for listing in each tier. These minimum standards, referred to as Continued Listing Requirements or CLR, relate to the financial situation, business activity and shareholder distribution of Issuers.

Capitalized terms, unless otherwise defined in this Policy, will have the meanings given to them in Policy 2.1 - *Initial Listing Requirements*. This Policy also describes the process which applies when an Issuer seeks to move to a higher tier.

The main headings in this Policy are:

1. Application of Continued Listing Requirements
2. Continued Listing Requirements
3. Inability to Meet Continued Listing Requirements
4. Suspension
5. Graduation from Tier 2 to Tier 1

1. Application of Continued Listing Requirements

1.1 General

Each Issuer must meet the CLR standards applicable to its category in order to remain listed in either Tier 1 or Tier 2. The Exchange can move an Issuer to a lower tier or to NEX, designate an industry segment, suspend trading in, or delist the Listed Shares of any Issuer which does not meet applicable CLR.

Refer to section 2 for Tier 1 and Tier 2 CLR.

1.2 News Release Requirement

The Exchange deems movement of an Issuer from one tier to another and any transfer of an Issuer to NEX to be “Material Information” under Policy 3.3 - *Timely Disclosure*. It may also be a “material change” under applicable Securities Laws. If an Issuer transfers to another tier or receives notice from the Exchange of a pending transfer to NEX, the Issuer must issue a news release announcing the transfer and its resulting effect on any securities of the Issuer subject to escrow.

1.3 Exchange Bulletin

The Exchange will issue Exchange Bulletins for any move by an Issuer from one tier to another. The Exchange will also issue an Exchange Bulletin when an Issuer is put on notice for transfer of its listing to NEX.

2. Continued Listing Requirements

2.1 The following table sets out the Tier 2 Continued Listing Requirements:

| Tier 2 Continued Listing Requirements | | | | |
|--|--|---|---|------------------------------|
| Standard | Industry Segments | | | |
| | Mining | Oil & Gas (Exploration or Reserves) | Industrial or Technology or Life Sciences | Real Estate or Investment |
| Public Distribution and Market Capitalization | (i) no less than 500,000 Listed Shares in the Public Float (ii) 10% of Listed Shares must be in Public Float (iii) Listed Shares in Public Float must have minimum market capitalization of \$100,000 (iv) at least 150 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions | | | |
| Working Capital | adequate Working Capital or Financial Resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months | | | |
| Assets and Operations | no requirements generally although the Exchange retains discretion to declare that an Issuer no longer meets Tier 2 Continued Listing Requirements if, in the Exchange's opinion, the Issuer or its principle operating subsidiary substantially reduces or impairs its principal operating assets, ceases or discontinues a substantial portion of its operations or business for any reason, or seeks protection or is placed under the protection of any insolvency or bankruptcy laws or is placed into receivership | | | |
| Activity | either A or B below: A) For the Issuer's most recently completed financial year: i) positive cash flow; ii) significant operating revenue; or iii) \$50,000 of exploration or development expenditures. B) In aggregate, for the Issuer's two most recently completed financial years, \$100,000 of exploration or development expenditures. | | either A or B below: A) For the Issuer's most recently completed financial year: i) positive cash flow; ii) \$150,000 of operating revenues; or iii) \$150,000 of expenditures directly related to development of its assets or business. B) In aggregate, for the Issuer's two most recently completed financial years, either: i) \$300,000 of operating revenues; or ii) \$300,000 of expenditures directly related to the development of its assets or business. | |

2.2 A Tier 1 Issuer will be deemed to meet Tier 1 Continued Listing Requirements if, after listing, the Tier 1 Issuer continues to meet the Tier 1 ILR applicable to its industry segment.

3. Inability to Meet CLR

3.1 Tier 1 CLR

- (a) A Tier 1 Issuer which is unable to meet one of the Tier 1 CLR will not immediately be transferred to Tier 2. The Exchange will notify the Issuer in writing (the “Tier 1 Notice”) as to the Tier 1 CLR that it does not meet and will allow the Issuer six months from the date of the Tier 1 Notice to meet the requirement. If, after that six-month period, the Issuer does not meet all Tier 1 CLR, it will have its listing transferred to Tier 2.
- (b) If a Tier 1 Issuer is unable to meet more than one Tier 1 CLR, the Exchange will send a Tier 1 Notice notifying the Issuer of the Tier 1 CLR that it does not meet and will allow the Issuer 90 days from the date of the Tier 1 Notice to meet the requirements. If, after that 90 day period, the Issuer does not meet all Tier 1 CLR, it will have its listing transferred to Tier 2.
- (c) If a Tier 1 Issuer’s financial circumstances or Public Float has declined such that the Issuer can meet only one or none of the Tier 1 CLR, the Exchange may immediately transfer the Issuer listing to Tier 2. If at that time it does not meet more than one Tier 2 CLR, the Exchange may notify the Issuer of a pending transfer of its listing to NEX, or suspend and delist the Issuer in accordance with sections 3.2(b) and 3.2 (d) of this Policy.
- (d) A Tier 1 Issuer that has been suspended from trading for more than 10 business days may have its listing transferred, to Tier 2, without notice from the Exchange.
- (e) A Tier 1 Issuer that has had its listing transferred to Tier 2 may be reinstated to Tier 1 but only after the Issuer has been on Tier 2 for at least six months. The Issuer must satisfy the Exchange that it meets all applicable Tier 1 Initial Listing Requirements before reinstatement.
- (f) The Exchange uses discretion and flexibility in applying Tier 1 CLR. The Exchange may permit an Issuer, which does not meet one or more of the Tier 1 CLR, to continue to be a Tier 1 Issuer if other elements of the Issuer’s business are strong or the Issuer is affected by seasonal or other business cycles.

3.2 Tier 2 CLR

- (a) A Tier 2 Issuer which is unable to meet one of the Tier 2 CLR will not immediately have its listing transferred to NEX. The Exchange will notify the Issuer in writing (the “Tier 2 Notice”) as to the Tier 2 CLR that it does not meet and will allow the Issuer six months from the date of the Tier 2 Notice to meet the requirement. During those six months, the Issuer will trade as a normal Tier 2 Issuer. If, after that six-month period, the Issuer does not meet all applicable Tier

2 CLR, the Exchange may either, at its discretion, suspend and delist the Listed Shares of the Issuer or transfer its listing to NEX.

- (b) If a Tier 2 Issuer is unable to meet more than one Tier 2 CLR, the Exchange will send a Tier 2 Notice notifying the Issuer of the Tier 2 CLR that it does not meet and will allow the Issuer 90 days from the date of the Tier 2 Notice to meet the requirements. If, after that 90 day period, the Issuer does not meet all Tier 2 CLR, the Exchange may either, at its discretion, transfer the Issuer's listing to NEX or suspend and delist the Listed Shares of the Issuer.
- (c) Upon the issuance of the Tier 2 Notice, until the Exchange notifies the Issuer in writing that it meets Tier 2 CLR, the Issuer must not enter into any contract relating to Investor Relations Activities unless the obligations of the Person performing in the Investor Relations Activities in the contract can be and are completed in the six month or 90 day period under section 3.2(a) or section 3.2(b), as applicable.
- (d) The Exchange may, however, suspend and delist the Listed Shares of the Issuer or transfer its listing to NEX without the 90 day notice period in circumstances which it deems appropriate. These circumstances may include situations where the Issuer has disposed of, or abandoned all or substantially all of its assets, declared bankruptcy or is subject to receivership.

See Policy 2.6 – *NEX Companies and Reactivation* for a discussion of Issuers that have been trading on NEX prior to Reactivation.

- (e) The Exchange uses discretion and flexibility in applying Tier 2 CLR. If an Issuer has a viable business, the Exchange may determine that it is not appropriate to transfer the Issuer to NEX even where the Issuer is unable to meet all Tier 2 CLR. The Exchange will, for example, consider the seasonal or other cycles which affect an Issuer's business. If an Issuer's Working Capital is low because of seasonal or other temporary conditions, the Exchange may delay enforcement of this Policy but will continue to monitor the Issuer.

4. Suspension

The Exchange will automatically suspend from trading the Listed Shares of an Issuer if the Exchange determines that it is in the public interest to do so.

See Policy 2.9 - *Trading Halts, Suspensions and Delisting*.

5. Graduation from Tier 2 To Tier 1

- 5.1 If the management of a Tier 2 Issuer reasonably believes that the Issuer meets all of the Tier 1 ILR, the Tier 2 Issuer may apply in writing to the Exchange for graduation to Tier 1.
- 5.2 The Exchange will request that an application made under section 5.1 include details on the Issuer's ability to meet **Tier 1** Public Distribution standards under **applicable** ILR **and** the fee prescribed by Policy 1.3 - *Schedule of Fees*.
- 5.3 The Exchange will make any determination on graduation based on its review of the document(s) submitted by the Issuer under section 5.2 and any other documents filed by the Issuer and available on SEDAR. Where necessary, the Exchange may also request from the Issuer other documents during its review prior to and for the purposes of making any final determination on graduation.
- 5.4 The Exchange may refuse an application for graduation to Tier 1 even where the Issuer appears to satisfy Tier 1 ILR if the Exchange determines that it is in the public interest to do so.
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POLICY 2.6

REACTIVATION OF NEX COMPANIES

Scope of Policy

The Exchange maintains a stock list of Issuers with an active business by continuous review of its Issuers to ensure they meet appropriate Continued Listing Requirements. Issuers that do not meet Tier 2 TMR and have no outstanding regulatory issues will have their listing transferred to NEX after the appropriate notice period. NEX provides a market for former Tier 1 or 2 Issuers that do not have a current active business to trade until such time that they complete a Reactivation.

When a NEX Company completes a Reactivation such that it meets the applicable Exchange Requirements, it may apply to graduate to Tier 1 or 2 of the Exchange.

This Policy describes the Exchange Requirements that NEX Companies must satisfy in order to graduate to Tier 1 or 2 of the Exchange.

The main headings in this Policy are:

1. Reactivation
2. Procedure for Effecting a Reactivation
3. Graduation from NEX to Tier 2

1. Reactivation

- 1.1 The Reactivation of a NEX Company generally will require a Reorganization of the Company's business affairs and usually will include a financing to raise sufficient funds for the Company's recommended work program or business plan. Given the nature of NEX Companies, a Reorganization will generally occur within the context of a COB or an RTO transaction.
- 1.2 NEX Companies that have completed a COB or an RTO are no longer eligible to remain listed on NEX and must either graduate to Tier 1 or 2 or delist from the Exchange.
- 1.3 NEX Companies undertaking a COB or an RTO and intending to graduate to Tier 1 or 2 of the Exchange must comply with Policy 5.2 - *Changes of Business and Reverse Takeovers*, and all other Exchange Requirements relating to those transactions.

- 1.4 If a NEX Company is reactivating in the same business with the same Principals, the Exchange may exercise its discretion to determine that the Reactivation does not constitute an RTO, provided that the NEX Company will be required, upon graduating to TSX Venture:
- (a) to meet applicable Continued Listing Requirements including shareholder distribution;
 - (b) to own a satisfactory interest in a property or business of merit satisfactory to the Exchange;
 - (c) to have an interest in a property or business, from which the NEX Company reasonably expects significant revenues or expects to incur significant expenditures directly related to the exploration and/or development of the NEX Company's assets; and
 - (d) to have adequate Working Capital and Financial Resources to carry out the NEX Company's business plan or recommended work program.

See Policy 2.1 – *Minimum Listing Requirements* for the definition of Working Capital and Financial Resources.

- 1.5 Additional Exchange Requirements can be triggered depending on the nature of the Reactivation and will be triggered in the event of a halt, suspension or cease trade of a NEX Company. See also the relevant policies of this Manual which discuss the specific transactions in detail.

See Policy 2.9 - *Trading Halts, Suspensions and Delistings*.

2. Procedure for Effecting a Reactivation

- 2.1 When a NEX Company is undertaking a Reactivation that involves a COB or an RTO, the procedures as set out in Policy 5.2 - *Changes of Business and Reverse Takeovers* apply.
- 2.2 Where a NEX Company proposes to undertake a Reactivation that does not involve a COB or an RTO, it may apply to the Exchange to graduate to Tier 1 or 2, and may satisfy the Exchange's requirements for a Reactivation provided that, upon graduation, it will meet the applicable requirements set forth in section 1.4.
- 2.3 The Exchange will examine all the transactions undertaken by the NEX Company while it was listed on NEX to determine if it is suitable for listing on Tier 1 or 2 of the Exchange. The Exchange may determine that transactions undertaken while the Company was listed on NEX make the applicant Issuer an unsuitable candidate for graduation to Tier 1 or 2 of the Exchange.

- 2.4 A re-listing application made pursuant to section 2.2 must include the following:
- (a) a covering letter containing a summary description of the industry category and how the NEX Company meets the applicable ILR or CLR for that industry and category in accordance with Policy 2.1 – *Initial Listing Requirements*, or Policy 2.5 - *Continued Listing Requirements*;
 - (b) audited financial statements of the NEX Company for the most recent financial year;
 - (c) a summary of all transactions undertaken while the NEX Company was listed on NEX;
 - (d) a certificate of the applicable Securities Commission(s) or legal opinion to the effect that the NEX Company is a reporting issuer in good standing or not in default in each jurisdiction in which it is a reporting issuer;
 - (e) any other documents as may be required by the Exchange including:
 - (i) relevant reports, valuation, or opinions; and
 - (ii) evidence that the NEX Company is in compliance with all Exchange Requirements; and
 - (f) the fee prescribed by Policy 1.3 - *Schedule of Fees*.
- 2.5 The Exchange may refuse an application for graduation even if the NEX Company appears to satisfy the applicable listing requirements, where the Exchange determines that it is in the public interest to do so.

3. Graduation from NEX to Tier 2

- 3.1 Where the Reactivation involves a COB or an RTO, after closing of such transaction and the issuance of an applicable Exchange Bulletin, the NEX Company will have its listing transferred from NEX to Tier 1 or 2 of the Exchange.
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POLICY 2.7

PRE-FILING CONFERENCES

Scope of Policy

Certain filings may arise from time to time where the application of the Exchange's Policies is not clear to an Issuer or its professional advisers and in such circumstances an Issuer and its professional advisers may wish to arrange for a pre-filing conference with the Exchange staff. With a view to facilitating filings and identifying key filing issues as early as possible, the Exchange encourages, and in certain cases requires, pre-filing conferences to be held with Exchange staff.

This Policy describes when a pre-filing conference is required or recommended, and outlines the type of documents recommended to be filed before a pre-filing conference.

For the purposes of this Policy, “**Issuer**” means Companies listed on the Exchange and Companies applying to list on the Exchange, and includes a Resulting Issuer, unless the context indicates otherwise.

The main headings in this Policy are:

1. Required or Recommended Pre-Filing Conferences
2. Purpose of a Pre-Filing Conference
3. Scheduling a Pre-Filing Conference
4. Recommended Filings

1. Required or Recommended Pre-Filing Conferences

1.1 When a Pre-Filing Conference is Required

A pre-filing conference is required for:

- (a) an Issuer that reasonably believes that it may be entitled to rely on an exemption from the sponsorship requirements in the context of a transaction which would otherwise require sponsorship, other than an Initial Public Offering of securities, as set forth in Policy 2.2 – *Sponsorship and Sponsorship Requirements*;
- (b) a delisted Issuer or any Issuer which has been subject to a cease trade order for more than 90 days and any Issuer whose Listed Shares have not traded for any reason for more than 12 months; and

- (c) an Issuer which seeks listing on the Exchange solely of a class of securities other than common shares or equivalent securities. In this case, in addition to the documents described below, the Issuer should submit to the Exchange, a copy of the relevant constating documents or other documentation creating the securities and describing or governing the terms of the securities, including any indenture or agreement. The Issuer must also comply with Policy 2.8 – *Supplemental Listings*, as well as, Policy 3.5 – *Restricted Shares*, as may be applicable, and the provisions of applicable Securities Laws.

1.2 When a Pre-Filing Conference is Recommended

- (a) Although not required, if an Issuer or its Sponsor or their respective legal counsel is concerned about the ability of the Issuer to obtain a listing on the Exchange or to obtain a listing on a particular tier, the Issuer may arrange a pre-filing conference. In addition, an Issuer making an application pursuant to a Reverse Takeover or Qualifying Transaction or in respect of any other transaction involving a halt before the Issuer's Listed Shares may be reinstated for trading, are encouraged to arrange for a pre-filing conference.
- (b) A pre-filing conference is strongly recommended in certain circumstances, including the following:
 - (i) an Application for Listing by a Foreign Issuer;
 - (ii) if the business to be conducted by the Issuer is or will be unique;
 - (iii) the listing of a Capital Pool Company where the principals are contemplating a Qualifying Transaction and are uncertain as to the existence of an Agreement in Principle with respect to a particular Qualifying Transaction, as contemplated by Policy 2.4 – *Capital Pool Companies*;
 - (iv) in the case of a Qualifying Transaction, Reverse Takeover, Change of Business, or any other transaction, where it may reasonably be anticipated that any such transaction may involve unique or unusual circumstances;
 - (v) if a business to be conducted by the Issuer could reasonably be anticipated to give rise to public interest concerns;
 - (vi) if the Issuer, the Sponsor or their respective legal counsel have concerns with respect to the following:
 - (A) the Issuer does not strictly meet a particular aspect of the Initial Listing Requirements or Continued Listing Requirements, if applicable, however, the Issuer has considerable strengths in other areas of its business which the Issuer or Sponsor believes justifies listing the Issuer;

- (B) one or more of the Insiders of the Issuer does not meet the requirements of Policy 3.1 - *Directors, Officers and Corporate Governance*; however, the loss of that Insider would have a material adverse effect on the business of the Issuer; or
- (C) listing of the Issuer would require waiver of a significant policy provision of the Exchange.

1.3 Effect of Not Having a Pre-Filing Conference

If an Issuer chooses not to request a pre-filing conference in circumstances where it was highly recommended, the Exchange will require additional time to review the Issuer's transaction filing and therefore may not respond within the normal time limits.

2. Purpose of a Pre-Filing Conference

- 2.1 A pre-filing conference gives the Issuer and the Sponsor, if applicable, an opportunity to canvass and address with the Exchange, issues relating to the Issuer's transaction filing. The pre-filing conference is not intended to replace careful consideration of Exchange Requirements and Securities Laws by the Issuer and the Sponsor, if applicable, or to replace the due diligence required by the parties.
- 2.2 A pre-filing conference does not guarantee that the Exchange will accept the transaction or accept the Issuer for listing. The usefulness of the pre-filing conference in canvassing and assessing issues and determining how best to address them will depend, to a large degree, on the quality of the information provided to the Exchange by the Issuer and the Sponsor, if applicable.

3. Scheduling a Pre-Filing Conference

- 3.1 The Issuer, the Sponsor, if retained, or their respective legal counsel may schedule a pre-filing conference. An authorized representative of the Issuer must attend the pre-filing conference. Legal counsel to the Issuer should attend and if there is a Sponsor, the authorized corporate finance officer of the Sponsor should also attend.
- 3.2 To arrange a pre-filing conference, contact the applicable Listed Issuer Services Team Manager. Generally a pre-filing conference will be held in person. However, where necessary, a pre-filing conference may be held by telephone conference call.

- 3.3** Unless otherwise specified by the Exchange, a pre-filing conference may be arranged with any Exchange office; however, it is recommended that the conference be held with the office through which the Issuer has conducted or intends to conduct the majority of its Exchange filings. If a pre-filing conference is scheduled with an Exchange office other than the office through which the Issuer has conducted or intends to conduct the majority of its Exchange filings, the Issuer must ensure that both offices are advised of this fact when it schedules the pre-filing conference.

4. Recommended Filings

- 4.1** Documents to be submitted to the Exchange should be submitted as soon as possible once a pre-filing conference has been scheduled and should generally be provided at least three business days before the conference.
- 4.2** In order to allow the Exchange to make an informed assessment, to the extent possible, it is recommended that all the applicable documents described below, be submitted:
- (a) a letter identifying the issues to be considered at the pre-filing conference and a summary of the proposed transaction being conducted in connection with the Application for Listing, including the following information:
 - (i) the number and type of Listed Shares of the Issuer currently outstanding;
 - (ii) the number and type of Listed Shares of the Issuer to be outstanding upon completion of the transaction;
 - (iii) a description of any acquisition to be conducted, including the names of all parties to the acquisition and the proposed consideration;
 - (iv) a description of any financing to be conducted, including the type and number of securities to be issued and the proposed issue price; and
 - (v) a description of any Material Information relating to the business and affairs of the Issuer or any target business during the previous 12 months;
 - (b) a copy of any draft proposed news release for the transaction;
 - (c) a copy of the most recent audited annual financial statements of the Issuer with comparatives for the previous fiscal year and monthly unaudited financial statements for the period since the audited statements;
 - (d) a copy of the most recent audited annual financial statements of any proposed target business to be acquired by the Issuer with comparatives for the previous fiscal period and monthly unaudited financial statements for the period since the audited statements;
 - (e) if applicable, the Sponsorship Acknowledgement Form (Form 2G);

- (f) a business plan in respect of the proposed business of the Issuer, or a Geological Report for the Issuer's resource properties, as applicable;
- (g) Personal Information Forms (Form 2A) for each individual who will be an Insider of the Issuer and for each Insider of a Company who will be an Insider of the Issuer at the time of listing and a resume for each of these Persons;
- (h) a list of shareholders of the Issuer and, if applicable, a list of shareholders of any Target Company:
 - (i) in the case of an Issuer conducting an IPO, if the Issuer has 50 or fewer holders of its securities (including unlisted securities) before the IPO, setting out all of the current holders of the Issuer's securities, including the number and type of securities held by each Person and the number and type of securities to be held by each Person upon completion of the IPO; or
 - (ii) in the case of an Issuer conducting an IPO, if the Issuer has more than 50 shareholders before the IPO, setting out the number and type of securities held both before and after giving effect to the IPO, by each Person who currently directly or indirectly beneficially owns or controls 5% or more of any class of the Issuer's securities (including unlisted securities) or after giving effect to the transaction, will directly or indirectly beneficially own or control 5% or more of any class of the Issuer's securities (including unlisted securities) and any other Person who is an Insider of the Issuer; or
 - (iii) in the case of an Issuer applying for a listing, other than in connection with an IPO:
 - (A) setting out all of the Persons who currently directly or indirectly beneficially own or control the proposed target business or asset, including the number and type of securities held (or percentage ownership) by each Person and the number and type of securities of the Issuer to be held by each of those Persons following completion of the transaction; and
 - (B) setting out the securities directly or indirectly beneficially owned or controlled by the Insiders of the Issuer currently and after giving effect to the transaction. If the target business or asset is owned by more than 50 persons, the list may be limited to all Persons who directly or indirectly beneficially own or control 5% or more of the target business or asset before giving effect to the transaction, if the list provides full details of the nature and extent of any non-arm's length relationship between the Issuer, its Insiders and the target asset or business or the owners or Insiders of the target business.

- (i) if any Company directly or indirectly beneficially owns or controls 10% or more of any class of securities of the Issuer or any target business or asset, the names of all Insiders of that Company should be provided to the Exchange, as well as the number and type of securities held by each of those Insiders; and
 - (j) in the case where reliance is intended to be made by an Issuer upon an exemption from the sponsorship requirements, as set forth in Policy 2.2 - *Sponsorship and Sponsorship Requirements*, evidence as to how the Issuer satisfies the applicable exemption in that policy.
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POLICY 2.8

SUPPLEMENTAL LISTINGS

Scope of Policy

This Policy describes the requirements to list a class of securities other than common shares or equivalent securities (“**Common Shares**”). For greater clarity, this Policy applies to the listing of Warrants, preferred shares, and convertible and non-convertible notes and debentures.

This Policy applies if the Issuer’s Common Shares are already listed on the Exchange or the Issuer is concurrently applying to list its Common Shares and another class of securities (“**Supplemental Securities**”). This Policy also applies to Issuers with securities listed on the TSX, NYSE, Nasdaq or another senior exchange (“**Senior Exchange**”) making application to list Supplemental Securities on the Exchange. For Issuers applying to list only Supplemental Securities, refer also to Policy 2.7 – *Pre-Filing Conferences* and Policy 3.5 – *Restricted Shares*.

The main headings in this Policy are:

1. General Requirements
2. Distribution Requirements
3. Application Process and Filing Requirements
4. Trading

1. General Requirements

- 1.1 A “**supplemental listing**” generally means any listing of Supplemental Securities. An Issuer applying for a supplemental listing must comply in all respects with the Continued Listing Requirements of the Exchange. A supplemental listing is not permitted if the Issuer is in default of any Exchange Requirement. An issuer with securities listed on a Senior Exchange making application for listing of Supplemental Securities pursuant to this Policy must be in good standing on the Senior Exchange upon which its securities are listed.
- 1.2 Any Supplemental Securities must comply with Policy 3.5 – *Restricted Shares* and applicable Securities Laws.
- 1.3 If the Supplemental Securities are issued as part of a specific type of transaction (such as a private placement or public offering), refer also to the Policy applicable to that transaction and Issuers listed on the Exchange may not issue Supplemental Securities until accepted by the Exchange.

- 1.4 Supplemental Securities listed on the Exchange must be transferable, assignable and free of any trading restrictions and the customary form of transfer/assignment must be included on the certificate representing such Supplemental Securities.
- 1.5 The Exchange will not list Supplemental Securities in respect of which the trust indenture (or equivalent document):
 - (a) entitles the directors of the Issuer to change the conversion, exercise, exchange, redemption, maturity or other material terms (except for adjustments in the event of share consolidations, splits, amalgamations or other corporate reorganizations); or
 - (b) provides for the payment or settlement of interest in any manner other than cash.
- 1.6 If the Issuer intends to pay a fee to Members for assisting in obtaining conversions, exercise or exchanges of Supplemental Securities, the Issuer must give notice of this arrangement to the Exchange prior to the expiry date of the Supplemental Securities.

2. Distribution Requirements

- 2.1 Generally, an applicant seeking a listing of Supplemental Securities on the Exchange must have a minimum of 200,000 Supplemental Securities outstanding held by at least 75 Public Shareholders, each holding a board lot or more. However, the supplemental listing of preferred shares or convertible or non-convertible notes or debentures, that do not meet those distribution requirements, must have an aggregate face value of at least \$1,000,000.
- 2.2 For the purpose of determining the initial board lot size for Warrants, if the securities underlying those Warrants are listed for trading on the Exchange, the Warrants will have the same board lot size requirements as the underlying securities.
- 2.3 The Exchange will consider the public interest and any facts or circumstances unique to the applicant in considering whether the distribution of the applicant's Supplemental Securities will ensure an orderly market which is free of manipulation and abuse and may exercise its discretion accordingly.
- 2.4 Once trading on the Exchange, if there is insufficient distribution of the Supplemental Securities for an orderly market, the Exchange may declare that the remaining Supplemental Securities will only be traded on a cash basis or be delisted from the Exchange.

3. Application Process and Filing Requirements

3.1 Application and Initial Filing Requirements

An Issuer may apply for a supplemental listing by sending an application letter to the Exchange. The letter must be accompanied by the preliminary Prospectus or, if applicable, the draft circular or offering document describing the rights and restrictions of the Supplemental Securities together with the applicable minimum fee pursuant to Policy 1.3 – *Schedule of Fees* (collectively, the “**Initial Submission**”). Where the Supplemental Securities have accelerated expiry provisions or early redemption provisions, a description of such provisions must be included in the Initial Submission and additional requirements may apply.

3.2 Conditional Acceptance

Upon receipt of the Initial Submission, the Exchange may require the applicant to respond to any questions or comments of the Exchange and may require the submission of any additional documents that the Exchange considers appropriate. Following review of the Initial Submission, the Exchange may grant conditional acceptance of the application for listing.

3.3 Final Filing Requirements

Before the Supplemental Securities will be listed for trading, the following documents must be filed with the Exchange:

- (a) a copy of the final Prospectus, circular or other offering document, if applicable;
- (b) a copy of any constating documents creating, describing or governing the terms of the Supplemental Securities, including any agreement or trust indenture (or equivalent document), and any amendments;
- (c) satisfactory evidence that the Supplemental Securities are free of any trading restrictions, such as a final receipt for a Prospectus qualifying the distribution of the Supplemental Securities and which discloses the specific offering terms of the Supplemental Securities or an opinion of legal counsel;
- (d) a definitive specimen of the certificate for the Supplemental Securities with the ISIN or CUSIP number imprinted thereon;
- (e) a Form 2E – *Distribution Summary Statement* or other evidence satisfactory to the Exchange confirming that the distribution requirements for the Supplemental Securities at section 2 have been satisfied; and
- (f) the balance of the applicable fee as set out in Policy 1.3 – *Schedule of Fees*.

3.4 Additional Filing Requirement for Issuers Listed on a Senior Exchange

In addition to the documentation required in section 3.3, the issuer must provide evidence that it is in good standing on the Senior Exchange upon which its securities are listed.

3.5 Final Exchange Bulletin

If the final documentation is satisfactory, the Exchange will issue an Exchange Bulletin confirming the Exchange acceptance of the application for listing of the Supplemental Securities.

4. Trading

- 4.1 Trading in rights and warrants that have an expiry date shall be for cash same day settlement on the expiry date as set out in Rule C.2.18 of the TSX Venture Exchange Rule Book and Policies. On the expiry date, trading in such Supplemental Securities shall cease at 9:00 a.m. (Vancouver time), 10:00 a.m. (Calgary time) and 12:00 noon (Toronto and Montréal time). Trading in other types of Supplemental Securities may also be subject to special trading and settlement rules near their maturity date.

POLICY 2.9

TRADING HALTS, SUSPENSIONS AND DELISTING

Scope of Policy

This Policy addresses when public trading in an Issuer's Listed Shares should be temporarily halted or suspended, or when the Issuer's Listed Shares will be delisted.

The main headings in this Policy are:

1. Introduction
2. Trading Halts
3. Trading Suspensions
4. Delisting
5. Reviews and Appeals

1. Introduction

- 1.1** Once the shares of an Issuer become listed on the Exchange, they become available for public trading through the Exchange's computerized trading system. Trades are executed through Members and Participating Organizations in a continuous-auction trading forum.
- 1.2** An Exchange trading halt, suspension or delisting minimizes or prevents any further trading of the Listed Shares of the Issuer. Members and Participating Organizations are prohibited from dealing with the Listed Shares of any Issuer that is halted or suspended throughout the period of any halt or suspension other than in accordance with applicable Exchange Requirements. Subject to the use of applicable exemptions, Securities Laws generally prohibit the sale of securities other than through registered dealers, many of which are Members or Participating Organizations.
- 1.3** The Listing Agreement authorizes the Exchange to halt or suspend trading in an Issuer's Listed Shares or to delist Listed Shares without notice at any time if the Exchange believes it is in the public's best interest.

- 1.4 The Exchange has retained its agent, the Regulation Services Provider, to act as its regulation service provider in accordance with National Instrument 21-101 – *Marketplace Operation* and, in particular to monitor, administer and enforce UMIR as they apply to the trading in Exchange listed securities and to monitor Issuers' timely and continuous disclosure and enforce the relevant Exchange policies and procedures related to timely and continuous disclosure.
- 1.5 The Regulation Services Provider, will be responsible for monitoring, administering and enforcing the imposition of trading halts and co-ordinating with the Exchange on matters relating to suspensions and delistings.

2. Trading Halts

- 2.1 The Exchange can impose a trading halt for any one of the following reasons:
- (a) the Issuer is not in compliance with the terms of its Listing Agreement or Exchange Requirements; or
 - (b) circumstances exist which, in the opinion of the Exchange, could materially affect the public interest.
- 2.2 If there has been undisclosed Material Information relating to the Issuer's affairs and the Issuer does not request a trading halt, the Regulation Services Provider will halt trading in the Issuer's Listed Shares until the Issuer publishes and disseminates a news release. The Regulation Services Provider together with the Issuer determines the time required to disseminate the news release and consequently the length of any trading halt. This will usually depend on the significance and complexity of the announcement and the geographic distribution of shareholders.
- 2.3 The Regulation Services Provider co-ordinates trading halts with other North American exchanges and Nasdaq when an Issuer's Listed Shares are also listed or traded on those exchanges or quotation systems. The North American exchanges will generally halt and resume trading in an interlisted security at the same time in each market.
- 2.4 A trading halt should not reflect adversely on the Issuer, its management or the value of its Listed Shares. The halt does not affect the carrying value, for brokerage margin purposes, of the Issuer's Listed Shares. Nevertheless, a trading halt may be changed to a suspension at any time, if the reason for the halt is not addressed by the Issuer or if the Exchange deems a suspension to be in the public interest.

Exchange Reviews

- 2.5** Most situations where a trading halt is appropriate are detected by the computer trading surveillance systems operated by the Regulation Services Provider. In reacting to any computer trading surveillance report, the Regulation Services Provider has a number of alternatives including the following:
- (a) note the anomaly, knowing that the market is reacting to some recently released information;
 - (b) check the Issuer's news releases and other Exchange files and, if necessary, contact the Issuer's directors or legal counsel to seek relevant information. The Issuer, on its own initiative or on request from the Regulation Services Provider, may issue another news release containing new information or clarifying previously disclosed information; or
 - (c) if the Regulation Services Provider cannot contact representatives of the Issuer and a material price change has occurred, or a material change in the bid or ask price has occurred, there may be either an imposition or extension of a halt in trading in the Issuer's Listed Shares until satisfactory disclosure is made.

Unusual Price Fluctuations

- 2.6** If the market price of Listed Shares has increased or decreased dramatically in a relatively short period of time and the price change does not appear to be the result of fully disclosed Material Information relating to the affairs of the Issuer, the Regulation Services Provider will halt trading in the Listed Shares "pending clarification of the market activity."
- 2.7** The review procedures which the Regulation Services Provider will employ in the case of unusual price fluctuations have been designed to:
- (a) ensure that all Material Information concerning the change(s) in question has been accurately disclosed;
 - (b) ascertain if there have been, or there are, trading irregularities in the stock;
 - (c) ascertain if there has been any inappropriate or undisclosed Investor Relations Activities relating to the Issuer; and
 - (d) ascertain the adequacy of the public distribution of the stock.
- 2.8** After completing its review, the Regulation Services Provider will take such steps as it determines appropriate, including requiring the Issuer to issue a further news release or referring the matter to the Exchange for further handling.

3. Trading Suspensions

3.1 Reasons for Suspension

The Exchange may impose a suspension in a variety of circumstances including where:

- (a) the Issuer's Listed Shares are halted and the reason for the halt is not adequately addressed by the Issuer;
- (b) the Issuer has made public announcements and there is substantial market interest but the Issuer has not filed current financial statements. In this case, the suspension will normally continue until the market has current financial information with which to assess the Issuer's announcements. The suspension may be carried out by the Exchange alone or in conjunction with a Cease Trade Order imposed by a Securities Commission;
- (c) a Securities Commission issues a Cease Trade Order relating to the Issuer. In this case the trading suspension will not be revoked by the Exchange until the Commission rescinds its Cease Trade Order and the Exchange examines the Issuer for compliance with the Continued Listing Requirements;
- (d) an Issuer significantly fails to meet Continued Listing Requirements or has failed to meet the Continued Listing Requirements in the time permitted by the Exchange;
- (e) a CPC has failed to carry out a Qualifying Transaction within 24 months after listing;
- (f) the Issuer has breached the terms of its Listing Agreement or has otherwise failed to comply with Exchange Requirements;
- (g) the Issuer's circumstances appear to warrant a delisting, but the Exchange decides to allow the Issuer some time to reorganize its affairs in order to meet Initial Listings Requirements or Continued Listing Requirements, as appropriate; and
- (h) an Issuer fails to comply with a direction or requirement of the Exchange to make application for and obtain reporting issuer status in Ontario when it has a Significant Connection to Ontario.

3.2 When the Exchange decides to suspend an Issuer's Listed Shares, it will issue an Exchange Bulletin describing the reasons for the suspension. A trading suspension will remain in effect until the circumstances giving rise to it have been settled to the satisfaction of the Exchange and the Issuer otherwise satisfies all applicable Exchange Requirements.

3.3 When the Listed Shares of an Issuer are suspended, the carrying value attributable to those Listed Shares, for brokerage margin purposes, must be fixed at zero.

Reinstatements

- 3.4** Generally, reinstatement of trading will not be automatic upon the Issuer having remedied the deficiency which gave rise to the halt or suspension, as the Issuer will be required to make a request to the Exchange for any such reinstatement.
- 3.5** An Issuer whose Listed Shares have been halted or suspended for up to 10 business days can be reinstated for trading if it submits a plan (a “reinstatement submission”) to meet the Continued Listing Requirements in a reasonable period of time and the Exchange is satisfied with the public disclosure of its affairs.
- 3.6** An Issuer whose Listed Shares have been halted or suspended for between 10 business days and 90 calendar days must make application for reinstatement and demonstrate to the Exchange that it meets the Continued Listing Requirements and is otherwise in good standing before the Exchange will reinstate trading.
- 3.7** An Issuer whose Listed Shares remain halted or suspended for a period of more than 90 days must meet the following requirements in order to be reinstated for trading:
- (a) the Issuer must make an application for reinstatement of trading, demonstrating that it meets the Exchange’s Initial Listings Requirements and is otherwise in good standing, including attendance at a pre-filing conference and, if required, obtaining sponsorship. If the Issuer had Tier 1 Issuer status before the suspension and wishes to regain Tier 1 status, the appropriate Tier 1 Issuer requirements must be met to regain that status instead of Tier 2 Issuer status;
 - (b) an Issuer that has been subject to a Cease Trade Order for more than 90 days or whose Listed Shares have not traded for 12 months must file a reinstatement submission, including a Prospectus, Information Circular, comprehensive press release, filing statement or such other disclosure document as the Exchange may determine appropriate in the circumstances, accompanied by all supporting documentation and the appropriate filing fees; and
 - (c) the Issuer must receive approval for reinstatement from the Exchange, which will conduct a review of any compliance problems or investigations, evidence as to meeting the Initial Listings Requirements, the Issuer’s new business proposal and whether it appears to be in the interest of the investing public to permit continued listing.
- 3.8** The Exchange will issue a notice to an Issuer whose securities have been suspended from trading for a significant period of time and provide it with a deadline to file a reinstatement submission and correct deficiencies. If the Issuer fails to do so or its submission is not satisfactory to the Exchange, then the Issuer may be delisted in accordance with section 4.9.
- 3.9** The Exchange will generally not apply sections 3.5, 3.6 and 3.7 to trading halts carried out in the normal course, including halts in connection with an impending Change of Business, Reverse Takeover or a Qualifying Transaction.

- 3.10** In the case of a proposed Change of Business or Reverse Takeover that does not proceed to a closing, following a review, the Exchange will generally permit the Issuer to resume trading provided that the Issuer satisfies Continued Listing Requirements and is otherwise in good standing.
- 3.11** Once an Issuer has been approved by the Exchange for reinstatement, it must disseminate a news release indicating the date of reinstatement and actions that were undertaken in furtherance of the reinstatement.

4. Delisting

- 4.1** If an Issuer ceases to meet the Continued Listing Requirements applicable to it or breaches the Exchange Requirements, or if the Exchange considers that it would be in the public interest to do so, the Exchange may delist an Issuer's Listed Shares.

See Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement* for details as to the timing and notice provisions for the transfer of the listing of Issuers that do not meet CLR to NEX.

Voluntary

- 4.2** An Issuer may at any time request that the Exchange delist all or any class of its Listed Shares from trading on the Exchange. The Issuer must submit to the Exchange:
- (a) a written request for delisting, specifying the Listed Shares to be delisted and the reason(s) for the request;
 - (b) a copy of the directors' resolution authorizing the delisting; and
 - (c) confirmation that all Exchange invoices have been paid.
- 4.3** Unless the Exchange is satisfied that a satisfactory alternative market exists for the Listed Shares, the Exchange will require majority of the minority shareholder approval for the delisting application.
- 4.4** Typically a class of Listed Shares will be delisted at the request of the Issuer when the Issuer has redeemed its shares or a successful take-over bid for the shares has been completed. In most instances the Listed Shares of the Issuer requesting a delisting are listed on another recognized stock exchange or stock market, or no longer held by a sufficient number of Public Shareholders. In these circumstances, and where the request is made for valid reasons, the Exchange will not object to the delisting so long as the above submission is delivered to the Exchange.
- 4.5** Delisting requests are occasionally made by interlisted companies in order to proceed with a transaction which the Exchange has not accepted for filing or which the Exchange finds objectionable. In these circumstances, in addition to filing a copy of the directors' resolution, the Issuer must issue a news release detailing the reasons for the delisting.

- 4.6** If the Listed Shares of the Issuer are not interlisted on another recognized stock exchange or stock market, the Exchange will consider the merits of each individual delisting application. The Exchange will need confirmation that the Issuer's Public Shareholders and the investing public generally, will not be prejudiced by the delisting. The Exchange can require that the Issuer issue a news release disclosing its plans and can delay the delisting to facilitate settlement of trades and allow shareholders to sell to willing purchasers.
- 4.7** In most cases, the Exchange will issue an Exchange Bulletin 10 days before a voluntary delisting occurs.

Involuntary

- 4.8** Each Exchange initiated delisting is reviewed on the basis of relevant facts and circumstances. The following are examples of circumstances which warrant a delisting:
- (a) the Issuer has failed to meet ILR or CLR (as directed by the Exchange) in the time permitted;
 - (b) the Issuer has sold or otherwise disposed of its principal operating assets, has ceased to be an operating company or has discontinued a substantial portion of its operations or business;
 - (c) the Issuer has breached the Listing Agreement or has otherwise failed to comply or is unwilling to comply with Exchange Requirements;
 - (d) the Issuer has failed to pay its annual sustaining fee, filing fees or any other charge due to the Exchange when due; or
 - (e) a suspended Issuer has failed to proceed with a reactivation plan as required by the Exchange.
- 4.9** Notwithstanding the above, if an Issuer's Listed Shares are suspended for 12 months, the Issuer may be delisted.
- 4.10** Following delisting from the Exchange, an Issuer is still a Reporting Issuer under applicable Securities Laws. Accordingly, a delisted Issuer must continue to file financial statements and material change reports with the appropriate Securities Commission and to otherwise comply with the applicable Securities Laws until such time as it is no longer a Reporting Issuer under such Securities Laws.
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POLICY 2.10

LISTING OF EMERGING MARKET ISSUERS

The main headings in this Policy are:

1. Introduction
2. Defined Terms
3. Rationale for Additional Listing Requirements
4. Requirements/Procedures For Listing of Emerging Market Issuers
5. Summary of Requirements and Procedures

1.INTRODUCTION

1.1 Overview

This Policy sets out and provides guidance in respect of the requirements and procedures applicable to the listing of Emerging Market Issuers and, as applicable, Excluded Resource Issuers.

The requirements and procedures set out in this Policy are intended to complement and operate in conjunction with policy requirements applicable to all Issuers seeking a listing on the Exchange, in particular as set forth in Policy 2.1 – *Initial Listing Requirements* (“**Policy 2.1**”), Policy 2.2 – *Sponsorship and Sponsorship Requirements* (“**Policy 2.2**”), Policy 2.3 – *Listing Procedures* (“**Policy 2.3**”), Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance* (“**Policy 3.1**”) and Appendix 2A – *Review Procedure Guidelines* (“**Appendix 2A**”), and should be read in conjunction therewith.

1.2 Applicability to Other Transactions

Although the requirements and procedures set out in this Policy are principally intended to apply to New Listing transactions involving the listing of an Emerging Market Issuer, the Exchange may, at its discretion, apply the requirements and procedures to any transaction or series of transactions that will result in an Issuer becoming an Emerging Market Issuer.

2.DEFINED TERMS

2.1 Definitions

Defined terms used in this Policy that are not specifically defined in this Policy shall have the meanings ascribed thereto in Policy 1.1 – *Interpretation*.

In this Policy:

“CEO” means the Chief Executive Officer of an Issuer.

“CFO” means the Chief Financial Officer of an Issuer.

“Emerging Market Issuer” means an Issuer, other than an Excluded Resource Issuer, whose principal business operations or operating assets are primarily located in or conducted from an Emerging Market Jurisdiction.

Guidance Notes:

N.1 In determining whether an Issuer is an Emerging Market Issuer, the Exchange will take into account the expected characteristics of the Issuer at the time of listing. For example, in the case of a Reverse Takeover, the characteristics of the Resulting Issuer upon completion of the transactions involved in the Reverse Takeover will be of relevance and not the characteristics of the Issuer prior to the completion of the transactions.

N.2 For the purposes of this definition, “principal business operations or operating assets” will generally mean the business operations or operating assets that the Issuer is relying upon in order to satisfy the Exchange’s industry-specific Initial Listing Requirements (as set forth in Policy 2.1), however, the Exchange may also take into consideration an Issuer’s other core business operations and operating assets if they are, in the Exchange’s view, of similar or greater significance to the Issuer’s overall operations.

In terms of assessing whether said business operations or operating assets are, as the case may be, primarily located in or conducted from an Emerging Market Jurisdiction, the Exchange will assess such matters on a case by case basis taking into account applicable qualitative and quantitative factors including, without limitation: (a) the nature of the Issuer’s business; (b) the physical location of the Issuer’s operating assets; (c) the physical location of the Issuer’s mind and management; and (d) the connection to, relationship with and reliance upon an Emerging Market Jurisdiction that the Issuer’s business has.

N.3 For greater certainty, an Excluded Resource Issuer will not be considered an Emerging Market Issuer for the purposes of this Policy. It should be noted, however, that certain of the guidance and requirements set forth in this Policy may otherwise be applicable to Excluded Resource Issuers to the extent that they are applicable to any Issuer under other Exchange policies such as, without limitation, Policies 2.1, 2.2, 2.3 or 3.1. For reference purposes, Part 5 of this Policy provides a summary of these matters.

“Emerging Market Jurisdiction” means any jurisdiction outside of Canada, the United States, Western Europe, Australia and New Zealand.

Guidance Note:

N.1 On a case by case basis, the Exchange will consider excluding other jurisdictions from the definition of Emerging Market Jurisdiction if the Exchange is satisfied that the jurisdiction has substantially comparable business practices, business culture, corporate law requirements, securities law requirements and rule of law as Canada. This is something that an Issuer should discuss with the Exchange at a pre-filing conference (refer to section 4.1 below).

“Excluded Resource Issuer” means an Issuer that is either a Mining Issuer or an Oil & Gas Issuer (under Policy 2.1) and for which all of the following persons either: (i) each have been resident in a non-Emerging Market Jurisdiction for a majority of the ten years preceding the

Issuer's Application for Listing; or (ii) each have an aggregate of not less than five years of experience as directors or senior officers of Exchange or TSX listed companies during the ten years preceding the Issuer's Application for Listing and have demonstrated a positive corporate governance and regulatory history:

- (a) a majority of the Issuer's senior officers;
- (b) a majority of the Issuer's directors; and
- (c) any director or senior officer of the Issuer that is also a Control Person of the Issuer, an Associate of a Control Person of the Issuer or a nominee of any such Person.

Guidance Note:

N.1 Per the definition of "Issuer" in Policy 1.1 – *Interpretation*, it should be noted that the term Issuer in this context includes the subsidiaries of the applicant Company. As such, the Exchange will factor in the directors and senior officers of the applicant Company and its subsidiaries when assessing if an Issuer is an Excluded Resource Issuer.

3. RATIONALE FOR ADDITIONAL LISTING REQUIREMENTS

3.1 Mitigation of Potential Risks

It is essential that all Issuers listed on the Exchange and accessing the Canadian capital markets adhere to the same high standard in regards to suitability for listing, corporate governance and disclosure.

The Exchange recognizes that, from a suitability for listing perspective, Emerging Market Issuers have a different risk profile as compared to non-Emerging Market Issuers due to various jurisdiction-related factors that are not generally applicable to a non-Emerging Market Issuer including, without limitation:

- differences in business culture and business practices from jurisdiction to jurisdiction;
- differences in the nature of the rule of law from jurisdiction to jurisdiction; and
- differences in applicable legal and regulatory requirements from jurisdiction to jurisdiction.

To help mitigate such risks, Exchange policies have historically imposed and will continue to impose certain additional requirements on Emerging Market Issuers at the listing stage. The additional requirements are not intended as a commentary on the business culture, laws or regulatory requirements of Emerging Market Jurisdictions. The additional requirements are designed to help achieve the goals of ensuring satisfactory listing standards and consistent governance and disclosure standards for all Issuers.

3.2 Potential Risks Associated with the Listing of Emerging Market Issuers

The Exchange has identified the following principal areas relevant to listing where there may be greater risks associated with the listing of Emerging Market Issuers:

(a) Management and Corporate Governance:

- **Knowledge of Canadian Regulatory Requirements:** If management lacks experience and familiarity with Canadian securities law and Exchange requirements, the likelihood of non-compliance with, or misunderstanding of, Canadian securities law requirements and the policies of the Exchange potentially increases. This may result in:
 - i. inadequate corporate governance standards and practices;
 - ii. less sensitivity to market concerns and regulatory requirements associated with Related Party Transactions which, in turn, may increase the likelihood of inadequate disclosure of such transactions and non-compliance with applicable shareholder approval and/or valuation requirements; and
 - iii. inadequate compliance with applicable continuous and timely disclosure requirements.
- **Communication:** Communication issues may exist if the board of directors or management are not all fluent in a common language, are not fluent in the language in which the Issuer conducts business or are not within close geographic proximity. In such situations, there is the potential for various communication-related issues to arise such as:
 - i. inadequate oversight of senior management by the board of directors;
 - ii. the inability of advisors (such as legal counsel and auditors) to adequately communicate with senior management and the board of directors;
 - iii. the inability of the CFO to properly carry out its duties;
 - iv. the inability of the audit committee to properly carry out its duties; and
 - v. the inability of senior management to adequately communicate with the Exchange and the applicable Securities Commissions.
- **Local Business Knowledge:** If management lacks experience and familiarity with the laws and requirements of the jurisdiction where the Emerging Market Issuer is principally carrying out its business activities, the likelihood of non-compliance with, or misunderstanding of, the legal and regulatory requirements applicable to its operations potentially increases.

(b) Financial Reporting:

- **Qualifications of Auditors:** If the Emerging Market Issuer's Canadian auditors lack sufficient experience and expertise in the applicable Emerging Market Jurisdiction, the likelihood of errors or oversights in the audit process, and correspondingly the Issuer's financial statements and related disclosure, may increase.
- **Adequacy of Internal Controls:** Inadequate internal controls over financial reporting matters may increase the likelihood of errors and misstatements in an Emerging Market Issuer's financial statements. Although inadequacy of internal controls is a potential risk for any Issuer, certain factors may raise the risk profile for Emerging Market Issuers. These factors may include:
 - i. differences in banking systems and controls between jurisdictions;
 - ii. differences in business cultures and business practices between jurisdictions; and
 - iii. rules or limitations on the flow of funds between jurisdictions.
- **Qualifications of CFO and Audit Committee:** If the Emerging Market Issuer's CFO or audit committee lacks sufficient expertise and experience with applicable financial reporting and audit practices and procedures, in particular in the context of international audit engagements for public companies, the likelihood of errors or oversights in the Issuer's financial statements may increase.

(c) Non-Traditional Corporate/Capital Structures:

- **Complexity of Corporate and Capital Structures:** The Exchange understands that tax or foreign ownership restrictions in certain jurisdictions may encourage or necessitate more complex corporate or capital structures. These may include, for example, structures in which the Issuer does not hold a direct ownership interest in its principal assets and instead holds its rights indirectly through contractual arrangements with a foreign-domiciled entity (e.g. a variable interest entity structure) or structures in which a foreign-domiciled entity is granted an earn-in or similar right that permits it to acquire a controlling or substantial share position in the Issuer for nominal consideration (e.g. a "slow walk" arrangement structure). Where such corporate or capital structures are utilized, there may be potential risks, such as the following:
 - i. if the structure requires that legal ownership of the Issuer's operating assets be vested in a non-affiliated entity, title to and control over such assets by the Issuer may be compromised, a potential risk which may be amplified depending on the rule of law in the applicable jurisdiction;

- ii. the structure may limit or otherwise inhibit the ability of the shareholders to have recourse against the assets of the Issuer; and
- iii. inadequate public disclosure of the nature, material characteristics and risks associated with the structure.

(d) Legal Matters Relating to Title and Ability to Conduct Operations:

- **Validity of Title to Principal Operating Assets:** Legitimacy and certainty of title to principal operating assets are key listing requirements and fundamental to the listing of any Issuer. An Issuer must validly own and be able to operate the business upon which its listing is based. For Emerging Market Issuers, there may be an increase in title risk or difficulty demonstrating that these key listing requirements are satisfied.
- **Legal Right to Conduct Operations:** Many jurisdictions require specific permits or business licenses in order for an Issuer to carry out its business operations and that the applicable requirements may be different from jurisdiction to jurisdiction, even within the same industry. Furthermore, the requirements applicable to an Issuer may be different if the Issuer is considered “foreign” from the perspective of the applicable jurisdiction (for example, China may have requirements specific to a non-Chinese owned entity conducting business operations in China). The associated risks and considerations related to an Issuer’s ability to carry out its business operations are more likely to be relevant to an Emerging Market Issuer given the location of its operations.

4. REQUIREMENTS/PROCEDURES FOR LISTING OF EMERGING MARKET ISSUERS

The following requirements and procedures are applicable to the listing of Emerging Market Issuers pursuant to any New Listing transaction. The purpose and intent of these requirements and procedures is to mitigate, in part, the potential risks associated with the listing of Emerging Market Issuers identified by the Exchange.

The Exchange may, at its discretion, waive the application of any of the stated requirements and procedures that may be applicable to a particular Issuer. Any such waiver will be considered on a case by case basis taking into account the facts specific to the Issuer.

For greater certainty, Emerging Market Issuers will be required to comply with the applicable listing requirements and procedures set forth in this Policy in addition to such other requirements and procedures that may be applicable under Exchange policies including, without limitation, Policies 2.1, 2.2, 2.3 and 3.1.

4.1 Pre-Filing Conference

As set out in section 1.2(b) of Policy 2.7 – *Pre-Filing Conferences* (“**Policy 2.7**”), it is strongly recommended that any Issuer that may be considered an Emerging Market Issuer have a pre-filing conference with the Exchange in advance of initiating its Application for Listing.

The principal purposes of the pre-filing conference will be to:

- (a) introduce the Exchange to the Issuer, its business and key individuals;
- (b) discuss any questions related to the listing process identified by the Issuer and its advisors;
- (c) identify the requirements and procedures set out in this Policy that the Exchange expects will be applicable to the Issuer’s application; and
- (d) identify potential issues or areas of concern the Exchange may have with the proposed listing.

The Exchange recommends that members of management (in particular the CEO and CFO), the Issuer’s counsel, the Issuer’s auditors and the Sponsor all attend the pre-filing conference. These meetings are mutually beneficial, allowing the Exchange and the Issuer to communicate directly and identify concerns, if any, at an early stage and consider how such concerns could be addressed. These meetings also provide an early opportunity for senior management and key representatives of the applicant to ask questions and understand the Exchange’s listing requirements.

Issuers should refer to Part 4 of Policy 2.7 for the types of documentation and information that are recommended to be filed with the Exchange in advance of a pre-filing conference so as to maximize its utility.

As referenced in section 1.3 of Policy 2.7, failure to hold a pre-filing conference will in all likelihood result in the listing process taking additional time to be completed.

4.2 Qualifications of Management and Corporate Governance

- (a) **Public Company Experience:** Section 5.10(b) of Policy 3.1 requires that an Issuer’s management team have adequate reporting issuer experience in Canada or a similar jurisdiction. As outlined in section 5.12 of Policy 3.1, the Exchange takes numerous factors into consideration when assessing this matter.

In applying section 5.10(b) of Policy 3.1 within the context of an Emerging Market Issuer, the Exchange will require that:

- i. Each of the CEO and CFO and, when taken as a whole, the board of directors must have adequate knowledge and experience with Canadian public company

requirements (i.e. Canadian securities law requirements and the policies of the Exchange). This may be demonstrated by the individuals in question having recent experience as directors or senior officers of Exchange or TSX-listed issuers with a positive track record of compliance with applicable Canadian public company requirements. Reference should be made to section 5.12 of Policy 3.1 for additional guidance as to the factors the Exchange may take into consideration.

- ii. In the case of the CEO and CFO, where the individual does not have recent experience as a director or senior officer of Exchange or TSX-listed issuers, the individual will need to demonstrate to the Exchange's satisfaction that he/she has otherwise obtained or will obtain prior to listing an adequate knowledge of Canadian public company requirements.

Guidance Note:

- N.1 As referenced in section 5.12(a)(viii) of Policy 3.1, the requirements of item ii. may be accomplished through the individual's satisfactory completion of one or more corporate governance or reporting issuer management courses acceptable to the Exchange for these purposes.

- (b) Jurisdiction Experience:** Section 5.10(a) of Policy 3.1 requires that an Issuer's management team have adequate experience and technical expertise relevant to the Issuer's business and industry. As outlined in section 5.11 of Policy 3.1, the Exchange takes numerous factors into consideration when assessing this matter.

In applying section 5.10(a) of Policy 3.1 within the context of an Emerging Market Issuer, the Exchange will require that the senior officers and board of directors, when taken as a whole, have adequate industry and, as applicable, technical experience in the applicable Emerging Market Jurisdiction.

Guidance Note:

- N.1 Satisfaction of the foregoing requirement will be assessed by the Exchange on a case by case basis taking into account the experience and expertise of the Issuer's management team. In general, the Exchange will require that at least one of the Issuer's senior officers and one of its directors (who are not the same person) have experience and familiarity with the laws and requirements of the relevant jurisdiction that are applicable to the relevant industry. This may be demonstrated by the individuals having recent industry experience in the relevant jurisdiction. Reference should be made to section 5.11 of Policy 3.1 for additional guidance as to the factors the Exchange may take into consideration.

By way of example, in the case of a mineral exploration company that is an Emerging Market Issuer, the Issuer may address the Exchange's jurisdiction experience requirements by demonstrating that one of the Issuer's senior officers and one of its directors (who are not the same person) have recent experience in the mineral exploration industry of the jurisdiction in which the Issuer's Qualifying Property is situated and that such experience has allowed them to develop a familiarity with the laws and requirements of such jurisdiction that are applicable to the mineral exploration industry.

- (c) **Communication:** In order to satisfy the Exchange that potential communication issues have been adequately mitigated, the Exchange will require that:
- i. The Issuer must identify to the Exchange which senior officers and directors are bilingual in either English or French and the primary language of the relevant Emerging Market Jurisdiction.
 - ii. Where some or all of an Issuer's senior officers and board members are not fluent in either English or French and the primary language of the relevant Emerging Market Jurisdiction, the Issuer must demonstrate to the Exchange how the language barrier will be overcome within the Issuer's management team and also, as applicable, between the Issuer's management team and its advisors (e.g. legal counsel and auditors) and between the Issuer's management team and its operating staff in the Emerging Market Jurisdiction. This may, without limitation, require that the Issuer have a formal communication plan that is satisfactory to the Exchange which sets out the measures that will be taken to mitigate potential communication related issues.
 - iii. For all material agreements and documentation that the Issuer is required to file with the Exchange, both at the time of listing as well as post-listing, that are prepared in a language other than English or French, the Issuer must file an English or French translation with the Exchange that has been prepared by a duly certified translator.
- (d) **Chief Financial Officer:** The Exchange considers a properly qualified and experienced CFO as necessary to help mitigate many of the potential risks identified by the Exchange in respect of the listing of Emerging Market Issuers. In this regard, Emerging Market Issuers must demonstrate to the Exchange's satisfaction that the following requirements are met:
- i. The CFO is financially literate (as defined in National Instrument 52-110 – *Audit Committees* (or applicable successor instrument) ("**NI 52-110**")) (per section 5.8(b) of Policy 3.1, this is a requirement for a CFO of any Issuer).
 - ii. The CFO has a strong understanding of Canadian securities laws related to financial reporting.
 - iii. The CFO has a strong understanding of the business environment in the jurisdiction in which most of the Issuer's transactions are conducted.
 - iv. The CFO is knowledgeable of and has experience with applicable financial reporting and accounting standards, including disclosure standards.

- v. The CFO is knowledgeable of and has experience with the design and evaluation of disclosure controls and procedure and internal controls over financial reporting for Exchange or TSX-listed Issuers.

Satisfaction of the requirements outlined in items i. to iv. above is required both at the time of listing and on an ongoing basis post-listing.

- (e) **Audit Committee:** The Exchange considers a properly qualified and experienced audit committee as necessary to help mitigate certain of the potential risks identified by the Exchange in respect of the listing of Emerging Market Issuers. In this regard, an Emerging Market Issuer must demonstrate to the Exchange's satisfaction that the following requirements are met:

- i. Every member of the audit committee is financially literate (as defined in NI 52-110).
- ii. Every member of the audit committee is independent (i.e. as per section 21(b) of Policy 3.1, they must not be Officers, employees (or equivalent) or Control Persons of the Issuer or any of its Associates or Affiliates).
- iii. At least one member of the audit committee has the following skills: (1) Canadian financial reporting skills; and (2) experience with audit engagements for public companies.

Satisfaction of the requirements outlined in items i. to iii. above is required both at the time of listing and on an ongoing basis post-listing.

Guidance Notes:

- N.1 With regards to the requirement in item iii.(2), satisfaction of this requirement will be assessed by the Exchange on a case by case basis taking into account the experience and expertise of the individual in question. In general, the Exchange will consider the requirement satisfied if the individual has recent experience either: (a) as an audit committee member of a public company of a comparable size and nature to the Issuer; or (b) auditing financial statements of a public company of a comparable size and nature to the Issuer.

- (f) **Independent Oversight of Related Party Transactions:** Exchange policies including, without limitation, Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* contain various requirements in respect of Related Party Transactions and transactions with Non-Arm's Length Parties to an Issuer. In addition to being required to comply with said requirements, an Emerging Market Issuer will be required to adopt specific internal written policies in respect of Related Party Transactions and transactions with Non-Arm's Length Parties to the Issuer. These internal policies should address such matters as, without limitation, management of conflicts of interest, independent director oversight and approval, adequate timely disclosure to the public, adequate disclosure in the Issuer's financial statements and compliance with all applicable regulatory requirements.

4.3 Background and Corporate Searches

Exchange policies including, without limitation, Policy 3.1 require that a Form 2A – *Personal Information Form* (a “**PIF**”) be filed in respect of each director, officer and Insider of an Issuer. Upon receipt of a duly completed PIF, the Exchange conducts background searches on the individual including, as applicable, searches in all jurisdictions where the individual has resided in the preceding ten years.

In addition to background searches on the directors, officers and Insiders of an Issuer, for an Emerging Market Issuer the Exchange may, at its discretion, conduct corporate due diligence searches in the relevant jurisdiction(s).

Some or all of the foregoing searches may require that the Exchange retain a third party to complete the searches in the relevant jurisdiction(s). Issuers will be required to pay the costs associated with these searches to the Exchange in advance of the searches being initiated.

4.4 Qualifications of Auditors

The Exchange considers a properly qualified and experienced auditor as necessary to help mitigate certain of the potential risks identified by the Exchange in respect of the listing of Emerging Market Issuers. The Exchange will only list an Emerging Market Issuer if the Exchange is satisfied that the audit firm that will serve as its auditor following listing has adequate qualifications and experience relevant to the Issuer’s business and operations. In the context of the listing of an Emerging Market Issuer, the principal factors the Exchange will take into consideration in assessing this matter will include the following:

- demonstrated satisfactory experience and expertise in the relevant jurisdiction by the audit partners and staff including the adoption of quality controls to ensure compliance with Canadian standards of quality control;
- the size and general resources of the firm;
- whether the firm is a “participating audit firm” (as such term is defined in National Instrument 52-108 – *Auditor Oversight* (or applicable successor instrument)) that is in compliance with any restrictions, sanctions or remedial action imposed by the Canadian Public Accountability Board (“**CPAB**”) and is otherwise in good standing with CPAB;
- the ability to communicate effectively with the Issuer’s CFO, audit committee and board of directors; and
- the ability to directly execute or directly supervise the audit field work necessary to support the audit opinion.

Guidance Note:

- N.1 For greater certainty, the foregoing auditor qualification and experience requirements applicable to Emerging Market Issuers apply to the audit firm that will serve as the Issuer's auditor following listing. The Exchange will not apply these requirements to the audit firms that serve or have served as the Issuer's auditor (or the Target Company's auditor, as the case may be) prior to listing.

4.5 Adequacy of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Exchange may require an Emerging Market Issuer to establish and maintain disclosure controls and procedures (“**DC&P**”) and internal control over financial reporting (“**ICFR**”) (as such terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings* (or applicable successor instrument) (“**NI 52-109**”)) at the time of listing and following listing. The Exchange will assess the applicability of these requirements to each Emerging Market Issuer on a case by case basis with a view to the facts specific to the Issuer. In assessing this matter, the Exchange will take into consideration such factors as, without limitation, the nature, size and complexity of the Issuer's operations or corporate structure. It is strongly recommended that Issuers discuss the possible applicability of these requirements with the Exchange at a pre-filing conference.

For those Emerging Market Issuers that the Exchange requires to establish and maintain DC&P and ICFR at the time of listing and following listing, the following requirements will be applicable:

- (a) In designing the Issuer's ICFR, the Issuer must use a control framework (as prescribed by section 3.4 of NI 52-109).
- (b) As a condition to listing the following steps must be taken:
 - i. The Issuer's CEO and CFO must evaluate, or cause to be evaluated under their supervision, the effectiveness of the Issuer's DC&P and ICFR at the financial year end date of the audited financial statements included in the principal disclosure document the Issuer prepares in connection with its listing. The CEO and CFO must also consider any changes to the Issuer's ICFR that have been made subsequent to the date of the audited financial statements. As part of this evaluation process, the Issuer must engage an audit firm to provide, at a minimum, observations and recommendations on the documented design of the ICFR as compared to the control framework selected. The observations and recommendations of the audit firm must be presented in writing to the CEO, CFO and audit committee.
 - ii. Based on the evaluation described in item i., the Issuer's CEO and CFO must confirm to the Exchange in writing that the Issuer's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP (the “**Confirmation**”). If during the evaluation material weaknesses relating to the

design or operations of the ICFR are identified, the Confirmation must specifically include:

- a description of the material weaknesses;
 - the impact of the material weaknesses on the Issuer's financial reporting and its internal controls; and
 - the Issuer's current plans, if any, or any actions already undertaken, for remediating the material weaknesses.
- iii. The Exchange must be satisfied with the form of the Confirmation, the adequacy of the ICFR and the scope and nature of any identified material weaknesses.
- iv. The Issuer must include the Confirmation in the applicable principal disclosure document the Issuer prepares in connection with its listing.
- (c) Up to and including the filing of the Issuer's annual financial statements for the second full financial year of the Issuer following listing, the Exchange will require that:
- i. Concurrently with the public filing of the Issuer's annual financial statements on SEDAR, the Issuer must file and make public on SEDAR the CEO and CFO certification in the form prescribed by Form 52-109F1 – *Certification of Annual Filings Full Certificate* of NI 52-109 (or applicable successor form and instrument).
 - ii. Concurrently with the public filing of the Issuer's interim period financial statements on SEDAR, the Issuer must file and make public on SEDAR the CEO and CFO certification in the form prescribed by Form 52-109F2 – *Certification of Interim Filings Full Certificate* of NI 52-109 (or applicable successor form and instrument).
- (d) On an annual basis, the Issuer's CEO and CFO must evaluate, or cause to be evaluated under their supervision, the effectiveness of the Issuer's DC&P and ICFR as at the Issuer's financial year end date and report the results of their evaluation to the audit committee prior to the audit committee approving the Issuer's annual financial statements. This should be specifically provided for in the audit committee's charter.

Guidance Notes:

- N.1 With regards to the requirements in section 4.5(c), the Issuer must comply with these requirements irrespective of whether they may be exempt under NI 52-109 from having to file the noted certifications.
- N.2 For greater certainty with regards to the timeframe in which the requirements in section 4.5(c) will be applicable, the following example is provided. An Issuer with a financial year end of December 31 completes its listing transaction on February 15, 2014. The requirements of section 4.5(c) will be applicable up to and including the filing of its annual financial statements for the financial year ended December 31, 2016 (i.e. in this example, the two full financial years following completion of the listing transaction on February 15, 2014 will be the financial years ended December 31, 2015 and 2016).

4.6 Non-Traditional Corporate/Capital Structure

In circumstances where an Emerging Market Issuer intends to employ a non-traditional corporate structure or share capital structure (e.g. a variable interest entity structure or a “slow walk” arrangement structure), the Exchange will impose the following requirements:

- (a) **Satisfactory Reason for Using Structure:** The Issuer must provide an explanation to the Exchange why the non-traditional corporate structure is necessary in the given circumstances. In the absence of the Exchange being satisfied that the non-traditional corporate structure is necessary, the Exchange may refuse listing on this basis.
- (b) **Legal Opinion:** Where the Exchange has concerns with the structure, the Exchange may require a legal opinion addressing the noted concerns. These concerns may include, without limitation, the legality of the structure under the laws of the applicable jurisdiction, the Issuer’s ability under the structure to repatriate funds from the Emerging Market Jurisdiction, the Issuer’s ability under the structure to enforce applicable contracts and the ability of the Issuer’s shareholders under the structure to have recourse against the assets of the Issuer.
- (c) **Adequate Disclosure:** Full, true and plain disclosure of the nature, material characteristics and associated risks of the corporate/capital structure must be disclosed in the applicable principal disclosure document the Issuer prepares in connection with its listing. This disclosure should include, without limitation, disclosure related to the ability of shareholders to have recourse against the assets of the Issuer. Post-listing, the Issuer will be required, on an annual basis, to include the same disclosure in either: (i) its management discussion and analysis for its audited annual financial statements; or (ii) its annual information form (or equivalent document under applicable Securities Laws) if one is filed by the Issuer.

4.7 Legal Matters Relating to Title and Ability to Conduct Operations

With regards to title and the Issuer’s ability to conduct its operations, the Exchange will require the following in connection with the listing of an Emerging Market Issuer:

- (a) **Title Opinion:** If the Issuer’s principal properties or assets are located outside of Canada or the United States, the Issuer will be required to provide a satisfactory title opinion or other appropriate confirmation of title to the Exchange. If title to the principal properties or assets is held through an affiliated entity, the Issuer will generally be required to also provide a satisfactory corporate opinion confirming the validity of the Issuer’s ownership of such affiliated entity.

For greater certainty, if the Issuer is a Mining Issuer or an Oil & Gas Issuer, its “principal properties or assets” will include, without limitation, its Qualifying Property and Principal Properties.

- (b) **Opinion on Necessary Licenses and Permits:** The Issuer will be required to provide a

satisfactory legal opinion that the Issuer has all required permits, licenses and other applicable governmental and regulatory approvals to carry out its business operations in the relevant jurisdiction.

4.8 Sponsorship Requirements

The due diligence and review completed by a Sponsor in respect of any listing that requires sponsorship plays an important role in satisfying the Exchange that the Issuer meets the Exchange's listing requirements and is otherwise suitable for listing. In order to enhance the utility provided by a Sponsor in this regard within the context of Emerging Market Issuers, the following requirements are applicable.

- (a) **Sponsorship Exemptions for Listing of Emerging Market Issuers:** Policy 2.2 sets forth both the circumstances where sponsorship for a New Listing transaction is required as well as the circumstances when a New Listing transaction may be exempt from sponsorship. With respect to the exemptions from sponsorship prescribed by sections 3.1(a) and 3.4(a)(ii) of Policy 2.2, these exemptions will only be available to an Emerging Market Issuer if the Exchange has the ability to directly query the applicable Member firm or financial institution, as the case may be, on matters related to the Exchange's assessment of the Issuer's listing merits and the Member firm or financial institution, as the case may be, is able to provide the Exchange with satisfactory responses to any such queries. For greater certainty, if the applicable Member firm or financial institution, as the case may be, is unwilling, unable or otherwise not in a position to provide responses to the Exchange's queries, the Emerging Market Issuer will not be able to rely upon the exemptions from sponsorship prescribed by sections 3.1(a) and 3.4(a)(ii) of Policy 2.2.
- (b) **Detailed Sponsor Reports:** As provided for in section 7.4(b) of Policy 2.2, the Exchange has the discretion to require that a Sponsor prepare and complete a detailed Sponsor Report that includes, in addition to the requirements of Form 2H – *Sponsor Report* ("**Form 2H**"), disclosure as to the completion of the applicable review procedures set forth in Appendix 2A. The Exchange typically requests a detailed Sponsor Report in circumstances where there are issues or listing matters for which the Exchange considers specific comment from the Sponsor as prudent or necessary.

In the context of the listing of an Emerging Market Issuer for which sponsorship is required, it should be expected by the Sponsor that the Exchange will exercise its discretion under section 7.4(b) of Policy 2.2 and require a detailed Sponsor Report. The additional detailed information to be required in a Sponsor Report for an Emerging Market Issuer will depend upon the specific facts and issues applicable to such Issuer, however, it should be expected by the Sponsor that the Exchange will require some or all of the following detailed information be provided by the Sponsor:

- i. Specific comment on the level and adequacy of the public company knowledge and experience of senior management and the board of directors on an individual and collective basis.

- ii. Specific comment on the level and adequacy of industry experience held by senior management and the board of directors (on an individual and collective basis) in the jurisdiction where the Issuer's principal operations are situated.
- iii. Where some or all of an Issuer's senior officers and board members are not fluent in either English or French and the primary language of the jurisdiction where the Issuer's principal operations are situated, specific comment on the adequacy of the Issuer's plans to mitigate any potential communication issues.
- iv. Specific comment on the adequacy of the CFO's qualifications.
- v. Specific comment on the adequacy of the Issuer's internal policies in respect of Related Party Transactions and transactions with Non-Arm's Length Parties to the Issuer.
- vi. If section 4.5 of this Policy is applicable to the Issuer, specific comment on the matters set forth in item (c)(iv) of Appendix 2A (regarding ICFR).

Guidance Notes:

N.1 The Exchange's expectation is that the Sponsor will review the Confirmation and, as prescribed by item (c)(iv) of Appendix 2A, will discuss the existence and effectiveness of the Issuer's internal controls with the Issuer's auditors, CEO, CFO and audit committee including whether the Issuer needs to implement or adjust those controls. In the Sponsor Report, the Sponsor will be expected to specifically confirm that it has completed this process, summarize whether it is satisfied with the form and contents of the Confirmation and provide any other related information the Sponsor considers relevant based upon its discussions with the auditors, CEO, CFO and audit committee.

- vii. Specific comment on the nature of the rule of law in the relevant jurisdiction.

It should be noted that although a Sponsor's conclusion and confirmation that an Issuer satisfies the Exchange's listing requirements and is suitable for listing on the Exchange is important to the Exchange's consideration of the Issuer's listing merits, the Sponsor's conclusions and confirmations in this regard are in no manner binding upon the Exchange. The final decision as to whether an Issuer satisfies the Exchange's listing requirements and is suitable for listing on the Exchange rests with the Exchange.

4.9 Ongoing Compliance with Exchange Policy Requirements

The Exchange will require that all Emerging Market Issuers continue to comply with the requirements set forth in this Policy on an ongoing basis, as applicable. Issuers should at all times be mindful of the potential impact of corporate actions such as, without limitation, changes of directors or senior officers, changes to the composition of the Issuer's audit committee and change of auditors as these actions may impact the Issuer's continued compliance with the applicable requirements set forth in this Policy. Furthermore, the Exchange may from time to time, at its discretion, require an Emerging Market Issuer to satisfy the Exchange that the Issuer remains in compliance with the applicable requirements set forth in this Policy.

5. SUMMARY OF REQUIREMENTS AND PROCEDURES

The table on the following page sets out in summary form the requirements and procedures for the listing of Emerging Market Issuers set out in Part 4 of this Policy. For ease of reference, the table also sets out the requirements and procedures in this Policy that are applicable to Excluded Resource Issuers (on the basis that they are otherwise applicable to such Issuers under Exchange policies such as, without limitation, Policies 2.1, 2.2, 2.3 or 3.1).

The table is provided for reference purposes only and is qualified by the more detailed information set out in this Policy.

| | Emerging Market Issuer | Excluded Resource Issuer |
|--|------------------------|--------------------------|
| Pre-filing conference (s. 4.1) | Y | Y |
| CEO/CFO Public company experience (s. 4.2(a)): Each of CEO and CFO and, collectively, the board must have Canadian public company knowledge/experience. | Y | N ⁽¹⁾ |
| Jurisdiction experience (s. 4.2(b)): Senior officers and board, as a whole, have adequate industry experience in the jurisdiction in which principal operations are situated. | Y | Y |
| Address communication issues (s. 4.2(c)) | Y ⁽²⁾ | Y ⁽²⁾ |
| Enhanced CFO requirements (s. 4.2(d)) | Y | N |
| Enhanced audit committee requirements (s. 4.2(e)) | Y | N |
| Internal policies for Related Party Transactions (s. 4.2(f)) | Y | N |
| Background and corporate searches (s. 4.3) | Y ⁽³⁾ | Y ⁽³⁾ |
| Pre-clearance of auditors (s. 4.4) | Y | N |
| Establish and maintain internal control over financial reporting (s. 4.5) | Y ⁽⁴⁾ | N |
| Requirements related to non-traditional corporate/capital structures (s. 4.6) | Y ⁽⁵⁾ | Y ⁽⁵⁾ |
| Legal opinions re: title and necessary permits/licenses (s. 4.7) | Y | Y |
| Ability to rely on exemptions to sponsorship requirement (s. 4.8) | Y ⁽⁶⁾ | Y |
| Detailed Sponsor Report | Y | Y ⁽⁷⁾ |

- (1) The public company experience requirements prescribed by section 5.10(b) of Policy 3.1 are still applicable.
- (2) Only applicable if some or all of an Issuer's senior officers and board members are not fluent in either English or French and the primary language of the jurisdiction.
- (3) Exchange will conduct background searches on all directors, officers and other Insiders. Corporate searches may be required, at the Exchange's discretion, if the Issuer or its material operating subsidiary are domiciled outside of Canada.
- (4) The applicability of this requirement will be assessed on a case by case basis and may not be imposed on all Emerging Market Issuers.
- (5) Only applicable if the Issuer intends to employ a non-traditional corporate structure or share capital structure.
- (6) As set out in section 4.8 of this Policy, an Emerging Market Issuer can rely upon the stated sponsorship exemptions subject to certain additional conditions.
- (7) Per Policy 2.2 and Appendix 2A, the Exchange may, at its discretion, require a Sponsor to provide specific detailed information in a Sponsor Report. For an Excluded Resource Issuer, this would be assessed on a case by case basis.

POLICY 3.1

DIRECTORS, OFFICERS, OTHER INSIDERS & PERSONNEL AND CORPORATE GOVERNANCE

Scope of Policy

This Policy describes the qualifications that Directors, Officers and other Insiders, as well as certain personnel, of an Issuer must meet in order for the Issuer to be listed and remain listed on the Exchange, as well as corporate governance standards and policies required to be implemented by all Issuers. This Policy is not an exhaustive statement of corporate governance requirements applicable to Issuers. Nothing in this Policy limits the obligations and responsibilities imposed on Issuers by applicable corporate and Securities Laws. This Policy must be read in conjunction with applicable corporate and Securities Laws, including National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“NI 58-101”), National Policy 58-201 - *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 52-110 - *Audit Committees* (“NI 52-110”).

The main headings in this Policy are:

1. Definitions
2. Exchange Review of Directors, Officers, Other Insiders & Personnel
3. Initial Listing Requirements
4. Continued Listing Requirements
5. Qualifications and Duties of Directors and Officers
6. Disclosure of Insider Interests
7. Transfer Agent, Registrar and Escrow Agent
8. Security Certificates
9. Dissemination of Information and Insider Trading
10. Unacceptable Trading
11. Corporate Power and Authority
12. Auditors
13. Financial Statements, MD & A and Certification
14. Shareholders’ Meetings and Proxies
15. Shareholder Rights Plans
16. Proceeds from Distributions
17. Issuers with Head Office Outside Canada
18. Assessment of a Significant Connection to Ontario
19. Corporate Governance Guidelines
20. Disclosure of Corporate Governance Practices
21. Audit Committees

1. Definitions

1.1 For the purposes of this Policy:

“Director” has the meaning prescribed by applicable Securities Laws.

“Independent” has the meaning used in NI 52-110.

“Insider” if used in relation to an Issuer means:

- (i) a Director or Officer of the Issuer;
- (ii) a Person who performs functions similar to those normally performed by a Director or Officer;
- (iii) a Director or Officer of a Company that is an Insider or subsidiary of the Issuer;
- (iv) A Person that beneficially owns or control, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (v) the Issuer itself, if it holds any of its own securities.

“Officer” has the meaning prescribed by applicable Securities Laws.

“Securities Regulatory Authority” or **“SRA”** means a body created by statute in any jurisdiction to administer Securities Laws, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory organization.

“Self Regulatory Organization” or **“SRO”** means (a) a stock, commodities, futures or options exchange; (b) an association of investment, securities, mutual fund, commodities, or future dealers; (c) an association of investment counsel or portfolio managers; (d) an association of other professionals (e.g. legal, accounting, engineering); and (e) any other group, institution or self-regulatory entity, recognized by an SRA, that is responsible for the enforcement of rules, disciplines or codes under any applicable legislation, or considered a self regulatory organization in another country.

2. Exchange Review of Directors, Officers, Other Insiders & Personnel

2.1 The Exchange considers the Directors, Officers and other Insiders, as well as certain other people involved with an Issuer, to be important factors in determining whether to accept and/or maintain the listing of an Issuer. The Exchange will exercise discretion in considering all factors related to the Directors, Officers and other Insiders of an Issuer, as well as certain other people involved with the Issuer.

Exchange Discretion

- 2.2** In exercising its discretion, the Exchange may review the conduct of Directors, Officers, other Insiders, Promoters, significant securityholders, Control Persons, employees, agents, and consultants in order to satisfy itself that:
- (a) the business of the Issuer is and will be conducted with integrity and in the best interests of its securityholders and the investing public; and
 - (b) Exchange Requirements and the requirements of all other regulatory bodies having jurisdiction are and will be complied with.
- 2.3** In exercising the Exchange's discretion regarding individuals involved or proposed to be involved with an Issuer, the Exchange may:
- (a) prohibit an individual from serving as a Director or Officer or being an Insider of an Issuer or impose restrictions on any Director, Officer or other Insider;
 - (b) prohibit a Person from being a Promoter, employee, agent or consultant or being engaged by or working on behalf of an Issuer or impose restrictions on any Promoter, employee, agent, or consultant;
 - (c) request a Sponsor Report before it will accept the involvement of any Person with an Issuer;
 - (d) require that Persons with appropriate reporting issuer and/or industry experience and a history of regulatory compliance be added as Directors or Officers of an Issuer by a certain date; and
 - (e) require that one or more Directors or Officers complete a prescribed course.

3. Initial Listing Requirements

- 3.1** Before the Exchange will accept the Initial Listing of an Applicant or Resulting Issuer, each Director, Officer and other Insider and each person providing or managing Investor Relations Activities, promotional or market making services on behalf of the Issuer must submit a Personal Information Form (a "PIF") (Form 2A) or, if applicable, a Declaration (Form 2C1) to the Exchange duly completed. In addition, the Exchange may require a PIF from other Persons involved with the Issuer. See Policy 3.2 – *Filing Requirements and Continuous Disclosure*.
- 3.2** The Exchange will not accept an Initial Listing or a New Listing unless the Directors, Officers, other Insiders and, at the discretion of the Exchange, any Promoter, employee, consultant or agent of an Issuer, or Person otherwise being engaged by or working on behalf of an Issuer, meet the applicable minimum requirements set out under Section 5 of this Policy.

4. Continued Listing Requirements

- 4.1** On an ongoing basis, the Directors, Officers, other Insiders and, at the discretion of the Exchange, employees, consultants and agents of each Issuer, and any Person otherwise being engaged by or working on behalf of an Issuer, must continue to meet the requirements set forth in this Policy. The Exchange may halt, suspend, or delist the securities of an Issuer that has failed to maintain the requirements of this Policy on an ongoing basis.
- 4.2** The Exchange requires information on any proposed new Director, Officer, other Insider or Person providing or managing Investor Relations Activities, promotional or market making services on behalf of an Issuer in order to determine their suitability before he or she becomes involved with any Issuer. The Issuer must provide the Exchange with the following materials relating to such individuals:
- (a) PIFs or, if applicable, Declarations; and
 - (b) any other materials which the Exchange requests.
- 4.3** If there is a change in the Directors or Officers of an Issuer, the Issuer must issue a press release as required by Policy 3.3 – *Timely Disclosure*.
- 4.4** Issuers must submit a PIF for any Person involved with that Issuer, in any capacity, directly or indirectly, upon the request of the Exchange.

5. Qualifications and Duties of Directors and Officers

General Requirements – Directors and Officers

- 5.1** Every Director and every Officer must be an individual who is at least 18 years old and is the age of majority in the jurisdiction where he or she resides.
- 5.2** Every Director and Officer must be qualified under the corporate and Securities Laws applicable to the Issuer to serve as a Director or Officer.

General Duties of Directors and Officers

- 5.3** Each Director and Officer of an Issuer must act honestly and in good faith with a view to the best interests of the Issuer in exercising their powers and discharging their duties.
- 5.4** Each Director and Officer must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 5.5** Directors and Officers of an Issuer must ensure that the Issuer complies with the applicable Exchange Requirements, corporate and Securities Laws.

Board and Management Composition and Qualifications

5.6 Each Issuer must have at least three Directors.

5.7 Each Issuer must have at least two Independent Directors.

5.8 Management must include, at a minimum:

- (a) a Chief Executive Officer (CEO);
- (b) a Chief Financial Officer (CFO). The CFO of every Issuer must be financially literate, as defined by NI 52-110; and
- (c) a corporate secretary.

5.9 A Person may act as a CEO and corporate secretary or CFO and corporate secretary of the same Issuer at the same time. However, no Person may act as CEO, CFO and corporate secretary of the same Issuer at the same time and, no person may act as a CEO and CFO of the same Issuer at the same time other than where the Issuer is an inactive Issuer or a CPC.

5.10 Management, Directors and Officers must have:

- (a) adequate experience and technical expertise relevant to the Issuer's business and industry; and
- (b) adequate reporting issuer experience in Canada or a similar jurisdiction.

5.11 In determining whether management and the board of Directors of an Issuer have satisfactory industry specific technical and management experience, the Exchange considers a number of factors, including for each member or proposed member of management and for each Director or proposed Director:

- (a) that Person's previous involvement with and commitment to other public and private issuers, including;
 - (i) the history of corporate and financial success of such issuers, including whether it demonstrated profitability or, if the other issuer was a resource exploration issuer, whether that issuer satisfactorily completed its exploration and development programs;
 - (ii) the management or board positions held by that Person with those issuers;
 - (iii) any regulatory or Securities Laws violations or infractions by the individual or by such issuers;
 - (iv) the prudent and responsible business conduct and practices of such issuers; and

- (v) the industry in which that other issuer was involved and the extent of experience obtained in the Issuer's or applicant Issuer's industry segment.

5.12 In determining whether management or the board of Directors of an Issuer have sufficient reporting issuer experience in Canada or a similar jurisdiction, the Exchange considers a number of factors, including for each member or proposed member of management and for each Director or proposed Director:

- (a) that individual's previous involvement with other reporting issuers. The Exchange will consider the following in this context:
 - (i) the number of boards on which the Person has served;
 - (ii) the length of time the Person was a member of management or Director of the other reporting issuers;
 - (iii) the stock exchange or market on which the reporting issuers' securities were traded;
 - (iv) any management position held by the Person with other issuers;
 - (v) any Securities Laws or other regulatory violations or infractions by the Person or that other reporting issuer while the Person was involved with it;
 - (vi) the financial success of that reporting issuer, including whether it demonstrated profitability or, if the other issuer was a resource exploration issuer, whether that other issuer satisfactorily completed its exploration and development programs;
 - (vii) the prudent and responsible business practices of that other issuer; and
 - (viii) whether the Person has satisfactorily completed one or more corporate governance or reporting issuer management courses acceptable to the Exchange for the purposes of fulfilling the reporting issuer/corporate governance experience requirement.

5.13 The Exchange recommends that at least one independent board member and a minimum of two members of the board have satisfactory corporate governance experience.

Prohibitions on Directors and Officers

5.14 The following Persons cannot serve as Directors or Officers of an Issuer:

- (a) a Person who is subject to a consent order or decree, agreed statement of facts or similar documentation, entered into or issued by an, SRA, SRO or court which currently places restrictions on that Person's ability to be a Director, Officer or other Insider of a reporting issuer;

- (b) a Person who, under applicable Securities Laws, corporate or any other legislation, is prohibited or disqualified from acting as a Director or Officer of a reporting issuer;
- (c) a Person who, under applicable Securities Laws is restricted from acting as a Director or Officer of an Issuer by virtue of being, at that time, a Director, Officer or employee of a Member, a Participating Organization or a registrant under applicable Securities Laws or otherwise due to any conflicts of interest policy, rule or other instrument; and
- (d) a Person that the Exchange advises is unacceptable to serve as a Director or Officer of an Issuer.

5.15 The following individuals cannot serve as Directors or Officers of an Issuer, unless consented to in writing by the Exchange:

- (a) a Person who has been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction, by an SRA or SRO;
- (b) a Person who has had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended, in any jurisdiction;
- (c) a Person who has been subject to a consent order or decree, agreed statement of facts or similar documentation, entered into or issued by any stock exchange, SRA or SRO or court in any jurisdiction which placed restrictions on that Person's ability to be a Director, Officer or other Insider of a reporting issuer;
- (d) a Person who is or has been prohibited or disqualified under Securities Laws, corporate or any other legislation, in any jurisdiction, from acting as a Director or Officer of a reporting issuer;
- (e) a Person who is, or has ever been a Director, Officer, other Insider, Promoter or Control Person of an issuer at the time of an event, in any jurisdiction, that led to or resulted in an SRA or SRO:
 - (i) refusing, restricting, suspending or cancelling the registration or licensing of that issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products,
 - (ii) refusing a receipt for a prospectus or other offering document, denying any application for listing or quotation or any other similar application, or issuing an order that denied the issuer the right to use any statutory prospectus or registration exemptions,

- (iii) entering into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved any other violation of securities legislation or an SRO's rules,
 - (iv) taking any proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a Reverse Takeover or similar transaction);
- (f) a Person who has, at any time, entered into a settlement agreement with an SRA, SRO, attorney general or comparable official or body, in any jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation or the rules of any SRO;
- (g) a Person who has, at any time, entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct;
- (h) a Person who is or has ever been a Director, Officer, other Insider, Promoter or Control Person of an issuer that, has, at any time, entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct;
- (i) a Person for whom a court in any jurisdiction has:
 - (i) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct,

- (ii) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer, for which the Person is currently or has ever been a Director, Officer, other Insider, Promoter or Control Person, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct;
- (j) a Person who, in any jurisdiction, has ever pled guilty to or been found guilty of or been convicted of a criminal offence relating to theft, fraud, breach of trust, embezzlement, forgery, bribery, perjury, money laundering, or any other offences that might reasonably bring into question that Person's integrity and suitability as a Director or Officer of a public company, or is the subject of any current charge, indictment or proceeding for such an offence;
- (k) a Person who is or has ever been a Director, Officer, other Insider, Promoter or Control Person of an issuer which, at the time of events, in any jurisdiction, has ever pled guilty to or been found guilty of or been convicted of a criminal offence relating to theft, fraud, breach of trust, embezzlement, forgery, bribery, perjury, money laundering, or any other offences that might reasonably bring into question that Person's integrity and suitability as a Director or Officer of a public company, or is the subject of any current charge, indictment or proceeding for such an offence;
- (l) a Person who, in any jurisdiction, is an undischarged bankrupt or equivalent or who is currently or was at the time of events or for a period of 12 months preceding the time of events, a partner, Director, Officer, other Insider, Promoter or Control Person of an issuer that is an undischarged bankrupt or equivalent;
- (m) a Person who, in any jurisdiction, is currently or was at the time of events or for a period of 12 months preceding the time of events, a partner, Director, Officer, other Insider, Promoter or Control Person of an issuer that:
 - (i) has a petition in bankruptcy issued against them,
 - (ii) has made a voluntary assignment in bankruptcy,
 - (iii) has made a proposal under any bankruptcy or insolvency legislation,
 - (iv) is subject to any proceeding, arrangement or compromise with creditors, or
 - (v) has had a receiver, receiver manager or trustee appointed to manage their assets;

- (n) a Person who, in any jurisdiction, is currently or in the past 10 years has:
 - (i) had a petition in bankruptcy issued against them,
 - (ii) made a voluntary assignment in bankruptcy,
 - (iii) made a proposal under any bankruptcy or insolvency legislation,
 - (iv) been subject to any proceeding, arrangement or compromise with creditors, or
 - (v) had a receiver, receiver manager or trustee appointed to manage their assets;
- (o) a Person whose employment has been suspended or terminated for cause for actual or alleged fraud, theft, insider trading, embezzlement, forgery or failure to disclose material facts (including but not limited to nondisclosure of transactions with third parties), inappropriate arrangements with third parties, or similar conduct, or any actual or alleged misconduct relating to the securities or financial industries;
- (p) a Person who has been subject to a Cease Trade Order, denial of exemption order or equivalent order or ruling by an SRA or SRO for 12 consecutive months or more;
- (q) a Person who is currently subject to a Cease Trade Order, denial of exemption order or equivalent order or ruling by an SRA or SRO;
- (r) a Person who, since the age of majority, has been incarcerated in a penal institution for more than 12 consecutive months;
- (s) a Person who is personally indebted to or subject to an unsatisfied or incomplete term of a sanction of the Exchange or any SRA or SRO; and
- (t) a Person who the Exchange has determined filed a materially incomplete, false or misleading PIF or Declaration or who has failed to comply with a direction or instruction of the Exchange or has failed to file materials, information and documents as requested by the Exchange, within the timeframe specified by the Exchange.

5.16 At the discretion of the Exchange, a Person who falls within any of the categories set forth in section 5.14, 5.15, and 5.17 may also be prohibited from being an Insider, Promoter, Control Person, significant securityholder, employee, agent or consultant, or from being engaged by or being able to work on behalf of an Issuer.

- 5.17** Where a current or prospective Director or Officer of an Issuer is subject to an investigation or proceeding, or has had a notice of hearing or similar notice issued by an SRA or SRO, or is involved in settlement discussions or negotiations for settlement of any kind with an SRA or SRO in relation to any matter that could result in an order, ruling, prohibition, conviction or other sanction being imposed against that Director or Officer, the Exchange may:
- (a) permit such an individual to serve as a Director or Officer of the Issuer, subject to the satisfaction of such conditions, as the Exchange determines are necessary, or
 - (b) prohibit that individual from serving as a Director or Officer of the Issuer,
- pending the final outcome of that investigation or proceeding.
- 5.18** If, pursuant to this Policy, an individual is prohibited from acting as a Director or Officer or prohibited, directly or indirectly, from:
- (a) being involved as a Promoter, employee, consultant or, agent of an Issuer, or
 - (b) otherwise being engaged by or working on behalf of an Issuer,
- that Person must resign from his or her position with the Issuer immediately. The Person may be required to resign or cease to be otherwise involved with other Issuers.

5.19 Lack of Information

The absence of evidence satisfactory to the Exchange of a positive legal and regulatory track record can constitute grounds for disqualification as a Director or Officer of an Issuer.

5.20 Refusal or Revocation of Exchange Acceptance – Ontario

Where an Issuer has a Significant Connection to Ontario, and has not complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario, the Exchange may refuse to grant Exchange Acceptance of any application relating to the acceptability of any Insider. The Exchange may also revoke, amend or impose conditions in connection with a previous Exchange Acceptance of any such application, until such time as the Issuer has complied with the direction or requirement (See section 18, *Assessment of a Significant Connection to Ontario* of this Policy).

6. Disclosure of Insider Interests

- 6.1** If Directors or Officers have an interest in a transaction or a proposed transaction involving an Issuer, the Issuer must ensure that any conflict of interest is dealt with appropriately. In order to minimize any conflict of interest, in addition to any requirements of applicable corporate law and Securities Laws:

- (a) every Director and Officer must disclose to the board of Directors either in writing or in person at the next Directors' meeting, the nature and extent of any material interest, directly or indirectly, that they have in any material contract or proposed contract with the Issuer. The Director or Officer must make this disclosure as soon as they become aware of the agreement or the intention of the Issuer to consider or enter into the proposed agreement;
- (b) the board of Directors must implement procedures so that each material agreement or proposed agreement between the Issuer and any Director or Officer, directly or indirectly, will be considered and approved by a majority of the disinterested Directors; and
- (c) the board of Directors must implement procedures to ensure proper public dissemination is made of the material interest of any Officer or Director of the Issuer in any material agreement or proposed agreement between the Issuer and that Director or Officer. The majority of disinterested Directors must consider the proper scope and nature of the disclosure.

7. Transfer Agent, Registrar and Escrow Agent

- 7.1 Each Issuer must maintain a record of its current registered shareholders, a record of each allotment or issuance and a record of each transfer in the registered ownership of its securities. As these records are complex for a publicly traded company, an Issuer must appoint a registrar and transfer agent to perform these services. In making such appointment, an Issuer must comply with the corporate laws of its incorporating or continuing jurisdiction, which may impose specific requirements for transfer agents and registrars.
- 7.2 While its securities are listed on the Exchange, an Issuer must appoint and maintain a transfer agent and registrar with a principal office in one or more of Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; Montreal, Quebec; or Halifax, Nova Scotia.
- 7.3 Except for those transfer agents that are listed in Appendix 3A, which have been previously approved as acceptable transfer agents by the Exchange, an applicant seeking to become an acceptable transfer agent under Appendix 3A must be a trust company in good standing under applicable legislation.
- 7.4 Each class of Listed Shares must be directly transferable at the Issuer's registrar and transfer agent.

8. Security Certificates

8.1 General

An Issuer shall have only one form of certificate for each class or series of Listed Shares. All certificates must conform with the requirements of the corporate and Securities Laws applicable to the Issuer.

8.2 Exchange Requirements

- (a) All certificates for every class or series of Listed Shares must be printed in a manner acceptable to the Exchange by:
 - (i) a recognized bank note company or its affiliate or other security printer which has a contractual affiliation with a recognized bank note company, recognized for this purpose by the Exchange. The producing bank note company must at all times have possession and control of all dyes, rolls, plates and other engravings. All certificates must be produced on paper of an excellent grade of security paper; or
 - (ii) a secured printer printing a form of generic certificate that complies with the requirements of the Security Transfer Association of Canada (“STAC”), as may be agreed to by the Exchange, from time to time.
- (b) Issuers using bank note share certificates as contemplated under subsection (a)(i) have the option to continue using those certificates or they may use generic share certificates at any time. Issuers interested in using generic share certificates are encouraged to contact their transfer agent.
- (c) Before a form of certificate can be used by an Issuer, the Exchange must receive a letter from the transfer agent of the Issuer confirming that the form of the certificate to be used will meet Exchange Requirements. Where the Issuer chooses to use generic certificates, the Issuer’s transfer agent must also confirm in the letter that the generic certificate provided complies with STAC requirements. No change or alteration can be made to the form or design of a security certificate without the Exchange’s prior acceptance unless prior to the change or alteration the Exchange receives written confirmation from the transfer agent that the altered form or design meets Exchange Requirements.
- (d) The face of all certificates for every class of Listed Shares must include:
 - (i) the “title” or corporate name of the Issuer printed clearly and prominently (a trade mark, trade name or logo may be used in addition to the corporate name but not in substitution for the corporate name);
 - (ii) a general or promissory text printed clearly and prominently;
 - (iii) a colour panel or panels, or a colour border;

- (iv) a space to indicate ownership and denominations;
- (v) an ISIN or CUSIP number in the upper right corner (obtained from the Canadian Depository for Securities Limited. See Policy 5.8 - *Name Change, Share Consolidations and Splits*);
- (vi) a prominent indication of the class and series of securities to which the certificate refers;
- (vii) a transferability clause, indicating the cities where the certificates are transferable;
- (viii) the name(s) of the Issuer's registrar(s) and transfer agent(s);
- (ix) original or facsimile signatures of at least two Officers or Directors of the Issuer;
- (x) a document control or serial number; and
- (xi) if specifically requested by the Exchange, a vignette for an Industrial or Investment Issuer.

9. Dissemination of Information and Insider Trading

9.1 Dissemination of News

Each Issuer must disseminate news respecting Material Information in accordance with applicable Securities Laws and Exchange Requirements. Issuers listed on the Exchange must disseminate all news announcements respecting Material Information on a national basis and must retain the services of one or more acceptable news disseminators to ensure proper dissemination. See Policy 3.3 - *Timely Disclosure* for further details on dissemination of news.

9.2 Procedures to be Adopted

The Directors and Senior Officers of every Issuer must adopt and implement practices and procedures to:

- (a) ensure that Material Information relating to the business and affairs of the Issuer is fully and properly publicly announced in a timely fashion;
- (b) educate Directors, management, employees and consultants with respect to the legal and regulatory restrictions on trading on undisclosed Material Information and the legal and regulatory implications of "tipping" and insider trading;
- (c) restrict, control and monitor access to all Material Information relating to the business and affairs of the Issuer, its Associates and Affiliates, until any previously undisclosed Material Information is properly disseminated to the public; and

- (d) require all Insiders and all other Persons in a “special relationship” (as defined in applicable Securities Laws) to the Issuer who have access to or might reasonably be believed to have access to undisclosed Material Information relating to the Issuer, to refrain from trading in the Issuer’s securities until the Material Information has been properly disseminated to the public.
- 9.3 The Directors and Senior Officers of an Issuer must not publish or direct the publication of any information that would constitute a misrepresentation under applicable Securities Laws, including any untrue statement of a Material Fact or an omission to state a Material Fact that is necessary to be stated for a statement not to be misleading. The Directors and Senior Officers must not knowingly permit any employee or consultant to publish any information that would constitute a misrepresentation and should ensure that the Issuer has implemented adequate procedures to prevent dissemination of such material. Directors and Senior Officers are advised that posting information on the World Wide Web or participating in any chat group or similar group via the Internet is considered by the Exchange to constitute publication of information.
- 9.4 Each Insider must comply with the provisions of applicable corporate law and Securities Laws in relation to both insider trading restrictions and disclosure of trades by Insiders.
- 9.5 Each Control Person must comply with the provisions of applicable corporate and Securities Laws and Exchange Requirements with respect to advance notice of any sale or other disposition of any securities owned by the Control Person.

10. Unacceptable Trading

- 10.1 Public participation in any securities marketplace, to a great degree, depends upon the confidence of investors and potential investors in the fairness and integrity of the system of securities trading. Directors, Senior Officers and Insiders of an Issuer and Persons engaged in Investor Relations Activities or promotion and market-making activities for an Issuer are prohibited from engaging in abusive, manipulative or deceptive trading practices. Directors and Senior Officers of an Issuer should ensure that all Persons retained to act on behalf of the Issuer to provide investor relations, promotion or market-making services are aware of the provisions of applicable Securities Laws and Exchange Requirements dealing with unacceptable trading practices. Directors and Senior Officers of an Issuer must advise the Exchange if they become aware that any Person is engaging in unacceptable practices with respect to trading in the securities of the Issuer. See also Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*.
- 10.2 Without limiting the restrictions imposed by applicable Securities Laws and other Exchange Requirements, activities that could reasonably be expected to create or result in a misleading appearance of trading activity in, or an artificial price for securities listed on the Exchange include:
- (a) executing any transaction in a security, through the facilities of the Exchange, if the transaction does not involve a change in beneficial ownership;

- (b) effecting, alone or with others, a transaction or series of transactions in a security for the purpose of inducing others to purchase or sell the same security or a related security;
- (c) effecting, alone or with others, a transaction or series of transactions that has the effect of artificially raising, lowering or maintaining the bid or offering price of the security;
- (d) entering one or more orders for the purchase or sale of a security that artificially raise, lower or maintain the bid or offering prices of the security;
- (e) entering one or more orders for the purchase or sale of a security that could reasonably be expected to create an artificial appearance of investor participation in the market;
- (f) executing, through the facilities of the Exchange, a prearranged transaction in a security that has the effect of creating a misleading appearance of active public trading or that has the effect of improperly excluding other market participants from the transaction;
- (g) purchasing or making offers to purchase a security at successively higher prices, or selling or making offers to sell a security at successively lower prices, if the transactions or offers create a misleading appearance of trading or an artificial market price for the security;
- (h) effecting, alone or with others, one or a series of transactions through the facilities of the Exchange where the purpose of the transaction is to defer payment for the security traded;
- (i) entering an order to purchase a security without the ability and the bona fide intention to make the payments necessary to properly settle the transaction;
- (j) entering an order to sell a security, except for a security sold short in accordance with applicable Securities Laws and Exchange Requirements, without the ability and the bona fide intention to deliver the security necessary to properly settle the transaction; and
- (k) engaging, alone or with others, in any transaction, practice or scheme that unduly interferes with the normal forces of demand for, or supply of, a security or that artificially restricts the Public Float of a security in a way that could reasonably be expected to result in an artificial price for the security.

11. Corporate Power and Authority

- 11.1** Every Issuer must be validly incorporated or created and remain at all times a validly subsisting corporate entity pursuant to the laws of its incorporation or creation.

- 11.2 Every Issuer must have the corporate power and authority to carry on the business it conducts or proposes to conduct, be authorized and empowered to issue its securities to the public and to have its securities listed on the Exchange.

12. Auditors

- 12.1 Every Issuer must have an auditor that reports directly to the audit committee.
- 12.2 Subject to any additional requirements of applicable corporate law and following receipt and acceptance of a recommendation of the audit committee as to a proposed auditor, the board of Directors must appoint an auditor and place before the Shareholders for consideration at each annual general meeting, the election or re-election of such auditor. An auditor must be elected or re-elected by Shareholders at the Issuer's annual general meeting.
- 12.3 Subject to section 12.4, the auditor must be a Person who is a member or a partnership whose partners are members, in good standing with the Canadian Institute of Chartered Accountants, or another Person acceptable to the applicable Securities Commission(s).
- 12.4 In addition to the requirement of section 12.3, where an Issuer is filing financial statements accompanied by an auditor's report pursuant to the continuous disclosure requirements of Securities Laws, that report must be prepared by a public accounting firm that is, at the date of the auditor's report, a participating audit firm, as defined by National Instrument 52-108 - *Auditor Oversight*. Such firm must be in compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board.
- 12.5 If an Issuer wishes or is required to change its auditor, the Issuer must comply with National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102").

13. Financial Statements, MD & A and Certification

- 13.1 The board of Directors of an Issuer must ensure that the Issuer prepares, files and disseminates annual audited financial statements, interim financial statements and annual and interim Management's Discussion and Analysis ("MD&A") in accordance with NI 51-102.
- 13.2 The CEO and the CFO of the Issuer must certify the annual audited financial statements and the interim financial statements of the Issuer in accordance with National Instrument 52-109 - *Certification of Disclosure in Issuers Annual and Interim Filings* ("NI 52-109").

14. Shareholders' Meetings and Proxies

- 14.1 The board of Directors of an Issuer must ensure that the Issuer holds an annual meeting of its Shareholders as required by Policy 3.2 – *Filing Requirements and Continuous Disclosure*.

14.2 At each annual meeting of shareholders, the board of Directors must:

- (a) present the audited annual financial statements to the Shareholders for review;
- (b) permit the Shareholders to vote on the appointment of an auditor; and
- (c) permit the Shareholders to vote on the election of Directors.

15. Shareholder Rights Plans

15.1 The Exchange neither endorses nor prohibits the adoption of shareholder rights plans in general or in connection with any particular take-over bid. Issuers implementing shareholder rights plans must comply with National Policy 62-202 - *Take-over Bids - Defensive Tactics* (“NP 62-202”).

15.2 Where a shareholder rights plan has been adopted after the announcement or commencement of a take-over bid, the Exchange will defer a review of a shareholder rights plan until after the appropriate Securities Commission(s) has determined whether it will intervene pursuant to NP 62-202.

15.3 If a shareholder rights plan is adopted at a time when the Issuer is not aware of any specific take-over bid for the Issuer that has been made or is contemplated, the Exchange will not generally object to the plan, provided that it is ratified by the Shareholders of the Issuer at a meeting held within six months following the adoption of the plan. Pending such shareholder ratification, the plan is allowed to be in effect so that its intent is not circumvented prior to the shareholder meeting. If the plan is not ratified by Shareholders within six months of its adoption, it must be cancelled.

15.4 Where a particular Shareholder is exempted from the operation of a plan, even though the Shareholder’s percentage holding exceeds the plan’s triggering ownership threshold, the Exchange will normally require that the plan be ratified by a vote of Shareholders that excludes the votes of the exempted Shareholder and its Associates, Affiliates and Insiders, as well as by a vote that does not exclude such Shareholder.

15.5 Amendments to a shareholder rights plan must be filed with the Exchange. The Exchange may require the Issuer to receive Shareholder approval for the amendment.

15.6 Filing Requirements for a Shareholder Rights Plan

- (a) Issuers proposing to implement a shareholders rights plan must file the following with the Exchange:
 - (i) a draft of the proposed shareholders rights plan;
 - (ii) a letter containing the following:

- (A) a statement as to whether the Issuer is aware of any specific take-over bid for the Issuer that has been made or is contemplated, together with full details regarding any such bid,
 - (B) a description of any unusual features of the plan,
 - (C) a statement as to whether the plan treats any existing Shareholder differently from other Shareholders, and
 - (D) date that Shareholder approval has been or will be obtained for the shareholder rights plan;
- (iii) the applicable fee.
- (b) If an Issuer adopts a plan without pre-clearance from the Exchange, the Issuer must:
 - (i) publicly announce the adoption of its plan as subject to regulatory acceptance; and
 - (ii) as soon as possible, after the adoption of the plan, file with the Exchange a copy of the plan along with the letter described in section 15.6(a) above.

16. Proceeds from Distributions

- 16.1** Except to the extent disclosed in public disclosure documents required to be filed by Securities Laws or Exchange Requirements, the proceeds from any distribution of securities in Canada must be retained by the Issuer in Canada. Each Issuer must implement adequate internal controls to monitor and ensure compliance with this requirement.

17. Issuers with Head Office Outside Canada

- 17.1** Every Issuer whose head office is outside Canada must, as long as it is listed on the Exchange, appoint and maintain an address for service within Canada and must agree to attorn to the laws of the Province of Alberta and the federal laws applicable in that province.

18. Assessment of a Significant Connection to Ontario

- 18.1** All Issuers that are not otherwise reporting issuers in Ontario are required to assess whether they have a Significant Connection to Ontario.

- 18.2** Where an Issuer that is not otherwise a reporting issuer in Ontario becomes aware that it has a Significant Connection to Ontario as a result of complying with section 18.1 above or otherwise, the Issuer is required to immediately notify the Exchange, and promptly make a bona fide application to the Ontario Securities Commission to be deemed a reporting issuer in Ontario. The Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a Significant Connection to Ontario.
- 18.3** All Issuers that are not otherwise reporting issuers in Ontario are required to assess on an annual basis, in connection with the preparation for mailing of their annual financial statements, whether they have a Significant Connection to Ontario. All Issuers must obtain and maintain for a period of three years after each annual review, evidence of the residency of the RHs and BHs of the Issuer.
- 18.4** If requested, Issuers must provide the Exchange with evidence of the residency of their NOBOs.

19. Corporate Governance Guidelines

19.1 General

Since Issuers differ in size, industry, stage of development, and management experience, corporate governance for each Issuer will differ accordingly. While no prescribed set of corporate governance standards or practices will be suitable for every Issuer, all Issuers must adopt corporate governance practices and processes that are appropriate to them.

19.2 Corporate Governance Guidelines

In general, good corporate governance:

- (a) requires an effective system of accountability by management to the board and by the board to the securityholders;
 - (b) requires that information be made available and that decisions by management and the board can be reviewed;
 - (c) ensures that all securityholders are protected; and
 - (d) in the circumstances where there is a significant securityholder, ensures that the interests of minority securityholders are protected.
- 19.3** An Issuer should consult NP 58-201 which sets out guidelines for Issuers developing their own corporate governance practices.

19.4 Management Compensation

- (a) The board of Directors of each Issuer must adopt procedures to ensure that all employment, consulting or other compensation arrangements between the Issuer and any Director or Senior Officer of the Issuer or between any subsidiary of the Issuer and any Director or Senior Officer are considered and approved by independent Directors.
- (b) The Exchange considers golden parachutes, retirement bonuses and similar cash payments (other than reasonable severance payments) to be generally inappropriate for Issuers.

19.5 Disclosure of Management Compensation

- (a) The Issuer must include the following disclosure in its interim MD&A unless it is included in its financial statements. The Issuer must also make this disclosure in its annual MD&A unless such disclosure is made in its financial statements, Annual Information Form or Information Circular;
 - (i) any standard compensation arrangements made directly or indirectly with Directors and Officers of the Issuer, for their services as Directors or Officers, or in any other capacity, from the Issuer and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable under the arrangements and must include any additional amounts payable for committee participation or special assignments;
 - (ii) any other arrangements under which Directors and Officers were directly or indirectly compensated for their services as Directors and Officers or in any other capacity from the Issuer and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable and the name of the Director or Officer; and
 - (iii) any arrangement relating to severance payments to be paid to Directors and Officers of the Issuer and its subsidiaries, entered into during the most recently completed financial quarter.

19.6 Entrenchment of Management

Issuers must not construct mechanisms that entrench existing management such as staggered elections of the board of Directors or the election of a slate of Directors if securityholders are not permitted to choose whether to elect the board as a slate (i.e., as a group in its entirety) or to elect Directors individually.

19.7 Cheques

The signatures of two authorized Persons must be on every cheque issued by an Issuer.

20. Disclosure of Corporate Governance Practices

Tier 1 and Tier 2 Issuers must disclose their corporate governance practices as required by the applicable provisions of NI 58-101.

21. Audit Committees

- (a) The board of Directors of an Issuer, after each annual securityholders' meeting, must appoint or re-appoint its audit committee.
 - (b) An Issuer must have an audit committee comprised of at least three Directors, the majority of whom are not Officers, employees or Control Persons of the Issuer or any of its Associates or Affiliates.
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POLICY 3.2

FILING REQUIREMENTS AND CONTINUOUS DISCLOSURE

Scope of Policy

This Policy describes continuous disclosure requirements applicable to every Issuer and identifies filing requirements that can arise in connection with transactions not specifically dealt with by other Exchange policies. Unless specifically exempted or modified by another Policy, an Issuer must comply with this Policy.

The main headings in this Policy are:

1. Continuous Disclosure and Filing Requirements Under Securities Laws
2. Documents Required by Securities Laws
3. Corporate Information and Shareholder Communication
4. Shareholder Meetings
5. Security Issuances, Treasury Orders and Legending of Hold Periods
6. Change in Management or Control
7. Personal Information Forms and Declarations
8. Material Agreements - Escrow/Pooling Arrangements
9. Changes in Constatting Documents and Security Reclassifications (other than Name Changes, Stock Splits and Consolidations)
10. Dividends
11. Redemption, Cancellation or Retirement of Listed Shares
12. Trading in U.S. Dollars
13. Due Bill Trading

1. Continuous Disclosure and Filing Requirements Under Securities Laws

- 1.1** All Issuers are subject to continuous disclosure and other filing requirements under Securities Laws including, without limitation, the Securities Laws of British Columbia and Alberta. Issuers must ensure compliance with the applicable continuous disclosure and other filing

requirements prescribed by Securities Laws. It should be noted that these requirements are in addition to any disclosure and filing requirements prescribed by the Exchange.

2. Documents Required by Securities Laws

- 2.1** Every Issuer must file with the Exchange a copy of any document or agreement which pursuant to applicable Securities Laws, is filed with any Securities Commission or similar regulatory body or any other applicable stock exchange or market. Where such document or agreement is made publicly available by the Issuer on the System for Electronic Document Analysis and Retrieval (“SEDAR”) in conjunction with its filing with any Securities Commission or similar regulatory body or any other applicable stock exchange or market, the Issuer will not be required to separately file that document or agreement with the Exchange except as may be required pursuant to another Policy.

3. Corporate Information and Shareholder Communication

- 3.1** While listed on the Exchange, an Issuer must maintain and ensure that the Exchange is provided with a current address, telephone number, contact person’s name and if applicable, facsimile number, e-mail address and internet website to which all Shareholder and public inquiries and Exchange communication can be directed.
- 3.2** An Issuer must file with the Exchange a copy of any materials sent or provided to the Issuer’s Shareholders or the public at the same time those materials are delivered to the Shareholders or the public if those materials have not also been filed on SEDAR.

4. Shareholder Meetings

- 4.1** Every Issuer must hold an annual meeting of its Shareholders by the earlier of the time required by applicable corporate or securities legislation and 18 months after:
- (a) the date of its incorporation; or
 - (b) the date of its certificate of amalgamation, in the case of an amalgamated Issuer,
- and subsequently thereafter in each year not more than 15 months after its last preceding annual meeting of Shareholders or such earlier date as required by applicable corporate or Securities Laws.
- 4.2** Every Issuer must, concurrently with giving notice of a meeting of Shareholders, send a form of proxy and an information circular in the manner prescribed by Securities Laws to each holder of a Listed Share and each other Shareholder who is entitled to receive notice of the meeting whether or not they are resident in the jurisdiction in which the Issuer is a reporting issuer. Every Issuer must comply with the requirements of applicable corporate and Securities Laws governing proxies and Shareholder meetings.

- 4.3 If a proposed transaction to be submitted to Shareholders for approval also requires the acceptance of the Exchange, the Issuer must obtain this acceptance (or conditional acceptance, as the case may be) before mailing the meeting materials to the Shareholders. If this is impracticable due to unavoidable time restrictions, the Exchange must be advised in advance of the proposed mailing, and the information circular must clearly state that the proposed transaction is subject to the acceptance of the Exchange (or regulatory approval), and that the Issuer will not proceed with the transaction if regulatory acceptance or approval is not obtained.
- 4.4 For any transaction requiring Shareholder approval, whether pursuant to an Exchange Requirement or otherwise, the meeting materials must describe the substance of the transaction and all related matters in sufficient detail to enable a reasonable Shareholder to form a reasoned judgment concerning the transaction and all related matters.
- 4.5 An Issuer which has adopted or proposes to adopt procedures which may have the effect of entrenching management should consult with the Exchange in advance and obtain prior Exchange acceptance. See Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

5. Security Issuances, Treasury Orders and Legending of Hold Periods

5.1 Security Issuances

Unless specifically provided for in Exchange Requirements, an Issuer must not issue securities without the prior acceptance of the Exchange.

5.2 Treasury Orders - General

- (a) Every Issuer must require that its transfer agent provide to the Exchange, within five business days following the issuance of any securities, a copy of the applicable treasury order.
- (b) Each treasury order and reservation order submitted to the Issuer's transfer agent must contain the following information:
 - (i) the date of the treasury order;
 - (ii) the name and municipality of the transfer agent;
 - (iii) full particulars of the number and type of securities being issued or reserved for issuance;
 - (iv) the issue price per security or the deemed issue price;

- (v) the balance of issued shares of the Issuer following the issuance;
 - (vi) the names and addresses of all parties to whom the securities are being issued or are reserved for issuance;
 - (vii) the date of the applicable Exchange acceptance of the application for issuance of such securities and, if applicable, the Exchange application/file number;
 - (viii) for a treasury order, confirmation that the Issuer has received full payment for the securities and that the securities are validly issued as fully paid and non-assessable;
 - (ix) instructions that the wording of any legend required by applicable Securities Laws or by section 5.3 be imprinted on the face of the certificate (or if the face of the certificate has insufficient space, on the back of the certificate with a reference on the face of the certificate to the legend); and
 - (x) the legend required by section 5.3.
- (c) Every treasury order must be signed by at least two directors or senior officers of the Issuer. The names and titles of each signatory must be printed beneath their respective signatures.

5.3 Hold Period Legends

- (a) Securities subject to an Exchange Hold Period must be legended. Each Issuer must ensure that securities issued from treasury that are represented by a certificate must bear an Exchange legend stating:

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date].”

If the securities are entered into a direct registration or other electronic book-entry system, or if the purchaser of the securities does not directly receive a certificate representing the securities, the Issuer must ensure that the purchaser of the securities receives written notice containing the legend set out above.

- (b) The date to be inserted in any Exchange Hold Period legend will be the date that is four months and a day after the distribution date of the security.
- (c) For securities which are convertible, exercisable or exchangeable into Listed Shares, the legend must be modified to indicate that the remaining portion of the Exchange Hold Period will continue to apply to the underlying Listed Shares if the original security is converted, exercised or exchanged into the underlying Listed Share within four months of the distribution date of the original security. If the Exchange Hold Period on the original security has not expired at the time the original security is

converted, exercised or exchange into the underlying Listed Share, the certificate representing the underlying Listed Share must bear the legend prescribed by section 5.3(a) with the applicable date to be inserted in the legend being the date that is four months and a day after the distribution date of the original security.

- (d) The Exchange legending requirement is in addition to, and does not replace any Resale Restrictions imposed by Securities Laws, including any legending of the security certificate. The Exchange Hold Period will run concurrently with a hold period under Securities Laws but may commence at a different time than under Securities Laws.

5.4 Trading of Legended Shares

Legended shares are generally not permitted to trade, however the Exchange may consider applications to trade legended shares where Listed Shares bearing a legend trade as a separately listed class of shares with a special symbol to identify the shares as legended (such as “ABC.S” in the case of Regulation S legended shares). Legended Listed Shares may trade separately under the special symbol from Listed Shares of the same class of the Issuer that are not legended, or legended Listed Shares may be the only shares of the Issuer listed on the Exchange. The number of legended shares in a class of shares and the nature of the legend will determine whether the legended shares will be listed. If legended shares are not listed, they will not be sufficient settlement for trades of unlegended Listed Shares until the legend is removed.

6. Change in Management or Control

- 6.1 An Issuer must not agree to be party to a Change of Control or any transactions that may reasonably be expected to result in a Change of Control unless the agreement is made subject to Exchange acceptance.
- 6.2 In certain circumstances, a Change of Control may form part of a Reactivation, Reorganization, Change of Business or Reverse Takeover, in which case the Issuer must comply with all of the requirements of the applicable policies. See Policy 2.6 – *Reactivation of NEX Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.
- 6.3 When an agreement in principle is reached (or as soon as the Issuer becomes aware that an agreement in principle reasonably appears to have been reached) which will result or may reasonably be expected to result in a Change of Control of the Issuer, or when any event occurs which will result in the addition to or removal from the board of directors or management of any individuals, the Issuer must issue a news release, which complies in all respects with Policy 3.3 – *Timely Disclosure*, describing:
 - (a) the transaction(s) resulting in the Change of Control; or

- (b) the transactions resulting in any Change of Management and identifying each Person who has ceased to act as director or senior officer, including the position previously held by that Person and identifying any Person who will be appointed or elected to a new position as a director or senior officer of the Issuer, including the position to be held and a brief description of such Person's background and experience; and

file with the Exchange a letter notice describing the proposed transaction.

6.4 Before the Exchange will accept any Change of Control or a Change of Management, the Exchange can require certain supporting documents to be filed, including any or all of the following:

- (a) evidence of (disinterested) Shareholder approval;
- (b) a Sponsor Report;
- (c) a disclosure document such as an Information Circular, Filing Statement or any other document prescribed by the Exchange; and
- (d) Personal Information Forms or, if applicable, Declarations.

6.5 The Exchange can also require a trading halt to provide time for dissemination of information. See section 7 for the requirement to submit Personal Information Forms.

7. Personal Information Forms and Declarations

7.1 Subject to section 7.7, a duly completed Personal Information Form ("**PIF**") (Form 2A), must be submitted to the Exchange before:

- (a) any Person can be involved with an Issuer in the capacity of an Insider; or
- (b) any Person can perform Investor Relations Activities for an Issuer.

- 7.2 An Issuer must immediately advise the Exchange when any director or senior officer of the Issuer or any Person engaging in Investor Relations Activities on its behalf is added or removed.
- 7.3 A new PIF must be filed where a material change has occurred in respect of sections 6, 7, 8, 9 or 10 of the PIF.
- 7.4 In its discretion and at any time, the Exchange can require an updated duly completed PIF for any Person involved with an Issuer.
- 7.5 If a PIF is required or requested by the Exchange from a Person who is not an individual, a PIF must be submitted for each Insider of that non-individual entity.
- 7.6 Acceptance for filing by the Exchange of a PIF does not constitute Exchange acceptance of the proposed Person.
- 7.7 A duly completed Declaration (Form 2C1) may be submitted to the Exchange, in lieu of a PIF, where:
- (a) a Person has filed a PIF within the 60 month period prior to the filing of the Declaration, with either the Exchange or the Toronto Stock Exchange, and
 - (b) the information in that PIF has not changed.

8. Material Agreements - Escrow/Pooling Arrangements

8.1 General – Material Agreements

- (a) Each Issuer must promptly provide written notice to the Exchange of any material agreement and, if requested by the Exchange, must provide a copy of the agreement and other requested documents or information. To the extent practicable, the Issuer should provide written notice of any material agreement to the Exchange prior to the agreement being entered into. As applicable, the Issuer should ensure that the material agreement provides that the agreement is subject to Exchange acceptance.
 - (b) Where the transaction that is the subject of a material agreement requires Exchange acceptance pursuant to the requirements of another Policy and the material agreement (or the particulars thereof) is provided to the Exchange in conjunction with an Issuer's application for acceptance of such transaction, the Issuer will be deemed to have complied with the foregoing notice requirement set forth in section 8.1(a).
 - (c) If the material agreement constitutes a Material Change, the Issuer must issue a news release pursuant to applicable Securities Laws and Policy 3.3 - *Timely Disclosure*.
- 8.2 For the purposes of this Policy, a material agreement means any agreement, commitment, contract or understanding, written or otherwise, that an Issuer or any of its subsidiaries is a party to that is material to the Issuer. Without limitation, the Exchange deems any agreement,

commitment, contract or understanding that an Issuer or any of its subsidiaries is directly or indirectly a party to that relates to any of the following matters to be a material agreement:

- (a) any issuance of shares or other securities of the Issuer or any of its subsidiaries;
- (b) management services, investor relations services, fiscal agency or financial advisory services, other services outside the normal or ordinary course of the Issuer's business, and any transaction with a Non-Arm's Length Party of the Issuer;
- (c) any capital reorganization of the Issuer;
- (d) any acquisition or disposition of the Issuer's own securities;
- (e) any change in the beneficial ownership of the shares or other securities of the Issuer which may materially affect the control of the Issuer;
- (f) any loan or advance of funds by the Issuer to any Person;
- (g) any change in the undertaking of the Issuer;
- (h) any mortgaging, hypothecating or charging in any way of the Issuer's assets; and
- (i) the establishment of a special relationship between the Issuer and a registrant.

In addition, any amendment, termination or extension of a material agreement shall also constitute a material agreement.

8.3 Escrow or Pooling Agreements

Each Issuer which is or becomes aware of any private agreement(s) by any one or more of its Shareholder(s) to voluntarily escrow or pool any of the Issuer's securities must promptly notify the Exchange of the existence of the agreement and if material to investors, must disclose the existence of such an agreement to its Shareholders as required by applicable Securities Laws.

8.4 Receipt of Notice by Exchange

Upon receiving notice from the Issuer, the Exchange may accept the terms of the material agreement or require that they be amended prior to acceptance.

9. Changes in Constating Documents and Security Reclassifications (other than Name Changes, Stock Splits and Consolidations)

- 9.1** An Issuer must not implement a security reclassification or an amendment to its articles, by-laws, memorandum or other constating documents until it has received conditional acceptance from the Exchange.
- 9.2** The Issuer must file all documents requested by the Exchange, before or in connection with granting conditional acceptance, including:
- (a) one copy of the applicable provisions of the Information Circular (draft or final) which has been or will be sent to the Issuer's Shareholders in connection with the approval of the reclassification or amendment; and
 - (b) a draft copy of the revised articles, by laws, memorandum or constating documents.
- 9.3** As soon as possible after effecting the amendment, the Issuer must file:
- (a) an opinion of counsel that all the necessary steps have been taken to validly effect the amendment or security reclassification in accordance with applicable law;
 - (b) a new definitive specimen(s) or over-printed share certificate(s) with the ISIN or CUSIP number imprinted thereon, and in the case of a generic certificate, the specimen certificate must be accompanied by a letter from the transfer agent confirming that the generic certificate complies with the requirements of the Security Transfer Association of Canada;
 - (c) a copy of the letter of transmittal to be sent to Shareholders, if applicable; and
 - (d) the fee prescribed by Policy 1.3 - *Schedule of Fees*.

10. Dividends

- 10.1** For the purposes of Exchange requirements, "dividends" includes any dividend or similar distribution by an Issuer to its Shareholders whether in the form of cash, securities or other property.
- 10.2** All Issuers declaring a dividend on Listed Shares must promptly issue the news release described in section 10.5 and notify the Exchange as soon as the dividend is declared, and at least five trading days in advance of the dividend record date, by filing a Dividend/Distribution Declaration (Form 3E) with the Exchange via TMX LINX or e-mail. For contact information respecting the filing of Form 3E, Issuers are referred to Form 3E.

- 10.3** Listed Shares will commence trading on an ex-dividend basis at the opening of trading on the record date for the dividend. This timing for the ex-dividend date is based on the premise that the Shareholders of record as of close of business on the record date (and not some earlier point in time) will be entitled to receive the dividend. For example, if the record date for a dividend is a Friday (i.e. shareholders of record as of the close of business on the Friday will be entitled to receive the dividend), the shares will commence trading on an ex-dividend basis at the opening of trading on that Friday (in the absence of statutory holidays).
- 10.4** Where Issuers fail to follow the above noted procedure, and as a result, a dispute arises over who is entitled to the payment of the dividend, the Issuer will be liable for the dividend claims made by both the buyers and the sellers of the shares involved.
- 10.5** The declaration of a dividend for any class of Listed Shares is a Material Change in the affairs of the Issuer and requires the issuance of a news release in accordance with the provisions of Policy 3.3 - *Timely Disclosure* which must set out, at a minimum, the following information:
- (a) the Issuer's name;
 - (b) the class of securities on which the dividend is to be paid;
 - (c) the amount payable per security;
 - (d) the record date; and
 - (e) the dividend period (such as quarterly, semi-annually or special).
- 10.6** If a dividend involves the issuance of securities (such as a stock dividend), the Issuer must apply to list any additional securities issued by way of dividend and must provide for any fractional securities resulting from the dividend.

11. Redemption, Cancellation or Retirement of Listed Shares

- 11.1** An Issuer must notify the Exchange promptly of any corporate or other action which results or may result in the redemption, cancellation or retirement, in whole or in part, of any of its Listed Shares or any security convertible into Listed Shares.
- 11.2** The redemption, cancellation or retirement of any Listed Shares is a Material Change and requires the issuance of a news release in accordance with Policy 3.3 - *Timely Disclosure*.

12. Trading in U.S. Dollars

- 12.1** In order to list a security to trade in US dollars or to switch a class of Listed Shares trading in Canadian dollars to trade in US dollars, an Issuer must apply to the Exchange and provide a description of the Issuer and its US operations, a description of how it has been complying with US securities laws (for example, registration status under the Securities Act of 1933, Regulation S and the Securities and Exchange Act of 1934, the name of its US securities counsel and information about his or her firm) and an estimate of the percentage of US Shareholders. Applications will be considered on a case by case basis by the Exchange.
- 12.2** If the Issuer is accepted for US dollar trading, the Exchange will assign a .U suffix to the trading symbol of the Listed Shares that will trade in US dollars. There is no requirement to change the ISIN or CUSIP number, as applicable, or the security code.
- 12.3** The Exchange must give at least three weeks' notice to the clearing and settlement agency before the effective date to switch Listed Shares trading in Canadian dollars to US dollars. The Exchange will also issue an Exchange Bulletin 11 trading days before the effective date, announcing a cash trade period of 10 trading days before the switch to US dollar trading. The Exchange will issue a second Exchange Bulletin on the trading day before the effective date.
- 12.4** For new listings, the 10 trading day cash trade period is not required; however, the applicant Issuer should request trading in US dollars early in the listing application process so consideration of this matter does not delay listing.

13. Due Bill Trading

- 13.1** For the purposes of this Policy:

“distribution” means any dividend, distribution, interest, security or right to which holders of listed securities have an entitlement, based on a specific record date.

“Due Bill” means an instrument used to evidence the transfer of title to any dividend, distribution, interest, security or right to a listed security contracted for, or evidencing, the obligation of a seller to deliver such dividend, distribution, interest, security or right to a subsequent purchaser.

- 13.2** Due Bill trading may be used at the discretion of the Exchange based on various relevant factors. However, the Exchange will normally defer ex-distribution trading and use Due Bills when the distribution per Listed Share represents 25% or more of the value of the Listed Share on the declaration date. Without the use of Due Bills, trading on an ex-distribution basis would commence at the opening of trading on the record date for the distribution and could result in a significant adjustment of the market price of the security. Security holders will then be deprived of the value of the distribution between the ex- distribution date and the payment date. By deferring the ex-distribution date through the use of Due Bills, sellers of the Listed Shares during this period can realize the full value of the Listed Shares they hold, by selling the securities with the Due Bills attached. The use of Due Bills will also avoid confusion regarding the market value of the Listed Shares.

- 13.3** When Due Bills are used, ex-distribution trading usually commences at the opening on the first trading day after the payment date. In the event that the Exchange receives late notification of the payment date and the payment date has passed, ex-distribution trading will generally commence on the first trading day following such notification.
- 13.4** The Exchange may also use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., on the record date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date.
- 13.5** Issuers should contact the Exchange to discuss the use of Due Bills well in advance of any contemplated record date for a distribution.
- 13.6** Due Bill trading will not be implemented for special distributions of additional Listed Shares where such securities are immediately consolidated following the distribution.
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POLICY 3.3

TIMELY DISCLOSURE

Scope of Policy

Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of Material Information concerning the business and affairs of Issuers, thereby placing all participants in the market on an equal footing.

Accordingly, ensuring complete, accurate and timely disclosure of Material Information is an integral part of an Issuer's proper corporate governance procedures. This Policy sets out the general disclosure requirements for all Material Information. This Policy is not intended to be an exhaustive statement of timely and continuous disclosure obligations. It is intended to supplement the timely disclosure requirements under Securities Laws. National Policy 51-201 - *Disclosure Standards* provides guidance to issuers to assist them in meeting their legislative disclosure requirements. While legislative disclosure requirements differ somewhat from the disclosure requirements imposed by the Exchange, National Policy 51-201 clearly states that listed issuers must comply with the requirements of the exchange on which they are listed. Accordingly, this Policy must be read in conjunction with Securities Laws, National Policy 51-201 and all other Exchange Requirements.

In addition to the foregoing, Issuers who engage in mineral exploration, development and/or production must follow the Mining Standard Guidelines as outlined in Appendix 3F of this Manual for both their timely and continuous disclosure obligations.

The main headings in this Policy are:

1. Introduction
2. Material Information
3. Timing of Disclosure
4. Filing – Pre-Notification to the Regulation Services Provider
5. Disclosure of Earnings and Financial Forecasts
6. Rumours and Unusual Market Activity
7. Dissemination
8. Content of News Releases
9. Resource Issuers
10. Trading Halts
11. Confidential Information
12. Breach of Policy

1. Introduction

- 1.1 One of the underlying principles of this Exchange policy and Securities Laws is that all investors must have equal access to Material Information about an Issuer in order to make informed and reasoned investment decisions, and that such information should not be released on a selective basis, subject to very limited exceptions, as permitted by Securities Laws, including National Policy 51-201. See also National Instrument 71-102—Continuous Disclosure and Other Exemptions Relating to Foreign Issuers.
- 1.2 In order to minimize the number of regulatory authorities that must be consulted in a particular matter, with respect to timely disclosure, the Exchange is the relevant contact for issuers with respect to Exchange Requirements. Issuers should, however, consult with the applicable Securities Commission of the particular jurisdiction in respect of matters respecting requirements under Securities Laws. In the case of securities listed on more than one stock exchange, Issuers should deal with each exchange.
- 1.3 In order to maintain a listing on the Exchange, every Issuer must make ongoing timely and continuous disclosure and keep the Exchange informed of both routine and unusual events and information regarding its business, operations and affairs. The Exchange has retained the Regulation Services Provider to administer the relevant Exchange Requirements related to this Policy. Issuers should contact the Regulation Services Provider with questions they have about meeting their timely disclosure responsibilities.

2. Material Information

2.1 Definitions:

“Material Information” is any information relating to the business and affairs of an Issuer that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Issuer’s Listed Shares, and includes Material Facts and Material Changes.

“Material Fact” has the same meaning as found in applicable Securities Laws.

“Material Change” has the same meaning as found in applicable Securities Laws.

- 2.2 It is the responsibility of each Issuer to determine what information is material in the context of its own affairs. The materiality of information may vary from one Issuer to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is significant or major in the context of a smaller Issuer’s business and affairs may not be material to a larger Issuer. The Issuer itself is in the best position to apply the concept of Material Information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments and encourages Issuers to consult with the Regulation Services Provider when in doubt as to whether disclosure should be made.

3. Timing of Disclosure

- 3.1 An Issuer must disclose Material Information concerning its business and affairs immediately after management of the Issuer becomes aware of the existence of Material Information, or in the case of information previously known, upon it becoming apparent that the information is material.
- 3.2 While the policy of the Exchange is that all Material Information must be released immediately, subject to pre-notification of the Regulation Services Provider as outlined in section 4 below and certain confidentiality exceptions as outlined in section 11 below, the Issuer must exercise judgment as to the timing, propriety and content of any news release concerning corporate developments.
- 3.3 Many developments must be disclosed at the proposal stage, or before an event actually occurs, if the proposal gives rise to Material Information.
- 3.4 An announcement regarding a proposed development or an intention to proceed with a transaction or activity should not be made unless the Issuer has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the Issuer, or by senior management of the Issuer with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by the Issuer and its management as to the timing of an announcement of Material Information, since either premature or late disclosure may result in damage to the reputation of the Issuer and/or the market.
- 3.5 Unless an original announcement of Material Information indicates that an update will be disclosed on another indicated date, the Exchange generally requires that the Issuer issue a further news release dealing with the status of a previously announced transaction if the update has not been made or if the Exchange has not received the required documentation from the Issuer within 30 days after the announcement, or if the transaction has not closed within 90 days after the announcement. In addition, immediate disclosure is required to be made by the Issuer of any new Material Information related to the proposed transaction or to the previously disclosed information.
- 3.6 Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development can reasonably be expected to have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of that development by other issuers engaged in the same business or industry, Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most issuers in a particular industry does not require an announcement, but if it affects only one or a few issuers in a material way, an announcement should be made.

- 3.7 The market price of an Issuer's securities may be affected not only by information concerning the Issuer's business and affairs, but also by factors directly relating to the securities themselves. For example, changes in an Issuer's issued capital, stock splits, redemptions and dividend decisions may all affect the market price of its securities and thus may constitute Material Information.
- 3.8 Without limiting the concept of Material Information, the following events are deemed to be material in nature and require immediate disclosure in accordance with this Policy:
- (a) any issuance of securities by way of statutory exemption or Prospectus;
 - (b) any change in the beneficial ownership of the Issuer's securities that affects or is likely to affect the control of the Issuer;
 - (c) any change of name;
 - (d) a take-over bid, issuer bid or insider bid;
 - (e) any significant acquisition or disposition including a disposition of assets, property or joint venture interests;
 - (f) any stock split, stock consolidation, stock dividend, exchange, call of securities for redemption, redemption, capital reorganization or other change in capital structure;
 - (g) the borrowing or lending of a significant amount of funds or any mortgaging, hypothecating or encumbering in any way of any of the Issuer's assets, or an event of default under a financing or other agreement;
 - (h) any acquisition or disposition of the Issuer's own securities;
 - (i) the development of a new product or any development which affects the Issuer's resources, technology, products or markets;
 - (j) the entering into or loss of a material contract;
 - (k) firm evidence of a material increase or decrease in near-term earnings prospects;
 - (l) a significant change in capital investment plans or corporate objectives;
 - (m) any change in the board of directors or senior officers;
 - (n) significant litigation;
 - (o) a material labour dispute or a dispute with a major contractor or supplier;

- (p) a Reverse Takeover, Change of Business of an Issuer, Merger, Amalgamation or other Material Information relating to the business, operations or assets of an Issuer;
- (q) a declaration or omission of dividends (either securities or cash);
- (r) the results of any asset or property development, discovery or exploration by a Mining or Oil and Gas Issuer, whether positive or negative;
- (s) any oral or written employment, consulting or other compensation arrangements between the Issuer or any subsidiary of the Issuer and any director or officer of the Issuer, or their associates, for their services as directors or officers, or in any other capacity;
- (t) any oral or written management contract, any agreement to provide any Investor Relations, Promotional or Market Making activities, any service agreement not in the normal course of business or any Related Party Transaction, including a transaction involving Non-Arm's Length Parties;
- (u) any amendment, termination, extension or failure to renew any agreement where disclosure of the original agreement or transaction was required pursuant to this Policy;
- (v) the establishment of any special relationship or arrangement with a Participating Organization or Member or other registrant;
- (w) any change in listing classification, including any movement by an Issuer between Tiers or NEX;
- (x) notice of suspension review or suspension of trading of an Issuer's securities; and
- (y) any other developments relating to the business and affairs of the Issuer that would reasonably be expected to significantly affect the market price or value of any of the Issuer's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

4. Filing – Pre-Notification to the Regulation Services Provider

- 4.1 As part of administering this Policy, the Regulation Services Provider receives material news releases from Issuers. The overriding rule is that significant announcements are required to be released immediately. Issuers are encouraged to seek assistance and direction from the Regulation Services Provider as to whether an announcement should be released and whether trading in the Issuers' securities should be halted for the dissemination of an announcement.

- 4.2 Regardless of when an announcement involving Material Information is released, subject to section 11 below, news releases must be pre-filed with the Regulation Services Provider prior to dissemination to the public where the news release contains information relating to the following:
- (a) Reverse Takeovers, Changes of Business or other reorganizations;
 - (b) Qualifying Transactions, Reviewable Transactions, including corporate acquisitions or dispositions;
 - (c) Change of control;
 - (d) Future oriented financial information or other operating projections; and
 - (e) Disclosure of mineral reserves/resources or oil and gas reserves.
- 4.3 **The Regulation Services Provider** must be advised of any news release that contains the above information and must be supplied with a copy of any news release relating to these matters in advance of its release. **The Regulation Services Provider** must also be advised of the proposed method and timing of dissemination. Issuers may also be required to submit supporting documents to the Regulation Services Provider together with any news release. Materials must be faxed to the Regulation Services Provider or electronically mailed as attachments in accordance with the information set out on the Regulation Service Provider's website.
- 4.4 Further to the requirements under section 4.3, if an announcement is ready to be made between 8am and 4pm EST, the Regulation Services Provider must be advised in advance, by telephone, in accordance with the instructions set out on the Regulation Service Provider's website, or in accordance with any information contained in any bulletin published by the Exchange from time to time. Where an announcement is to be released after 4pm EST, or before 8am EST, Issuers must leave the Regulation Services Provider a message summarizing the pending announcement, at the time the announcement is ready to be made.
- 4.5 While the Regulation Services Provider may permit certain news releases to be issued after the close of trading (4pm EST), the policy of immediate disclosure of Material Information frequently requires that news releases be issued during trading hours, especially when an important development has occurred. If this is the case, it is absolutely essential that management of the Issuer notify the Regulation Services Provider prior to the issuance of a news release and provide it with a copy of the news release. The Regulation Services Provider will then be in a position to determine whether trading in any of the Issuer's securities should be temporarily halted. If the Regulation Services Provider is not advised of news releases in advance, any subsequent unusual trading activity may generate enquiries, a halt in trading without notice and cancellation of trades.

- 4.6 Where the Regulation Services Provider or the Exchange have had concerns respecting an Issuer's previous disclosure practices, the Exchange may require an Issuer to submit all news releases to the Regulation Services Provider for review prior to public dissemination.

5. Disclosure of Earnings and Financial Forecasts

- 5.1 Subject to section 5.2, forecasts of earnings and other financial forecasts need not be disclosed. However, where a significant increase or decrease in earnings is expected with reasonable certainty in the near future, this fact must be disclosed.
- 5.2 As is the case with all Material Information, selective release of earnings forecasts or others financial forecasts must not be made except as may be permitted pursuant to Securities Laws, including any guidelines or requirements, as the case may be, set out in National Policy 51-201 and Parts 4A and 4B of National Instrument 51-102.

6. Rumours and Unusual Market Activity

- 6.1 Where unusual trading activity takes place in securities, the Regulation Services Provider attempts to monitor and determine the specific cause of that activity. The Regulation Services Provider maintains a continuous stock watch program designed to highlight unusual market activity, such as unusual price and volume changes in a security relative to its historic pattern of trading.
- 6.2 If the specific cause for the unusual trading activity cannot be determined immediately, the Issuer's management will be contacted. If this contact results in a determination by the Regulation Services Provider that a news release is required, the Issuer will be required to make an immediate announcement. If the Issuer is unaware of any undisclosed development, the Regulation Services Provider will continue to monitor trading and may request the Issuer to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern or activity.
- 6.3 Issuers are expected to co-operate with the Regulation Services Provider to protect the integrity of the market. Actions such as withholding or concealing information from the Regulation Services Provider, or failing to return telephone calls from the Regulation Services Provider staff will be regarded as a breach of this Policy.
- 6.4 Unusual market activity is often caused by the presence of rumours. The Exchange recognizes that it is impractical to expect management to be aware of, and comment on all rumours, but when market activity indicates that trading is being unduly influenced by rumours, the Regulation Services Provider will require that a clarifying statement be made by the Issuer. A trading halt may be instituted pending a "no corporate developments" statement from the Issuer. If a rumour is correct in whole or in part, immediate disclosure of the relevant Material Information must be made by the Issuer and a trading halt will be instituted pending release and dissemination of the information.

7. Dissemination

- 7.1 News releases must be transmitted to the media by the quickest possible method and in a manner that provides for wide and simultaneous dissemination. Each news release must be distributed to a news dissemination service (or combination of services) that disseminate the full text of news releases without editing, and that distribute financial news nationally, to the financial press and to daily newspapers that provide regular coverage of financial news and events. See Appendix 3C for an informational list of commercial news disseminators in the marketplace).
- 7.2 The Exchange accepts the use of any news services that meet the following criteria:
- (a) dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
 - (b) dissemination to all Participating Organizations; and
 - (c) dissemination to all relevant regulatory bodies.
- 7.3 The onus is on the Issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this Policy and shall be grounds for halting, suspension of trading or delisting of the Issuer's securities or such other action as the Exchange may deem appropriate. In particular, the Exchange will not consider relieving an Issuer from its obligation to disseminate news properly because of cost factors.
- 7.4 For consistency of exposure, when an Issuer releases follow-up information relevant to an earlier news release, either the same or greater (but not lesser) coverage must be employed.
- 7.5 Issuers should be aware that there is a delay from the time a news release is delivered to a news dissemination service to the time it is actually disseminated. Issuers should therefore refrain from faxing or e-mailing news releases or otherwise disclosing Material Information to others until they have ensured that the news release has been properly disseminated. For example, a news release should not be faxed to a contact list at the same time that it is being faxed to the news dissemination service or posted on SEDAR before the news release has crossed the wire.
- 7.6 Initial disclosure of Material Information must always be accomplished by the issuance of a news release. Issuers that distribute brochures, pamphlets, etc., which contain Material Information that has been previously disclosed should ensure that the content of these documents conforms to the disclosure principles established in this Policy.

- 7.7 An Issuer that wishes to disclose Material Information during a news conference should ensure that a news release is issued prior to the news conference so as to ensure that all investors have equal access to this Material Information. Issuers should also be guided by applicable best disclosure practices, as set out in Part VI of National Policy 51-201.
- 7.8 Issuers should be aware that the filing and disclosure of Material Information on SEDAR alone is not satisfactory compliance with this Policy.

8. Content of News Releases

- 8.1 Announcements of Material Information should be factual and balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. Material unfavourable news must be disclosed just as promptly and completely as material favourable news.
- 8.2 It is appreciated that it may not be practical to include in a news release the level of detail that would be included in a prospectus or similar disclosure document. However, news releases must contain sufficient detail to enable investors and media personnel to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or another. Additional guidelines for news releases are set out in Appendix 3E to this Policy.
- 8.3 The responsibility for the adequacy and accuracy of the content of news releases rests with the directors of an Issuer.
- 8.4 All news releases must include the name of an officer or director of the Issuer who is responsible for the announcement, together with the Issuer's telephone number. The Issuer may also include the name and telephone number of an additional contact person.
- 8.5 The Issuer should be prepared to provide further information, if required by the Exchange.
- 8.6 All news releases must contain the following statement in a prominent location: *"Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."*

9. Resource Issuers

- 9.1 All mining Issuers must comply with National Instrument 43-101 - *Standards of Disclosure for Mineral Exploration and Development and Mining Properties* and the Exchange standards that are set out in Appendix 3F - *Mining Standard Guidelines*.

- 9.2 All oil and gas Issuers must comply with the applicable disclosure requirements set forth in National Instrument 51-101 – *Standards of Disclosure For Oil and Gas Activities*.
- 9.3 News releases must not contain estimates of potential reserves of oil and gas nor disclose mineral reserves without the prior consent of the Regulation Services Provider.

10. Trading Halts

- 10.1 This section deals with trading halts in relation to timely disclosure in general. The process and duration of halts for specific transactions are dealt with in the policies dealing with those transactions. In addition, Policy 2.9 - *Trading Halts, Suspensions and Delisting* provides a detailed discussion of trading halts.
- 10.2 A halt in trading does not reflect on the reputation of management of an Issuer or the quality of its securities. Trading halts for announcements of Material Information by the Issuer are considered a normal occurrence and for the benefit of the public.
- 10.3 The determination that trading should be halted is made by the Regulation Services Provider. The Regulation Services Provider normally attempts to contact an Issuer before imposing a halt in trading, when the Regulation Services Provider notices unusual trading. The Regulation Services Provider co-ordinates halts with other North American marketplaces when an Issuer is interlisted. A convention exists among stock exchanges other markets and Nasdaq that trading in an interlisted security will be halted and resumed at the same time in each market. Failure to notify the Regulation Services Provider in advance of an announcement could disrupt this system.
- 10.4 The Regulation Services Provider determines the amount of time necessary for dissemination in any particular case. Such determination is dependent upon the significance and complexity of the announcement.
- 10.5 Trading will normally be halted if:
- (a) depending on the nature and timing of the news release, the Regulation Services Provider may determine to halt trading until the news release is reviewed and disseminated appropriately. If an announcement is to be made during trading hours, trading in the securities of an Issuer may be halted until the announcement is properly disseminated;
 - (b) the Issuer requests a halt during trading hours before dissemination of a news release announcing Material Information that may immediately affect the value or price of the Issuer's securities. The Regulation Services Provider must be advised of the Material Information and halt request as soon as possible, by telephone, so that it can consider whether to halt trading pending receipt and dissemination of the news release. Management of the Issuer should consult with the Regulation Services Provider in order to assess the expected impact of any announcement that might justify a temporary halt in trading; and

- (c) unusual trading suggests that important information regarding Material Information is selectively available. The Regulation Services Provider may require that the Issuer either disseminate an initial news release if it has not yet done so, or issue a further news release to rectify the situation.
- 10.6 It is not appropriate for an Issuer to request a trading halt if a material announcement is not going to be made promptly. When an Issuer (or its advisers) requests a trading halt pending an announcement, the Issuer must assure the Regulation Services Provider that an announcement is imminent. The nature of this announcement and the current status of events must be disclosed to the Regulation Services Provider, so that the Regulation Services Provider may assess the need for and appropriate duration of a trading halt.
- 10.7 When a halt in trading is necessary, trading is normally interrupted for a period of less than two hours. In the normal course, the announcement should be made immediately after the halt is imposed and trading will resume within approximately one hour of the dissemination of the announcement through major news services.
- 10.8 A trading halt may be changed to a suspension if over a reasonable period of time, (usually ten trading days) the circumstances resulting in the imposition of the halt have not been addressed to the satisfaction of the Exchange.
- 10.9 If trading is halted but an announcement is not immediately forthcoming as expected, the Regulation Services Provider will establish a resumption time, which shall not be later than 24 hours after the time that the halt was imposed (excluding non-business days). If the Issuer fails to make an announcement, the Regulation Services Provider will issue a notice stating that trading was halted for dissemination of news or for clarification of abnormal trading activity, that an announcement was not immediately forthcoming, and that trading will therefore resume at a specific time.
- 10.10 When the Regulation Services Provider advises an Issuer that it will announce the resumption of trading, the Issuer must reconsider, in light of its responsibility to make timely disclosure of all Material Information, whether it should issue a statement prior to the resumption becoming effective to clarify why it requested a trading halt (if this is the case) and why it is not able to make an announcement prior to the resumption of trading.

11. Confidential Information

- 11.1 In isolated and restricted circumstances, and in accordance with applicable Securities Laws, disclosure of Material Information concerning the business and affairs of an Issuer may be delayed and kept confidential temporarily if immediate release of the information would be unduly detrimental to the interests of the Issuer.

11.2 The following are examples of certain instances in which disclosure may be unduly detrimental to the Issuer's interests:

- (a) release of the information would prejudice the ability of the Issuer to pursue specific and limited objectives or to complete a transaction or series of transactions that are under way. For example, premature disclosure of the fact that an Issuer intends to purchase a significant asset may increase the cost of making the acquisition;
- (b) disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the Issuer is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources; or
- (c) disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalization of the terms of the transaction.

11.3 It is the policy of the Exchange that the withholding of Material Information on the basis that disclosure would be unduly detrimental to the Issuer must be infrequent and can only be justified where the potential harm to the Issuer or investors caused by immediate disclosure can reasonably be considered to outweigh the undesirable consequences of delaying disclosure. While recognizing that there must be a trade-off between the legitimate interest of an Issuer in maintaining confidentiality and the right of the investing public to disclosure of Material Information, the Exchange discourages any delays in disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.

11.4 Issuers that wish to keep Material Information confidential must also comply in all respects with relevant Securities Laws, which includes the filing of a confidential material change report with the applicable Securities Commission, if the Material Information constitutes a Material Change.

- 11.5 The Exchange requires copies of confidential material change reports filed by an Issuer with applicable Securities Commissions to also be filed with the Exchange and the Regulation Services Provider. The Exchange and the Regulation Services Provider must be advised of the Material Information on a confidential basis so that trading in the Issuer's securities may be monitored by the Regulation Services Provider. If the trading of the Issuer's securities suggests or indicates that the confidential information may have been "leaked", the Regulation Services Provider will normally require the Issuer to disseminate a news release immediately. The Regulation Services Provider will halt trading in the Issuer's securities until the information has been properly disseminated.
- 11.6 At any time when Material Information is being withheld from the public in accordance with this section, the Issuer must ensure that such Material Information is kept completely confidential and that persons in possession of such undisclosed Material Information are prohibited from purchasing or selling securities of the Issuer or "tipping" such information until the Material Information is publicly disclosed.
- 11.7 The Issuer has a duty to take precautions to keep such undisclosed Material Information confidential. Such information should not be disclosed to any officers or employees of the Issuer, or to the Issuer's advisors, except in the necessary course of business. The directors, officers and employees of an Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.
- 11.8 In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the course of ordinary business), the Issuer must make an immediate announcement of the Material Information. The Exchange and the Regulation Services Provider must be notified prior to the announcement in order that trading can be halted as described in section 11.5 above.
- 11.9 During the period before such Material Information is publicly disclosed, market activity in the Issuer's securities will be closely monitored. Any unusual market activity suggesting that the undisclosed Material Information is being selectively disclosed or that persons are taking advantage of it will result in a halt in trading until the information has been properly disseminated.
- 11.10 Issuers should advise the Regulation Services Provider when they are working on potential material developments that may not be sufficiently advanced to require public disclosure and do not trigger the filing of confidential material change reports. In such circumstances, the Regulation Services Provider will generally closely monitor the Issuers' securities for unusual trading patterns. When the Regulation Services Provider contacts an Issuer upon noting an unexplained change in the price or volume of the security the Issuer must disclose to the Regulation Services Provider the existence, nature and status of any potentially material development so that the Regulation Services Provider can monitor the market with that knowledge. If it appears that the news has leaked into the marketplace, the Regulation Services Provider will advise the Issuer and halt trading until the Issuer can make a suitable announcement.

12. Breach of Policy

- 12.1 Any Issuer which fails to comply with any provision of this Policy may be subject to a trading halt of its securities without prior notice to the Issuer until the Issuer has complied with all Exchange Requirements.
- 12.2 The directors of any Issuer which fails to comply with any provision of this Policy, together with any officer, employee, agent and consultant of the Issuer who is responsible for the Issuer's failure to comply with any provision of this Policy, may be prohibited by the Exchange from serving as a director or officer of an Issuer, or be prohibited from being an employee, agent or consultant of an Issuer.
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POLICY 3.4

INVESTOR RELATIONS, PROMOTIONAL AND MARKET-MAKING ACTIVITIES

Scope of Policy

Investor Relations Activities and market-making activities and their effect on the marketplace and on Issuers are the subject of considerable debate. For the purpose of this Policy, the term “**Promoter**” describes Individuals undertaking these activities. Promoters in the Exchange’s venture capital market generally fulfill one or both of the following functions:

- (a) communicating with investment dealers, advisers and Shareholders - both current and prospective - to increase awareness of and interest in the Issuer (the “promotional role”); and
- (b) maintenance of an orderly market in the Issuer’s securities (the “market-place role”).

Neither of these roles is objectionable when conducted in accordance with Securities Laws and Exchange Requirements but the concurrent performance of both roles can create serious conflicts of interest so that neither role can be properly performed.

This Policy sets out the Exchange’s requirements for Investor Relations Activities, promotional and market-making activities involving Issuers. It applies to all market participants, including Promoters, Insiders, Issuers, and Members. It should be read in conjunction with all other Exchange Requirements, as well as applicable Securities Laws.

The main headings in this Policy are:

- 1. The Promotional Role
- 2. The Market-Place Role
- 3. Disclosure
- 4. Role of Members
- 5. Compensation Arrangements
- 6. Filing Requirements
- 7. Prohibitions

1. The Promotional Role

- 1.1 Some promotional activities are aimed purely at keeping an Issuer's Shareholders informed about the Issuer. A Promoter can provide investors with previously disclosed factual information concerning the Issuer, or with copies of material that has been filed with regulatory authorities, or prepared by registered brokers or investment dealers, or published in newspapers, magazines or journals. It is appropriate for the Issuer to bear the costs of these services, provided the costs are reasonable and in proper proportion to the financial resources and level of business activity of the Issuer.
- 1.2 However, promotional activities must not extend to disclosing previously undisclosed Material Information about an Issuer, as this may attract civil or quasi-criminal liability for "tipping" under the insider trading provisions of applicable Securities Laws. Similarly, activities that extend beyond providing factual information and into the area of analyzing that information or providing opinions as to future performance of the Issuer or its securities, particularly if these activities are systematic, could be construed as advising in securities, which requires registration under applicable Securities Laws. This does not mean that directors and senior officers cannot publicly analyze factual information concerning the Issuer's affairs. However, an individual engaged in promotional activities may require registration if the individual provides an analysis or opinion to members of the public who are being encouraged to buy or sell the Issuer's securities. See Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance* with respect to unacceptable trading.
- 1.3 Promotional activities may limit the availability of exemptions from Resale Restrictions under the Securities Laws, since several of these exemptions require that "no unusual effort is made to prepare the market or create a demand for the security".
- 1.4 The Exchange is of the view that it is very rare for an Issuer to have a Promoter without the Issuer's approval, acquiescence or knowledge. An Issuer that has a Promoter, or permits an Insider or an Insider's Associate to act as a Promoter or in any way engage a Promoter, must be fully informed about the activities of the Promoter. The disclosure requirements to be met by an Issuer with respect to its Promoters are set out in section 3 below.

2. The Market-Place Role

- 2.1 Issuers are often encouraged to ensure that someone is prepared to provide a "market-making" function for the Issuer's securities. Although the term "market-making" is commonly used in the securities industry, this activity is not referred to in Canadian Securities Laws, nor is it specifically recognized by any Exchange by-laws, Rules or policies.

- 2.2 This Policy does not define, discourage or sanction market-making activity, but sets out general guidelines to help distinguish between proper market-making activities and market manipulation or market control. See Policy 3.1 - *Directors, Officers, Other Insiders & and Corporate Governance* with respect to unacceptable trading.
- 2.3 Proper market-making activity corrects temporary imbalances in the supply of and demand for an Issuer's securities. The market should be allowed to rise and fall naturally, with the market-making activity operating primarily to smooth out these imbalances and facilitate an orderly market. Although a Person involved in market-making is not expected to ignore his or her economic self-interest or be precluded from also holding securities for investment purposes, he or she should normally be selling into a rising market and buying into a falling market. If the price stabilizes and there are sufficient buyers and sellers on both sides of the market, market-making activities should generally not occur at a level that materially affects the market.
- 2.4 Subject to the requirements and normal procedures of trading on the Exchange, a Person engaged in market-making normally would not buy all securities offered at the posted price, but rather, would buy a portion of the securities at the posted price and allow the price to drop before making further purchases. This allows the market to find its own level at a stable rate. Similarly, a Person involved in market-making activities would not normally post a continuous bid and ask for a particular security, regardless of whether or not a buy or sell order is in place, if this would hold the security at a fixed price over an extended period of time rather than allow the market to find its own level.
- 2.5 Persons involved in market-making activities should either trade through one account only for a particular security, or if more than one account is used, ensure that trading does not create misleading appearances of investor participation in the market-place. Using one account for market-making purposes allows Members and regulators to ensure that the activity is being conducted fairly and in accordance with applicable Securities Laws. Control Persons engaged in market-making must find appropriate exemptions from the prospectus, insider, and take-over bid requirements.
- 2.6 Improper market-making can result in unfair trading practices or market manipulation. Both the *Criminal Code* (Canada) and the Securities Laws require that the principles of fair trading be observed by all market participants including Registrants, Insiders, Issuers, Promoters and public investors.
- 2.7 The following activities, transactions or schemes are considered to be improper market-making activity:
- (a) executing any transaction in a security where the transaction does not involve a change in beneficial ownership;

- (b) entering an order or orders for the purchase or sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale or purchase of such security, has been or will be entered by or for the same or different Persons, with the intention of creating a false or misleading appearance of active public trading in a security or with respect to the market price of a security;
 - (c) effecting, alone or with others, a transaction or series of transactions to induce others to purchase or sell the same security or to artificially raise or lower the price of a security;
 - (d) entering an order or orders for the purchase or sale of a security that has or have the effect of artificially raising or lowering the bid or offering prices of the security or that could reasonably be expected to create an artificial appearance of investor participation in the market;
 - (e) purchasing or making offers to purchase a security at successively higher prices, or selling or making offers to sell a security at successively lower prices, if the transactions or offers create a false or misleading appearance of trading or an artificial market price for the security;
 - (f) effecting, alone or with others, one transaction or a series of transactions where the purpose of the transaction is to defer payment for the security traded (“debit kiting”);
 - (g) entering an order to purchase a security without the bona fide intention of making the proper settlement of the transaction;
 - (h) entering an order to sell a security, except for a security sold short in accordance with the provisions of the Securities Laws, without the bona fide intention of delivering the security necessary to properly settle the transaction; and
 - (i) engaging, alone or with others, in any transaction, practice or scheme that unduly interferes with the normal forces of demand for or supply of a security or that artificially restricts or reduces the Public Float of a security in a way that could reasonably be expected to result in an artificial price for the security.
- 2.8 Except as permitted under sections 5.1, 5.3 and 5.4, an Issuer may not use its own funds, or provide direct or indirect compensation to other parties to undertake a market making function in its securities.

3. Disclosure

3.1 Arrangements with respect to promotional, market-making and / or Investor Relations Activities by their very nature can reasonably be expected to significantly affect the market price or value of an Issuer's securities, and therefore are deemed material in Policy 3.3 – *Timely Disclosure*. Although proper market-making arrangements should not affect the market, the Exchange requires that they be publicly disclosed. If these arrangements are in place at the time of a public offering of securities, they must be disclosed as a Material Fact in the Issuer's Prospectus or other offering document. If the arrangements are made after a public offering, or if the arrangements disclosed in an offering document change, this must be disclosed in a news release and in some cases in a material change report also, in accordance with the Securities Laws, including National Policy 51-201 - *Disclosure Standards* and Policy 3.3 - *Timely Disclosure*. In particular, the Issuer must:

- (a) disclose any arrangements, oral or written, made by the Issuer (or made by any other Person if the Issuer has knowledge of the arrangements) by which a Person will act as a Promoter, an investor relations representative or consultant or a market-maker;
- (b) briefly describe the background, ownership, business and place of business of the Person providing the services, the relationship between the Issuer and the Person providing the services, and whether that Person has any interest, directly or indirectly, in the Issuer or its securities, or any right or intent to acquire such an interest;
- (c) describe the services to be provided including:
 - (i) the period during which the services will be provided,
 - (ii) a general description of the activities to be carried out,
 - (iii) the anticipated total costs of those activities to the Issuer, and
 - (iv) in the case of market-making arrangements, the identity and relationship to the Issuer of any Person providing funds or securities for the market-making activities; and
- (d) provide full particulars of all direct and indirect consideration, including the timing of payment and source of funds.

- 3.2 The Issuer must ensure that any arrangements with Promoters are consistent in scope with the operations and financial resources of the Issuer, and comply with applicable corporate and Securities Laws and Exchange Requirements. The Issuer must also ensure that the arrangements do not promote or result in a misleading appearance of trading activity in, or an artificial price for, the Issuer's securities. An example of an inappropriate arrangement would be one that requires, or provides incentives for, the maintenance or achievement of a price or trading volume for the Issuer's securities at a certain level, for a specified period of time or by a certain date. Finally, the Issuer should be satisfied that the Person with whom arrangements are made is reputable, is properly registered, and is qualified to provide the services.

4. Role of Members

- 4.1 Members have a responsibility to the Exchange, to their clients and to the market place generally to ensure that if they (or their registered representatives) are engaged in any of the promotional, Investor Relations or marketing-making activities described above, these activities are carried out responsibly and comply in letter and spirit with this Policy.
- 4.2 Members must be inquisitive and proactive in dealing with activities that are carried on by others and of which the Member is or should be aware. For example, as a Sponsor for an Issuer, a Member firm must be aware of the activities of the Promoter(s) of the Issuer and direct the Issuer's attention to any concerns that the Member may have arising out of those activities. See Policy 2.2 - *Sponsorship and Sponsorship Requirements*. Furthermore, since Promoters and market-makers that are not Members of the Exchange must execute their trades through Member firms, Members must be aware of the market-making guidelines set out above, and must refuse to accept instructions from clients that, in the Member's judgement, are engaged in improper market-making activities.

5. Compensation Arrangements

- 5.1 Compensation, for either promotional Investor Relations or market-making activities, should be on a fee for service basis. Except as specifically provided in section 5.2 below, compensation in the form of shares or options is not acceptable and payment for services relating to promotional, Investor Relations or market-making activities should be on a cash basis.
- 5.2 If permitted by Securities Laws, stock options can be granted as compensation to Persons undertaking Investor Relations Activities. The Exchange requires that the number of stock options granted to such Persons be limited to an aggregate of 2% of the Issuer's Listed Shares. This 2% limit is included within the other stock option limitations imposed on Exchange listed Issuers. See Policy 4.4 – *Incentive Stock Options*.

- 5.3 Compensation should be based on the services provided to the Issuer, not on the achievement of certain market oriented factors. In particular, Issuers must not enter into arrangements where compensation will be determined on the basis of the achievement of trading volume or price parameters.
- 5.4 Any Person making or accepting excessive payments for promotional, Investor Relations or market-making activities may not be acceptable to the Exchange as a director, officer or provider of services of an Issuer. Payments can be deemed excessive when they account for a significant amount of the expenditures of the Issuer and are out of line with the Issuer's revenue or working capital.

6. Filing Requirements

- 6.1 An Issuer which grants stock options to employees or consultants as compensation for Investor Relations Activities must file the appropriate documents with the Exchange in accordance with Policy 4.4 –*Incentive Stock Options*.
- 6.2 An Issuer that enters into a promotional, Investor Relations or market-making agreement must file particulars of the identity of the Person providing the services, including Personal Information Forms (Form 2A) or, if applicable, Declarations (Form 2C1) for the individuals, principals and / or key employees who will be providing the service.
- 6.3 An Issuer that enters into any promotional, investor relations or market-making agreement must promptly file with the Exchange a completed Form 3C together with the applicable fee.

7. Prohibitions

- 7.1 CPCs are not permitted to enter into any arrangement or agreement for the provision or performance of promotional or Investor Relations Activities.
- 7.2 Fees in relation to the provision of Investor Relations Activities, promotional or market-making services, must not be paid as finders' fees or settled by way of a Shares for Debt arrangement. See section 4 of Policy 4.3 - *Shares for Debt*.
- 7.3 NEX Companies are not permitted to enter into any arrangement or agreement for the provision or performance of Investor Relations Activities, market making, or promotional services.
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POLICY 3.5

RESTRICTED SHARES

Scope of Policy

This Policy sets out the restrictions imposed on Issuers proposing to issue non-voting, subordinate voting, multiple voting and restricted voting securities. This Policy, except where otherwise specified, applies to all Issuers which have issued, or listed, or who propose to list, these shares. This Policy should be read in conjunction with applicable Securities Laws relating to Restricted Shares, including National Instrument 51-102 *Continuous Disclosure Obligations*.

The main headings in the Policy are:

1. Introduction
2. Definitions
3. Legal Designation
4. Notice and Disclosure
5. Shareholder Approval
6. Take-Over Bid Protection Provisions
7. Issuance of Shares
8. Capital Reorganization or Distribution to Shareholders

1. Introduction

- 1.1 The Exchange will generally refuse to list a class of Restricted Shares of an Issuer unless the Issuer is, or is designated, a Tier 1 Issuer. The Exchange may also limit the voting rights and other rights attached to Restricted Shares. Any Issuer proposing to list Restricted Shares (including Multiple Voting Shares) must arrange for a pre-filing conference, as contemplated by Policy 2.7 – *Pre-filing Conferences*.

2. Definitions

- 2.1 In this Policy:

“**Common Shares**” means Equity Shares with voting rights exercisable in all circumstances, irrespective of the number of securities owned. The voting rights must not be less, on a per security basis, than the voting rights attaching to any other securities of an outstanding class of securities of the Issuer.

“Equity Shares” means securities of an Issuer that carry a residual right to participate to an unlimited degree in earnings of the Issuer and in its assets upon liquidation or winding up.

“Majority of the Minority Approval” means approval at a properly constituted meeting of the holders of Equity Shares of the Issuer of a resolution to create a class or series of Multiple Voting Shares, to approve a reorganization or form of business combination which creates Multiple Voting Shares, to approve the issuance of Multiple Voting Shares or to approve a distribution that creates or affects Restricted Shares; which the resolution must be approved by a majority of the votes cast by the holders of Equity Shares who vote at the meeting, other than Promoters, directors, officers or other Insiders of the Issuer and of any proposed recipient of Multiple Voting Shares and their Associates and Affiliates.

“Multiple Voting Shares” means:

- (a) securities which entitle the holder to exercise a greater number of votes per security than the holder of any other class or series of securities of the Issuer;
- (b) securities which are issued at a price per security which is significantly lower than the market price per security of any class of listed Equity Shares; or
- (c) any security which is issued on a Reorganization or form of business combination which would fall in subsections (a) or (b) above.

“Non-Voting Shares” means Restricted Shares which carry a right to vote only in specified circumstances (e.g., to elect a limited number of directors or to vote in circumstances where the applicable corporate legislation provides the right to vote for securities which are otherwise non-voting);

“Preference Shares” means securities that have a preference or right over another class of securities of the Issuer but does not include Equity Shares;

“Related Parties” means Promoters, directors, officers or other Insiders of the Issuer and of any proposed recipient of Multiple Voting Shares and their Associates and Affiliates;

“Restricted Shares” means Equity Shares that are not Common Shares and may include Multiple Voting Shares, Non-Voting Shares, Subordinate Voting Shares and Restricted Voting Shares.

“Restricted Voting Shares” means securities which carry a right to vote if the number or percentage of securities which may be voted by a Person or group of Persons is limited (unless the restriction limit applies only to Persons that are not Canadian citizens or residents);

“Shareholders’ Meeting” means a meeting of the holders of Common Shares or Voting Shares of the Issuer;

“Subordinate Voting Shares” means Restricted Shares that carry a right to vote but another class of securities is outstanding that carries a greater right to vote on a per security basis; and

“Voting Shares” means securities that carry the right to vote under all circumstances if the Issuer also has a class of Restricted Shares.

3. Legal Designation

3.1 Restricted Shares

The legal designation of a class of securities must be set out in the constating documents of the Issuer and must appear on all certificates representing the securities. Except where the securities are Preference Shares and are designated as preference or preferred shares, the legal designation must state that shares are:

- (a) “subordinate voting” if the shares are Subordinate Voting Shares;
- (b) “non-voting” if the shares are Non-Voting Shares;
- (c) “restricted voting” if the shares are Restricted Voting Shares (unless the Exchange accepts another term); and
- (d) “multiple voting” if the shares are Multiple Voting Shares.

The Exchange can abbreviate the designations for Restricted Shares in Exchange publications and can identify Restricted Shares with a code in the quotations prepared for the financial press.

3.2 Common Shares

A class of securities cannot be described as or include the word “common” in its legal designation unless they are Common Shares.

3.3 Preference Shares

A class of securities cannot be designated as “preference” or “preferred” unless, in the opinion of the Exchange after examining all relevant circumstances, the class carries a genuine right or preference.

3.4 Multiple Voting Shares

In order to issue a class or series of Multiple Voting Shares, an Issuer must obtain Shareholder approval as described in section 5 and must distribute the Multiple Voting Shares on a pro-rata basis to all holders of Equity Shares.

However, these requirements do not apply to a security split of all the issued and outstanding Equity Shares of the Issuer if such split does not change the ratio of outstanding Restricted Shares to outstanding Common Shares.

3.5 Exchange Discretion

The Exchange may deem a class of securities to be Multiple Voting, Non-Voting, Subordinate Voting or Restricted Voting Shares, impose any terms or conditions it considers appropriate and require an Issuer to designate the securities in a manner satisfactory to the Exchange even though the securities do not fall within the applicable definition in this Policy. In exercising its discretion, the Exchange will be guided by the public interest and the principles of disclosure underlying this Policy. The Exchange will generally consider Equity Shares to be Restricted Shares if the allocation of voting rights does not relate reasonably to the equity interests of the various classes of securities.

As a condition of listing any Restricted Shares, the Exchange can require that Multiple Voting Shares be limited as to the number or proportion of the total votes they carry, either for all Shareholder votes or votes on specific items, such as the election and remuneration of directors, appointment of auditors or any other matters that the Exchange specifies. In addition, the Exchange may require that the Multiple Voting Shares convert to Subordinate Voting Shares after a specified time.

4. Notice and Disclosure

4.1 Notice of and Attendance at Shareholders' Meetings

Every Issuer must give notice of each Shareholders' Meeting to holders of Restricted Shares and permit them to attend in person or by proxy, and to speak at the Shareholders' Meeting to the extent that any holder of Voting Shares of that Issuer would be entitled to attend and to speak at a Shareholders' Meeting. The notice must be sent at least 25 days before the meeting.

The Exchange recommends that the Issuer's constating documents provide all holders of Restricted Shares with the right to receive notice of, and to attend all Shareholders' Meetings. Any Issuer applying for listing, whether by way of an Initial Listing or other New Listing, or which is otherwise amending its capital structure, must include this right in its constating documents.

4.2 Description of Voting Rights in Documents Sent to Shareholders

Every Issuer whose Restricted Shares are listed on the Exchange must describe the voting rights, or lack thereof, of its Equity Shares in all documents distributed to Shareholders and filed with the Exchange, except financial statements. These documents include news releases, material change reports, Information Circulars, proxy related materials and directors' circulars. For financial statements, refer to the applicable Securities Laws and to the CICA Handbook.

4.3 Offering Documents

When preparing a Prospectus or other offering document, refer to the applicable Securities Laws for the minimum disclosure required for an offering of Restricted Shares.

4.4 Distribution of Annual and Other Reports

Unless exempted by the Exchange, every Issuer must send concurrently to all holders of Restricted Shares all documents required by applicable Securities Laws or Exchange Requirements to be sent to holders of Voting Shares as well as any documents voluntarily sent by the Issuer to holders of Voting Shares. This includes Information Circulars, notices of meeting, annual reports and financial statements.

5. Shareholder Approval

- 5.1 Where Exchange Requirements contemplate Shareholder approval, the Exchange may require that the Issuer permit holders of Restricted Shares to vote with the holders of any class of securities of the Issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interest in the Issuer.
- 5.2 Before an Issuer may create and issue a class or series of Multiple Voting Shares or complete a reorganization that would create Multiple Voting Shares, the creation of that class or series must receive Majority of the Minority Approval.

6. Take-Over Bid Protection Provisions

- 6.1 The Exchange will not accept for listing any class of Restricted Shares that does not have take-over bid protective provisions (“coattail provisions”) which comply with following guidelines. If any Issuer proposes to remove, add or change the coattail provisions applicable to any class of listed Restricted Shares, the revisions must be accepted in advance by the Exchange and must comply with guidelines set out below.
- 6.2 If there is a published market for the Common Shares, the coattail provisions must provide that if there is an offer to purchase Common Shares which, under applicable Securities Laws or the requirements of a stock exchange on which the Common Shares are listed, must be made to all or substantially all holders of Common Shares located in a particular province of Canada in which the requirement applies, the holders of Restricted Shares will be given the opportunity to participate in the offer through a right of conversion, unless:
 - (a) an identical offer (in terms of price per security and percentage of outstanding securities to be taken up exclusive of securities owned immediately before the bid by the offeror, or Associates or Affiliates of the offeror, and in all other material respects) is made concurrently to purchase Restricted Shares, which offer has no condition attached other than the right not to take up and pay for securities tendered if no securities are purchased under the offer for Common Shares; or
 - (b) less than 50% of the Common Shares outstanding immediately before the offer, other than Common Shares owned by the offeror, or Associates or Affiliates of the offeror, are deposited pursuant to the offer.

- 6.3 If there is no published market for the Common Shares, the holders of at least 80% of the outstanding Common Shares will generally be required to enter into an agreement with a trustee for the benefit of the holders of Restricted Shares from time to time, which agreement will prevent transactions that would deprive the holders of Restricted Shares of rights under applicable take-over bid legislation to which they would otherwise be entitled in the event of a take-over bid if the Common Shares and the Restricted Shares were a single class of voting securities trading at the market price of the Restricted Shares.
- 6.4 If there is a material difference between the equity interest of the Common Shares and Restricted Shares, or in other special circumstances, the Exchange may permit or require appropriate modifications to the above criteria.
- 6.5 Coattail provisions may be required by the Exchange if an Issuer has more than one outstanding class of Voting Shares, none of which fall within the definition of Restricted Shares.
- 6.6 The criteria are designed to allow the holders of Restricted Shares to participate in a take-over bid on an equal footing with the holders of Common Shares. If, in the face of these coattails, a take-over bid is structured in such a way as to defeat this objective, the Exchange may take disciplinary measures against any Person under the jurisdiction of the Exchange involved, directly or indirectly, in the making of the bid. The Exchange may also seek intervention from other securities regulators in appropriate cases.

7. Issuance of Shares

- 7.1 The Exchange will not permit an Issuer to issue securities that have voting rights greater than those of the shares of any class of Listed Shares of the Issuer, unless the issuance is by way of a distribution to all holders of the Issuer's Common Shares on a pro rata basis.
- 7.2 For this purpose, the voting rights of different classes of securities will be compared on the basis of the relationship between the voting power and the equity for each class. For example, Class B shares will be considered to have greater voting rights than Class A shares if:
- (a) the shares of the two classes have similar rights to participate in the earnings and assets of the Issuer, but the Class B shares have a greater number of votes per share; or
 - (b) the two classes have the same number of votes per share, but it is proposed that Class B shares will be issued at a price per share significantly lower than the market price per share of the Class A shares.

- 7.3 This prohibition relates only to differences in voting rights attaching to securities of separate classes. It does not apply to an issuance of securities that reduces the collective voting power of the other outstanding securities of the same class without affecting the voting power of any other outstanding class, although other Exchange policies may apply in this case. It applies to a stock split of all of an Issuer's outstanding Equity Shares only if the stock split changes the ratio of outstanding Restricted Shares to Common Shares.
- 7.4 The Exchange generally will exempt Issuers from this section if the issuance of Multiple Voting Shares would maintain (but not increase) the percentage voting position of a holder of Multiple Voting Shares, subject to any conditions the Exchange considers desirable in any particular case. The Exchange will generally require Majority of the Minority Approval of the issuance of Multiple Voting Shares, unless the legal right of the holder of Multiple Voting Shares to maintain its voting percentage has been established and publicly disclosed before the Issuer was first listed on the Exchange.
- 7.5 This section is intended to prevent transactions that would reduce the voting power of existing Shareholders through the use of securities carrying multiple voting rights. This result would normally be accomplished by way of an issuance of Multiple Voting Shares. However, it is possible to arrive at the same result by means of mechanisms that are not technically "share issuances", such as amendments to share conditions, amalgamations and plans of arrangement. The Exchange can object to any transaction that would result in voting dilution similar to that which would be brought about by the issuance of Multiple Voting Shares, even if no share issuance is involved.
- 7.6 A pro rata distribution to Shareholders that creates or affects Restricted Shares must receive Majority of the Minority Approval.

8. Capital Reorganization or Distributions to Shareholders

- 8.1 The Exchange will not consent to a capital reorganization or pro rata distribution of securities to Shareholders of an Issuer which would create a class of Restricted Shares or change the ratio of outstanding Restricted Shares to Common Shares, unless the proposal receives Majority of the Minority Approval. The Exchange may also require that certain Persons be excluded from a particular minority Shareholder vote if necessary to ensure that the objectives behind this Policy are not defeated.
- 8.2 A transaction generally will only be regarded as a "capital reorganization" requiring Majority of the Minority Approval if it involves a subdivision or conversion of one or more classes of Equity Shares or if it has an effect similar to a pro rata distribution to holders of one or more classes of Equity Shares. If a proposed capital reorganization would reduce the voting power of existing Shareholders through the use of Multiple Voting Shares, the Exchange may regard the proposed reorganization as equivalent, in substance, to the type of share issuance that is prohibited by section 7. This could be the case, for example, where the reorganization would not treat all holders of Equity Shares in an identical fashion. In this case, the Exchange may refuse the reorganization even with Majority of the Minority Approval.

- 8.3 An issuance of Restricted Shares in the form of a stock dividend paid in the ordinary course is exempted from the requirement for Majority of the Minority Approval. For this purpose, stock dividends generally are regarded as being paid in the ordinary course if the aggregate of the dividends over any one year period does not increase the number of outstanding Equity Shares of the Issuer by more than 10%.
- 8.4 The Exchange will deem a class of shares to be Restricted Shares if the Issuer's constating documents restrict the power of the holders of a majority of the Issuer's Equity Shares to elect a majority of the directors.
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POLICY 4.1

PRIVATE PLACEMENTS

Scope of Policy

A Private Placement occurs when an Issuer distributes its securities for cash in reliance upon exemptions from the Prospectus or securities registration requirements prescribed by Securities Laws. As set out in this Policy, an Issuer must provide notice to the Exchange of any Private Placement and receive Exchange acceptance of the Private Placement before it issues any securities under the Private Placement. This Policy sets out the Exchange's requirements for the various types of Private Placements including those involving the issuance of Listed Shares, units (comprised of Listed Shares and Warrants) and Convertible Securities.

The main headings in this Policy are:

1. General Requirements and Procedures
2. Private Placement of Convertible Securities
3. Amending Warrant Terms
4. Amending Convertible Securities

Guidance Notes:

- N.1 **Shares for Debt:** See Policy 4.3 - *Shares for Debt* ("**Policy 4.3**") for Exchange Requirements on settling outstanding debt of an Issuer by issuing securities to a creditor. A Private Placement with a creditor where either: (a) the cash received by the Issuer from the creditor will be used to repay the debt to the creditor; or (b) the creditor's subscription price is offset against the debt, will be subject to the requirements and limitations set forth in Policy 4.3.
- N.2 **Sale of Previously Issued Shares:** An Issuer's sale for cash of any of its previously issued Listed Shares that were purchased or otherwise acquired by the Issuer (e.g. previously issued Listed Shares purchased by the Issuer pursuant to an issuer bid) will be treated as a Private Placement for the purposes of this Policy 4.1.
- N.3 **Special Warrants:** For the purposes of this Policy 4.1, a Private Placement of special warrants (or similar security, such as subscription receipts) will be treated as a Private Placement of the securities underlying the special warrants.
- N.4 **Indirect Private Placements:** The Exchange may treat a transaction or series of transactions that has the effect of directly or indirectly financing the Issuer in exchange for the direct or indirect issuance of securities of the Issuer as a Private Placement for the purposes of this Policy 4.1.

1. General Requirements and Procedures

The following requirements and procedures apply to all Private Placements. Specific additional requirements for Private Placements of Convertible Securities follow in Part 2 of this Policy 4.1.

1.1 Interpretation

Terms not otherwise defined in this Policy or in Policy 1.1 – *Interpretation* (“**Policy 1.1**”) shall have the following meanings for the purposes of this Policy:

“**Conditional Acceptance**” means the Exchange’s conditional acceptance of the terms of a Private Placement, as formally set out in an Exchange letter to the Issuer (or its authorized filing agent).

“**Conversion Period**” means the time period during which a Convertible Security may be converted into the underlying securities.

“**Conversion Price**” means the price per security at which a Convertible Security may be converted into the underlying securities.

“**Convertible Security**” means a security which is convertible into an Issuer’s Listed Shares (or units comprised of a Listed Share and up to one Warrant), but, for the purposes of this Policy 4.1, does not include share purchase warrants, stock options or special warrants.

“**Final Acceptance**” means the Exchange’s final acceptance of the terms of a Private Placement, as formally set out in an Exchange letter to the Issuer (or its authorized filing agent).

“**Notice**” or “**Form 4B**” means a Form 4B – *Notice of Private Placement*, whether filed in paper format or electronically through V-File. “**Final Notice**” or “**Final Form 4B**” have the meaning set out in section 1.2 below.

“**Placee**” means a Person that is purchasing securities offered under a Private Placement.

“**Private Placement Shares**” means the Listed Shares to be purchased by Placees but excludes Listed Shares acquired on the exercise of a Warrant granted in accordance with sections 1.8 or 2.4 of this Policy.

“**Price Reservation Date**” means the date the Issuer reserves the proposed offering price (or Conversion Price) for a Private Placement, being the date the applicable news release is disseminated or Price Reservation Form is filed per section 1.6(a) of this Policy.

“**Price Reservation Form**” means a Form 4A – *Price Reservation Form*, whether filed in paper format or electronically through V-File.

“**V-File**” means the Exchange’s electronic filing system which, for the purposes of this Policy 4.1, may be used by an Issuer to file a Notice and associated information with the Exchange.

1.2 Summary of Procedures

Subject to such other relevant requirements and procedures that may be applicable to a particular Private Placement, a Private Placement will generally involve the following principal steps in respect of the notice, review and acceptance process of the Exchange. The following is a summary only and is subject to, and supplemented by, the more detailed information and requirements set forth in this Policy 4.1.

Step 1 Price Reservation: The Issuer sets and reserves the proposed offering price (or Conversion Price) per security for the Private Placement by either issuing a comprehensive news release disclosing the proposed terms of the Private Placement or, where permitted (see section 1.6(b) below), filing a Price Reservation Form.

Guidance Notes for Step 1:

- N.1 **Price Reservation Form – Subsequent News Release:** If the Issuer uses a Price Reservation Form to reserve the offering price (or Conversion Price), the Issuer must still issue a comprehensive news release disclosing the terms of the Private Placement upon the earlier of the Private Placement constituting a Material Change and 30 days after the Price Reservation Date. See section 1.9(a) below.
- N.2 **Concurrent Financing for Qualifying Transaction, COB or RTO:** If the Private Placement is intended to form a part of a proposed Qualifying Transaction, COB or RTO, the Issuer must specifically disclose this fact in both the news release disclosing the transaction and in the filing made with the Exchange for acceptance of the Private Placement. Issuers must comply with the trading halt requirements associated with the announcement of a Qualifying Transaction, COB or RTO (as set forth in, as applicable, Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*) and will need to consider whether to request a halt in trading before the news release is issued.

Step 2 Initial Exchange Filing: Within 30 days after the Price Reservation Date, the Issuer files notice of the Private Placement with the Exchange by submitting a Notice/Form 4B and requesting, as applicable, either Conditional Acceptance or Final Acceptance.

If the Issuer is not in a position to provide a fully complete Notice and all other applicable final documentation and information at this time, it may only request Conditional Acceptance. Proceed to Step 3.

If the Issuer is in a position to provide a fully complete Notice (a “**Final Notice**” or “**Final Form 4B**”) and all other applicable final documentation and information at this time, it may request Final Acceptance. Proceed to Step 6.

Step 3 Exchange Review and Conditional Acceptance: The Exchange reviews the initial Notice and advises the Issuer of any issues with the proposed terms of the Private Placement. Once any such issues are resolved to the Exchange’s satisfaction, the Exchange will provide its Conditional Acceptance.

Proceed to either Step 4 or 5, as applicable.

Step 4 Closing on Conditional Acceptance (if permitted): Where permitted by this Policy 4.1 and subject to the terms of the Conditional Acceptance (see section 1.11(c) below), the Issuer may close the Private Placement following receipt of Conditional Acceptance. Following closing, the Issuer must immediately: (a) issue a news release announcing the closing of the Private Placement and all relevant particulars; and (b) complete Step 5 below.

If, prior to closing either: (1) any of the particulars of the Private Placement or related information has changed from what was set forth in the Notice; or (2) any Material Changes (other than the Private Placement) are disclosed or required to be disclosed by the Issuer, the Issuer must immediately advise the Exchange as this may impact the continued validity of the Conditional Acceptance and, correspondingly, the Issuer's ability to close the Private Placement.

Step 5 Follow-Up Exchange Filing: Whether or not the Private Placement has closed on Conditional Acceptance, the Issuer files its Final Notice with the Exchange requesting Final Acceptance.

If the Private Placement has closed on Conditional Acceptance, the Issuer must confirm this fact with the Exchange at the time of filing of the Final Notice and the Final Notice must reflect all final information in respect of the Private Placement.

Step 6 Exchange Review and Final Acceptance: The Exchange reviews the Final Notice and advises the Issuer of any issues with the final terms of the Private Placement. Once any such issues are resolved to the Exchange's satisfaction, the Exchange will provide its Final Acceptance.

If the Private Placement has not already closed at Step 4, proceed to Step 7, otherwise proceed to Step 8.

Step 7 Closing on Final Acceptance: The Issuer closes the Private Placement following receipt of Final Acceptance. Following closing, the Issuer must immediately: (a) issue a news release announcing the closing of the Private Placement and all relevant particulars; and (b) confirm closing of the Private Placement to the Exchange.

If, prior to closing either: (1) any of the particulars of the Private Placement or related information has changed from what was set forth in the Final Notice; or (2) any Material Changes (other than the Private Placement) are disclosed or required to be disclosed by the Issuer, the Issuer must immediately advise the Exchange as this may impact the continued validity of the Final Acceptance and, correspondingly, the Issuer's ability to close the Private Placement.

Step 8 Final Exchange Bulletin: Upon the Exchange having provided Final Acceptance and the Issuer confirming closing of the Private Placement under Step 5 or Step 7, the Exchange issues an Exchange bulletin which provides confirmation to the market of both the Exchange's final acceptance of the terms and completion of the Private Placement.

Guidance Notes:

- N.1 **Timeframe for Closing:** Whether closing occurs subsequent to the Exchange providing Conditional Acceptance or Final Acceptance, closing must occur within the timeframes prescribed by section 1.11(d) of this Policy 4.1, except as may otherwise be specifically consented to by the Exchange.

1.3 Prospectus/Registration Exemptions and Resale Restrictions

Issuers are reminded that, in addition to Exchange Requirements, Securities Laws regulate how an Issuer can distribute securities by way of Private Placement and how Placees can resell their securities.

- (a) **Prospectus/Registration Exemptions:** Issuers should consult their own legal counsel and legal counsel in the jurisdiction(s) of the Placees before undertaking a Private Placement to determine the availability of applicable prospectus and securities registration exemptions and associated requirements. Issuers should also note that the prospectus and securities registration exemptions under Securities Laws are technical in nature, require strict compliance and may require the Issuer to prepare and file certain documents with applicable securities regulatory authorities. When reviewing a Private Placement, the Exchange does not determine the availability of the exemption(s) relied upon. Exchange acceptance of a transaction is not assurance that corporate or Securities Laws have been complied with.
- (b) **Resale Restrictions Under Securities Laws:** Under Securities Laws, securities issued pursuant to a Private Placement may be subject to Resale Restrictions. The Resale Restrictions usually require that the securities be held by the Placee for a specified time period and may also restrict or mandate certain activities in connection with the resale. Issuers and Placees should consult with their own legal counsel to assess applicable Resale Restrictions under Securities Laws and associated requirements.
- (c) **Exchange Hold Period:** In addition to any applicable Resale Restrictions under Securities Laws, in certain circumstances the Exchange requires that the securities issued in a Private Placement be subject to an Exchange Hold Period and legended accordingly. In circumstances where the Exchange Hold Period is applicable, the hold period commences upon the distribution date of the securities (whether Listed Shares, Warrants or Convertible Securities) to the Placee. See Policy 1.1 and Policy 3.2 - *Filing Requirements and Continuous Disclosure* for the applicability of the Exchange Hold Period and associated certificate legending requirements.

1.4 Form of Consideration – Cash Only

The form of consideration in a Private Placement must be cash paid by the Placee to the Issuer. If the consideration is in the form of something other than cash (such as, for example, non-cash assets or the settlement of debt), the transaction will be subject to the requirements set forth in

other applicable Exchange Policies such as Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* (in the case of the Issuer receiving non-cash assets in consideration for the Private Placement securities) or Policy 4.3 (in the case of the Issuer settling debt in direct or indirect consideration for the Private Placement securities).

1.5 Minimum Offering Price

Subject to section 1.7 below, in a Private Placement of Listed Shares or units comprised of Listed Shares and Warrants, the offering price per share or unit, as the case may be, must not be less than the Discounted Market Price for the Listed Shares (as of the Price Reservation Date). Refer to section 2.3 below for the minimum acceptable Conversion Price for Convertible Securities.

1.6 Price Reservation

- (a) **Methods of Price Reservation:** In order for an Issuer to reserve a proposed offering price (or Conversion Price) pending the completion of applicable Exchange filings and receipt of Conditional Acceptance and Final Acceptance, the Issuer must either issue a comprehensive news release disclosing the proposed terms of the Private Placement or, where permitted, file a completed Price Reservation Form. There must not be any undisclosed Material Changes in respect of the Issuer at the time the Issuer reserves the proposed offering price (or Conversion Price).
- (b) **Restriction on Use of Price Reservation Form:** If Insiders of the Issuer will be subscribing for greater than 25% of the Private Placement, the proposed offering price (or Conversion Price) must be reserved by the issuance of a comprehensive news release and not through the filing of a Price Reservation Form. Where the Issuer has reserved a proposed offering price (or Conversion Price) using a Price Reservation Form and Insider participation in the Private Placement will be greater than 25% of the Private Placement, the price reservation will not apply to the Insider subscriptions exceeding 25% of the Private Placement.
- (c) **Lapsing of Price Reservation:** Whether a proposed offering price (or Conversion Price) is reserved by way of news release or Price Reservation Form, such price reservation will lapse if the Issuer does not file for Exchange acceptance of the proposed terms of the Private Placement (in accordance with section 1.10 below) within 30 days of the Price Reservation Date.
- (d) **Price is Subject to Exchange Acceptance:** Irrespective of the fact that an Issuer has reserved a proposed offering price (or Conversion Price) in accordance with the requirements of this Policy 4.1, the proposed offering price (or Conversion Price) remains subject to Exchange acceptance. Assessing the acceptability of a proposed offering price (or Conversion Price) forms a material component of the Exchange's review of a Private Placement and such assessment takes into consideration, without limitation, the minimum pricing requirements set out in sections 1.5, 1.7 and 2.3 of this Policy and the requirements contained within the definitions of Market Price and Discounted Market Price in Policy 1.1.

1.7 Part and Parcel Pricing Exception

The Exchange has market integrity and public interest concerns with allowing an Issuer to set an offering price (or Conversion Price) for a Private Placement in conjunction with the announcement of an unrelated Material Change. As such, in the event that an Issuer seeks to reserve a proposed offering price (or Conversion Price) for a Private Placement with the Exchange in conjunction with the Issuer's announcement of another event or transaction that constitutes a Material Change for the Issuer (a "**Material Transaction**"), the Exchange will require that the price be not less than the applicable Discounted Market Price (or Market Price in the case of Convertible Securities) following the announcement of the Material Transaction (i.e. the Issuer cannot rely upon the pre-announcement Discounted Market Price or Market Price) unless: (1) the Private Placement and the Material Transaction are announced in the same news release (i.e. a Price Reservation Form may not be used); and (2) the Private Placement is integral to the Material Transaction. In addition, the following conditions must be met to the Exchange's satisfaction in order for the Issuer to rely upon this "part and parcel pricing" exception:

- (a) The proceeds of the Private Placement must be specifically allocated and necessary for the Material Change. A general statement that the funds are for unspecified working capital requirements is not sufficient.
- (b) The Issuer and the Placees (whether Insiders or not) must ensure that they are not breaching the insider or unacceptable trading provisions prescribed by Securities Laws or Exchange Requirements.

If Warrants are to be issued as part of a "part and parcel pricing" Private Placement, the following minimum pricing requirements will be applicable to their exercise price:

- (a) If the Material Transaction is a Qualifying Transaction, Reverse Takeover or Change of Business and the Private Placement is the concurrent financing to the Material Transaction, the exercise price of the Warrants must comply with the requirements of, as applicable, section 1.8(e) or 2.4(e) of this Policy.
- (b) If the Material Transaction is not a Qualifying Transaction, Reverse Takeover or Change of Business, either:
 - (i) the exercise price of the Warrants is set at not less than the following premium to the Market Price before the announcement of the Material Transaction; or

| Market Price | Percentage Premium |
|-----------------|--------------------|
| up to \$0.50 | 50% |
| \$0.51 - \$2.00 | 25% |
| above \$2.00 | 15% |

- (ii) the exercise price of the Warrants is not less than the Market Price after the Material Transaction has been announced (i.e. post-announcement pricing).

Refer to Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* for escrow requirements that may be applicable to any securities issued to Principals pursuant to a concurrent financing to a Qualifying Transaction, Reverse Takeover or Change of Business.

1.8 Warrants

In connection with a Private Placement of Listed Shares, an Issuer can issue Warrants to the Placees entitling the holders of the Warrants to purchase additional Listed Shares of the Issuer. An Issuer may not conduct a Private Placement involving only the issuance of Warrants.

The following requirements apply to Warrants issued in connection with a Private Placement of Listed Shares (see section 2.4 below for Warrants issued in connection with a Private Placement of Convertible Securities):

- (a) The Warrants must be essential to the Private Placement.
- (b) On exercise, each Warrant may entitle the holder to receive up to a maximum of one Listed Share. A Warrant may not entitle the holder to receive an additional Warrant (or fractional Warrant) on exercise (i.e. the Exchange will not permit “piggyback” Warrants).
- (c) A Placee can receive up to a maximum of one Warrant for each Private Placement Share purchased by the Placee.
- (d) The term of the Warrants must expire by no later than five years after the date of issuance of the Warrants.
- (e) The exercise price per share of a Warrant must not be less than the Market Price of the Issuer’s Listed Shares as at the Price Reservation Date.
- (f) The Warrants may be transferable, however, the requirements outlined in section 1.3(b) and (c) above may apply to the Warrants and the Listed Shares issued on exercise of the Warrants.

Guidance Note:

- N.1 **Shares for Debt:** Where Placees are creditors of the Issuer and the proceeds of the Private Placement are used to repay the debts to such creditors, the requirements of Policy 4.3 will apply and those Placees who are creditors and Non-Arm’s Length Parties to the Issuer must not be granted Warrants on that part of their subscription that equals the amount of debt being repaid.

1.9 News Releases

Without limiting the public disclosure requirements prescribed by Policy 3.3 – *Timely Disclosure* (“**Policy 3.3**”) and Securities Laws, the following public disclosure requirements are applicable within the context of a Private Placement:

- (a) **Initial Announcement:** Initial public disclosure of the Private Placement must be made by the Issuer, by way of news release, at the time the proposed offering price (or Conversion Price) is reserved (see section 1.6(a) above) or, if price reservation is done by way of a Price Reservation Form, upon the earlier of the Private Placement constituting a Material Change and 30 days after the Price Reservation Date. The news release must disclose the material details of the proposed Private Placement, which at a minimum shall include a description of the number and type of securities to be issued, the offering price (or Conversion Price) per security and the intended principal uses of proceeds. If it is a Brokered Private Placement, the news release must include the name of the Agent. If the Private Placement is a Related Party Transaction, the news release must also include the applicable disclosure as required by Policy 5.9 – *Protection of Minority Securityholders in Special Transactions* (“**Policy 5.9**”).
- (b) **Material Changes:** There must not be any undisclosed Material Changes in respect of the Issuer at the time the Issuer reserves the proposed offering price (or Conversion Price). The Issuer must also disclose any Material Changes in respect of the Issuer which occur during the course of the Private Placement process. Any such Material Changes may affect the minimum acceptable offering price or Conversion Price permitted by the Exchange.
- (c) **Withdrawal or Termination of Private Placement:** If, following the issuance of the news release under section 1.9(a), the Issuer’s application for Exchange acceptance of the Private Placement is withdrawn or the Issuer decides to terminate or otherwise not proceed with the Private Placement, the Issuer must promptly issue a news release disclosing the fact that the Issuer will not be proceeding with the previously announced Private Placement and the pertinent details of the withdrawal or termination.
- (d) **Extension of Private Placement:** In circumstances where the Exchange has consented to the Issuer closing the Private Placement outside of the timeframes prescribed by section 1.11(d) below, the Exchange will generally require the Issuer to immediately issue a news release that provides an update on the status of the closing of the Private Placement.
- (e) **Closing News Release:** Immediately following the closing of the Private Placement (or the closing of each tranche if the Private Placement closes in more than one tranche), the Issuer must issue a news release announcing the closing of the Private Placement. The news release must disclose the material details of the completed Private Placement, which at a minimum shall include a description of the number and type of securities issued, the gross proceeds raised by the Issuer, the intended principal uses of proceeds, the particulars of any applicable Resale

Restrictions (including the expiry dates of any hold periods), a description of any bonus, finder's fee, commission, Agent's Option or other compensation to be paid in connection with the Private Placement and, if such compensation is paid in securities, a description of the number and type of securities. If the Private Placement is a Related Party Transaction, the news release must also include the applicable disclosure as required by Policy 5.9.

Guidance Note:

- N.1 **Requirement for Initial News Release:** The Exchange expects that nearly all Private Placements will involve (or otherwise require) the issuance of both the initial news release prescribed by section 1.9(a) and the closing news release prescribed by section 1.9(e). The Exchange, however, acknowledges that there may be circumstances where the initial news release is not necessary and that only the closing news release is required. This may include Private Placements where the offering price (or Conversion Price) is reserved by way of a Price Reservation Form, the Private Placement closes within 30 days of the Price Reservation Date and the proposed Private Placement does not constitute a Material Change at any time prior to the closing of the Private Placement. In assessing this matter, Issuers should reference the definition of "Material Change" under Securities Laws, in particular as pertaining to the notion that an Issuer's decision to proceed with a Private Placement may, in of itself, constitute a Material Change.

1.10 Filing Requirements

Within 30 calendar days after the Price Reservation Date, the Issuer must apply for the Exchange's acceptance of the proposed terms of the Private Placement. At the outset, the Issuer may apply for either Conditional Acceptance or Final Acceptance. Final Acceptance should not be sought (and will not be provided by the Exchange) unless and until the Issuer is in a position to provide a fully complete Notice/Form 4B and all other applicable information and documentation to the Exchange. Failure to apply for, at a minimum, Conditional Acceptance within this 30 day time period will result in the reservation of the proposed offering price or Conversion Price lapsing.

The following filing requirements apply to an application for Exchange acceptance of a Private Placement. If the Issuer is only seeking Conditional Acceptance at the outset (with Final Acceptance to be sought once all applicable information and documentation is available), the Issuer need only provide, at a minimum, the Notice (see (a) below) and the applicable filing fees (see (b) below). All other relevant information, documentation and filing fees must be provided in order for the Exchange to provide Final Acceptance.

- (a) A Notice/Form 4B. If the Issuer is seeking Conditional Acceptance, it need not (but may still) complete the Placée information or Issuer declaration required by the Notice. If the Issuer is seeking Final Acceptance, all information and confirmations required by the Final Notice/Final Form 4B must be provided and the Issuer declaration must be completed. For greater certainty, an Issuer that does not file a Final Notice at the outset will only be able to seek Conditional Acceptance and must still subsequently file the Final Notice in order to obtain Final Acceptance.

- (b) The applicable filing fees. In order to obtain Conditional Acceptance, the minimum filing fees for the Private Placement under Policy 1.3 – *Filing Fees* (“**Policy 1.3**”) must first be provided to the Exchange. In order to obtain Final Acceptance, the full filing fees for the Private Placement under Policy 1.3 must first be provided to the Exchange.
- (c) Personal Information Forms or, if applicable, Declarations for any new Insiders that will be created as a result of the completion of the Private Placement.
- (d) Where applicable, a Form 4C - *Corporate Placee Registration Form* (“**Form 4C**”), or equivalent information if filed electronically through V-File, for Placees that are not individuals. See section 1.15 below.
- (e) Confirmation of whether the Private Placement constitutes a Related Party Transaction and, as applicable, how the Issuer is complying with the disclosure, valuation and shareholder approval requirements prescribed by Policy 5.9.
- (f) Where applicable, evidence of Shareholder approval for the Private Placement. See section 1.12 below.
- (g) Where applicable (and as otherwise required by Policy 5.1 – *Loans, Loan Bonuses, Finder’s Fees and Commissions* (“**Policy 5.1**”)), a copy of any agreement relating to finder’s fees or commissions payable by the Issuer in respect of the Private Placement.
- (h) Any other information or documentation the Exchange may require.

1.11 Closing of the Private Placement

- (a) **Exchange Acceptance Required Before Closing:** Following receipt of the information, documentation and filing fees prescribed by section 1.10 above and the resolution of any issues to the Exchange’s satisfaction, the Exchange will provide, as applicable, its Conditional Acceptance or Final Acceptance. Subject to (b) and (c) below, the Issuer can close the Private Placement following receipt of Conditional Acceptance. In all other situations, but subject to (b) below, the Issuer may only close the Private Placement following receipt of Final Acceptance.
- (b) **Changes to Terms and Material Changes:** If, prior to closing either: (1) any of the particulars of the Private Placement or related information has changed from what was set forth in the Notice/Form 4B; or (2) any Material Changes (other than the Private Placement) are disclosed or required to be disclosed by the Issuer, the Issuer must immediately advise the Exchange as this may impact the continued validity of the Conditional Acceptance or Final Acceptance, as the case may be, and, correspondingly, the Issuer’s ability to close the Private Placement.
- (c) **Limitations on Closing on Conditional Acceptance:** In situations where the Exchange has provided Conditional Acceptance and:

- (i) Insiders have subscribed for more than 25% of the Private Placement and such amount was not disclosed in the Notice;
- (ii) subscriptions by members of the Aggregate Pro Group were not disclosed in the Notice; or
- (iii) a new Insider or a new Control Person will be created as a result of the Private Placement,

the Issuer may not close on the subscriptions from those Persons until the Issuer has filed the Final Notice (with all applicable Placee information completed) and the Exchange has provided its Final Acceptance. Alternatively, in the case of Persons described in (i) and (ii) only, the Issuer may close on the subscriptions from those Persons into escrow pending completion of the filing of the Final Notice and the Exchange providing its Final Acceptance. In this context, closing into escrow means the securities shall not be released to the Placee(s) and the subscription proceeds shall not be released to the Issuer until the Exchange has provided its Final Acceptance.

In addition, the terms of the Conditional Acceptance may impose further limitations or restrictions on the Issuer's ability to close the Private Placement. These may include, for example, closing being conditional upon the completion of a concurrent Material Transaction (see section 1.7 above), the receipt of Shareholder approval (in circumstances where Shareholder approval for the Private Placement, or portion thereof, is required) or completion of the Exchange's assessment of the suitability of new Insiders. Any such limitations or restrictions will be specifically communicated by the Exchange to the Issuer.

- (d) **Timeframe for Closing:** Whether closing of the Private Placement occurs subsequent to the Exchange providing its Conditional Acceptance or Final Acceptance, closing must occur within the following timeframes, except as may otherwise be specifically consented to by the Exchange:
 - (i) In the case of a non-Brokered Private Placement, the Issuer must close the Private Placement within the greater of 15 days from the date the Exchange provides its Conditional Acceptance or 45 days from the Price Reservation Date.
 - (ii) For a Brokered Private Placement, the Issuer must close the Private Placement within the greater of 30 days from the date the Exchange provides its Conditional Acceptance or 60 days from the Price Reservation Date.

Circumstances where the Exchange will generally consent to an extension of the foregoing timeframes (whether in respect of some or all of the Private Placement) include if the Private Placement (or portion thereof) is subject to Shareholder approval or the completion of the Exchange's assessment of the suitability of new Insiders. In addition, the Exchange may, at its discretion, agree to extend the foregoing timeframes if the offering price (or Conversion Price) remains acceptable to the Exchange based upon the then current Discounted Market Price or Market Price, as applicable. Refer to section 1.9(d) above for applicable news release requirements.

- (e) **Confirmation of Closing, Final Filings and Final Exchange Bulletin:** If the Issuer closes the Private Placement following receipt of Conditional Acceptance, it must confirm closing of the Private Placement with the Exchange and file the Final Notice and the balance of the information, documentation and filing fees required by section 1.10 above within five business days of the closing of the last tranche of the Private Placement. The Exchange will review the Final Notice and final filings and advise the Issuer of any issues with the final terms of the Private Placement. Once any such issues are resolved to the Exchange's satisfaction, the Exchange will provide its Final Acceptance and issue an Exchange bulletin which provides confirmation to the market of both the Exchange's final acceptance of the terms and completion of the Private Placement.

If the Issuer closes the Private Placement following receipt of Final Acceptance, it must confirm closing of the Private Placement with the Exchange within five business days of the closing of the last tranche of the Private Placement. The Exchange will then issue an Exchange bulletin which provides confirmation to the market of both the Exchange's final acceptance of the terms and completion of the Private Placement.

1.12 Shareholder Approval

- (a) 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.
- (b) The Exchange may also require prior Shareholder approval to be obtained by the Issuer for a Private Placement that appears to be undertaken as a defensive tactic to a takeover bid. See National Policy 62-202 - *Take-Over Bids - Defensive Tactics*.
- (c) If the issuance of securities pursuant to a Private Placement constitutes a Related Party Transaction, the Issuer will be required to obtain Shareholder approval for the Private Placement in accordance with the requirements of Policy 5.9.
- (d) To the extent reasonably possible, an Issuer must seek to obtain any Shareholder approval required by this section 1.12 within the timeframes prescribed by section

1.11(d)(i) or (ii) above. In the event that the Issuer requires more time to seek the required Shareholder approval, it must:

- (i) prior to the expiry of the timeframes prescribed by sections 1.11(d)(i) or (ii) above, advise the Exchange of the expected timeframe required to solicit the Shareholder approval;
 - (ii) seek to obtain the Shareholder approval in as expeditious a manner as is reasonably possible; and
 - (iii) comply with any additional conditions the Exchange may impose to mitigate its concerns with respect to the ongoing reservation of the offering price (or Conversion Price) pending Shareholder approval (such as, for example, the Issuer ensuring that the Placee's subscription remains irrevocable during the applicable time period).
- (e) Any Shareholder approval required by this section 1.12 may be obtained by ordinary resolution at a general meeting or by the written consent of Shareholders holding more than 50% of the issued Listed Shares, provided that:
- (i) where the transaction will result in a new Control Person, the votes attached to the Listed Shares held by the new Control Person and its Associates and Affiliates are excluded from the calculation of any such approval or written consent; and
 - (ii) where the Private Placement is subject to Policy 5.9:
 - (A) any such written consent will be subject to the Issuer obtaining any discretionary exemption required under Policy 5.9 and applicable Securities Laws, and
 - (B) any votes attaching to Listed Shares are excluded in accordance with the minority approval requirements of Policy 5.9.
- (f) In the case of the creation of a new Control Person, the Information Circular for the Shareholders meeting must disclose the Private Placement in sufficient detail to permit Shareholders to form a reasoned judgement concerning the Private Placement, including the details of the consideration involved, the identity of the new Control Person and their securityholdings upon completion of the Private Placement. In the case of a Related Party Transaction under Policy 5.9, the applicable disclosure required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* must be included in the Information Circular. The Issuer must provide a copy of the Information Circular and the minutes of the meeting to the Exchange.
- (g) If Shareholder approval is obtained by written consent, the consenting Shareholders must have received the same information about the transaction that they would have received in an Information Circular for a meeting considering the

proposed Private Placement. The Issuer must ensure that the Shareholders from whom written consent is solicited are not provided with any Material Information that is not already in the Issuer's public record. The Issuer must file copies of the written consents with the Exchange and be in a position to confirm the validity of the consents to the Exchange's satisfaction.

- (h) Issuers should obtain Conditional Acceptance before the Information Circular is mailed or request for consent is sent to Shareholders. If Exchange acceptance is not obtained in advance, the Information Circular or other disclosure sent to Shareholders must clearly state that the proposed transaction is subject to Exchange approval.

1.13 Use of Proceeds

The Exchange can reject a Private Placement if the Notice does not provide adequate information on the allocation of funds or if unallocated funds are excessive. The amount that would be considered excessive will depend on the activities of the Issuer and is not subject to a stated standard. The following are examples of acceptable uses of proceeds:

- (a) corporate overhead for a one year period;
- (b) settlement of current debts (other than to the Placees); and
- (c) a reserve for asset acquisition investigations.

1.14 Finder's Fees or Commissions

The requirements of Policy 5.1 under the headings "Finder's Fees and Commissions" apply to all commissions or similar compensation proposed to be paid by the Issuer to brokers, agents or finders in connection with a Private Placement.

1.15 Corporate Placee Information

If a Placee whose identity is required to be included in a Notice (per the requirements of the Notice) is not an individual (i.e. the Placee is a Company) (a "**Corporate Placee**"), the Exchange will require certain information about the Corporate Placee. If the Issuer is filing the Notice(s) in paper format, the Issuer must obtain a completed Form 4C from each such Corporate Placee and file the same with the Exchange in connection with the Issuer's application for acceptance of the Private Placement. If the Issuer is filing the Notice(s) in electronic format through V-File, it will be required to provide the relevant information about each such Corporate Placee as part of the electronic filing.

2. Private Placement of Convertible Securities

2.1 General

- (a) An Issuer may conduct a Private Placement of Convertible Securities. Except as varied below, all the general provisions in Part 1 of this Policy apply.

- (b) The Convertible Securities may be transferable, however, the requirements outlined in section 1.3(b) and (c) above may apply to the Convertible Securities and the Listed Shares issued on conversion of the Convertible Securities.

2.2 Principal and Interest/Dividend Obligations

- (a) The Exchange does not prescribe any specific limits for interest or dividend rates on Convertible Securities. The Exchange does, however, expect and require that any interest or dividend rate be commercially reasonable taking into consideration the circumstances of the Issuer and the risks to the Placee. In this regard, the Exchange may, at its discretion, request the Issuer to provide a satisfactory analysis of the reasonableness of the interest or dividend rate.
- (b) The terms of a Convertible Security may provide that any accrued interest or dividends may be paid through the issuance of securities of the Issuer, however, the number and terms of any securities issued to pay such accrued interest or dividends must be based upon a price per security that is not less than the Market Price of the Listed Shares at the time the accrued interest or dividends become payable. For greater certainty, the Market Price as at the Price Reservation Date for the originating Private Placement cannot be used for these purposes. Furthermore, any such payment of accrued interest or dividends in securities of the Issuer will be subject to prior Exchange acceptance (with the application for Exchange acceptance to be made at the time the accrued interest or dividends becomes payable).

2.3 Conversion Terms

- (a) The minimum Conversion Price must never be less than the Market Price (as of the Price Reservation Date). Furthermore, if the Convertible Security has a term of greater than one year, the minimum allowable Conversion Price after the first year must be the greater of the Market Price and \$0.10. For greater certainty, if, for example, the applicable Market Price on issuance of the Convertible Security is \$0.07, the minimum allowable Conversion Price will be \$0.07 in the first year of the term of the Convertible Security and \$0.10 thereafter.
- (b) The Conversion Period must expire no later than five years from the date of issuance of the Convertible Securities.

2.4 Warrants

- (a) The Issuer may grant Convertible Securities with a Warrant to purchase Listed Shares of the Issuer to a Placee if:
 - (i) the Warrant is essential to the Private Placement; and
 - (ii) either:

- (A) the Convertible Securities are convertible into units, with each unit consisting of a Listed Share and a Warrant (or fraction of a Warrant) (an “**Underlying Warrant**”); or
 - (B) the Warrants are issued with, and detachable directly from, the Convertible Security (a “**Detachable Warrant**”).
 - (b) On exercise, each Warrant may entitle the holder to receive up to a maximum of one Listed Share. A Warrant may not entitle the holder to receive an additional Warrant (or fractional Warrant) on exercise (i.e. the Exchange will not permit “piggyback” Warrants).
- In the case of Underlying Warrants, the number of Warrants must not exceed the number of Listed Shares issuable on conversion of the Convertible Securities.
- In the case of Detachable Warrants, the number of Warrants must not exceed the number of Listed Shares that may be issued on full conversion of the Convertible Securities based upon the initial Conversion Price of the Convertible Securities.
- (c) In the case of Underlying Warrants, the term of the Warrants must expire by no later than five years after the date the Convertible Securities were issued.
 - (d) In the case of Detachable Warrants, the term of the Warrants must expire by the earlier of: (i) five years after the date the Convertible Securities were issued; and (ii) the end of the Conversion Period. However, if the Conversion Period ends less than one year from the date of issuance of the Convertible Securities, the term of the Detachable Warrants may be up to one year from the date of issuance of the Convertible Securities.
 - (e) The exercise price per share of a Warrant must not be less than the Market Price of the Issuer’s Listed Shares as at the Price Reservation Date.
 - (f) The Warrants may be transferable, however, the requirements outlined in section 1.3(b) and (c) above may apply to the Warrants and the Listed Shares issued on exercise of the Warrants.

3. Amending Warrant Terms

3.1 General

The amendment of Warrant terms may be considered to be the distribution of a new security under Securities Laws and require prospectus and securities registration exemptions. Issuers should consult legal counsel before applying for an amendment to Warrant terms.

Any amendment of Warrant terms is subject to Exchange acceptance. An Issuer can apply to the Exchange to amend the terms of a class of Warrants issued pursuant to a Private Placement if it meets the following conditions:

- (a) the Warrants are not listed for trading;
- (b) the exercise price of the Warrants is higher than the current Market Price;
- (c) no Warrants of the class have been exercised within the last six months;
- (d) the Warrants were not issued to an Agent, broker or finder as compensation for services;
- (e) at least two weeks remain before the expiry date of the Warrants; and
- (f) the Issuer has issued a news release disclosing its intent to amend the Warrants, the particulars of the proposed amendments and the fact that the amendments are subject to Exchange acceptance.

3.2 Extension of the Warrant Term

Subject to term limitations prescribed by sections 2.4(c) and (d) above in respect of Warrants issued in connection with Convertible Securities, the term for exercise of a Warrant may only be extended to a date that is five years after its date of issuance. For example, if an Issuer initially issued a Warrant with a one year term, the maximum extension would be for four additional years.

3.3 Repricing Warrants

The Exchange will generally consent to an amendment to the exercise price of Warrants if the following conditions are satisfied:

- (a) either:
 - (i) the amended exercise price is at or above the Market Price as at the Price Reservation Date for the originating Private Placement; or
 - (ii) the amended exercise price is below the Market Price as at the Price Reservation Date for the originating Private Placement but, concurrent with the exercise price amendment, the term of the Warrants is also being amended to include an accelerated expiry clause such that the exercise period of the Warrants will be reduced to 30 days if, for any ten consecutive trading days during the unexpired term of the Warrant (the "**Premium Trading Days**"), the closing price of the Listed Shares exceeds the exercise price of the Warrants by: (1) 25% or more if the exercise price is \$0.50 or less; (2) 20% or more if the exercise price is between \$0.51 and \$2.00; and (3) 15% or more if the exercise price is greater than \$2.00 (and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day);

- (b) the amended exercise price is not less than the average closing price of the Issuer's Listed Shares for the ten Trading Days immediately prior to the date of the news release required by section 3.1(f) above;
- (c) the exercise price of the Warrant has not previously been amended;
- (d) the Issuer's directors, officers and Control Persons beneficially own, in the aggregate, no more than 10% of the total number of Warrants to be repriced; and

Guidance Note:

N.1 **Pro Rata Repricing:** If the Persons referenced in (d) above beneficially own, in the aggregate, more than 10% of the class of Warrants being repriced, the aggregate number of their Warrants that can be repriced will be limited to 10% of the total number of repriced Warrants (i.e. not all of such Persons' Warrants can be repriced in these circumstances). In these circumstances, the repricing of the Warrants held by such Persons will be done on a *pro rata* basis amongst said Persons.

- (e) if (a)(ii) above is applicable (or the term of the Warrants is otherwise being reduced in connection with the repricing of the Warrants), all Warrant holders consent to the amendment (or, if the Warrants are subject to a Warrant indenture, the repricing receives the level of Warrant holder consent prescribed by the indenture).

3.4 Filing Requirements

The following filing requirements apply to an application for Exchange acceptance of an amendment to Warrant terms:

- (a) a completed Form 4D – *Warrant Amendment Summary Form and Certification*;
- (b) the applicable fee as prescribed in Policy 1.3; and
- (c) any other information or documentation the Exchange may require.

4. Amending Convertible Securities

4.1 General

The amendment of the terms of a Convertible Security may be considered to be the distribution of a new security under Securities Laws and require prospectus and securities registration exemptions. Issuers should consult legal counsel before applying for an amendment to the terms of a Convertible Security.

Any amendment to the terms of a Convertible Security (including, without limitation, a change to the Conversion Price or an extension to the Conversion Period) is subject to Exchange acceptance. For amendments involving either a change to the Conversion Price or an extension to the Conversion Period, the Exchange will classify the amendment as either:

- (1) an “**Amendment**” if the amended Conversion Price and Conversion Period would have been acceptable to the Exchange as at the Price Reservation Date for the originating Private Placement (e.g. the Conversion Price was originally set at a premium to the Market Price as of such Price Reservation Date and is now being amended to a price equal to or higher than such Market Price); or
- (2) a “**Replacement**” if the amended Conversion Price or Conversion Period would not have been acceptable to the Exchange as at the Price Reservation Date for the originating Private Placement (e.g. the amended Conversion Price is less than the Market Price as of such Price Reservation Date).

An Issuer can apply to the Exchange to amend the terms of a class of Convertible Securities issued pursuant to a Private Placement if it meets the following conditions:

- (a) the class of Convertible Securities is not listed for trading;
- (b) the existing Conversion Price is higher than the current Market Price as at the date of the news release required by section 4.1(d) below;
- (c) in the case of a Replacement either: (i) no more than 60 days remain in the original Conversion Period and the proposed amendment will not take effect until the expiry of the original Conversion Period; or (ii) the proposed amendment forms a part of a comprehensive restructuring of the Issuer’s capital that is being undertaken by the Issuer; and
- (d) the Issuer has issued a news release disclosing its intent to amend the Convertible Securities, the particulars of the proposed amendments and the fact that the amendments are subject to Exchange acceptance.

4.2 Extending the Conversion Period

If the Conversion Period is to be extended, the new Conversion Period cannot exceed five years from the date of amendment of the Convertible Security.

If the Convertible Securities entitle the holder to receive a Warrant upon conversion, the Conversion Period cannot be extended if the exercise price of the Underlying Warrants is less than the Market Price as at the date of the news release required by section 4.1(d) above. Alternatively, in conjunction with the extension of the Conversion Period, the exercise price of the Underlying Warrants must be amended such that it is not less than the Market Price as at the date of the news release required by section 4.1(d) above.

Guidance Note:

- N.1 **No Automatic Extension to Term of Detachable Warrants:** If Detachable Warrants were originally issued with the Convertible Securities (see section 2.4(a) above), Exchange acceptance of an amendment to the Conversion Period of the Convertible Securities will not constitute Exchange acceptance of a corresponding amendment to the term of said Warrants. For example if the original Conversion Period was two years (meaning that the maximum term of the Warrants was also two years (see section 2.4(d) above)) and the Conversion Period was subsequently extended to five years, the term of the Warrants would not automatically extend to five years. If the Issuer wants to

extend the term of the Warrants it will have to separately apply for Exchange acceptance of this amendment in accordance with Part 3 of this Policy.

4.3 Amending the Conversion Price

The amended Conversion Price cannot be less than the greater of \$0.10 and the Market Price as of the date the news release required by section 4.1(d) above is disseminated. In the case of a Replacement that involves an expiring Convertible Security effectively being replaced with a new Convertible Security, the Exchange may accept a Conversion Price that complies with section 2.3(a) above (with the Price Reservation Date for these purposes being the date the news release required by section 4.1(d) above is disseminated).

4.4 Filing Requirements

The following filing requirements apply to an application for Exchange acceptance of an amendment to Convertible Securities:

- (a) an application letter setting out: (i) the number and principal existing terms of the Convertible Securities to be amended; (ii) the date of Exchange acceptance of the originating Private Placement and, if applicable, any previous amendments to the Convertible Securities; and (iii) the details of the proposed amendment(s) for which Exchange acceptance is being sought;
- (b) if the amendment involves a reduction to the Conversion Price, the application letter must provide the particulars of any holder of Convertible Securities that would become a new Insider or new Control Person of the Issuer following the amendment assuming the immediate issuance of all Listed Shares underlying both their Convertible Securities and the Warrants issued to them in connection with the Convertible Securities;
- (c) the applicable fee as prescribed in Policy 1.3 (for a Replacement, the transaction will be treated as a new Private Placement of the Convertible Securities for filing fee purposes); and
- (d) any other information or documentation the Exchange may require.

POLICY 4.2

PROSPECTUS OFFERINGS

Scope of Policy

This Policy addresses the filing and procedural requirements for Issuers proposing to distribute securities to the public pursuant to a Prospectus. This Policy applies to public offerings of securities carried out by Issuers whose securities are already listed for trading on the Exchange. It does not apply to an Issuer proposing to carry out an Initial Public Offering of its securities concurrent with an Application for Listing using a Prospectus, which is governed by Policy 2.3 – *Listing Procedures*, or to an Initial Public Offering by a Capital Pool Company, which is governed by Policy 2.4 – *Capital Pool Companies*.

1. Public Offering by Prospectus – All Jurisdictions

1.1 General

A Prospectus offering conducted by an Issuer must be prepared in accordance with the requirements of applicable Securities Laws and will be vetted by the applicable Securities Commissions. The Securities Commission designated as the principal regulator under National Policy 11-202 – *Process for Prospectus Reviews in Multiple Jurisdictions* is the primary reviewing authority for a Prospectus. When conducting a public offering by Prospectus, an Issuer must comply with the provisions of applicable Securities Laws. However, a Prospectus must also be filed with the Exchange to obtain the Exchange’s consent to the issuance of securities and the additional listing of the securities offered under the Prospectus.

The following provisions apply to all Prospectus filings, including each shelf prospectus supplement filed under National Instrument 44-102 – *Shelf Distributions* (“NI 44-102”), except where specifically provided.

1.2 Exchange Filing Requirements - General

Unless section 1.3 applies, an Issuer conducting a Prospectus offering must file the following with the Exchange:

- (a) a copy of the Issuer's submission letter to the principal regulator and a copy of the preliminary Prospectus (including all financial statements, reports, certificates, and other documents which are required to accompany the Prospectus);
- (b) a copy of the Issuer's material agreements not previously filed with the Exchange, including the Issuer's agreement with the Agent who will conduct the public offering;
- (c) all filings required under the Exchange Policies applicable to any transactions disclosed in the Prospectus which have not been previously filed with the Exchange for acceptance;
- (d) if the Issuer intends to list another class of securities not already listed on the Exchange, an application for a supplemental listing in compliance with Policy 2.8 – *Supplemental Listings*;
- (e) a copy of all of the Issuer's letters to and from each Securities Commission relating to the Prospectus offering;
- (f) a copy of the Issuer's final Prospectus and any amendments (including all financial statements, reports and other documents which are part of the Prospectus);
- (g) a copy of each Securities Commission receipt for the final Prospectus;
- (h) Personal Information Forms or, if applicable, Declarations from any new Insiders that will be created; and
- (i) the applicable filing fees as prescribed by Policy 1.3 – *Schedule of Fees*.

1.3 Exchange Filing Requirements - At-the-Market Distributions

An Issuer conducting an at-the-market distribution (an “**ATM Distribution**”) in compliance with Part 9 of NI 44-102, and all other applicable laws, must file the following with the Exchange in connection with each shelf prospectus supplement:

- (a) prior to the commencement of the ATM Distribution:
 - (i) a notice letter including:
 - (A) the particulars of the ATM Distribution and identifying any unusual aspects of the ATM Distribution;
 - (B) confirmation of the trading market on which the securities will be sold;

- (C) whether any Insider of the Issuer has an interest, directly or indirectly, in the ATM Distribution and if so, the nature of such interest;
 - (D) if known, whether any new Insider of the Issuer will be created in connection with the ATM Distribution;
 - (E) if known, whether any new Control Person of the Issuer will be created in connection with the ATM Distribution;
 - (F) whether the equity distribution agreement was negotiated at arm's length; and
 - (G) confirmation of the date of the final base shelf prospectus and the date of the receipt for the final base shelf prospectus, and for every shelf prospectus supplement filed in connection with that final base shelf prospectus, a summary of the offering;
- (ii) the draft shelf prospectus supplement (including all financial statements, reports, certificates, and other documents which are required to accompany the shelf prospectus supplement);
 - (iii) a copy of the Issuer's material agreements not previously filed with the Exchange, including the Issuer's draft equity distribution agreement (or at-the-market sales agreement) with the Agents who will conduct the ATM Distribution;
 - (iv) all filings required under the Exchange Policies applicable to any transactions disclosed in the base shelf Prospectus and/or the shelf prospectus supplement which have not been previously filed with the Exchange for acceptance;
 - (v) a copy of all of the Issuer's letters to and from each Securities Commission relating to the ATM Distribution not previously filed with the Exchange;
 - (vi) any Registration Statement filed with the Securities and Exchange Commission in relation to the ATM Distribution;
 - (vii) Personal Information Forms or, if applicable, Declarations from any new Insiders that will be created; and
 - (viii) the applicable filing fees as prescribed by Policy 1.3 – *Schedule of Fees*;
- (b) concurrent with the filing of the shelf prospectus supplement on SEDAR, and in no case later than the first sale of securities pursuant to the ATM Distribution:
 - (i) a copy of the Issuer's shelf prospectus supplement and any amendments, with a black-lined version indicating the changes to the last draft of the shelf prospectus supplement filed with the Exchange;
 - (ii) the final equity distribution agreement (or at-the-market sales agreement) with the Agents who will conduct the ATM Distribution; and

- (iii) the news release required under NI 44-102;
- (c) within 10 calendar days after the end of each fiscal quarter:
 - (i) a notice, including a nil notice, of:
 - (A) the number and average price of the securities distributed under the ATM Distribution; and
 - (B) the aggregate gross and aggregate net proceeds raised, and the aggregate commissions paid or payable, under the ATM Distribution during that fiscal quarter;
 - (ii) a news release disseminated by the Issuer disclosing the information provided in the notice described in section 1.3(c)(i) unless the Issuer has not issued any securities pursuant to the ATM Distribution during that quarter; and
 - (iii) the applicable filing fees as prescribed by Policy 1.3 – *Schedule of Fees*; and
- (d) a notice of the termination of the ATM Distribution (whether through the equity distribution agreement being terminated or the maximum number of securities having been distributed pursuant to the ATM Distribution or otherwise) within one business day following the date of its termination.

1.4 Shareholder Approval Requirements

The Exchange may require prior Shareholder approval where:

- (a) a new Control Person may be created as a result of the Prospectus offering; or
- (b) the Prospectus offering appears to be undertaken as a defensive tactic to a takeover bid. See National Policy 62-202 – *Take-Over Bids – Defensive Tactics*.

1.5 Agent Requirements

If there is an Agent, then unless the Exchange Requirements applicable to a particular offering require otherwise, the Agent must sign the Prospectus certificate in connection with a Prospectus. The Agent must be registered under the applicable Securities Laws to sell securities in the jurisdiction in which the offering is taking place.

1.6 Minimum Subscription

The Exchange will require, unless the Distribution is entirely a secondary Distribution or an ATM Distribution, a minimum amount net to the Issuer's treasury of \$200,000 either as an underwritten or as an agency offering. The minimum amount of the offering must be sufficient to accomplish the purposes of the offering and such minimum must be specified. The offering may be cancelled by the Exchange if the minimum amount is not reached.

1.7 Pricing

- (a) Other than in the case of an ATM Distribution, if Listed Shares are being offered, the offering price will generally be the Market Price at the time of the news release referred to in section 1.7(b), and it must in no case be less than the Discounted Market Price at that time. See section 1.9 regarding the offering of Convertible Securities.
- (b) At the time the pricing decision is made, an announcement, by news release, will be made immediately by the Issuer to announce the terms of the offering. The Agent will immediately reconfirm any order received subject to price by directly conveying the terms of the offering to any potential purchaser whose order was received subject to price.
- (c) The Exchange may require that the offering price be amended if there is Material Information regarding the affairs of the Issuer between the date the offering price is fixed and the closing of the offering.
- (d) If the class of securities being offered is not a class of Listed Shares, then the minimum offering price must be \$0.05.

1.8 Unit Offering

The following requirements apply to unit offerings that include Warrants:

- (a) the total number of additional securities which may be issued pursuant to the exercise of Warrants cannot exceed the total number of securities initially issued as part of the unit offering;
- (b) a Warrant comprising part of a unit must not entitle the holder to acquire a Warrant upon exercise;
- (c) a Warrant in a unit offering must have an exercise price which is not less than the greatest of:
 - (i) the unit offering price;
 - (ii) Market Price of the Issuer's Listed Shares at the time of the news release referred to in section 1.7(b); and
 - (iii) \$0.05;
- (d) the maximum term of a Warrant shall be limited to five years commencing from the date of issue;
- (e) if the Warrants which form part of the unit offering are not transferable, then:
 - (i) the certificates representing the non-transferable Warrants shall be issued in the name of the holder and shall have the words "non-transferable" prominently displayed thereon,

- (ii) the Prospectus qualifying the unit offering shall clearly disclose the non-transferable nature of such Warrants, and
- (iii) the Exchange shall not list or trade such Warrants; and
- (f) where the Warrants which form part of the unit offering are to be listed for trading on the Exchange, an application for a supplemental listing of the Warrants must be made in compliance with Policy 2.8 – *Supplemental Listings*.

1.9 Convertible Securities Offering

If Convertible Securities are being offered, the offering terms must also comply with the requirements set out in Policy 4.1 – *Private Placements* that are applicable to Convertible Securities.

1.10 Secondary Distributions

A secondary Distribution of securities is permitted to be effected pursuant to a Prospectus offering. However, if an offering consists of both a primary and a secondary Distribution, the primary Distribution must be completed before the commencement of the secondary Distribution and the price of the secondary Distribution must be the same as the primary Distribution. The selling Shareholders of any secondary offering must bear a proportionate share of the Agent's commission and offering costs.

1.11 Agent Compensation

See Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions* for the maximum compensation that may be paid.

(a) Agent's Commission

An Agent is free to negotiate its selling commission with the Issuer.

(b) Agent's Option

An Agent may be granted a non-transferable Agent's Option entitling it to subscribe for securities offered for sale under a Prospectus. The Agent's Option must have an exercise price that is not less than the greater of:

- (i) the offering price of the securities offered for sale under the Prospectus; and
- (ii) \$0.05.

Any Warrants underlying the units comprised in the Agent's Option will be exercisable at the same price as the Warrants underlying the units offered to the public.

The Agent's Option must expire if not exercised within five years from the date of issue.

(c) Selling Group Compensation

An Agent may offer part of the commissions or Agent's Option from an offering to other licensed broker dealers and investment dealers who participate in a selling group.

(d) Over-Allotment Option

An Issuer may grant an over-allotment option to an Agent to acquire further securities offered under a Prospectus in accordance with the following:

- (i) the option must be limited to the lesser of 15% of the total number of securities sold in the offering or the actual number of securities sold by way of over-allotment;
- (ii) the number of securities under option will be determined on the offering date;
- (iii) the exercise price of the over-allotment option must be equal to the offering price of the securities offered for sale under the Prospectus;
- (iv) the exercise period cannot exceed 60 calendar days after the closing date; and
- (v) the Agent must advise the Exchange of the extent of any over-allotment at the time of closing of the offering.

1.12 Scope of Exchange Review

The Exchange reviews the required materials in order to accept any transactions disclosed in the Prospectus which have not been previously filed with the Exchange and to accept the listing of any securities to be issued pursuant to the Prospectus. Any transactions disclosed in the Prospectus which have not been previously filed with the Exchange for acceptance must comply with Exchange Requirements. A Securities Commission will generally not issue a receipt for a final Prospectus until the Exchange has conditionally accepted the listing of the securities offered under the Prospectus.

POLICY 4.3

SHARES FOR DEBT

Scope of Policy

An Issuer may be unable or unwilling to satisfy its debts or pay for services in cash. In those circumstances, the Issuer may negotiate settlement of its debt or arrange to pay service providers in securities.

The main headings in this Policy are:

1. Interpretation
2. General
3. Requirements and Restrictions
4. Filing Requirements – Shares for Debt
5. Shares for Services
6. Filing Requirements – Shares for Services

1. Interpretation

1.1 In this Policy:

“Agreement Date” means the date that an agreement, commitment, or understanding is reached to issue Shares for Debt.

“Shares for Debt” refers to the issuance of securities by an Issuer to settle debt that would normally be settled through a cash payment.

“Shares for Services” refers to an issuance of securities pursuant to an agreement by the Issuer to pay for services to be provided to the Issuer in securities rather than cash.

2. General

- 2.1 A Shares for Debt or Shares for Services transaction must be undertaken in accordance with applicable exemptions under Securities Laws and the requirements of this Policy.
- 2.2 A Shares for Debt or Shares for Services transaction must be accepted by the Exchange before any securities are issued.

3. Requirements and Restrictions

3.1 If the Issuer intends to settle debt that was incurred for, and is currently payable in cash, the Issuer must confirm that:

- (a) it has no cash on hand or no immediate source of cash;
- (b) if it has cash on hand to pay the debt:
 - (i) it is proposing to issue the securities in order to preserve its cash; or
 - (ii) its cash on hand is otherwise committed.

3.2 Non-Arm's Length Parties may only receive shares as settlement for debt. Warrants may not be issued in addition to the share settlement on the portion of the debt where a Non-Arm's Length Party is a creditor.

Pricing

3.3 The deemed price per security at which the debt is converted must be not less than the Discounted Market Price as determined by the date of the news release.

3.4 If a securities consolidation is proposed or planned as part of a debt settlement restructuring plan, then the minimum deemed issuance price of any post consolidation securities to be issued as part of such plan must be the Discounted Market Price (pre-announcement) multiplied by the consolidation ratio.

Disclosure

3.5 The Exchange considers Shares for Debt and Shares for Services transactions to be material. The Issuer must, therefore, issue a news release on the Agreement Date.

3.6 If an Issuer undertakes a Shares for Debt or Shares for Services transaction that forms a part of a COB or RTO, it must disclose this information in the news release disclosing the transaction.

Shareholder Approval

3.7 The Issuer must obtain disinterested shareholder approval where the Shares for Debt transaction will result in the creation of a new Control Person of the Issuer.

3.8 When seeking approval, the Issuer must provide the following information to shareholders:

- (a). the name of the new Control Person, as applicable; and
- (b) any other material details of the applicable transaction.

Settlement of Debt Purchased at a Discount – Assignment of Debt

- 3.9 If debt that is discounted by more than 50% is settled at the Market Price or Discounted Market Price, the Exchange may impose Resale Restrictions on the securities issued pursuant to the debt settlement.
- 3.10 Arm's length parties that become Insiders as a result of a purchase of discounted debt may be subject to escrow or Resale Restrictions on the securities issued pursuant to the debt settlement.
- 3.11 Non-Arm's Length Parties that purchase debt from a creditor at a discounted rate are only eligible to settle such debt with the Issuer based on the amount they paid to acquire the debt, rather than the principal amount of the debt.

Denial of Acceptance

- 3.12 The Exchange may deny acceptance of any Shares for Debt transaction if:
 - (a) the amount of debt is unsubstantiated by the financial statements or any other satisfactory evidence;
 - (b) the debt is alleged to be an accrued account but is not accounted for in the historical financial statements;
 - (c) the Issuer has conducted a series of Shares for Debt transactions and appears to use this procedure to raise funds rather than using other conventional methods available to it;
 - (d) the proposed agreement calls for the settlement of future debts by an issuance of securities at the Discounted Market Price in effect on the Agreement Date. The issuance of Shares for Debt must not be a pre-determined arrangement except in accord with section 5 of this Policy;
 - (e) Warrants are proposed to be issued to a Non-Arm's Length Party as part of a Shares for Debt transaction;
 - (f) the debt relates to management fees of more than \$2,500 per month; or
 - (g) the debt arises from an Investor Relations services contract.

4. Filing Requirements - Shares for Debt

- 4.1 An Issuer must make an application to the Exchange for acceptance of a Shares for Debt transaction, within 30 days of the Agreement Date.
- 4.2 An application must be made in accordance with the Shares for Debt Filing Form (Form 4E) and must include:

- (a) the documents required to accompany Form 4E, and
- (b) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*.

5. Shares for Services

5.1 The Exchange will consider an application by an Issuer to compensate a Person providing ongoing services to the Issuer in securities rather than cash provided that:

- (a) the transaction is in compliance with applicable corporate laws and Securities Laws;
- (b) the securities are not issued until the services have been performed; and
- (c) the deemed price of the securities to be issued is determined after the date the services are provided to the Issuer.

6. Filing Requirements – Shares for Services

Initial Filing

6.1 An Issuer proposing to issue Shares for Services must file:

- (a) a copy of the agreement with the Exchange. The agreement must include a provision indicating that the deemed price of the securities to be issued will be determined after the date services are provided to the Issuer; and
- (b) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*.

Subsequent Filings

6.2 After the Shares for Services agreement has been accepted by the Exchange, the Issuer must file the following materials with the Exchange upon every issuance of securities under the agreement:

- (a) a notice letter:
 - (i) indicating the number of securities and the deemed price per security to issued in exchange for the services that have been provided to the Issuer;
 - (ii) confirming that the securities issuance has not created a new Control Person of the Issuer; and
 - (b) the applicable fee, as prescribed by Policy 1.3 – *Schedule of Fees*.
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POLICY 4.4

SECURITY BASED COMPENSATION

Scope of Policy

This Policy sets out the Exchange's requirements that apply to any Issuer which proposes to grant or issue Security Based Compensation to its Directors, Officers, Employees, Management Company Employees and Consultants or to an Eligible Charitable Organization. The Exchange recommends that each Issuer obtain tax advice in relation to its Security Based Compensation.

The main headings in this Policy are:

1. Interpretation
2. Participants
3. Security Based Compensation Plans
4. General Requirements
5. Director and Shareholder Approval Requirements
6. Other Security Based Compensation
7. Filing Requirements
8. Amendments to Security Based Compensation
9. Transition
10. Summary Table

1. Interpretation

In this Policy:

"blackout period" has the meaning ascribed to it in section 4.11.

"Cashless Exercise" has the meaning ascribed to it in section 4.8(d)(i).

"Charitable Organization" means "charitable organization" as defined in the *Income Tax Act* (Canada) as amended from time to time.

"Charitable Stock Option" means any Stock Option granted by an Issuer to an Eligible Charitable Organization.

“Consultant” means, in relation to an Issuer, an individual (other than a Director, Officer or Employee of the Issuer or of any of its subsidiaries) or Company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to any of its subsidiaries, other than services provided in relation to a Distribution;
- (b) provides the services under a written contract between the Issuer or any of its subsidiaries and the individual or the Company, as the case may be; and
- (c) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or of any of its subsidiaries.

“Consultant Company” means a Consultant that is a Company.

“Director” means a director (as defined under Securities Laws) of an Issuer or of any of its subsidiaries.

“DSU” or “Deferred Share Unit” means a right granted to a Participant by an Issuer as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Issuer on a deferred basis (which is typically after the earliest of the retirement, termination of employment or death of the Participant), and which may provide that, upon vesting, the award may be paid in cash and/or Listed Shares of the Issuer.

“DSU Plan” means a plan of an Issuer pursuant to which that Issuer may issue DSUs.

“Eligible Charitable Organization” means:

- (a) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or
- (b) a Registered National Arts Service Organization.

“Employee” means:

- (a) an individual who is considered an employee of the Issuer or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) an individual who works full-time for an Issuer or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or its subsidiary over the details and methods of work as an employee of the Issuer or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or

- (c) an individual who works for an Issuer or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or its subsidiary over the details and methods of work as an employee of the Issuer or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source.

“Investor Relations Service Provider” includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.

“Issued Shares” means the number of Listed Shares of the Issuer that are then issued and outstanding on a non-diluted basis and, in the discretion of the Exchange, for the purpose of this Policy, may include a number of securities of the Issuer, other than Security Based Compensation, Warrants and convertible debt, that are convertible into Listed Shares of that Issuer.

“Legacy Security Based Compensation” has the meaning ascribed to it in section 9.1.

“Legacy Security Based Compensation Plan” has the meaning ascribed to it in section 9.1.

“Listed Share” means a common share, a unit of a real estate investment trust or other equivalent security that is listed on the Exchange.

“Management Company Employee” means an individual employed by a Company providing management services to the Issuer, which services are required for the ongoing successful operation of the business enterprise of the Issuer.

“Net Exercise” has the meaning ascribed to it in section 4.8(d)(ii).

“Normal Course Issuer Bid” has the meaning ascribed to it in Policy 5.6 – *Normal Course Issuer Bids*.

“Officer” means an officer (as defined under Securities Laws) of an Issuer or of any of its subsidiaries.

“Participant” means a Director, Officer, Employee, Management Company Employee, Consultant or Eligible Charitable Organization that is the recipient of Security Based Compensation granted or issued by an Issuer.

“Payout Multiplier” has the meaning ascribed to it in section 3.5(c).

“Private Foundation” means “private foundation” as defined in the *Income Tax Act* (Canada) as amended from time to time.

“PSU” or “Performance Share Unit” means a right granted to a Participant by an Issuer as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Issuer upon specified vesting criteria being

satisfied (which are typically performance based) and which may provide that, upon vesting, the award may be paid in cash and/or Listed Shares of the Issuer.

“PSU Plan” means a plan of an Issuer pursuant to which that Issuer may issue PSUs.

“Public Foundation” means “public foundation” as defined in the *Income Tax Act* (Canada) as amended from time to time.

“Registered Charity” means “registered charity” as defined in the *Income Tax Act* (Canada) as amended from time to time.

“Registered National Arts Service Organization” means “registered national arts service organization” as defined in the *Income Tax Act* (Canada) as amended from time to time.

“RSU” or **“Restricted Share Unit”** means a right granted to a Participant by an Issuer as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Issuer upon specified vesting criteria being satisfied (which are typically time based) and which may provide that, upon vesting, the award may be paid in cash and/or Listed Shares of the Issuer.

“RSU Plan” means a plan of an Issuer pursuant to which that Issuer may issue RSUs.

“SAR” or **“Stock Appreciation Right”** means a right granted to a Participant by an Issuer as compensation for employment or consulting services or services as a Director or Officer, to receive cash and/or Listed Shares of the Issuer based wholly or in part on appreciation in the trading price of the Issuer’s publicly traded securities.

“SAR Plan” means a plan of an Issuer pursuant to which that Issuer may issue SARs.

“Securities for Services” means an issuance of Listed Shares, or Listed Shares and Warrants, pursuant to an agreement of the Issuer to pay for services to be provided to the Issuer in Listed Shares, or Listed Shares and Warrants, rather than cash, and includes Shares for Services.

“Security Based Compensation” includes any Deferred Share Unit, Performance Share Unit, Restricted Share Unit, Securities for Services, Stock Appreciation Right, Stock Option, Stock Purchase Plan, any security purchase from treasury by a Participant which is financially assisted by the Issuer by any means whatsoever, and any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Issuer from treasury to a Participant, including securities issued under Part 6, and for greater certainty, does not include:

- (a) arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Issuer;
- (b) arrangements under which Security Based Compensation is settled solely in cash and/or securities purchased on the secondary market; and

- (c) Shares for Services and Shares for Debt arrangements under Policy 4.3 – *Shares for Debt* that have been conditionally accepted by the Exchange prior to November 24, 2021.

“**Security Based Compensation Plan**” includes any Stock Option Plan, DSU Plan, PSU Plan, RSU Plan, SAR Plan, SP Plan and/or any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Issuer from treasury to a Participant (excluding any Shares for Services arrangement that has been conditionally accepted by the Exchange under Policy 4.3 – *Shares for Debt* prior to November 24, 2021).

“**Shares for Services**” has the meaning ascribed to that phrase in Policy 4.3 – *Shares for Debt*.

“**SP Plan**” or “**Stock Purchase Plan**” means a plan of an Issuer pursuant to which that Issuer provides financial assistance or pursuant to which the Participant is allowed to purchase securities of that Issuer (often at a discount to Market Price), or pursuant to which the Participant is entitled to receive additional securities of that Issuer upon subscribing for a pre-established number of securities of that Issuer, which securities may be issued from the treasury of that Issuer or purchased on the secondary market.

“**Stock Option**” means a right granted to a Participant by an Issuer to acquire Listed Shares of the Issuer at a specified price for a specified period of time.

“**Stock Option Plan**” means a plan of an Issuer pursuant to which that Issuer may grant Stock Options.

“**Trustee**” has the meaning ascribed to it in section 4.14.

“**VWAP**” means the volume weighted average trading price of the Issuer’s Listed Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five Trading Days immediately preceding the exercise of the subject Stock Option. Where appropriate, the Exchange may exclude internal crosses and certain other special terms trades from the calculation.

Other capitalized terms used but not specifically defined in this Policy have the meanings ascribed to them elsewhere in the Manual, including Policy 1.1 – *Interpretation*.

All references in the Manual to “**Policy 4.4 – Incentive Stock Options**” shall be read as references to this Policy. All references in Policy 1.3 – *Schedule of Fees* and in Appendix 1A – *Notice of Billing Practices* to “stock option” and “option” shall be read as “Security Based Compensation”.

2. Participants

In relation to Security Based Compensation:

- (a) An Issuer seeking to grant or issue any form of Security Based Compensation must ensure the requirements of applicable Securities Laws are satisfied and that exemptions from the Prospectus requirements are available.

- (b) Except as otherwise specifically provided in section 6.4, a Participant must be a Director, Officer, Employee, Management Company Employee or Consultant of the Issuer or of its subsidiary, or must be an Eligible Charitable Organization, at the time the Security Based Compensation is granted or issued in order to be eligible for the grant or issuance of the Security Based Compensation to the Participant.
- (c) Except in relation to Consultant Companies and Eligible Charitable Organizations, Security Based Compensation may be granted only to an individual or to a Company that is wholly owned by individuals eligible to receive Security Based Compensation. If the Participant is a Company, excluding Participants that are Consultant Companies or Eligible Charitable Organizations, it must provide the Exchange with a completed *Certification and Undertaking Required from a Company Granted Security Based Compensation* in the form of Schedule “A” to Form 4G - *Summary Form – Security Based Compensation*. Any Company to be granted Security Based Compensation, other than a Consultant Company or Eligible Charitable Organization, must agree not to effect or permit any transfer of ownership or option of securities of the Company nor to issue further shares of any class in the Company to any other individual or entity as long as the Security Based Compensation remains outstanding, except with the prior written consent of the Exchange.

3. Security Based Compensation Plans

3.1 Categories of Security Based Compensation Plans

Subject to compliance with all other provisions of this Policy and, unless expressly provided otherwise, including all Security Based Compensation granted or issued outside of its Security Based Compensation Plans (such as, for example, Stock Options granted prior to listing on the Exchange when the Issuer was not required to have a Security Based Compensation Plan), an Issuer may implement a Stock Option Plan, a DSU Plan, a PSU Plan, an RSU Plan, an SAR Plan, an SP Plan and/or any other Security Based Compensation Plan that is acceptable to the Exchange and in aggregate fall within only one of the following categories:

- (a) **“rolling up to 10%”:** “rolling” Security Based Compensation Plan(s) under which the number of Listed Shares of the Issuer that are issuable pursuant to all such Security Based Compensation Plan(s) in aggregate is equal to up to a maximum of 10% of the Issued Shares of the Issuer as at the date of grant or issuance of any Security Based Compensation under any of such Security Based Compensation Plan(s); or
- (b) **“fixed up to 20%”:** “fixed” Security Based Compensation Plan(s) under which the number of Listed Shares of the Issuer that are issuable pursuant to all such Security Based Compensation Plan(s) in aggregate is a fixed specified number of Listed Shares of the Issuer up to a maximum of 20% of the Issued Shares of the Issuer as at the date of implementation of the most recent of such Security Based Compensation Plan(s) by the Issuer; or

- (c) **“rolling up to 10% and fixed up to 10%”:** a “rolling” Stock Option Plan under which the number of Listed Shares of the Issuer that are issuable pursuant to the exercise of Stock Options is equal to up to a maximum of 10% of the Issued Shares of the Issuer as at the date of any Stock Option grant, and “fixed” Security Based Compensation Plan(s) (other than Stock Option Plans) under which the number of Listed Shares of the Issuer that are issuable pursuant to all such Security Based Compensation Plan(s) (other than Stock Option Plans) in aggregate is a fixed specified number of Listed Shares of the Issuer up to a maximum of 10% of the Issued Shares of the Issuer as at the date of implementation of the most recent of such Security Based Compensation Plan(s) (other than Stock Option Plans) by the Issuer; or
- (d) **“fixed Stock Option Plan up to 10%”:** a “fixed” Stock Option Plan under which the number of Listed Shares of the Issuer that are issuable pursuant to the exercise of Stock Options is a fixed specified number of Listed Shares of the Issuer up to a maximum of 10% of the Issued Shares of the Issuer as at the date of implementation of the Stock Option Plan by the Issuer.

For greater certainty, all Security Based Compensation Plans must be implemented by the Issuer in respect of securities of the Issuer only, and Security Based Compensation Plans implemented by a subsidiary of the Issuer, or in respect of securities of a subsidiary of the Issuer, are not permitted.

3.2 Security Based Compensation Plan Requirement

All Issuers, other than Issuers that have no Security Based Compensation outstanding and have no intention of granting or issuing Security Based Compensation, must implement a Security Based Compensation Plan. Every Security Based Compensation Plan must be implemented by the Issuer and accepted by the Exchange before any Security Based Compensation is granted or issued pursuant to such Security Based Compensation Plan (except as may be allowed pursuant to section 5.2(h)), and after the Exchange accepts such Security Based Compensation Plan(s), the Issuer can only grant or issue the Security Based Compensation contemplated under that Security Based Compensation Plan(s) and under Part 6 of this Policy.

3.3 Omnibus or Individual Plans

Subject to compliance with all other provisions of this Policy, an Issuer may elect to implement one omnibus Security Based Compensation Plan that includes its Stock Option Plan as well as any other Security Based Compensation Plan, or an Issuer may elect to implement separately any Security Based Compensation Plan, or combine any of such Security Based Compensation Plans as it sees fit.

3.4 CPCs and NEX Issuers

CPCs and Issuers listed on NEX (including those Issuers on notice to have their listing transferred to NEX) are not permitted to grant or issue any Security Based Compensation other than Stock Options, and where an Issuer is on notice to have its listing transferred to NEX, it is not permitted to grant Stock Options unless it has publicly disclosed that it is on notice to have its listing transferred to NEX.

3.5 Calculations Guidance

For greater certainty and without limiting the requirements set forth in section 3.1:

- (a) in calculating the number of Listed Shares of the Issuer that are issuable for the purposes of sections 3.1, 4.2, 4.3, 4.4(b), 4.5(b), 5.2(a), 5.3(a) and 6.4, include the maximum number of Listed Shares of the Issuer that might possibly be issued under all outstanding Security Based Compensation that has been granted or issued, not only the number of Listed Shares of the Issuer that are actually issued;
- (b) subject to Exchange acceptance, where an Issuer is in the process of undertaking a transaction involving the issuance of securities and the Issuer proposes to implement a “fixed” Security Based Compensation Plan in connection or concurrent with such transaction, the Issuer may base the number of Listed Shares issuable under the Security Based Compensation Plan on the Issued Shares of the Issuer on a post transaction basis, subject to comprehensive disclosure in the Information Circular and completion of the transaction;
- (c) if the Security Based Compensation Plan includes any provision pursuant to which the number of Listed Shares that may be issued may be increased based on performance measures (commonly referred to as a “**Payout Multiplier**”), the maximum aggregate number of Listed Shares that might possibly be issued under the Security Based Compensation Plan must be included in calculating the limits set forth in sections 3.1, 4.2, 4.3, 4.4(b), 4.5(b), 5.2(a) and 5.3(a), and the Security Based Compensation Plan must include a mechanism that permits the Issuer to make payment in cash if it does not have a sufficient number of Listed Shares available under its Security Based Compensation Plan to satisfy its obligations under the Payout Multiplier; and
- (d) if the Security Based Compensation Plan includes a provision that entitles Participants to receive additional Security Based Compensation in lieu of dividends declared by the Issuer based on their holdings of Security Based Compensation other than Listed Shares that have already been issued, the maximum aggregate number of Listed Shares that might possibly be issued under the Security Based Compensation Plan must be included in calculating the limits set forth in sections 3.1, 4.2, 4.3, 4.4(b), 4.5(b) and 5.3(a), and the Security Based Compensation Plan must include a mechanism that permits the Issuer to make payment in cash if it does not have a sufficient number of Listed Shares available under its Security Based Compensation Plan to satisfy its obligations in respect of such dividends.

See also sections 4.8(d), 4.11 and 5.2(e) for additional guidance regarding calculations in particular circumstances.

4. General Requirements

4.1 Specific Allocations

An Issuer cannot grant or issue Security Based Compensation unless and until the Security Based Compensation has been allocated to a particular Person or Persons.

4.2 Limits for Individuals

Unless the Issuer has obtained the requisite disinterested Shareholder approval pursuant to section 5.3, the maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Person (and where permitted under this Policy, any Companies that are wholly owned by that Person) must not exceed 5% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to the Person. Securities that are expressly permitted and accepted for filing under Part 6 are not included in calculating this 5% limit. However, this 5% limit is included within the limits prescribed by section 3.1. In addition, as set forth in sections 4.3 and 4.4 below, more restrictive limits are imposed upon Persons that are Consultants or Investor Relations Service Providers.

4.3 Limits for Consultants

The maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Consultant must not exceed 2% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to the Consultant. Securities that are expressly permitted and accepted for filing under Part 6 are not included in calculating this 2% limit. However, this 2% limit is included within the limits prescribed by section 3.1.

4.4 Limits for Investor Relations Service Providers

- (a) As set out in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*, payment for services relating to promotional, Investor Relations or market-making activities should be on a cash basis, provided that Investor Relations Service Providers may be granted Stock Options (and no other forms of Security Based Compensation) as described in further detail below.
- (b) The maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Stock Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the Issued Shares of the Issuer, calculated as at the date any Stock Option is granted to any such Investor Relations Service Provider. This 2% limit is included within the limits prescribed by section 3.1.
- (c) Stock Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months such that:

- (i) no more than 1/4 of the Stock Options vest no sooner than three months after the Stock Options were granted;
 - (ii) no more than another 1/4 of the Stock Options vest no sooner than six months after the Stock Options were granted;
 - (iii) no more than another 1/4 of the Stock Options vest no sooner than nine months after the Stock Options were granted; and
 - (iv) the remainder of the Stock Options vest no sooner than 12 months after the Stock Options were granted.
- (d) The Issuer's board of directors must, through the establishment of appropriate procedures, monitor the trading in the securities of the Issuer by all Investor Relations Service Providers. These procedures may include, for example, the establishment of a designated brokerage account through which the Participant conducts all trades in the securities of the Issuer or a requirement for such Participants to file reports of their trades with the board on a basis that is similar to reports required to be filed by reporting insiders under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*.

4.5 Limits for Eligible Charitable Organizations

Notwithstanding any other provision of this Policy:

- (a) The only Security Based Compensation that may be granted or issued to an Eligible Charitable Organization is Charitable Stock Options.
- (b) The maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares of the Issuer, calculated as at the date the Charitable Stock Option is granted to the Eligible Charitable Organization.
- (c) Any Charitable Stock Option granted to an Eligible Charitable Organization under this Policy, whether granted before or after the Issuer is listed on the Exchange, will not be included within the limits prescribed by section 3.1.
- (d) A Charitable Stock Option must expire on or before the earlier of:
 - (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and
 - (ii) the 90th day following the date that the holder of the Charitable Stock Option ceases to be an Eligible Charitable Organization.

4.6 Vesting Requirement

No Security Based Compensation issued pursuant to a Security Based Compensation Plan, other than Stock Options and securities issued pursuant to an SP Plan, may vest before the date that is one year following the date it is granted or issued, although the applicable Security Based Compensation Plan may expressly permit the vesting required by this section to be accelerated for a Participant who dies or who ceases to be an eligible Participant under the Security Based Compensation Plan in connection with a change of control, take-over bid, RTO or other similar transaction. See section 4.4(c) for vesting requirements applicable to Stock Options granted to Investor Relations Service Providers.

4.7 Other Restrictions

- (a) The Exchange may refuse to accept any Security Based Compensation Plan for filing if the Exchange is not satisfied that the Security Based Compensation is distributed on an equitable basis, having regard to:
 - (i) the number of securities issuable under the Security Based Compensation Plan;
 - (ii) the number of Directors, Officers, Employees, Management Company Employees and Consultants of the Issuer;
 - (iii) the number of Participants;
 - (iv) the size of allocations to new Participants;
 - (v) the average tenure of the eligible Participants (long vs. short term) under the Security Based Compensation Plan;
 - (vi) the frequency of Participant turnover;
 - (vii) the duties and qualifications of the Participant in relation to their position;
 - (viii) whether the Issuer has a long or short term development cycle; and
 - (ix) any other factors the Exchange finds relevant.
- (b) The Exchange will not permit an Issuer to use Stock Options primarily as a means of financing, without the disclosure documents and hold periods that would normally apply to a financing.
- (c) Security Based Compensation must not entitle a Participant to any Shareholder rights (including without limitation voting rights, dividend entitlement or rights on liquidation) until such time as underlying Listed Shares are issued to such Participant; provided, however, that the Exchange will generally accept the accrual

of dividend entitlements on DSU, PSU, RSU and SAR where such dividend entitlements vest and are redeemed, as applicable, along with the underlying award.

- (d) Any adjustment, other than in connection with a security consolidation or security split, to Security Based Compensation granted or issued under a Security Based Compensation Plan must be subject to the prior acceptance of the Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.
- (e) The Exchange will not permit an Issuer to grant or issue Security Based Compensation while there is any undisclosed Material Information relating to the Issuer, including that the Issuer is on notice to have its listing transferred to NEX pursuant to Policy 2.5 - *Continued Listing Requirements and Inter-Tier Movement*.
- (f) The Exchange will not accept for filing Security Based Compensation granted or issued, or any Security Based Compensation Plan implemented, before the Issuer was listed on the Exchange unless the Security Based Compensation and the Security Based Compensation Plan(s) are acceptable to the Exchange and were fully disclosed in the Issuer's Prospectus, Form 2B - *Listing Application* or other comprehensive disclosure document filed in connection with the listing.

4.8 Minimum Exercise Price of Stock Options

- (a) The minimum exercise price of a Stock Option must not be less than the Discounted Market Price. If, in accordance with section 4.13, the Issuer does not issue a news release to announce the grant and the exercise price of a Stock Option, the Discounted Market Price is the last closing price of the Listed Shares before the date of grant of the Stock Option less the applicable discount.
- (b) If a Stock Option is proposed to be granted by a newly listed Issuer after listing, or by an Issuer which has just been recalled for trading following a suspension or halt, the Issuer must wait until a satisfactory market has been established before setting the exercise price for and granting the Stock Option. In general, the Exchange will not consider that a satisfactory market has been established until at least ten Trading Days have passed since the date of listing or the day on which trading in the Issuer's securities resumes, as the case may be. See Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.
- (c) A minimum exercise price cannot be established unless the Stock Options are allocated to particular Persons.
- (d) Generally, the exercise price of a Stock Option should be paid in cash. However, it is acceptable for a Stock Option Plan to explicitly permit the following:
 - (i) “**Cashless Exercise**” whereby the Issuer has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to a Participant to purchase the Listed Shares underlying the Stock Options. The brokerage firm

then sells a sufficient number of Listed Shares to cover the exercise price of the Stock Options in order to repay the loan made to the Participant. The brokerage firm receives an equivalent number of Listed Shares from the exercise of the Stock Options and the Participant then receives the balance of Listed Shares or the cash proceeds from the balance of such Listed Shares.

For example, a Participant granted Stock Options to purchase 100 Listed Shares at \$10 would need to disburse \$1,000 to purchase the underlying Listed Shares. Pursuant to the Cashless Exercise, the brokerage firm will advance the \$1,000 to the Participant to enable the Participant to exercise their Stock Options. Assuming a market price of \$15, the broker receives 67 Listed Shares from the exercise and will sell 67 Listed Shares ($\$1,000/\15) in order to repay the loan made to the Participant who then receives **33 Listed Shares** [100 Listed Shares less 67 Listed Shares) **or \$495** ($33 \times \15) if those 33 Listed Shares are sold at \$15 each.

- (ii) “**Net Exercise**” whereby Stock Options, excluding Stock Options held by any Investor Relations Service Provider, are exercised without the Participant making any cash payment so the Issuer does not receive any cash from the exercise of the subject Stock Options, and instead the Participant receives only the number of underlying Listed Shares that is the equal to the quotient obtained by dividing:
 - (A) the product of the number of Stock Options being exercised multiplied by the difference between the VWAP of the underlying Listed Shares and the exercise price of the subject Stock Options; by
 - (B) the VWAP of the underlying Listed Shares.

For example, if a Participant holds Stock Options to purchase 100 Listed Shares of an Issuer exercisable at the price of \$10 and the VWAP of the Listed Shares of the Issuer is \$15:

- (I) under a traditional cash exercise, the Participant would pay the Issuer $100 \times \$10 = \$1,000$ cash, and in exchange would receive 100 Listed Shares of the Issuer; and the Participant could then sell 67 Listed Shares in the market, estimated using the VWAP, for $67 \times \$15 = \$1,005$ to recover the \$1,000 previously paid for the cash exercise and would own the balance of **33 Listed Shares**; or
- (II) under a Net Exercise, the Participant would not pay the Issuer any cash and instead of receiving 100 Listed Shares would receive only 33 Listed Shares calculated as follows:

$$\frac{100 \times (\$15 - \$10)}{\$15} = 33 \text{ Listed Shares}$$

In the event of a Cashless Exercise or Net Exercise, the number of Stock Options exercised, surrendered or converted, and not the number of Listed Shares actually issued by the Issuer, must be included in calculating the limits set forth in section 3.1, 4.2, 4.3, 4.4(b), 4.5(b), 5.2(a) and 5.3(a).

4.9 Minimum Price for Security Based Compensation other than Stock Options

The minimum exercise price of a Stock Option is set out in section 4.8 and the same principles apply to other Security Based Compensation whose value is initially tied to market price.

4.10 Hold Period and Escrow

All Security Based Compensation is subject to any applicable Resale Restrictions under Securities Laws and the Exchange Hold Period, if applicable. In addition, if the Exchange Hold Period is applicable, all Stock Options and any Listed Shares issued under Stock Options exercised prior to the expiry of the Exchange Hold Period must be legended with the Exchange Hold Period commencing on the date the Stock Options were granted. See Policy 3.2 – *Filing Requirements and Continuous Disclosure* for the wording of the legend.

Further, Security Based Compensation may be required to be deposited into escrow in certain circumstances. See Policy 2.4 – *Capital Pool Companies* and Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

4.11 Terms of Security Based Compensation Plans

The following conditions or provisions must be included in every Security Based Compensation Plan:

- (a) all Security Based Compensation is non-assignable and non-transferable;
- (b) the maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued to Insiders (as a group) must not exceed 10% of the Issued Shares of the Issuer at any point in time (unless the Issuer has obtained the requisite disinterested Shareholder approval pursuant to section 5.3);
- (c) the maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to Insiders (as a group) must not exceed 10% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to any Insider (unless the Issuer has obtained the requisite disinterested Shareholder approval pursuant to section 5.3);

- (d) the maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Person (and where permitted under this Policy, any Companies that are wholly owned by that Person) must not exceed 5% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to the Person (unless the Issuer has obtained the requisite disinterested Shareholder approval pursuant to section 5.3);
- (e) the maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Consultant must not exceed 2% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to the Consultant;
- (f) Investor Relations Service Providers may not receive any Security Based Compensation other than Stock Options;
- (g) if a provision is included that the Participant's heirs or administrators are entitled to any portion of the outstanding Security Based Compensation, the period in which they can make such claim must not exceed one year from the Participant's death;
- (h) for Security Based Compensation granted or issued to Employees, Consultants or Management Company Employees, the Issuer and the Participant are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be; and
- (i) any Security Based Compensation granted or issued to any Participant who is a Director, Officer, Employee, Consultant or Management Company Employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Security Based Compensation Plan.

For greater certainty, other than a “rolling” Security Based Compensation Plan referred to in section 3.1(a) or section 3.1(c), no Security Based Compensation Plan may be an “evergreen plan” which provides for the replenishment of the number of securities issuable after any Security Based Compensation is issued (for example, where the number of exercised Stock Options become available to be re-granted in the future); provided, however, that except as otherwise provided in section 4.8(d), a Security Based Compensation Plan may contain a provision allowing Security Based Compensation that has been settled in cash, cancelled, terminated, surrendered, forfeited or expired without being exercised, and pursuant to which no securities have been issued, to continue to be issuable under the Security Based Compensation Plan under which it was approved.

A Security Based Compensation Plan may contain a provision allowing for the automatic extension to the expiry date, redemption date or settlement date, as applicable, of Security Based Compensation if such date falls within a period (a “**blackout period**”) during which an Issuer prohibits Participants

from exercising, redeeming or settling their Security Based Compensation. The following requirements are applicable to any such automatic extension provision:

- A. The blackout period must be formally imposed by the Issuer pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Issuer formally imposing a blackout period, the expiry date, redemption date or settlement date, as applicable, of any Security Based Compensation will not be automatically extended.
- B. The blackout period must expire following the general disclosure of the undisclosed Material Information. The expiry date, redemption date or settlement date, as applicable, of the affected Security Based Compensation can be extended to no later than ten (10) business days after the expiry of the blackout period.
- C. The automatic extension of a Participant's Security Based Compensation will not be permitted where the Participant or the Issuer is subject to a cease trade order (or similar order under Securities Laws) in respect of the Issuer's securities.
- D. The automatic extension is available to all eligible Participants under the Security Based Compensation Plan under the same terms and conditions.

4.12 Additional Terms for Stock Option Plans

The following additional conditions or provisions must be included in every Stock Option Plan:

- (a) Stock Options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a blackout period, as provided for in section 4.11);
- (b) the maximum aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Stock Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the Issued Shares of the Issuer, calculated as at the date any Stock Option is granted to any such Investor Relations Service Provider; and
- (c) disinterested Shareholder approval will be obtained for any reduction in the exercise price of a Stock Option, or the extension of the term of a Stock Option, if the Participant is an Insider of the Issuer at the time of the proposed amendment.

4.13 Disclosure

- (a) Every Security Based Compensation Plan, and every agreement to grant or issue Security Based Compensation to a Director or Officer of the Issuer or to an Investor Relations Service Provider, and any amendment to any of the foregoing, must be disclosed to the public by way of a news release on the day the Security Based Compensation Plan is implemented or amended, or on the day the Security Based Compensation is granted, issued or amended, as applicable. The news release should include the number of Listed Shares issuable under the Security Based Compensation Plan, the terms of the Security Based Compensation under individual

grants (including but not limited to the number, exercise price and expiry date), and subsequent (Shareholder and Exchange) approvals that may be required. In addition, Part 6 requires a news release to be issued in certain other circumstances.

- (b) The Exchange can require an Issuer to change the terms of Security Based Compensation granted or issued, including a proposed Stock Option exercise price, if the Security Based Compensation is granted or issued before a news release disclosing Material Information has been adequately disseminated.

4.14 Secondary Security Purchase Plans Administered by Non-independent Trustees

Most Issuers with Stock Purchase Plans mandate a trust company or similar organization to make the purchases on the market on behalf of the Participants. A trustee or other purchasing agent (a “**Trustee**”) for a Stock Purchase Plan, or similar other plan in which Participants may participate, is deemed to be making an offer to acquire securities on behalf of the Issuer where the Trustee is deemed to be non-independent. See Part 7 of Policy 5.6 – *Normal Course Issuer Bids* for additional guidance in this regard.

Where Trustees are deemed to be non-independent, securities purchased for the benefit of a Stock Purchase Plan, or similar other plan in which Participants may participate, will count towards the limits on purchases of the Issuer’s securities in the context of a Normal Course Issuer Bid. If the Issuer does not have a Normal Course Issuer Bid in progress, securities purchased for the benefit of such a plan will be subject to Parts 8 and 9 of Policy 5.6 – *Normal Course Issuer Bids*. In addition, in such instance, the purchases made by the non-independent Trustees will be subject to the limits prescribed by the definition of “Normal Course Issuer Bid” in Policy 5.6 – *Normal Course Issuer Bids*, and counted against such limits if the Issuer subsequently establishes a Normal Course Issuer Bid.

5. Director and Shareholder Approval Requirements

5.1 Director Approval

Every Security Based Compensation Plan must be approved by a majority of the Issuer’s directors at the time it is implemented and at the time of any amendment.

5.2 Shareholder Approval

Except as specifically provided otherwise in (a), (f) and (k) below, every Security Based Compensation Plan must be approved by the Issuer’s Shareholders at the time it is implemented and at the time of any amendment.

- (a) “**fixed Stock Option Plan up to 10%**”: The only circumstance (except as set forth in (k) below) in which Shareholder approval of a Security Based Compensation Plan is not required is in relation to the implementation of a “fixed” Stock Option Plan as described in section 3.1(d) provided that:

- (i) such Stock Option Plan otherwise complies with this Policy;
- (ii) such Stock Option Plan does not permit any Net Exercise;
- (iii) together with all of the Issuer's other previously established and outstanding grants of Stock Options, it could never result at any time in the number of Listed Shares of the Issuer that are issuable under all of the Issuer's Stock Options exceeding 10% of the Issued Shares of the Issuer as at the date of implementation of such Stock Option Plan;
- (iv) the Issuer does not have any other Security Based Compensation Plan in effect and does not have any other Security Based Compensation outstanding except as may be permitted by Part 6; and
- (v) the Issuer has not, within the previous 24 months, implemented a "fixed" Stock Option Plan as described in section 3.1(d) without Shareholder approval.

In every other circumstance, Shareholder approval of a Security Based Compensation Plan is required.

Note that disinterested Shareholder approval will be required in the circumstances prescribed by section 5.3(a).

- (b) **"fixed up to 20%":** Except as specifically provided in section 5.2(a), a "fixed" Security Based Compensation Plan as described in section 3.1(b) must receive Shareholder approval at the time the "fixed" Security Based Compensation Plan is to be implemented (except as set forth in (k) below), and at such time as the number of Listed Shares issuable under the Security Based Compensation Plan is amended. Disinterested Shareholder approval will be required in the circumstances prescribed by section 5.3(a).
- (c) **"rolling up to 10%":** A "rolling" Security Based Compensation Plan as described in section 3.1(a) must receive Shareholder approval at the time the "rolling" Security Based Compensation Plan is to be implemented (except as set forth in (k) below) and yearly thereafter, at the Issuer's annual meeting of Shareholders held in accordance with the timing requirements set out in Policy 3.2 – *Filing Requirements and Continuous Disclosure*. Where disinterested Shareholder approval for a "rolling" Security Based Compensation Plan is required under section 5.3(a), the initial and yearly Shareholder approval of the Security Based Compensation Plan must be disinterested Shareholder approval.

In the event that the Issuer fails to obtain the yearly Shareholder approval for a "rolling" Security Based Compensation Plan within 15 months of its last Shareholder approval, then commencing on the earlier of:

- (i) the date of the meeting of the Shareholders at which the Shareholders do not approve the “rolling” Security Based Compensation Plan; and
- (ii) the date that is 15 months after the date of the meeting of Shareholders at which they last approved the “rolling” Security Based Compensation Plan;

the Issuer must not grant or issue any further Security Based Compensation under that Security Based Compensation Plan until it has obtained the requisite Shareholder approval.

- (d) **“rolling up to 10% and fixed up to 10%”:** Where an Issuer adopts a “rolling” Stock Option Plan and “fixed” Security Based Compensation Plan(s) (other than Stock Option Plans) as described in section 3.1(c), the Issuer must (except as set forth in (k) below) obtain yearly approval of the “rolling” Stock Option Plan as described in section 5.2(c) and must also obtain Shareholder approval of the “fixed” Security Based Compensation Plan(s) as described in section 5.2(b). If the Issuer has elected to implement one Security Based Compensation Plan that includes both the “rolling” Stock Option Plan and “fixed” Security Based Compensation Plan(s) as described in section 3.1(c), then the Issuer must obtain yearly approval of that Security Based Compensation Plan as described in section 5.2(c), failing which the consequences set out in in section 5.2(c) will apply.
- (e) **Assumption of Awards in Acquisitions:** In connection with a Qualifying Transaction, Reverse Takeover, Change of Business, or an acquisition or Reorganization pursuant to Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*, subject to Exchange acceptance, Security Based Compensation of a Target Company may be cancelled and replaced with substantially equivalent Security Based Compensation of the Issuer without Shareholder approval provided that:
 - (i) the number of securities issuable pursuant to such replacement Security Based Compensation (and their applicable exercise or subscription price) is adjusted in accordance with the share exchange ratio applicable to the transaction, regardless of whether the adjusted exercise price is below the then current Market Price;
 - (ii) the terms of the replacement Security Based Compensation satisfy the criteria of the Issuer’s Security Based Compensation Plan; and
 - (iii) the number of securities issuable pursuant to such replacement Security Based Compensation falls within the limits of the Issuer’s Security Based Compensation Plan;

and all such securities must be included in calculating the number of Listed Shares of the Issuer that are issuable for the purposes of sections 3.1, 4.2, 4.3, 4.4(b), 4.5(b), 5.2(a) and 5.3(a).

- (f) In general, the Exchange will require that any amendment to a Security Based Compensation Plan be subject to Shareholder approval as a condition to Exchange acceptance of the amendment. For greater certainty, without limitation, amendments to any of the following provisions of a Security Based Compensation Plan will be subject to Shareholder approval:
- (i) persons eligible to be granted or issued Security Based Compensation under the Security Based Compensation Plan;
 - (ii) the maximum number or percentage, as the case may be, of Listed Shares that may be issuable under the Security Based Compensation Plan;
 - (iii) the limits under the Security Based Compensation Plan on the amount of Security Based Compensation that may be granted or issued to any one person or any category of persons (such as, for example, Insiders);
 - (iv) the method for determining the exercise price of Stock Options;
 - (v) the maximum term of Security Based Compensation;
 - (vi) the expiry and termination provisions applicable to Security Based Compensation, including the addition of a blackout period;
 - (vii) the addition of a Net Exercise provision; and
 - (viii) any method or formula for calculating prices, values or amounts under a Security Based Compensation Plan that may result in a benefit to a Participant, including but not limited to the formula for calculating the appreciation of a Stock Appreciation Right.

Notwithstanding the foregoing, the Exchange will not require that the following types of amendments be subject to Shareholder approval as a condition to Exchange acceptance of the amendment: (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of a Security Based Compensation Plan that do not have the effect of altering the scope, nature and intent of such provisions.

Amendments to a Security Based Compensation Plan that could result in any of the limits set forth in section 5.3(a)(i) being exceeded will require disinterested Shareholder approval.

- (g) Except as specifically provided in Part 6, any Shareholder approval required under this Policy must take place at a meeting of the Shareholders and evidence that the majority of the Voting Shares are in favour of the proposal is not an acceptable substitute.
- (h) If an Issuer requires Shareholder approval for a new or amended Security Based Compensation Plan pursuant to this Policy, Exchange acceptance of the Security Based Compensation Plan will be conditional upon the requisite Shareholder approval being obtained. As provided for and subject to the requirements set forth in

section 5.2(i), the Exchange will generally permit the new or amended Security Based Compensation Plan, other than a Stock Purchase Plan, to be implemented prior to the requisite Shareholder approval having been obtained. In addition, the Exchange will generally permit the Issuer to grant or issue Security Based Compensation under the new or amended Security Based Compensation Plan, other than a Stock Purchase Plan, that it would not otherwise be permitted to grant under its existing Security Based Compensation Plan (as applicable) prior to the requisite Shareholder approval for the new or amended Security Based Compensation Plan having been obtained provided that the Issuer also obtains specific Shareholder approval for such grants and issuances and otherwise complies with the applicable requirements of section 5.2(i) in respect of both the Security Based Compensation Plan and the Security Based Compensation grants or issuances. For greater certainty, the Shareholder approval for any Security Based Compensation grants or issuances must be separate and apart from the Shareholder approval for the new or amended Security Based Compensation Plan.

- (i) Shareholder approval for the implementation or amendment of a Security Based Compensation Plan other than a Stock Purchase Plan, or the grant, issuance or amendment of Security Based Compensation, as required under this Policy, can be given at a meeting of the Shareholders after the implementation or amendment of the Security Based Compensation Plan or the grant, issuance or amendment of the Security Based Compensation, provided that:
 - (i) in the case of a new or amended Security Based Compensation Plan, no right under any Security Based Compensation that is granted or issued under the new or amended Security Based Compensation Plan may be exercised; and
 - (ii) in the case of the grant, issuance or amendment of Security Based Compensation, no right under any such Security Based Compensation may be exercised,

before the meeting and that all relevant information concerning the approvals sought has been fully disclosed to the Shareholders prior to the meeting. Any such Shareholder approval must be obtained no later than the earlier of the Issuer's next annual meeting of its Shareholders and 12 months from the implementation or amendment of the Security Based Compensation Plan or the grant, issuance or amendment of the Security Based Compensation, as the case may be.

If the requisite Shareholder approval is not obtained: (1) in the case of a new Security Based Compensation Plan, the new Security Based Compensation Plan and all Security Based Compensation granted or issued thereunder will terminate; (2) in the case of an amended Security Based Compensation Plan, the amended Security Based Compensation Plan will terminate (the Issuer will revert to its previously existing Security Based Compensation Plan) and any Security Based Compensation that was granted or issued under the amended Security Based Compensation Plan that could not have been granted under the previously existing Security Based Compensation Plan will terminate; (3) in the case of a grant or issuance of Security Based Compensation, the granted or issued Security Based Compensation will terminate;

and (4) in the case of an amendment of Security Based Compensation, the amendment will be of no force or effect.

- (j) The Information Circular of the Issuer to be provided to the Shareholders in respect of a meeting of the Shareholders at which the approval of a new or amended Security Based Compensation Plan or the grant, issuance or amendment of Security Based Compensation, as the case may be, will be sought must disclose the particulars of the new or amended Security Based Compensation Plan or the Security Based Compensation grant, issuance or amendment, as the case may be, in sufficient detail to permit the Shareholders to form a reasoned judgment concerning the acceptability of the new or amended Security Based Compensation Plan or the Security Based Compensation grant, issuance or amendment, as the case may be. For example, in the case of a new or amended Security Based Compensation Plan, the disclosure should include, without limitation:
 - (i) a description of the persons eligible to be granted or issued Security Based Compensation under the Security Based Compensation Plan;
 - (ii) the maximum number or percentage, as the case may be, of Listed Shares that may be issuable under the Security Based Compensation Plan, including any Payout Multiplier or dividends;
 - (iii) the limits under the Security Based Compensation Plan on the amount of Security Based Compensation that may be granted or issued to any one person or any category of persons (such as, for example, Insiders);
 - (iv) the method for determining the exercise price of Stock Options;
 - (v) any method or formula for calculating prices, values or amounts under a Security Based Compensation Plan, including but not limited to the formula for calculating the appreciation of a Stock Appreciation Right;
 - (vi) the maximum term of Security Based Compensation;
 - (vii) any vesting provisions, including any acceleration provisions;
 - (viii) any dividend entitlement;
 - (ix) the expiry and termination provisions applicable to Security Based Compensation;
 - (x) any Cashless Exercise or Net Exercise provision; and

- (xi) such other material information as may be reasonably required by a Shareholder to approve the Security Based Compensation Plan or Security Based Compensation.

Where disinterested Shareholder approval for the new or amended Security Based Compensation Plan or Security Based Compensation grant, issuance or amendment, as the case may be, is required pursuant to section 5.3, those Persons that are ineligible to vote and the number of Voting Shares held by such Persons must be disclosed in the Information Circular.

A “fixed” Security Based Compensation Plan and the resolution approving it to be voted on by the Shareholders must include the fixed specified number of Listed Shares of the Issuer that are issuable pursuant to that “fixed” Security Based Compensation Plan; provided however, that in the case of a Qualifying Transaction, Reverse Takeover, Change of Business or Reorganization (as defined in Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*), where the exact number of Issued Shares to be outstanding on completion of the Qualifying Transaction, Reverse Takeover, Change of Business or Reorganization is not yet known, the resolution to be approved by the Shareholders will not be required to include a fixed specified number and may instead refer to the maximum number of Listed Shares of the Issuer that are issuable pursuant to all “fixed” Security Based Compensation Plan(s) in aggregate being a fixed number that will not exceed 20% of the maximum number of Issued Shares on completion of the Qualifying Transaction, Reverse Takeover, Change of Business or Reorganization.

- (k) Initial Shareholder approval of a Security Based Compensation Plan that otherwise complies with this Policy is not required if: (i) the Security Based Compensation Plan was implemented by the Issuer prior to the Issuer listing on the Exchange; (ii) the Issuer files a Prospectus or Form 2B - *Listing Application* in conjunction with its application to list on the Exchange; and (iii) the Issuer has disclosed the details of the Security Based Compensation Plan and any existing Security Based Compensation in the Prospectus or Form 2B - *Listing Application*, as the case may be; provided however that in the case of a spin-out transaction, the Exchange will require Shareholder approval of a Security Based Compensation Plan of the newly created Issuer.

5.3 Disinterested Shareholder Approval for Plans, Grants and Amendments

- (a) Except as otherwise provided in Part 6, an Issuer must obtain disinterested Shareholder approval for:
 - (i) a Security Based Compensation Plan if the Security Based Compensation Plan, together with all of the Issuer’s other previously established and outstanding Security Based Compensation Plans and grants or issuances of Security Based Compensation (excluding grants or issuances under Part 6), could result at any time in:

- (A) the aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued to Insiders (as a group) exceeding 10% of the Issued Shares of the Issuer at any point in time;
 - (B) the aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to Insiders (as a group) exceeding 10% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to any Insider; or
 - (C) the aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued in any 12 month period to any one Person (and where permitted under this Policy, any Companies that are wholly owned by that Person) exceeding 5% of the Issued Shares of the Issuer, calculated as at the date any Security Based Compensation is granted or issued to the Person;
- (ii) any individual Security Based Compensation grant or issue that would result in any of the limits set forth in section 5.3(a)(i) being exceeded if the Issuer's Security Based Compensation Plans do not permit these limits to be exceeded;
 - (iii) any amendment to Stock Options held by Insiders that would have the effect of decreasing the exercise price of the Stock Options;
 - (iv) any individual Security Based Compensation grant or issue requiring Shareholder approval pursuant to section 5.2(h); and
 - (v) any amendment to Security Based Compensation that results in a benefit to an Insider, and for further clarity, if an Issuer cancels any Security Based Compensation and within one year grants or issues new Security Based Compensation to the same Person, that is considered an amendment.

For the purposes of the limits set forth in section 5.3(a)(i) and section 5.3(a)(ii), Security Based Compensation held by an Insider at any point in time that were granted or issued to such Person prior to it becoming an Insider shall be considered Security Based Compensation granted to an Insider irrespective of the fact that the Person was not an Insider at the date of grant.

- (b) Where section 5.3(a)(i) applies, the proposed Security Based Compensation Plan must be approved by a majority of the votes cast by Shareholders of the Issuer at the Shareholders' meeting excluding those votes attaching to Voting Shares of the Issuer beneficially owned by:

- (i) Insiders to whom Security Based Compensation may be granted under the Security Based Compensation Plan; and
 - (ii) Associates and Affiliates of Persons referred to in section 5.3(b)(i).
- (c) Where section 5.3(a)(ii), section 5.3(a)(iii), section 5.3(a)(iv) or section 5.3(a)(v) applies, the grant, issue or amendment, as the case may be, must be approved by a majority of the votes cast by Shareholders of the Issuer at the Shareholders' meeting excluding those votes attaching to Voting Shares of the Issuer beneficially owned by:
- (i) the Persons that hold or will hold the Security Based Compensation in question; and
 - (ii) Associates and Affiliates of Persons referred to in section 5.3(c)(i).

In addition, where section 5.3(a)(ii), section 5.3(a)(iii), section 5.3(a)(iv) or section 5.3(a)(v) applies, non-specific (or “**blanket**”) Shareholder approval is not permitted. The Information Circular of the Issuer provided to the Shareholders must disclose the particulars of the grant, issue or amendment, as the case may be, in sufficient detail to permit the Shareholders to form a reasoned judgment concerning the proposed grant, issue or amendment. For example, in the case of an amendment to decrease the exercise price of Stock Options held by Insiders, the disclosure should include, without limitation, the identities of the applicable Insiders, the number of Stock Options held by each such Insider, the current exercise price and the proposed exercise price.

- (d) In circumstances where the Issuer's Security Based Compensation is exercisable into a class of non-voting or sub-ordinate voting securities, the holders of that class of securities must be given full voting rights on a resolution that requires disinterested Shareholder approval pursuant to section 5.3(a) above.
- (e) In the event that the Issuer fails to obtain the disinterested Shareholder approval of a Security Based Compensation Plan required by this section 5.3, the Issuer must not grant or issue any further Security Based Compensation until it has obtained the requisite disinterested Shareholder approval. Alternatively, if the Issuer does not have any Security Based Compensation outstanding other than Stock Options, the Issuer may terminate its existing Security Based Compensation Plan that disinterested Shareholders did not approve and instead implement a “fixed Stock Option Plan up to 10%” as described in section 3.1(d).

6. Other Security Based Compensation

6.1 Disinterested Shareholder Approval

In certain circumstances specifically set out in sections 6.2, 6.3, 6.4, and 6.5, the Exchange will consider an application of an Issuer to grant or issue Security Based Compensation outside of a

Security Based Compensation Plan and unless otherwise provided, any such grant or issuance must be subject to disinterested Shareholder approval. Further, any proposed issuance to a Non-Arm's Length Party to an Issuer of its Listed Shares as compensation for services provided by such Non-Arm's Length Party, including Listed Shares proposed to be issued in settlement of debt owed by the Issuer arising from such services, that is not expressly permitted under this Policy or under Policy 4.3 – *Shares for Debt*, must be subject to disinterested Shareholder approval prior to the issuance of such Listed Shares. Any disinterested Shareholder approval required under this Part 6 may be obtained as set out in section 5.3(c) or by obtaining the written consent of Shareholders holding more than 50% of the Issued Shares of the Issuer, provided that the votes attached to Voting Shares of the Issuer held by the recipient and by Associates and Affiliates of the recipient are excluded from the calculation of any such approval or written consent.

Where Shareholder approval for Security Based Compensation is required, the Exchange's acceptance of the Security Based Compensation will be conditional upon the Issuer providing evidence of the requisite Shareholder approval. Where such Shareholder approval is required, Issuers are encouraged to receive the Exchange's conditional acceptance of the proposed Security Based Compensation before the Information Circular for the meeting of Shareholders at which the Security Based Compensation is to be approved, or the form of written consent, is sent to Shareholders. If the Exchange's conditional acceptance is not obtained in advance, the Information Circular or form of written consent that is sent to Shareholders must clearly state that the proposed Security Based Compensation is subject to Exchange acceptance, and if the Exchange finds the disclosure to Shareholders to be inadequate, that Shareholder approval may not be accepted by the Exchange.

6.2 Securities for Services

Except as otherwise provided in Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*, and notwithstanding sections 3.1, 4.2, 4.3, 4.11, 5.2, 5.3 and 6.1 of this Policy and section 3.12(f) of Policy 4.3 – *Shares for Debt*, the Exchange will consider an application of an Issuer, without disinterested Shareholder approval, to compensate a Person providing ongoing services (excluding services for Investor Relations Activities, promotional and market-making activities described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*) to the Issuer in Listed Shares, or Listed Shares and Warrants, rather than cash, outside of a Security Based Compensation Plan provided in each case that:

- (a) if the Person providing the ongoing services is a Non-Arm's Length Party to the Issuer or to any of its Affiliates, only Listed Shares may be issued to that Person under this section 6.2;
- (b) the value of the compensation to be paid must be specified in dollars (not in a number of securities);
- (c) the Issuer issues a news release on the date that an agreement, commitment or understanding is reached to issue Securities for Services that includes disclosure as to whether Non-Arm's Length Parties to the Issuer or to any of its Affiliates are involved, the nature of the services, the dollar value of the compensation to be paid, how the deemed value per security and number of securities to be issued will be determined, and when the securities will be issued; and if an Issuer undertakes a

Securities for Services transaction that forms a part of a Qualifying Transaction, Reverse Takeover or Change of Business, it must disclose this information in a news release disclosing the Qualifying Transaction, Reverse Takeover or Change of Business;

- (d) the Issuer files with the Exchange:
 - (i) a copy of the Securities for Services agreement;
 - (ii) if the Securities for Services transaction may result in the creation of a new Insider, a Personal Information Form or, if applicable, a Declaration from each Person who will be a new Insider of the Issuer, and if any of these Persons is not an individual, a Personal Information Form or, if applicable, Declaration from each director, senior officer and Control Person of that Person;
 - (iii) written confirmation that the Securities for Services transaction is in compliance with applicable corporate laws and Securities Laws; and
 - (iv) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*;
- (e) before any Listed Shares, or Listed Shares and Warrants, are issued, the Securities for Services transaction has been accepted by the Exchange;
- (f) the number of Listed Shares, or Listed Shares and Warrants to be issued, is not determined, and such securities are not issued, until after the date the services are provided to the Issuer;
- (g) the deemed value of the Listed Shares to be issued is determined after the date the services are provided to the Issuer and must not be less, per Listed Share, than the Discounted Market Price on the date of such determination, and the exercise price of any Warrants issued under this section 6.2 must not be less than the Market Price on the date of such determination;
- (h) a maximum of one Warrant may be issued in connection with each Listed Share issued under this section 6.2, and on exercise, each Warrant may entitle the holder to receive up to a maximum of one Listed Share, and a Warrant may not entitle the holder to receive an additional Warrant (or fractional Warrant) on exercise (i.e. the Exchange will not permit “piggyback” Warrants);
- (i) the term of any Warrants issued under this section 6.2 must expire by no later than five years after the date of issuance of such Warrants;
- (j) any Warrants issued under this section 6.2 may be transferable provided that to do so is in compliance with applicable Securities Laws;

- (k) in relation to Persons who are Non-Arm's Length Parties to the Issuer or to any of its Affiliates, the deemed value of the Listed Shares to be issued by the Issuer must not exceed \$5,000 per month per Person and must not exceed \$10,000 per month in aggregate, and for further clarity, where the Securities for Services transaction may exceed these amounts, the Issuer must first obtain disinterested Shareholder approval as described in section 6.1;
- (l) the Securities for Services transaction will not result in the creation of a new Control Person, and for further clarity, where the Securities for Services transaction may result in the creation of a new Control Person, the Issuer must first obtain disinterested Shareholder approval as described in section 6.1; and
- (m) at least once in every calendar quarter, the Issuer:
 - (i) disseminates a news release indicating the number of Listed Shares and Warrants (including the exercise price and expiry date) and the deemed value per security issued in exchange for the services that have been provided to the Issuer under the Securities for Services agreement; and
 - (ii) files with the Exchange:
 - (A) a notice letter:
 - (I) indicating the number of Listed Shares and Warrants (including the exercise price and expiry date) and the deemed value per security issued in exchange for the services that have been provided to the Issuer under the Securities for Services agreement; and
 - (II) confirming that the issuance of the securities has not created a new Control Person of the Issuer, or confirming that the Issuer has obtained disinterested Shareholder approval as described in section 6.1 if the issuance of the securities has created a new Control Person of the Issuer; and
 - (B) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*.

Any Listed Shares and Warrants issued under this section 6.2, whether granted or issued before or after the Issuer is listed on the Exchange, will not be included within the limits prescribed by sections 3.1, 4.2, 4.3, 4.11, 5.2(a) and 5.3(a).

Except for transactions which were conditionally accepted by the Exchange prior to November 24, 2021, in the case of any discrepancy or conflict between this Policy and Policy 4.3 – *Shares for Debt*, the provisions of this Policy prevail.

6.3 Compensation Owed to Non-Arm's Length Parties

Notwithstanding sections 3.1, 4.2, 4.3, 4.11, 5.2, 5.3 and 6.1 of this Policy and section 3.12(f) of Policy 4.3 – *Shares for Debt*, the Exchange will consider an application of an Issuer, without disinterested Shareholder approval, to issue Listed Shares outside of a Security Based Compensation Plan in settlement of outstanding obligations [excluding reimbursement of out-of-pocket expenses and cash advances (which are covered by Policy 4.3 – *Shares for Debt*), and excluding obligations related to Investor Relations Activities, promotional and market-making activities described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*] owing to a Person who is or has been a Non-Arm's Length Party to the Issuer or to any of its Affiliates at any time within the immediately preceding 12 months, provided in each case that:

- (a) the Issuer issues a news release on the date that an agreement, commitment or understanding is reached;
- (b) the Issuer files with the Exchange:
 - (i) a copy of the agreement;
 - (ii) details of any prior issuance of Listed Shares of the Issuer in settlement of outstanding obligations of the Issuer owed to that Person;
 - (iii) written confirmation that the transaction is in compliance with applicable corporate laws and Securities Laws; and
 - (iv) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*;
- (c) before any Listed Shares are issued, the transaction has been accepted by the Exchange;
- (d) the deemed value of the Listed Shares to be issued by the Issuer must not exceed \$5,000 per month per Person and must not exceed \$10,000 per month in aggregate, and for further clarity, where the transaction may exceed these amounts, the Issuer must first obtain disinterested Shareholder approval as described in section 6.1; and
- (e) the transaction will not result in the creation of a new Control Person, and for further clarity, where the transaction may result in the creation of a new Control Person, the Issuer must first obtain disinterested Shareholder approval as described in section 6.1.

Any Listed Shares issued under this section 6.3, whether granted or issued before or after the Issuer is listed on the Exchange, will not be included within the limits prescribed by sections 3.1, 4.2, 4.3, 4.11, 5.2(a) and 5.3(a).

Except for transactions which were conditionally accepted by the Exchange prior to November 24, 2021, in the case of any discrepancy or conflict between this Policy and Policy 4.3 – *Shares for Debt*, the provisions of this Policy prevail.

6.4 One Time Payments as Inducements or Severance

Notwithstanding sections 3.1, 4.2, 4.3, 4.11, 5.2, 5.3 and 6.1, the Exchange will consider an application of an Issuer, without disinterested Shareholder approval, for:

- (a) the grant or issuance of Listed Shares outside of a Security Based Compensation Plan as an inducement to a Person (or Company wholly owned by such Person) not previously employed by and not previously an Insider of the Issuer, to enter into a contract of full time employment as an Officer or Employee of the Issuer, provided that the number of Listed Shares of the Issuer that are issuable to such Person (or Company) does not exceed 1% of the number of Issued Shares of the Issuer calculated immediately prior to the date of grant or issuance of such Listed Shares; or
- (b) the grant or issuance of Listed Shares outside of a Security Based Compensation Plan to a Person (or Company wholly owned by such Person), who ceases to act as an Officer, Employee or Consultant of the Issuer, in the context of a severance package or termination of employment, provided that the number of Listed Shares of the Issuer that are issuable to such Person (or Company) does not exceed 1% of the number of Issued Shares of the Issuer calculated immediately prior to the date of grant or issuance of such Listed Shares;

provided in each case that:

- (c) the maximum aggregate number of Listed Shares of the Issuer that are issuable under this section 6.4 to any one Person in any 12 month period must not exceed 1% of the Issued Shares of the Issuer, calculated as at the date any such Listed Shares are issued to the Person;
- (d) the maximum aggregate number of Listed Shares of the Issuer that are issuable under this section 6.4 to all Persons in aggregate in any 12 month period must not exceed 2% of the Issued Shares of the Issuer, calculated as at the date any such Listed Shares are issued to any such Person;
- (e) the Issuer files with the Exchange:
 - (i) details of the proposed issuance of Listed Shares;
 - (ii) the news release disclosing the proposed issuance of Listed Shares;
 - (iii) the directors' resolutions approving the proposed issuance of Listed Shares;

- (iv) written confirmation that the proposed issuance of Listed Shares is in compliance with applicable corporate laws and Securities Laws; and
- (v) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*; and
- (f) before any Listed Shares are issued, the transaction has been accepted by the Exchange.

For further clarity, if an Issuer wishes to issue any Listed Shares in excess of the limits set out in this section 6.4, it must first obtain disinterested Shareholder approval as described in section 6.1.

Any Listed Shares issued under this section 6.4, whether granted or issued before or after the Issuer is listed on the Exchange, will not be included within the limits prescribed by sections 3.1, 4.2, 4.3, 4.11, 5.2(a) and 5.3(a).

6.5 Loans

The Exchange will consider an application from an Issuer proposing to lend funds (the “**Loan**”) to a Person for the purpose of acquiring securities of the Issuer, whether from treasury or otherwise, provided in each case that:

- (a) the Issuer complies with the requirement in section 8.2(f) of Policy 3.2 – *Filing Requirements and Continuous Disclosure* to provide the Exchange with prior written notice of such Loan;
- (b) the Loan is made pursuant to a formal loan agreement which involves the Issuer advancing funds to the borrower and such funds then being used by the borrower to acquire securities of the Issuer so that any securities issued from treasury are issued in consideration for cash as the Exchange will not accept a Loan that involves the borrower simply providing the Issuer with a promissory note as consideration for the securities being issued;
- (c) disinterested Shareholder approval of the specific Loan is obtained prior to the Loan being advanced;
- (d) the Issuer files with the Exchange:
 - (i) the Loan agreement;
 - (ii) the news release disclosing the proposed Loan;
 - (iii) the directors’ resolutions approving the proposed Loan;
 - (iv) written confirmation confirming that the proposed Loan and proposed issuance of securities are in compliance with applicable corporate and Securities Laws;

- (v) a draft Information Circular for the meeting of Shareholders at which the Loan is to be approved, or the form of written consent, before being sent to Shareholders, or if Exchange acceptance is not obtained in advance, the Information Circular or form of written consent that is sent to Shareholders must clearly state that the proposed Loan is subject to Exchange acceptance;
 - (vi) evidence of disinterested Shareholder approval of the specific proposed Loan; and
 - (vii) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*; and
- (e) before the Loan is advanced, the Loan has been accepted by the Exchange.

6.6 Exchange Hold Period

In addition to any applicable Resale Restrictions under Securities Laws, in certain circumstances the Exchange requires that the Listed Shares and Warrants issued under Part 6 be subject to an Exchange Hold Period and legended accordingly. In circumstances where the Exchange Hold Period is applicable, the hold period commences upon the distribution date of the securities (whether Listed Shares or Warrants). See Policy 1.1 – *Interpretation* and Policy 3.2 – *Filing Requirements and Continuous Disclosure* for the applicability of the Exchange Hold Period and associated certificate legending requirements.

7. Filing Requirements

7.1 Filing a Security Based Compensation Plan

Issuers must receive Exchange acceptance of all Security Based Compensation Plans at the time of implementation of the Security Based Compensation Plan and, in the case of a “rolling” Security Based Compensation Plan, yearly thereafter.

Issuers must also receive Exchange acceptance of any amendment to a Security Based Compensation Plan (except in the few instances described in section 5.2(f)). If the amendment relates to an increase to the number of Listed Shares issuable pursuant to the exercise of Stock Options under a Security Based Compensation Plan described in section 3.1(d), not less than 24 months must have elapsed since the later of the implementation of that Security Based Compensation Plan and the last amendment in this regard.

In order to obtain Exchange acceptance of a Security Based Compensation Plan or amendment thereto, and where the Issuer will be seeking any Shareholder approval under section 5.2 or 5.3, the Issuer must file the following with the Exchange not less than 10 business days prior to the printing deadline for the Information Circular:

- (a) the draft Security Based Compensation Plan and if appropriate, a blacklined version showing the proposed amendments;

- (b) the draft Information Circular for the meeting of Shareholders at which the Security Based Compensation Plan is to be approved; and
- (c) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.

Where Shareholder approval for a Security Based Compensation Plan, or amendment to a Security Based Compensation Plan, is required, the Exchange's acceptance of the Security Based Compensation Plan will be conditional upon the Issuer providing evidence of the requisite Shareholder approval. Issuers are encouraged to receive the Exchange's conditional acceptance of all Security Based Compensation Plans before the Information Circular for the meeting of Shareholders at which the Security Based Compensation Plan is to be approved is sent to Shareholders. If the Exchange's conditional acceptance is not obtained in advance, the Information Circular sent to Shareholders must clearly state that the proposed Security Based Compensation Plan is subject to Exchange acceptance and if the Exchange finds the disclosure to Shareholders to be inadequate, that Shareholder approval may not be accepted by the Exchange.

7.2 Filing Monthly Reports of Security Based Compensation

An Issuer must file the following with the Exchange promptly after the end of each calendar month in which any Security Based Compensation is granted, issued or amended pursuant to a Security Based Compensation Plan:

- (a) a Form 4G - *Summary Form – Security Based Compensation*;
- (b) if the Participant is not an individual (but excluding Participants that are Consultant Companies or Eligible Charitable Organizations), a *Certification and Undertaking Required from a Company Granted Security Based Compensation* in the form of Schedule "A" to Form 4G - *Summary Form – Security Based Compensation*, as described in section 2(c); and
- (c) if the Participant is a new Insider or is an Investor Relations Service Provider, a Form 2A - *Personal Information Form* or, if applicable, a Form 2C1 - *Declaration*.

8. Amendments to Security Based Compensation

8.1 General Requirements

- (a) The Exchange will permit an Issuer to amend the terms of Security Based Compensation without the acceptance of the Exchange to:
 - (i) reduce the number of Listed Shares that may be issued under such Security Based Compensation;
 - (ii) increase the exercise price of a Stock Option; or
 - (iii) cancel Security Based Compensation;

provided the Issuer issues a news release outlining the terms of the amendment.

- (b) Except as provided under section 8.1(a) above, an Issuer can amend the other terms of Security Based Compensation only where prior Exchange acceptance is obtained and where the following requirements are met:
 - (i) the Issuer issues a news release outlining the terms of the amendment;
 - (ii) if the amendment is in respect of Security Based Compensation held by an Insider of the Issuer, the Issuer obtains disinterested Shareholder approval (as described in section 5.3);
 - (iii) if the Stock Option exercise price is amended, at least six months have elapsed since the later of the date of commencement of the term, the date the Issuer's Listed Shares commenced trading, or the date the Stock Option exercise price was last amended;
 - (iv) if the Stock Option exercise price is amended to less than the Market Price, the Exchange Hold Period is applied from the date of the amendment (and for greater certainty, where the Stock Option exercise price is amended to the Market Price, the Exchange Hold Period will not apply); and
 - (v) if the length of the Stock Option term is amended, any extension of the length of the term of the Stock Option is treated as a grant of a new Stock Option, and therefore the amended Stock Option must comply with the pricing and other requirements of this Policy as if it were a newly granted Stock Option. The term of a Stock Option cannot be extended so that the effective term of the Stock Option exceeds 10 years in total. A Stock Option must be outstanding for at least one year before the Issuer can extend its term.

The Exchange must accept a proposed amendment before the Security Based Compensation may be exercised, redeemed or settled as amended. For the purposes of this Policy, if an Issuer cancels any Security Based Compensation and within one year grants or issues any new Security Based Compensation to the same Person, the new Security Based Compensation will be subject to the requirements in sections 8.1(b)(i) to (v).

8.2 Filing Requirements

To obtain Exchange acceptance of an amendment to Security Based Compensation, an Issuer must file the following with the Exchange:

- (a) a letter setting out the terms of the proposed amendment;
- (b) the news release disclosing the terms of the proposed amendment, if required;

- (c) the directors' resolutions approving the proposed amendment;
- (d) where applicable, evidence of Shareholder approval of the proposed amendment; and
- (e) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.

Note that the Form 4G - *Summary Form – Security Based Compensation* that an Issuer is required to file with the Exchange under section 7.2 must include disclosure of any Security Based Compensation that has been amended.

9. Transition

9.1 Transition for Security Based Compensation Plans

All Security Based Compensation Plans which have been filed with the Exchange prior to November 24, 2021 (a “**Legacy Security Based Compensation Plan**”), and all Security Based Compensation granted, issued or amended before or after the date of this Policy pursuant to such Legacy Security Based Compensation Plans (“**Legacy Security Based Compensation**”), remain in force in accordance with their existing terms. However, any:

- (a) Legacy Security Based Compensation Plan that is to be placed before an Issuer's Shareholders for approval (including the yearly approval of a “rolling” Security Based Compensation Plan as described in section 5.2(c) or the approval of an amendment as described in section 5.2(f)); and
- (b) other Security Based Compensation Plan that is implemented or amended;

after November 23, 2021 must comply with this Policy.

9.2 Transition for Security Based Compensation

All Security Based Compensation which has been conditionally accepted by the Exchange prior to November 24, 2021 remain in force in accordance with their existing terms. Any Security Based Compensation that is granted, issued or amended after November 23, 2021, other than Legacy Security Based Compensation, must comply with this Policy.

10. Summary Table

10.1 Summary Table

The following table provides only a summary of the Shareholder approval requirements applicable to Security Based Compensation Plans and in the case of any discrepancy, the more detailed provisions of this Policy set out above prevail.

| | Fixed Stock Option Plan up to 10% | Fixed up to 20% | Rolling up to 10% | Rolling Stock Option Plan up to 10% <u>and</u> Fixed up to 10% in one plan |
|---|--|------------------------|--------------------------|---|
| Shareholder Approval on Adoption* | Not Required | Required | Required | Required |
| Shareholder Approval Annually* | Not Required | Not Required | Required | Required |
| Shareholder Approval on Amendment* | Required | Required | Required | Required |

*Disinterested Shareholder approval is always required in the circumstances set out in section 5.3(a) of this Policy.

POLICY 4.5

RIGHTS OFFERINGS

Scope of Policy

A rights offering financing enables an Issuer to raise capital and provides existing Shareholders with the opportunity to participate in the financing. The purpose of this Policy is to set out the Exchange's requirements for a rights offering.

A rights offering occurs when an Issuer issues to its own Shareholders, at no cost, rights that may be exercised to purchase additional securities of the Issuer. Shareholders may choose to exercise the rights to obtain the additional securities or, in some circumstances, may choose to sell the rights.

A rights offering may be effected using a Prospectus (a “**Prospectus Rights Offering**”), or it may be effected in reliance upon an exemption from the Prospectus requirement (a “**Prospectus-Exempt Rights Offering**”). In this Policy, the phrase “**rights offering**” includes both Prospectus Rights Offerings and Prospectus-Exempt Rights Offerings.

For a Prospectus Rights Offering, a “rights offering Prospectus”, and for a Prospectus-Exempt Rights Offering, a “rights offering notice” with a “rights offering circular” (such documents being referred to in this Policy as the “**Rights Offering Document**”) are required to be prepared by the Issuer. An Issuer's Rights Offering Document is required to be sent or made available, as applicable, to its existing Shareholders.

An Issuer proposing to make a Prospectus Rights Offering should also review, among other things, the applicable prospectus requirements in National Instrument 41-101 – *General Prospectus Requirements* and its related guidance and forms and, if applicable, National Instrument 44-101 – *Short Form Prospectus Distributions* and its related guidance and forms.

An Issuer proposing to make a Prospectus-Exempt Rights Offering should also review, among other things, National Instrument 45-106 – *Prospectus Exemptions*, Form 45-106F14 – *Rights Offering Notice for Reporting Issuers*, Form 45-106F15 – *Rights Offering Circular for Reporting Issuers* and Companion Policy 45-106CP - *Prospectus Exemptions*.

The main headings in this Policy are:

1. General
2. Securities Law Matters
3. Filing Requirements
4. Effecting the Offering
5. Transferability and “ex-rights” Trading
6. Stand-by Commitment
7. Pro Rata Over-Subscription

1. General

- 1.1** A rights offering by an Issuer must be accepted for filing by the Exchange before the final terms of the rights offering, including the record date, are determined and announced.
- 1.2** A preliminary discussion with the Exchange is recommended to an Issuer proposing to offer rights to its Shareholders.
- 1.3** A right issued in a rights offering is similar to a warrant or an option because it enables the holder to acquire another security. A rights offering is also similar to a public distribution of an Issuer’s securities through the Exchange, but has two significant distinguishing features:
 - (a) the rights do not have to be purchased; they are granted to the Shareholders of the Issuer; and
 - (b) the rights are granted only to the existing Shareholders of the Issuer and the rights cannot be issued to investors who are not Shareholders of the Issuer; however, the Shareholders may be able to sell their rights through the facilities of the Exchange to non-Shareholder investors if they so choose provided that the Issuer has elected to list the rights on the Exchange.
- 1.4** Subject to section 1.5, the Issuer may elect to apply to have the rights listed for trading on the Exchange. If the rights will be listed for trading on the Exchange, the standard notation on final Prospectuses or other offering documents referring to conditional approval of a listing is not appropriate for a Rights Offering Document with respect to the rights themselves, nor is such notation appropriate with respect to the securities issuable upon exercise of the rights if such securities are of a class already listed, as the rights will normally be listed on the Exchange, as will the underlying securities (if of a class already listed), before the Rights Offering Document is sent or made available, as applicable, to the Shareholders.

- 1.5** If rights issued to Shareholders of the Issuer entitle the holders to purchase securities of another issuer which is not listed on the Exchange, a Prospectus Rights Offering must be used and the rights will not be listed on the Exchange unless such issuer's securities have been conditionally approved for listing on the Exchange.
- 1.6** The following requirements apply to all rights offerings:
- (a) The subscription price for the security to be acquired on the exercise of rights during the rights offering cannot in any case be less than \$0.01 per security. The form of consideration used in satisfaction of the subscription price in a rights offering must be cash paid to the Issuer.
 - (b) Issuers may determine the number of rights (including fractions of rights) to be issued for each security held by Shareholders and the number of rights (which must be a whole number) required to purchase a security upon exercise of the rights in accordance with applicable Securities Laws.
 - (c) If the Issuer proposes to provide a rounding mechanism, whereby Shareholders not holding a number of securities equally divisible by a specified number would have their entitlements adjusted upward, adequate arrangements must be made to ensure that beneficial owners of securities registered in the names of CDS, banks, trust companies, investment dealers or similar institutions will be treated, for purposes of such additional entitlements, as though they were registered Shareholders.
 - (d) The rights issued by an Issuer must be transferable.
 - (e) If the rights are listed on the Exchange, the rights offering must be unconditional.
- 1.7** The following requirements apply to all rights offerings where the rights are exercisable for units (the “Units”) comprised of Listed Shares and Warrants (a “Unit Rights Offering”):
- (a) The exercise price of a Warrant forming part of a Unit acquired on the exercise of a right under a Unit Rights Offering must not be less than the Market Price of the Issuer's Listed Shares prior to the news release announcing the Unit Rights Offering and in any case must not be less than \$0.05.
 - (b) A Warrant forming part of a Unit acquired on the exercise of a right under a Unit Rights Offering must expire by no later than five years after the date the right expires.
 - (c) The total number of Listed Shares of the Issuer that may be issued on the exercise of the Warrants issued under a Unit Rights Offering must not exceed the total number of Listed Shares of the Issuer issued on the exercise of the rights under the Unit Rights Offering.

- (d) In order for transferable Warrants issued on the exercise of the rights under a Unit Rights Offering to be listed for trading on the Exchange, the requirements of Policy 2.8 – *Supplemental Listings* must be complied with in respect of such Warrants.
- (e) If there is insufficient distribution of the outstanding Warrants for an orderly market, the Exchange can declare that the remaining Warrants will only be traded on a cash basis. Further, as the Warrants have an expiry date, trading in the Warrants shall be for cash same day settlement on the expiry date as set out in Rule C.2.18 of the TSX Venture Exchange Rule Book and Policies. On the expiry date of the Warrants, trading in the Warrants shall cease at 9:00 a.m. (Vancouver time), 10:00 a.m. (Calgary time) and 12:00 noon (Toronto and Montréal time).
- (f) If the Warrants which form part of the Units issued on the exercise of the rights under a Unit Rights Offering are not transferable, then:
 - (i) the certificates representing the non-transferable Warrants must be issued in the name of the holder and must have the words “non-transferable” prominently displayed on them;
 - (ii) the Rights Offering Document must clearly disclose that the Warrants are non-transferable; and
 - (iii) the Exchange will not list or trade the Warrants.
- (g) A Warrant forming part of a Unit acquired on the exercise of a right must not entitle the holder to acquire a further Warrant, whether transferable or otherwise, upon its exercise.

2. Securities Law Matters

- 2.1 An Issuer should refer to the applicable Securities Laws to determine what documents must be filed with the Securities Commission(s).
- 2.2 A Prospectus Rights Offering must be effected by means of a Prospectus in compliance with applicable Securities Laws and the requirements of this Policy. Canadian jurisdictions also have Securities Laws that provide a Prospectus exemption for rights offerings, in which case a Prospectus-Exempt Rights Offering may be effected by means of a rights offering notice with a rights offering circular in compliance with applicable Securities Laws and the requirements of this Policy.
- 2.3 In the case of a Prospectus Rights Offering or a Prospectus-Exempt Rights Offering, the Issuer must make filings with both the Exchange and all applicable Securities Commissions. The Securities Laws of all jurisdictions where a rights offering will be made must also be considered, which may require filings with other securities regulators. A rights offering cannot proceed until all the relevant securities regulators have received the relevant filings and, in the case of a Prospectus Rights Offering, the applicable Securities Commission(s) issued a receipt for the Prospectus.

- 2.4 If some Shareholders are resident in jurisdictions where the rights may not legally be given to them (the “**Non-Qualifying Jurisdictions**”), and if the rights are listed for trading on the Exchange, the Issuer normally sends these rights to its transfer agent which uses its best efforts to sell the rights through the facilities of the Exchange and deliver the net proceeds pro rata to the Shareholders residing in the Non-Qualifying Jurisdictions.

3. Filing Requirements

- 3.1 An Issuer proposing to make a rights offering must file the following documents with the Exchange:

- (a) a draft news release outlining the proposed terms and timing of the rights offering;
- (b) a draft rights offering notice with the rights offering circular, or a draft rights offering Prospectus;
- (c) if the rights will be listed for trading on the Exchange, a draft of the specimen rights certificate, and if the Warrants will be listed for trading on the Exchange, a draft of the specimen Warrant certificate; the ISIN or CUSIP number for the security must be obtained and, if applicable, printed on the specimen certificate (see Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance* for requirements regarding security certificates);
- (d) if there is a stand-by commitment as described in Part 6:
 - (i) a copy of the agreement;
 - (ii) a list of all conditions, if any, to which the stand-by commitment is subject; and
 - (iii) unless the stand-by guarantor is a Participating Organization, satisfactory evidence of the stand-by guarantor’s ability to perform the obligations contained in the stand-by commitment (e.g. posted bond, letter of credit, etc.);
- (e) a Personal Information Form (a “**PIF**”) (Form 2A) or, if applicable, a Declaration (Form 2C1) from any Person who does not currently but may own or control, beneficially or as nominee, directly or indirectly, securities representing more than 10 percent 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, including any stand-by commitment; and
- (f) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.

- 3.2** In the case of a Rights Offering Prospectus where the rights are to be listed on the Exchange, if the rights offering is acceptable to the Exchange (subject only to the correction of minor deficiencies, if any, and the filing of the required documents), the Exchange will provide written communication to the Issuer stating that an application for listing of the rights on the Exchange has been made and has been accepted subject to the Issuer meeting the requirements for listing of the Exchange so that the Issuer can deliver that written communication to the relevant Securities Commission(s).
- 3.3** An Issuer should not announce a record date for a rights offering before receiving all necessary approvals from the Exchange and, in the case of a Prospectus Rights Offering, the relevant Securities Commissions in each of the applicable jurisdictions because if any approvals are delayed, the Issuer may have to change the record date at its own expense.
- 3.4** At least five trading days in advance of the record date for the rights offering (being the date of the closing of the transfer books for the preparation of the final list of Shareholders who are entitled to receive rights):
- (a) all deficiencies raised by the Exchange must be resolved;
 - (b) all the terms of the rights offering must be finalized;
 - (c) the Issuer must disseminate a news release disclosing the terms of the rights offering, including the record date and, if section 4.2 is applicable, that the rights offering will not close, or will only be closed in escrow, until the Exchange has notified the Issuer that the results of the review of the relevant PIFs are satisfactory;
 - (d) the Exchange must receive all requested documents, including a copy of the final Rights Offering Document; and
 - (e) if a rights offering Prospectus is being used, the Issuer must obtain clearances for the rights offering from all Securities Commissions having jurisdiction, and so advise the Exchange.
- 3.5** When the rights certificates are mailed to the Shareholders, the Issuer must concurrently file with the Exchange a definitive specimen of the rights certificate.
- 3.6** Immediately upon the expiry of the rights offering, the Issuer must advise the Exchange in writing of the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement, and pay to the Exchange any balance of the applicable fee.

4. Effecting the Offering

- 4.1** The rights offering must be open for a period of not less than 21 calendar days following the date on which the Rights Offering Document is sent or made available, as applicable, to Shareholders.
- 4.2** In the event that any Person does not currently but may own or control, beneficially or as nominee, directly or indirectly, securities representing more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer as a result of the completion of the rights offering including any stand-by commitment, the rights offering exercise period may end, but the rights offering may not close, or may only be closed in escrow, until the Exchange has notified the Issuer that the results of the review of the relevant PIFs are satisfactory.
- 4.3** Once the rights have been issued, the essential terms of the rights offering, such as the exercise price or the expiry date cannot be amended. However, the Exchange may grant an exemption to extend the expiry date under extremely exceptional circumstances, such as an unexpected postal disruption, provided that the rights have not traded and to do so is in compliance with all applicable Securities Laws.

5. Transferability and “ex-rights” Trading

- 5.1** Rights issued by an Issuer must be transferable, although the Issuer may elect whether to list the rights for trading on the Exchange. Any proposed restriction on the transfer of unlisted rights must receive the prior consent of the Exchange.
- 5.2** If the Issuer elects to list the rights for trading on the Exchange:
- (a) the rights will be listed and commence trading on the Exchange at the opening of trading on the record date, and at the same time, the underlying Listed Shares of the Issuer will commence trading on an “ex-rights” basis, which means that purchasers of the Listed Shares at that time are not entitled to receive the rights;
 - (b) the rights will trade under normal settlement rules and as the rights have an expiry date, trading in the rights shall be for cash same day settlement on the expiry date as set out in Rule C.2.18 of the TSX Venture Exchange Rule Book and Policies;
 - (c) the following chart shows the typical timing for the Exchange Bulletin and ex-rights day in relation to a record date which falls on a Friday:

| | | | | | | | |
|----------------------------|--------|-----------|--|---|---|--|----------|
| Day (chronological) | | | | | 1 | 2 | 3 |
| Day of the week | | | | | Thursday | Friday | Saturday |
| Event | | | | | Requirements in section 3.4 are satisfied | Clear Day | --- |
| Day (chronological) | 4 | 5 | 6 | 7 | 8 | 9 | |
| Day of the Week | Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| Event | --- | Clear Day | Clear Day Exchange Bulletin is finalized for publication on Day 7 | Clear Day Exchange Bulletin in published | Clear Day Last day to trade cum-rights | Record Date Shares trade ex-rights at the opening; rights commence trading at the opening | |

- (d) On the expiry date of the rights, trading in the rights shall cease at 9:00 a.m. (Vancouver time), 10:00 a.m. (Calgary time) and 12:00 noon (Toronto and Montréal time); and
- (e) in order to provide adequate time for settlement, the rights should not expire less than three hours after the rights cease trading on the Exchange.

6. Stand-by Commitment

- 6.1 If an Issuer requires a certain amount of funds for a specific use, the Issuer must determine a minimum subscription which must be guaranteed, and in other circumstances the Issuer may determine that the rights offering will be guaranteed, by a Person (the “**stand-by guarantor**”) which the Issuer has confirmed has the financial ability to satisfy such stand-by commitment to acquire some or all of the securities which are not otherwise subscribed for under the rights offering.
- 6.2 A stand-by guarantor who provides a stand-by commitment can receive a bonus from the Issuer only in the form of a non-transferable Warrant which:
- (a) entitles the stand-by guarantor to acquire shares of the Issuer equal in number to not more than 25% of the total number of shares the stand-by guarantor has agreed to acquire under the stand-by commitment (which does not include the number of shares the stand-by guarantor is entitled to subscribe for under the basic subscription privilege and additional subscription privilege);

- (b) has an exercise price that is not 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; and
 - (c) expires no later than five years after the date on which performance under the stand-by commitment could be required.
- 6.3 The form of consideration used in satisfaction of the stand-by commitment in a rights offering must be cash paid to the Issuer. See Policy 4.3 – *Shares for Debt* for Exchange Requirements in settling outstanding debt of an Issuer by issuing securities to a creditor.
- 6.4 If there is a stand-by commitment, the Issuer must have granted an additional subscription privilege to all holders of the rights.
- 6.5 Shareholder approval of the creation of any new Control Person of the Issuer as a consequence of the stand-by commitment 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 - *Interpretation*. If either of these criteria is not satisfied, the Exchange may require shareholder approval of the creation of the new Control Person to be obtained before the rights offering commences.
- 6.6 Before the Exchange will accept a rights offering which includes a stand-by commitment, any Person who does not currently but may own or control, beneficially or as nominee, directly or indirectly, securities representing more than 10 percent 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, including any stand-by commitment, must first file with the Exchange a duly completed PIF (Form 2A) or, if applicable, a Declaration (Form 2C1).

7. Pro Rata Over-Subscription

- 7.1 If there is an over-subscription, a subscriber's pro rata entitlement on over-subscription must be determined by a pro rata formula that is in compliance with applicable Securities Laws.

POLICY 4.6

PUBLIC OFFERING BY SHORT FORM OFFERING DOCUMENT

Scope of Policy

This Policy outlines the requirements for Issuers proposing to distribute securities pursuant to a Short Form Offering Document (“**Short Form**”). A Short Form is not a Prospectus, but an Exchange document that allows certain Issuers to undertake a public offering of securities without preparing a Prospectus in the jurisdictions (“**Participating Jurisdictions**”) that have adopted the applicable exemption in Part 5 of National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”).

The main headings in this Policy are:

1. Definitions
2. Use of the Short Form
3. Use of Proceeds
4. Process
5. Short Form Filing Requirements
6. Pricing and Offering Period
7. Delivery Requirements and Subsequent Material Changes
8. Contractual Rights of Action and Rights of Withdrawal
9. Agent or Underwriter Requirements
10. Agent or Underwriter Compensation
11. Final Filing Requirements
12. Audit

1. Definitions

1.1 In this Policy:

“**AIF**” has the meaning ascribed to that term in NI 45-106.

“Designated Hold Purchaser” means a purchaser that is an Insider or Promoter of the Issuer, the Issuer’s Agent or Underwriter or a member of the Agent or Underwriter’s professional group (as defined in National Instrument 33-105 – *Underwriting Conflicts*).

“Gross Proceeds” means the gross proceeds that are required to be paid to the Issuer for Listed Shares distributed under a Short Form.

“Insider” has the meaning ascribed to that term under applicable Securities Laws.

“Prior Short Form Offering” means a distribution of securities of an Issuer under a Short Form that was completed during the 12 month period immediately preceding the date of the Short Form.

“Promoter” has the meaning ascribed to that term under applicable Securities Laws.

“Subsequently Triggered Report” means a Material Change report required to be filed no later than 10 days after a Material Change under applicable Securities Laws as a result of a Material Change that occurs after the date the Short Form is certified but before the purchaser enters into an agreement of purchase and sale.

2. Use of the Short Form

2.1 General

- (a) The Short Form is a brief disclosure document which incorporates by reference the documents referred to in NI 45-106 including the Issuer’s current AIF, the most recent audited annual financial statements and all quarterly interim financial statements, news releases disclosing Material Changes, Material Change reports, and technical reports and consents required under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, that were filed on or after the date of the AIF, but before or on the date of the Short Form.

This existing current disclosure is not restated in the Short Form, but is incorporated by reference and must be available to investors on a publicly accessible database such as the SEDAR web site, the Issuer’s web site or the Exchange web site. The form to be used is Form 4H – *Short Form Offering Document*.

- (b) Issuers that have filed a current AIF are eligible to use the Short Form under the conditions outlined below provided they are in compliance with applicable Securities Laws. Issuers that have connecting factors in non Participating Jurisdictions may be restricted in their use of the Short Form, and should consult the applicable Securities Laws to determine if such restrictions exist. Issuers cannot use the Short Form to qualify previously issued securities for sale.

2.2 Conditions to Use of Short Form

The offering must comply with the following:

- (a) the Issuer must comply with NI 45-106 and incorporate by reference all documents referred to in NI 45-106;
- (b) the Distribution must be of a class of Listed Shares, and may include Warrants exercisable into Listed Shares but may not be a distribution exclusively of Warrants;
- (c) the number of Listed Shares that may be issued on exercise of the Warrants must not exceed the total number of shares that are issued pursuant to the Distribution under the Short Form;
- (d) the Gross Proceeds under the Short Form, when added to the Gross Proceeds from offerings under a Short Form completed during the twelve month period immediately preceding the date of the Short Form, do not exceed \$2,000,000;
- (e) the sum of the Listed Shares issued under the Short Form, and the Listed Shares of the same class issued under Prior Short Form Offerings, exceeds neither the number of Listed Shares of the same class outstanding:
 - (i) immediately before the Issuer distributes securities of the same class under a Short Form; nor
 - (ii) immediately before a Prior Short Form Offering;
- (f) no purchaser acquires more than 20% of the securities distributed under the offering;
- (g) all securities purchased by a Designated Hold Purchaser will be subject to a four month hold period;
- (h) a purchaser who acquires more than \$40,000 will be subject to a four month hold period on the portion of those securities acquired which are in excess of \$40,000; and
- (i) no more than 50% of the securities distributed pursuant to the offering are subject to the four month hold period imposed pursuant to sections 2.2(g) and (h).

3. Use of Proceeds

3.1 The proceeds of the offering cannot be used for transactions which have not:

- (a) received Exchange acceptance; and
- (b) been publicly disclosed via a comprehensive news release or disclosure document required by the Exchange.

- 3.2** If the proceeds will be used for work on a specific property, then the most recent Geological Report or valuation filed with the Exchange or the applicable Securities Commissions relating to that property must be available to the public, either through the SEDAR web site, the Exchange's web site or the Issuer's web site. If no Geological Report has been filed with the Exchange or the applicable Securities Commissions for the property, the Exchange can require one to be filed before it will accept the Short Form. Issuers should consult Part 4.2 of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* or Part 2 of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* to determine whether a technical report is required under Securities Laws.
- 3.3** If the proceeds of the offering are to be used for purposes other than Working Capital, then the minimum offering must be adequate for the stated purpose.

4. Process

The filing and acceptance process for a Short Form involves the following steps:

Step 1: The Company and/or its filing solicitor prepare the Short Form, ensuring all continuous disclosure material is up to date, and incorporated by reference.

Step 2: The Company's Agent or Underwriter reviews the document and material incorporated by reference, and conducts sufficient due diligence to sign the certificate page of the Short Form.

Step 3: The Company issues a news release announcing the financing by Short Form and disclosing the amount of funds to be raised, the price per share, the use of proceeds and the name of the Agent or Underwriter.

Step 4: The Company submits the Short Form to the Exchange for review within two days from the date of the news release.

Step 5: The Exchange reviews the Short Form and if there are no significant deficiencies, accepts it within five business days and publishes an Exchange Bulletin indicating the acceptance of the financing.

Step 6: The Agent or Underwriter has 60 days from Exchange acceptance to market and sell the offering.

Step 7: Following the closing of the offering, the Agent or Underwriter must file a list of purchasers with the Exchange, indicating how many securities each purchaser has purchased, and which purchasers have taken securities subject to a hold period.

5. Short Form Filing Requirements

Within two business days after the news release, the Issuer must file the following with the Exchange:

- (a) a copy of the Short Form, signed by the Issuer's officers, directors, Promoters and by the Agent or Underwriter;
- (b) a copy of the agency or underwriting agreement; and
- (c) the minimum applicable fee as prescribed in Policy 1.3 – *Schedule of Fees*.

6. Pricing and Offering Period

- 6.1 The price for the securities offered cannot be less than the Discounted Market Price of the Issuer's Listed Shares at the time the news release disclosing the Short Form offering is disseminated.
- 6.2 The exercise price of Warrants issued pursuant to a Short Form must not be less than the greatest of:
 - (a) the offering price of the securities offered for sale under the Short Form;
 - (b) Market Price of the Issuer's Listed Shares at the time the news release disclosing the Short Form offering is disseminated; and
 - (c) \$0.05.
- 6.3 The Issuer must file the Short Form with the Exchange by the second business day after the date of the news release to ensure the offering price will be accepted. However, if the Issuer announces a Material Change during the offering period and the Exchange considers that the Issuer was likely aware of that pending Material Change when the offering price was set, the Exchange can require the offering to be re-priced to reflect the Material Change.
- 6.4 The Issuer and its Agent or Underwriter can market and sell the securities offered under the Short Form for 60 days after the date that the Exchange accepts the Short Form.

7. Delivery Requirements and Subsequent Material Changes

- 7.1 The Short Form, and any Subsequently Triggered Report filed by the Issuer after the date of the Short Form, must be delivered to a purchaser by the Issuer or the Agent or Underwriter:
 - (a) before the Issuer or its Agent or Underwriter enters into the written confirmation of the purchase and sale resulting from an order or subscription for securities being distributed under the offering; or
 - (b) not later than midnight on the second business day after the agreement of purchase and sale is entered into.

- 7.2 If a Material Change occurs after the Exchange has accepted the Short Form and before the completion of the offering, the Issuer and the Agent or Underwriter must cease distribution until a news release is disseminated and filed with the Exchange.
- 7.3 Any Subsequently Triggered Report to be delivered to a purchaser under section 7.1 is deemed to be incorporated by reference into the Short Form.

8. Contractual Rights of Action and Rights of Withdrawal

The Issuer must grant a contractual right of action and right of withdrawal to the purchasers. The exact wording is in the form of Short Form set out in Form 4H – *Short Form Offering Document*.

9. Agent or Underwriter Requirements

- 9.1 The Agent or Underwriter who signs the Short Form certificate must meet the criteria to act as a Sponsor pursuant to Policy 2.2 – *Sponsorship and Sponsorship Requirements*.
- 9.2 An Agent or Underwriter signing the Short Form certificate must comply with the due diligence requirements in Appendix 4A – *Due Diligence Report* in relation to the Short Form.
- 9.3 An Underwriter selling the offering in British Columbia is reminded that it must be registered as an underwriter under British Columbia Securities Laws.

10. Agent or Underwriter Compensation

See Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions* for the maximum compensation that may be paid.

10.1 Commission

The Agent or Underwriter is free to negotiate its selling commission with the Issuer.

10.2 Agent's Option

The Agent or Underwriter may be granted a non-transferable Agent's Option entitling it to subscribe for securities offered for sale under the Short Form. The Agent's Option must have an exercise price that is not less than the greater of:

- (a) the offering price of the securities offered for sale under the Short Form; and
- (b) \$0.05.

Any Warrants underlying the units comprised in the Agent's Option will be exercisable at the same price as the Warrants underlying the units offered to the public.

The Agent's Option must expire if not exercised within five years from the date of issue.

Agent's Options are not included in the calculation of the yearly limits in section 2.2.

10.3 Selling Group Compensation

The Agent or Underwriter may offer part of the commissions or Agent's Option from an offering to other licensed broker dealers and investment dealers who participate in a selling group.

11. Final Filing Requirements

- 11.1** Issuers are reminded that the Short Form must be filed via SEDAR with the applicable Securities Commission in accordance with applicable Securities Laws.
- 11.2** After the offering has been closed, the Agent or Underwriter must file a list of purchasers with the Exchange, indicating how many securities each purchaser has purchased and which purchasers have taken securities subject to a hold period.
- 11.3** The Issuer must file a report on the distribution and the applicable fees, with the applicable Securities Commissions.

12. Audit

Although the Exchange does not conduct a full review of the Short Form and material incorporated by reference to ensure that the documents provide adequate disclosure and comply with applicable policies, the Exchange will audit certain Short Forms after the distributions are completed. If the audit reveals significant problems with an Issuer's filing, the Exchange can prohibit that Issuer from using a Short Form for future offerings.



POLICY 4.7

CHARITABLE OPTIONS IN CONNECTION WITH AN IPO

Repealed November 24, 2021

POLICY 5.1

LOANS, LOAN BONUSES, FINDER'S FEES AND COMMISSIONS

Scope of Policy

This Policy outlines the Exchange's policies on:

- loans to an Issuer;
- bonuses paid by an Issuer in respect of loans to an Issuer;
- commissions paid by an Issuer in respect of financing transactions; and
- finder's fees paid by an Issuer in respect of non-financing transactions.

The requirements and limitations set forth in this Policy are for the principal purpose of: (a) ensuring proper notice and disclosure of any such transactions and payments; and (b) mitigating the possibility that the consideration received by an Issuer in exchange for loan bonuses, commissions and finder's fees is not bona fide or otherwise inequitable. Issuers are reminded that, separate and apart from the Exchange's requirements, Issuers must ensure that any transactions or payments that fall within the scope of this Policy are conducted in compliance with all applicable corporate law and Securities Law requirements.

The main headings in this Policy are:

1. Loans to Issuers
2. Loan Bonuses
3. Finder's Fees and Commissions
4. Application to Registrants
5. Filing Requirements

1. Loans to Issuers

For the purposes of this Policy, the term "loan" will include any form of debt instrument issued by an Issuer that is not convertible into Listed Shares. With respect to a loan that is convertible into Listed Shares, the requirements of Policy 4.1 – *Private Placements* ("**Policy 4.1**") (see, in particular, Part 2 of Policy 4.1) or, if issued by way of prospectus, Policy 4.2 – *Prospectus Offerings* ("**Policy 4.2**") will apply and the necessary notice and filing should be made in accordance with said Policies and not in accordance with sections 1.2(a) and (b) of this Policy.

1.1 Disclosure

In accordance with the Exchange's timely disclosure policies, an Issuer must disclose by news release any loan or advance of funds to the Issuer which involves any charge on or security interest in its assets or which otherwise constitutes Material Information.

1.2 Notice to Exchange

- (a) The Issuer must provide the Exchange with prompt written notice of the proposed loan if the lender is not a chartered bank, trust company or treasury branch, and:
 - (i) any arrangement exists to issue securities in connection with the loan, either at the time of the loan agreement or at some future date (such as, for example, a bonus comprised of Listed Shares or Warrants granted to a lender or guarantor); or
 - (ii) the Issuer mortgages or charges all or substantially all of its assets as collateral for the loan.
- (b) The notice, in the form of a formal letter, must provide the following information and accompanying documents:
 - (i) the loan agreement and any other loan documents evidencing indebtedness such as a promissory note;
 - (ii) the relationship between the lender or guarantor and the Issuer (including any beneficial ownership of securities of the Issuer);
 - (iii) a description of how the Issuer proposes to service and repay the loan;
 - (iv) a description of how the Issuer proposes to use the proceeds;
 - (v) details of any bonus to be paid pursuant to the loan or guarantee;
 - (vi) confirmation that the loan or guarantee is necessary and would not be granted without the bonus;
 - (vii) where a bonus comprised of Listed Shares or Warrants is to be issued for a guarantee, documentation on which the Issuer has relied in order to assess the guarantor's ability to guarantee the debt. Such documentation may include:
 - (A) a statement of net worth attested to by the Person making the guarantee;
 - (B) a bank letter of credit;
 - (C) the most recent annual audited financial statements of the guarantor; or

- (D) any other evidence acceptable to the Exchange;
- (viii) where a commission or bonus comprised of Listed Shares or Warrants is to be paid in respect of the loan or, as applicable, guarantee, the notice must also include the relevant information and documentation required by section 5.1 of this Policy; and
- (ix) the fee prescribed by Policy 1.3 - *Schedule of Fees*.

1.3 Interest Rates

The Exchange does not prescribe any specific limits for interest rates on either loans to an Issuer or debt instruments issued by an Issuer. The Exchange does, however, expect and require that any interest payable on a loan or other debt instrument will be at a commercially reasonable rate taking into consideration the circumstances of the Issuer and the risks to the lender. In this regard, the Exchange may, at its discretion, request the Issuer to provide a satisfactory analysis of the reasonableness of the interest rate.

2. Loan Bonuses

If the ability of the Issuer to repay a loan is not evident and/or if a guarantee provided by a guarantor represents the Issuer's primary collateral for a loan, the Issuer may, subject to Exchange acceptance, grant a bonus comprised of Listed Shares or non-transferable Warrants (a "**loan bonus**") to the lender or guarantor, as the case may be, in consideration of the risks taken by the lender or guarantor. For greater certainty, loan bonuses will not generally be accepted by the Exchange in circumstances where it is evident that the Issuer has the means or ability to repay the loan in the ordinary course or in circumstances in which the potential risk of non- repayment of the loan has otherwise been materially mitigated at the time the loan is made.

2.1 Notice, Acceptance and Disclosure Requirements

- (a) An Issuer must give advance notice to the Exchange of any proposed loan bonus in the form and manner described in section 5.1 below.
- (b) An Issuer must receive Exchange acceptance of any loan bonus prior to the issuance of the Listed Shares or Warrants comprising the loan bonus.
- (c) The Issuer must issue a news release disclosing the particulars of the loan and the proposed loan bonus prior to providing the notice required by section 2.1(a) above. The news release must include, without limitation, the identity of the lender, the identity of the guarantor (if applicable) and the fact that the loan bonus is subject to Exchange acceptance.

2.2 Bonus Limitations

- (a) Loan bonuses may not be granted to a lender or guarantor in relation to a loan or debt instrument that is convertible into Listed Shares.

- (b) Loan bonuses may be paid in the form of Listed Shares, Warrants or a combination of Listed Shares and Warrants.

If the loan bonus is comprised of Listed Shares only (i.e. it does not include Warrants), the maximum number of Listed Shares that may be issued as a bonus is 20% of the total dollar amount of the loan/guarantee divided by the Market Price (as of the date of the news release required by section 2.1(c) above). Bonus shares are not permitted on loans having a term of less than one year.

If the loan bonus is comprised of Warrants only (i.e. it does not include Listed Shares), the maximum number of Warrants that may be issued as a bonus is equal to the total dollar amount of the loan/guarantee divided by the Market Price (i.e. 100% Warrant coverage). Each Warrant issued as a part of a loan bonus must: (i) have an exercise price that is not less than the Market Price; (ii) entitle the holder to receive no more than one Listed Share on exercise; (iii) subject to section 2.2(e) below, have a term that does not exceed the earlier of five years and the term of the loan; and (iv) be non-transferable. Unlike bonus shares, bonus Warrants are permitted on loans having a term of less than one year.

If the loan bonus is a combination of Listed Shares and Warrants, the above-stated limits on the maximum number of Listed Shares and Warrants will still apply with one Listed Share being treated as equivalent to five Warrants (and vice versa) for the purposes of the calculations. The following illustrative example is provided and assumes a \$100,000 loan and \$0.10 Market Price with the maximum bonus being paid by the Issuer:

| | |
|---------------|--|
| All Shares: | 200,000 Listed Shares (nil Warrants) |
| All Warrants: | 1,000,000 Warrants (nil shares) |
| Even Split: | 100,000 Listed Shares and 500,000 Warrants |

- (c) Except as permitted by section 2.2(d) below, only one loan bonus may be granted on a loan regardless of the term of the loan. For greater certainty: (i) a loan bonus may not be granted to both the lender and the guarantor in respect of a loan; and (ii) in the case of multiple guarantors for the same loan, the aggregate loan bonus granted to the guarantors must not exceed the limits prescribed by section 2.2(b) above.
- (d) If a loan is renewed or extended beyond its original term:
- (i) A loan bonus comprised of Listed Shares will not be permitted in respect of the renewal or extension if the proposed loan bonus, when aggregated with any other loan bonus granted in respect of the loan (whether in the form of Listed Shares or Warrants), would exceed the limits prescribed by section 2.2(b) above as calculated at the time the loan was originally made.

- (ii) Subject to Exchange acceptance, a loan bonus comprised of Warrants may be permitted in respect of the renewal or extension. Any previously issued loan bonus in respect of the original loan (whether in the form of Listed Shares or Warrants) will not be factored into determining the limit on the number of new bonus Warrants that may be issued in connection with the renewal or extension of the loan. It should be noted, however, that per the limit on the term of bonus Warrants set forth in section 2.2(b) above, any previously issued bonus Warrants that remain outstanding at the time of the renewal or extension must expire concurrently with the renewal or extension of the loan on the basis that the Exchange will, for these purposes, consider the term of the original loan to have elapsed upon its renewal or extension.

For the purposes of determining the acceptability of the issuance of any loan bonus in respect of a loan renewal or extension, the Exchange must be satisfied that at the time of renewal or extension the ability of the Issuer to repay a loan is not evident and/or the guarantee represents the Issuer's primary collateral for a loan.

- (e) For loans with a term of one year or less, the Exchange will permit any bonus Warrants issued in connection therewith to have up to a one year term regardless of the term of the loan. For example, any bonus Warrants that the Exchange accepts in respect of a six month loan may have a term of up to one year. (For greater certainty in interpreting section 2.2(d)(ii) above in these circumstances, on renewal or extension of any such loan, any bonus Warrants originally issued in connection therewith must expire concurrently with the renewal or extension of the loan irrespective of the fact that this section 2.2(e) initially permitted the term of the bonus Warrants to exceed the term of the loan.)

For loans with a term of greater than one year, the bonus Warrants must provide that if the loan is reduced or repaid during the first year of its term, a pro rata number of the total bonus Warrants must have their term reduced to the later of one year from issuance of the Warrants and 30 days from the reduction or repayment of the loan. For example, if 1,000,000 bonus Warrants are issued with a five year term in respect of a \$100,000 loan and if \$75,000 of the loan is repaid within six months, then 750,000 of the bonus Warrants must have their term reduced to one year while the remaining 250,000 bonus Warrants will maintain their five year term. If the balance of \$25,000 is repaid on the last day of the first year of the term, then the remaining 250,000 bonus Warrants must have their term reduced to 30 days from the date of the repayment.

Guidance Notes for Part 2:

- N.1. **Arm's Length Commercial Lender:** In respect of a proposed loan bonus to a lender, the Exchange may, on a case by case basis, exercise some discretion with respect to both: (1) the requirement that the ability of the Issuer to repay the loan is not evident; and (2) the requirement in section 2.2(b) that a bonus of Listed Shares is not permitted on loans having a term of less than one year, if all of the following conditions are met to the Exchange's satisfaction: (a) the lender is

a Person in the business of making commercial loans; (b) the lender is not a Non-Arm's Length Party to the Issuer; (c) the Issuer confirms that the funds are required by the Issuer and the loan can't be secured without the issuance of the loan bonus; and (d) such other conditions as the Exchange may consider necessary or advisable in the specific circumstances under consideration. In cases where the Exchange accepts a bonus of Listed Shares on a loan having a term of less than one year, the Exchange may require that the 20% limit on the maximum number of Listed Shares that may be issued as a loan bonus be scaled back in relation to the term of the loan. For example, if the loan has a term of six months, the Exchange may limit the maximum number of Listed Shares that may be issued as a loan bonus to 10% of the total dollar amount of the loan divided by the Market Price.

- N.2. **Term of Loan:** For the purposes of section 2.2, the Exchange shall consider the term of any loan as ending on the date that the Issuer is required to repay the loan. For this reason, the Exchange may not treat the nominal term of a loan as the term of the loan for the purposes of section 2.2. The number of bonus Listed Shares and the term of any bonus Warrants must comply with this Exchange interpretation. By way of example, if a loan has a nominal term of two years but is repayable in two equal instalments at the end of each year during such two year term, the Exchange will, for the purposes of section 2.2, treat the loan as two separate loans (each for ½ of the total principal amount of the loan) having terms of 12 and 24 months respectively.

For a loan that is repayable upon demand of the lender (whether from the outset or following some specified point in time), the term of the loan, for the purposes of this section 2.2, will coincide with the point in time the demand right becomes available to the lender. For example, if a loan is repayable upon demand of the lender following 30 days of the loan amount being provided to the Issuer, the term of the loan will be considered to be 30 days for the purposes of this section 2.2 irrespective of whether or not the lender actually demands repayment at such time.

- N.3. **Credit Facilities:** For a line of credit or other similar arrangement pursuant to which a Person makes an amount of funds available to the Issuer that the Issuer may draw down upon from time to time (and thereafter be required to repay such amounts) (a "**Credit Facility**"), the maximum number of permitted bonus Listed Shares and bonus Warrants can be based upon the full amount of the Credit Facility, however, the timing of the issuance of the bonus securities must be tied to the timing of the availability of the funds to the Issuer. For example, if the Issuer has unfettered access to the full amount of the Credit Facility at the outset, the entire bonus can be issued at the outset. If, however, the Issuer only has unfettered access to a specified portion of the Credit Facility at the outset (with access to the balance being subject to restrictions), then only the corresponding portion of the bonus can be issued at the outset with the balance of the bonus (or portion thereof) being issuable upon the Issuer having unfettered access to the corresponding balance of the Credit Facility.

3. Finder's Fees and Commissions

If a Person facilitates the completion of a transaction between an Issuer and another Person and the Issuer receives a measurable benefit (see section 3.2(e) below) as a result of the completion of such transaction, the Issuer can, subject to the requirements and limitations set forth in this Policy, reward the efforts of such Person by paying them a finder's fee (in respect of a non-financing transaction) or a commission (in respect of a financing transaction) in the form of cash, Listed Shares, Warrants or an interest in assets. Appropriate registration and Prospectus exemptions must be available for any issuance of securities.

3.1 Notice, Acceptance and Disclosure Requirements

- (a) An Issuer must give advance notice to the Exchange of any proposed finder's fee or commission in the form and manner described in section 5.1 of this Policy.
- (b) An Issuer must receive Exchange acceptance of any finder's fee or commission and, as applicable, the transaction in respect of which the finder's fee or commission is being paid prior to the payment of the finder's fee or commission.
- (c) In the case of a non-financing transaction, the Issuer must issue a news release disclosing the particulars of a proposed finder's fee and the transaction in respect of which the finder's fee is being paid prior to providing the notice required by section 3.1(a) above. The news release must include, without limitation, the identity of the Person receiving the finder's fee and the fact that the finder's fee or commission is subject to Exchange acceptance.

In the case of a financing transaction, the Issuer must issue a news release disclosing the particulars of any commissions no later than immediately following completion of the financing. The news release must include, without limitation, the identity of the Person receiving the commission.

- (d) Notwithstanding sections 3.1(a) and (b), an Issuer is not required to provide notice to the Exchange or receive Exchange acceptance of any finder's fee or commission payable to a Person in respect of a transaction if: (i) the Person is not a Non-Arm's Length Party of the Issuer; (ii) the finder's fee or commission is payable in cash only; (iii) in the case of a finder's fee, the amount of the finder's fee is in compliance with the limitations set forth in section 3.3 below; and (iv) the transaction is one that does not require Exchange acceptance (such as, for example, an Exempt Transaction under Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*).

3.2 Criteria

Arm's Length Finder or Agent

- (a) An Issuer may not pay a finder's fee or commission to a Non-Arm's Length Party to an Issuer, an employee of the Issuer or a Person engaged in Investor Relations Activities on behalf of the Issuer. The Exchange can waive this requirement, at its discretion, if the Issuer satisfies the Exchange that the Person was specifically commissioned by the Issuer to locate, arrange or acquire a measurable benefit for the Issuer which it would not have otherwise obtained, or, if the Issuer otherwise provides the Exchange with satisfactory reasons for the finder's fee or commission.

Arm's Length Vendor or Investor

- (b) The Exchange does not generally consider it appropriate for an Issuer to pay a finder's fee or a commission to any Person in respect of a transaction between an

Issuer and one of its Principals or employees or a Person engaged in Investor Relations Activities on behalf of the Issuer. The Exchange may refuse to accept a proposed finder's fee or commission on this basis. If such a finder's fee or commission is proposed, the Issuer should be prepared to justify, to the Exchange's satisfaction, the necessity of the payment of such finder's fee or commission.

Guidance Note:

N.1. The Exchange acknowledges that in the context of brokered financing transactions, an Issuer may be required to pay a commission to the agent in respect of all subscriptions, including those made by the Issuer's Principals and employees and Persons engaged in Investor Relations Activities on behalf of the Issuer. The Exchange will not generally object to the payment of a commission to the agent in such circumstances, however, it is suggested that in negotiating the terms of an agent's compensation, the Issuer take reasonable efforts to exclude subscriptions made by such Persons from the calculation of the agent's commission.

Restrictions on Finding Oneself

- (c) Except as provided for in section 3.2(d) below, the Exchange will not permit an Issuer to pay, directly or indirectly: (i) a commission to an investor in respect of such Person's own investment in the Issuer; or (ii) a finder's fee to a vendor or purchaser in respect of such Person's sale or purchase of assets or services to or from the Issuer.
- (d) Exceptions to the requirements of section 3.2(c) above include:
 - (i) commissions payable to a Company that is a Registrant in consideration for any securities it acquires as principal pursuant to a brokered financing for which it is acting as agent or underwriter (an **"Underwriter Purchase"**); and
 - (ii) commissions or finder's fees payable to a Person in respect of a transaction with such Person if that Person was, prior to and independent of the consummation of such transaction, retained by written agreement with the Issuer to source capital (in the case of a financing transaction) or seek out a buyer/seller of assets or services or perform a similar function (in the case of a non-financing transaction).

The Exchange may be amenable to not applying the requirements of section 3.2(c) in other circumstances, as may be determined on a case by case basis. In any event, however, except in the case of an Underwriter Purchase the Exchange will not accept the payment of any such commission or finder's fee if it would cause the net amount paid by the Person for the securities it receives under the transaction (being the amount paid by the Person to the Issuer for the securities it receives less the value of the commission or finder's fee paid by the Issuer to the

Person) to be less than the applicable minimum issue price permitted by Exchange Policies.

Measurable Benefit

- (e) As stated above, an Issuer may pay a finder's fee or commission to a Person who facilitates the completion of a transaction between the Issuer and another Person and the Issuer receives a measurable benefit as a result of the completion of such transaction.

In the case of a non-financing transaction, the measurable benefit will typically be the value of the asset or service that was purchased or sold by the Issuer as a direct result of the efforts of the Person receiving the finder's fee. If the measurable benefit is staged such that it will be received by the Issuer over time (for example a staged asset purchase/sale or an ongoing joint venture), the Exchange will generally focus only on the measurable benefit received by the Issuer in the first year (see also section 3.2(f) below).

In the case of a financing transaction, the measurable benefit will typically be the amount actually invested by investors that were introduced to the Issuer by the Person receiving the commission.

When Payable

- (f) In terms of timing of the payment, a finder's fee or commission must not be paid until the measurable benefit has in fact been received by the Issuer. If an Issuer proposes to pay fees for benefits to be received in the future, particularly more than one year, the fee or commission must be paid in stages as the benefits are received by the Issuer. However, if the outcome of a transaction is outside the control of the Person receiving the fee, and the benefit cannot reasonably be determined, the Exchange will generally only permit the Issuer to pay a finder's fee or commission based on the finder's actual costs plus a reasonable profit to compensate for time and effort.

Payment in Warrants

- (g) Any Warrants issued as part of a finder's fee or commission must be non-transferable and have a maximum term of five years from the date of issuance.

In the case of Warrants forming part of a finder's fee for a non-financing transaction: (i) each Warrant must entitle the holder to receive no more than one Listed Share on exercise; and (ii) the exercise price must be no less than the greater of the per share transaction price and the Market Price (as of the date of the news release required by section 3.1(c) above).

In the case of Warrants forming part of a commission for a financing transaction (a "**Commission Warrant**"): (i) each Commission Warrant must entitle the holder to receive no more than one Listed Share on exercise unless the financing

involved the issuance of units comprised of a Listed Share and a Warrant (whole or fractional), in which case the Commission Warrant may entitle the holder to receive, on exercise, a unit identical to those sold under the financing; and (ii) the exercise price must be no less than, as applicable: (A) the per share/unit offering price in the case of a share or unit financing; (B) the initial Conversion Price (as term is defined in Policy 4.1) in the case of a Convertible Security (as defined in Policy 4.1) financing; or (C) the Market Price in the case of a non-convertible debt financing (as of the date of announcement of the financing).

3.3 Finder's Fee Limitations

The finder's fee limitations apply if the measurable benefit to the Issuer is an asset purchase or sale, joint venture agreement, or if the benefit to the Issuer is not a specific financing. The consideration should be stated both in dollars and as a percentage of the value of the measurable benefit received. Unless there are unusual circumstances, the Exchange will not accept a finder's fee that exceeds the following percentages:

| Benefit | Finder's Fee |
|-------------------------------|--------------|
| On the first \$300,000 | Up to 10% |
| From \$300,000 to \$1,000,000 | Up to 7.5% |
| From \$1,000,000 and over | Up to 5% |

The finder's fee limitations are in respect of the aggregate compensation (whether in the form of cash, Listed Shares, Warrants or other asset or a combination thereof) paid by the Issuer to the Person receiving the finder's fee. For the purposes of these calculations: (i) each Listed Share forming a part of the finder's fee will have a deemed value equal to the Market Price of the Listed Shares (as of the date of the news release required by section 3.1(c) above); and (ii) each Warrant forming a part of the finder's fee will have a deemed value equal to 50% of the Market Price of the Listed Shares.

3.4 Commission Limitations

The Exchange does not prescribe limits on the cash component of any commission (or the cash component of any other form of compensation (e.g. corporate finance fee, corporate advisory fee, etc.)) payable by the Issuer in respect of a financing transaction.

If a commission (or other form of compensation) payable by an Issuer in respect of a financing transaction includes Listed Shares or Warrants, the aggregate value of the Listed Shares and Warrants cannot exceed 12.5% of the gross proceeds of the financing. For the purposes of these calculations:

- (a) each Listed Share will have a deemed value equal to, as applicable: (i) the per share/unit offering price in the case of a share or unit financing; (ii) the initial Conversion Price (as defined in Policy 4.1) in the case of a Convertible Security (as defined in Policy 4.1) financing; or (iii) the Market Price in the case of a non-convertible debt financing (as of the date of announcement of the financing); and

- (b) each Warrant (irrespective of the number and nature of the securities underlying the Warrant) will have a deemed value equal to 50% of the value attributed to a Listed Share under (a) above.

4. Application to Registrants

- 4.1 Bonuses, finder's fees and commissions payable to Registrants are governed by this Policy, except that Registrants are not subject to the finder's fee and commission limitations set out in sections 3.3 and 3.4.
- 4.2 Issuers should be aware that directors, officers, partners, registered representatives, traders, assistant traders and employees in or of a Company that is a Registrant (a "**Registrant Firm**") may be restricted by the Registrant Firm or applicable laws from:
 - (a) directly or indirectly selling properties or other assets to, or acquiring properties or other assets from, Issuers; or
 - (b) receiving any direct or indirect compensation for acting as a finder for, or agent of, an Issuer.

5. Filing Requirements

5.1 Notice

Except as set forth in section 3.1(d) above, the Issuer must provide the Exchange with written notice of any proposed loan bonus, finder's fee or commission. The notice, in the form of a formal letter, must provide the following information and accompanying documents (and, as applicable, such other information and documents as may be required per section 5.2 below):

- (a) notice from the Issuer or its counsel of any registration and Prospectus exemptions being relied upon by the Issuer and the registration exemption being relied upon by the finder;
- (b) a copy of the agreement relating to the loan bonus, finder's fee or commission;
- (c) a copy of the related Private Placement, acquisition or loan agreement if not already filed (the Exchange prefers that these agreements be filed simultaneously);
- (d) in the case of a finder's fee or commission, confirmation that the finder or agent is, as applicable, either: (i) not a Non-Arm's Length Party to the Issuer; or (ii) a Non-Arm's Length Party to the Issuer (in which case the particulars of the non-arm's length relationship must also be provided along with a justification for the payment of the finder's fee or commission per section 3.2(a) above);
- (e) with a view to the requirements, limitations and guidance set forth in this Policy 5.1, such other information as the Issuer considers relevant to the Exchange's

consideration of the acceptability of the proposed loan bonus, finder's fee or commission, as the case may be; and

(f) the fee prescribed by Policy 1.3 - *Schedule of Fees*.

5.2 Where there is a loan or advance of funds made to the Issuer that is provided in conjunction with, or in relation to, a proposed loan bonus, finder's fee or commission, then the notice referred to in section 5.1, must also include the relevant information and accompanying documents set forth in section 1.2(b) of this Policy.

5.3 Further News Releases and Notice

The Issuer must issue a news release announcing the closing of the Private Placement, acquisition, loan agreement or any other transaction related to the issuance of the loan bonuses, finders' fees or commissions. The news release must disclose the expiry dates of the hold period(s) for the securities issued as loan bonuses, finders' fees or commissions, and for any securities issued as part of the related transaction.

POLICY 5.2

CHANGES OF BUSINESS AND REVERSE TAKEOVERS

Scope of Policy

This Policy applies to any transaction or series of transactions entered into by an Issuer or a NEX Company that will result in a Change of Business (“**COB**”) or Reverse Takeover (“**RTO**”). Certain Reactivations may also be subject to some or all of the provisions of this Policy. Issuers are reminded that this Policy must be read in conjunction with National Instrument 51-102 - *Continuous Disclosure Obligations*, in respect of reverse takeovers as defined in that Instrument. It must also be read in conjunction with Policy 5.9 - *Protection of Minority Security Holders in Special Transactions*.

This Policy describes the filing and related procedures to be followed in connection with a COB or RTO. Transactions filed in furtherance of a COB or RTO must also be in compliance with any other relevant policies in the Manual (including Policy 4.1 - *Private Placements*).

The purpose of this Policy is to enable Issuers and NEX Companies to efficiently complete a COB or RTO, while protecting the interests of the affected Shareholders and preserving the integrity of the market.

The main headings in this Policy are:

1. Interpretation
2. Public Disclosure and Trading Halt
3. Sponsorship
4. Shareholder Approval
5. Bridge Financing to the Issuer
6. Deposits and Loans to Target Companies
7. Procedural Steps
8. Application of Initial Listing Requirements
9. Vendor Consideration and Escrow
10. Treasury Orders and Resale Restrictions
11. Financial Statements
12. Other Requirements

1. Interpretation

1.1 Definitions

In this Policy:

“Bridge Financing” has the meaning ascribed to that phrase in section 5.1.

“Change of Business” or **“COB”** means a transaction or series of transactions which will redirect an Issuer’s resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Issuer’s market value, assets or operations, or which becomes the principal enterprise of the Issuer. See section 1.2 for guidance on the general application of this definition.

“COB Agreement” or **“RTO Agreement”** means any agreement or other similar commitment respecting the COB or RTO which identifies the fundamental terms upon which the parties agree or intend to agree, including:

- (a) the Target Assets and/or Target Company;
- (b) the parties to the COB or RTO;
- (c) the value of the Target Assets and/or Target Company and the consideration to be paid or otherwise identifies the means by which the consideration will be determined; and
- (d) the conditions to any further formal agreements or completion of the COB or RTO.

“Completion Date” means the date of the Final Exchange Bulletin.

“Concurrent Financing” has the meaning ascribed to that phrase in section 5.2.

“Conditional Acceptance” has the meaning ascribed to that phrase in section 7.5.

“Conditional Acceptance Documents” has the meaning ascribed to that phrase in section 7.6.

“Corporate Opinion” has the meaning ascribed to that phrase in section 7.2(k).

“Disclosure Document” means the document describing the transaction required to be filed with the Exchange pursuant to this Policy. The Disclosure Document will be either the Information Circular (Form 3D1) to be filed when Shareholder approval for the transaction is sought at a meeting of Shareholders or the Filing Statement (Form 3D2) to be filed when Shareholder approval for the transaction is sought by written consent or is not required.

“Final Documents” has the meaning ascribed to that phrase in section 7.10.

“Final Exchange Bulletin” means the bulletin issued by the Exchange following closing of the COB or RTO and the submission of all Final Documents which evidences the final Exchange acceptance of the COB or RTO.

“Initial Documents” has the meaning ascribed to that phrase in section 7.1.

“Non-Arm’s Length Parties to the COB or RTO” means the Vendors, any Non-Arm’s Length Parties of the Vendors, the Target Company, and any Non-Arm’s Length Parties of the Target Company.

“Pooling Arrangement” has the meaning ascribed to that phrase in section 2.5(c).

“Reporting Issuer Opinion” has the meaning ascribed to that phrase in section 7.2(l).

“Resulting Issuer” means the Issuer existing on the Completion Date.

“Reverse Takeover” or **“RTO”** means a transaction or series of transactions, involving an acquisition by the Issuer or of the Issuer, and a securities issuance by the Issuer that results in:

- (e) new Shareholders holding more than 50% of the outstanding voting securities of the Issuer; and
- (f) a Change of Control of the Issuer, and the Exchange may deem a transaction to have resulted in a Change of Control by aggregating the shares of a vendor group and/or incoming management group,

but does not include any transaction or series of transactions whereby the newly issued securities are to be issued to shareholders of an issuer listed on TSX or another senior exchange under a formal takeover bid made pursuant to Securities Laws.

A transaction or series of transactions may include an acquisition of a business or assets, an amalgamation, arrangement or other reorganization.

Any securities issued pursuant to a Private Placement effected concurrently, contingent upon, or otherwise linked to a transaction or series of transactions, may be used in order to determine whether a transaction or series of transactions satisfies (a) and/or (b) above.

“Target Assets” means the assets, business, property or interest therein being purchased, optioned or otherwise acquired in connection with the COB or RTO.

“Target Company” means a Company to be acquired in connection with the COB or RTO.

“Title Opinion” has the meaning ascribed to that phrase in section 7.2(j).

“Vendor” or **“Vendors”** means the beneficial owner(s) of the Target Assets and/or Target Company.

1.2 Application of the Change of Business and Reverse Takeover Definitions

- (a) Generally the definition of a COB is not intended to apply to situations involving an Issuer acquiring or moving into a business that represents a vertical or horizontal business integration or where a resource Issuer is continuing in a different resource-based business, and in particular, is not intended to include either a change from a mining issuer to an oil and gas issuer or a change from an oil and gas issuer to a mining issuer. Issuers are encouraged to contact the Exchange for a pre-filing conference to ascertain whether such a transaction will be deemed to be a COB.

- (b) In certain circumstances, a transaction or series of transactions involving significant acquisitions, financings and/or management changes may alter the character of an Issuer to the extent that the Exchange will apply the standards applicable to a COB or RTO, notwithstanding that such transactions do not technically meet the criteria of a COB or RTO. Issuers undertaking a combination of such transactions should consult with the Exchange in advance to determine if the requirements applicable to a COB or RTO will be imposed on the Issuer in connection with such transactions.

1.3 Transactions Forming Part of a COB/RTO

Where an Issuer has undertaken a series of transactions that taken together meet the definition of COB or RTO, the Exchange may require that escrow or restrictions on resale or voting be placed on securities issued pursuant to those transactions. These restrictions may be required in situations where the transactions have been previously filed and accepted without such restrictions. In addition, when a series of transactions is deemed to constitute a COB or RTO, the Exchange may require that:

- (a) Shareholder approval be sought for any prospective transaction forming a part of the COB or RTO; and
- (b) voting be restricted in respect of such Shareholder approval.

1.4 Related Transactions

Where an Issuer undertakes a transaction (such as a Private Placement, a shares for debt transaction, an acquisition or a name change) that will form part of a COB or RTO, it must disclose the COB or RTO information in its Exchange filing application and in the news release relating to that transaction.

2. Public Disclosure and Trading Halt

2.1 Pre-Filing Conference

The Exchange recommends that the Issuer conduct a pre-filing conference with the Exchange, particularly where the proposed COB or RTO may involve unique or unusual circumstances. See Policy 2.7 – *Pre-Filing Conferences*.

2.2 Initial Trading Halt

The Issuer must notify the Exchange and the Regulation Services Provider as soon as it has reached a COB Agreement or RTO Agreement, and the securities of the Issuer will immediately be subject to a trading halt. Subject to section 2.6, trading in the Listed Shares of the Issuer will remain halted until the conditions in section 2.5 have been satisfied.

2.3 Initial News Release

When a COB Agreement or an RTO Agreement is reached, the Issuer must immediately submit a comprehensive news release to the Exchange and the Regulation Services Provider for review. This news release must include:

- (a) the date of the COB Agreement or RTO Agreement;
- (b) a description of the Target Assets and/or Target Company, including:
 - (i) the industry sector in which the Resulting Issuer will be involved upon the Completion Date;
 - (ii) the history of the Target Assets and/or the history and nature of business previously conducted by the Target Company; and
 - (iii) a summary of any available significant financial information respecting the Target Assets and/or Target Company (including, at a minimum, assets, liabilities, revenues and net profits/losses, with an indication as to whether such information is audited or unaudited and the date to which it was prepared);
- (c) a description of the terms of the COB or RTO, including the amount of proposed consideration, how the consideration will be paid and specifying the amounts to be paid by way of cash, securities, indebtedness or other means;
- (d) the location of the Target Assets and, in the case of the acquisition of a Target Company, the jurisdiction of incorporation or creation of the Target Company;
- (e) identification of:
 - (i) any direct or indirect beneficial interest of any of the Non-Arm's Length Parties of the Issuer:
 - (A) in the Vendors,
 - (B) in the Target Assets, and/or
 - (C) in the Target Company,and the names of such Non-Arm's Length Parties;
 - (ii) any Non-Arm's Length Parties of the Issuer that are Insiders of any Target Company;
 - (iii) any relationship between or among the Non-Arm's Length Parties of the Issuer and the Non-Arm's Length Parties to the COB or RTO;

- (iv) whether or not the proposed COB or RTO constitutes an Arm's Length Transaction; and
- (v) whether or not the COB or RTO will be subject to Shareholder approval, and if Shareholder approval will not be obtained, include the reasons as required under section 4.1(e);
- (f) the names and backgrounds of all Persons who will constitute Principals or Insiders of the Resulting Issuer and, if any of such Persons is a Company, the full name and jurisdiction of incorporation or creation of each such Company, and the name and jurisdiction of residence of each of the individuals who directly or indirectly beneficially holds a controlling interest in or who otherwise controls or directs that Company;
- (g) a description of any financing arrangement for or in conjunction with the COB or RTO, including the amount, security, terms, use of proceeds and details of any finder's fee or commission;
- (h) a description of any deposit, advance or loan made or to be made, subject to Exchange acceptance, including the names of the parties involved, the terms of the deposit, advance, loan or any proposed Private Placement from which proceeds are to be raised to provide the funds for such deposit, advance or loan and the proposed use of any deposit, advance or loan;
- (i) details of any significant conditions required to be satisfied in connection with the closing of the COB or RTO;
- (j) if a Sponsor has been retained in connection with the COB or RTO, identification of the Sponsor and the terms of sponsorship;
- (k) the following statement:

"Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of [insert name of Issuer] should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release."

- (l) if a Sponsor has been retained, the following statement:

"[Insert name of Sponsor], subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion."

- (m) if applicable, any additional disclosure required by Policy 5.9 - *Protection of Minority Security Holders in Special Transactions*; and
- (n) all other requirements of Policy 3.3 – *Timely Disclosure*.

The Exchange will co-ordinate with the Issuer the timing of this comprehensive news release in an effort to ensure proper dissemination. Provided that the securities of the Issuer are subject to the trading halt referred to in section 2.2, the Exchange will not object to the Issuer disseminating a brief news release in relation to the COB or RTO prior to the dissemination of the comprehensive news release, although the Issuer should consult with its own legal counsel to ensure that corporate and Securities Laws are also complied with.

2.4 Subsequent News Releases

The Issuer must issue a news release:

- (a) every time there is Material Change relating to the COB or RTO, including its termination, and in accordance with applicable Securities Laws;
- (b) identifying the Sponsor, if applicable;
- (c) at least once in every 30 days following the initial news release referred to in section 2.3, to provide an update on the status of the COB and RTO; and
- (d) when the COB or RTO has closed, in accordance with section 7.8;

provided that when an Issuer intends to continue a trading halt, the news release must disclose the Issuer's intention to remain halted.

2.5 Requirements for Resumption of Trading

Subject to section 2.6 the securities of the Issuer will remain halted until each of the following has occurred:

- (a) a comprehensive news release, prepared and accepted by the Exchange in accordance with section 2.3, has been issued;
- (b) where the transaction is subject to sponsorship, the Exchange has received a Sponsorship Acknowledgement Form (Form 2G), and the accompanying documents as required by Policy 2.2 - *Sponsorship and Sponsorship Requirements*, which confirms that the Sponsor has reviewed and has no concerns respecting the requisite Personal Information Forms and, if applicable, any Declarations;

- (c) the Exchange is provided with:
 - (i) written confirmation from the Issuer’s legal counsel or from an escrow agent acceptable to the Exchange confirming that the securities of the Issuer held by directors, senior officers, Promoters and other Insiders of the Issuer and the Target Company are subject to the terms of a pooling agreement and such securities will not be released until the Exchange has granted final Exchange acceptance of the COB or RTO (a “**Pooling Arrangement**”), including a list of such Persons and the number of securities of the Issuer owned and controlled by each; or
 - (ii) a copy of the fully executed Pooling Arrangement agreement;
- (d) the Exchange has received a Personal Information Form or, if applicable, a Declaration from each Person who will be a director, senior officer, Promoter (including a Promoter as described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*) or other Insider of the Resulting Issuer, and if any of these Persons is not an individual, a Personal Information Form or, if applicable, Declaration from each director, senior officer and Control Person of that Person;
- (e) the Exchange has completed all preliminary background searches it considers necessary or advisable; and
- (f) the Exchange has completed a preliminary assessment of the ability of the Issuer to satisfy Exchange Requirements following the COB or RTO and reviewed any potentially significant issues involving the COB or RTO.

2.6 Continuation of Halt/Subsequent Trading Halt

Where the conditions in section 2.5 are satisfied, the Exchange may nonetheless continue or reinstate a halt in trading of the securities of an Issuer for reasons that may include:

- (a) documentation is not submitted within the time periods prescribed by this Policy;
- (b) the Sponsor, if applicable, terminates the sponsorship agreement;
- (c) the nature of the business of the Resulting Issuer is or will be unacceptable to the Exchange;
- (d) the number of conditions precedent that are required to be satisfied by the Issuer in order to complete the COB or RTO, or the nature or number of any deficiency or deficiencies required to be resolved is or are, so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued; or
- (e) the Exchange determines that it is appropriate or in the public interest.

3. Sponsorship

A Sponsor Report may be required by the Exchange in connection with a COB or RTO. See Policy 2.2 - *Sponsorship and Sponsorship Requirements*.

4. Shareholder Approval

4.1 When Shareholder Approval is Required

An Issuer must obtain prior Shareholder approval of a COB or RTO unless:

- (a) the transaction is not a Related Party Transaction and no other circumstances exist which may compromise the independence of the Issuer or other interested parties (in particular, the Issuer's directors and senior officers) with respect to the transaction and accordingly, the Issuer's application must fully disclose all Non-Arm's Length Parties to the Issuer and all Non-Arm's Length Parties to the COB or RTO;
- (b) the Exchange has confirmed to the Issuer that, in its view, the Issuer is without active operations, which generally will include:
 - (i) Issuers listed on NEX or on notice to be transferred to NEX;
 - (ii) 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 NEX. See section 2.1 of Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*; and
 - (iii) 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;and the Issuer should seek such confirmation during the pre-filing conference referred to in section 2.1;
- (c) the Issuer is not and will not be subject to a cease trade order and will not otherwise be suspended from trading on completion of the COB or RTO;
- (d) Shareholder approval of any aspect of the COB or RTO is not required under applicable corporate laws and is not required under applicable Securities Laws; and
- (e) in its comprehensive news release announcing the COB or RTO required under section 2.3, the Issuer specifically discloses that it will not be obtaining Shareholder approval of the transaction and the reasons why it will not be obtaining such Shareholder approval, specifically including the reasons set out in sections (a), (b), (c) and (d) above, as applicable.

4.2 Voting Restrictions

Shareholder approval, if required, must be obtained at a meeting of Shareholders or by written consent:

- (a) by a majority of votes cast by Shareholders where the transaction is an Arm's Length Transaction;
- (b) where the transaction involves Non-Arm's Length Parties or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction, by a majority of the votes cast by Shareholders excluding those votes attaching to securities beneficially owned by:
 - (i) Non-Arm's Length Parties to the Issuer who are receiving any "collateral benefit" as that phrase is defined in MI 61-101; and
 - (ii) Non-Arm's Length Parties to the COB or RTO; and
- (c) by means of minority approval if required under Policy 5.9 - *Protection of Minority Security Holders in Special Transactions*, if applicable.

4.3 Shareholder Approval by Written Consent

Subject to Policy 5.9 - *Protection of Minority Security Holders in Special Transactions* and applicable corporate laws and Securities Laws relating to proxy solicitation, the Exchange may accept the written consent of Shareholders in lieu of a vote held at a meeting of Shareholders as evidence of Shareholder approval of the COB or RTO. If Shareholder approval is obtained by written consent, the Issuer must provide Shareholders with a final Filing Statement (Form 3D2) prior to obtaining their written consent. The Filing Statement must be prepared and delivered in accordance with sections 7.3 and 7.7, and filed via SEDAR. Where the proposed COB or RTO is a transaction that is subject to Policy 5.9 - *Protection of Minority Security Holders in Special Transactions*, the Exchange may accept the written consent of Shareholders subject to the conditions in section 4.2 and the grant of any applicable exemption pursuant to Policy 5.9 - *Protection of Minority Security Holders in Special Transactions* and applicable Securities Laws. The written consent must include:

- (a) an explanation of the transaction, including why the approval of the Shareholder is required;
- (b) the name of the Shareholder;
- (c) the number of securities of the Issuer beneficially owned by the Shareholder;

- (d) confirmation that the Shareholder has received a copy of or has access to the final Filing Statement;
- (e) confirmation that the Shareholder has had the opportunity to read the final Filing Statement and understands the transaction;
- (f) confirmation that the Shareholder approves the transaction; and
- (g) the signature of the Shareholder and the date of signature.

5. Bridge Financing to the Issuer

5.1 Bridge Financing

A financing that an Issuer proposes to complete after it has entered into a COB Agreement or RTO Agreement and prior to closing the COB or RTO to raise funds needed to pay for the costs associated with proceeding to completion of the proposed COB or RTO (e.g. audit fees, legal fees, costs of preparing the necessary documentation for the COB or RTO, due diligence costs, etc., but excluding closing payments to the Vendor), the Private Placement is a bridge financing (a “**Bridge Financing**”).

5.2 Concurrent Financing

A financing that an Issuer proposes to complete after it has entered into a COB Agreement or RTO Agreement and concurrently with the closing of the COB or RTO to raise funds needed to close the COB or RTO (e.g. closing payments to the Vendor) and satisfy applicable Initial Listing Requirements related to Working Capital and Financial Resources is a concurrent financing (a “**Concurrent Financing**”), the requirements for which are set out in Policy 4.1 – *Private Placements* (other than the part and parcel pricing exception set out in section 1.7 of Policy 4.1 – *Private Placements*, which does not apply to COB or RTO transactions). The Exchange will not generally permit an Issuer or Target Company to complete a Concurrent Financing prior to the closing of its COB or RTO unless the Concurrent Financing is done on a special warrant, subscription receipt or similar basis with the funds being held in escrow pending completion of the COB or RTO and the comprehensive news release referred to in section 2.3 has been disseminated prior to the closing of the Concurrent Financing.

5.3 Bridge Financing Terms

An Issuer proposing a Bridge Financing must satisfy all of the following requirements:

- (a) the Issuer does not have sufficient financial resources to pay for the costs associated with proceeding to completion of the proposed COB or RTO (e.g. audit fees, legal fees, costs of preparing the necessary documentation for the COB or RTO, due diligence costs, etc.);

- (b) the Bridge Financing will be completed independent of the completion of the COB or RTO with the funds being made available for the Issuer's use immediately upon closing of the Bridge Financing;
- (c) except as permitted under section 6.2, the proceeds of the Bridge Financing must be specifically for the purpose of funding the costs associated with proceeding to completion of the proposed COB or RTO (e.g. audit fees, legal fees, costs of preparing the necessary documentation for the COB or RTO, due diligence costs, etc.), excluding any payments due to the Vendor on closing, and the Issuer must provide the Exchange with details of the proposed use of proceeds;
- (d) subject to section (g), the Bridge Financing is on essentially the same terms as the Concurrent Financing (with regards to type of security and offering price); however, to account for the risk being assumed by the investors (where the funds are truly "at risk" (i.e. the funds are immediately available for the Issuer's use and there is no certainty that the COB or RTO will be completed at the time of completion of the Bridge Financing)), the Bridge Financing may have a lower offering price than the Concurrent Financing and/or involve the issuance of warrants even if the Concurrent Financing does not involve the issuance of warrants;
- (e) subject to section (g), if the Bridge Financing is to be priced at a discount to the Concurrent Financing price, the maximum discount to the Concurrent Financing price should be no greater than what is permitted under the definition of Discounted Market Price (i.e. 25% if the Concurrent Financing price is up to \$0.50; 20% if the Concurrent Financing price is more than \$0.50 and up to \$2.00; and 15% if the Concurrent Financing price is above \$2.00); provided that in any event, the offering price of the Bridge Financing must not be less than the applicable Discounted Market Price at the time of announcement of the COB or RTO;
- (f) subject to section (g), if warrants are to be issued under the Bridge Financing, they do not need to be subject to the warrant exercise price premium prescribed by section 1.7(b) of Policy 4.1 – *Private Placements*, provided that the minimum exercise price must be not less than the greater of:
 - (i) the offering price for the Concurrent Financing; and
 - (ii) the applicable Market Price at the time of announcement of the COB or RTO;
- (g) if the terms of the Concurrent Financing have not been set at the time of the Bridge Financing (thereby making it impossible to compare the terms of the Bridge Financing and the Concurrent Financing), the terms of the Bridge Financing can be independent of the terms of the Concurrent Financing;
- (h) there is no general requirement that the Bridge Financing be an Arm's Length Transaction, however, at least 75% of the Bridge Financing must be subscribed for by Persons who are not Non-Arm's Length Parties to the COB or RTO if either:

- (i) the Bridge Financing is done on better terms to the investors than the Concurrent Financing; or
- (ii) the terms of the Concurrent Financing have not been set at the time of the Bridge Financing;
- (i) for the purposes of section 1.3(f)(ii) of Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*, the Bridge Financing shall be treated as independent of the Concurrent Financing; and
- (j) the applicable fee in respect of the Bridge Financing must be calculated and paid separately from the COB or RTO and any Concurrent Financing.

6. Deposits and Loans to Target Companies

6.1 Non-Refundable Deposits and Unsecured Loans

A maximum of \$25,000 in aggregate may be advanced as a non-refundable deposit or unsecured loan to a Target Company or the Vendor(s), as the case may be, without prior Exchange acceptance.

6.2 Secured Loans

Any proposed deposit, advance or loan of funds, including any of the proceeds of a Bridge Financing, from the Issuer to the Target Company or any Vendor(s) in excess of the \$25,000 maximum aggregate referred to in section 6.1 may only be made:

- (a) as a secured loan by an Issuer to the Target Company or the Vendor(s), as the case may be; and
- (b) if all of the following conditions are satisfied:
 - (i) Exchange acceptance is obtained prior to any such funds being loaned to the Target Company or Vendor(s);
 - (ii) the COB or RTO is an Arm's Length Transaction;
 - (iii) the COB or RTO has been announced in a comprehensive news release pursuant to section 2.3;
 - (iv) the due diligence with respect to the COB or RTO is well underway;
 - (v) if applicable, a Sponsor has been engaged (as evidenced by the filing of a Sponsorship Acknowledgement Form as defined in Policy 2.2 – *Sponsorship and Sponsorship Requirements*) or sponsorship has been waived in relation to the COB or RTO;

- (vi) the loan has been announced in a news release at least 15 days prior to the date of any such loan; and
- (vii) the total amount of all deposits, advances and loans from the Issuer under section 6.1 and section 6.2 does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Issuer to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the Issuer.

6.3 Partial Advances

If less than the entire permitted portion of a deposit or loan is advanced, a subsequent deposit or loan up to the balance of the maximum aggregate deposit or loan permitted by this Policy may be made. Similarly, if a deposit or loan or a part of it is refunded, the refunded amount can be used for a subsequent advance.

7. Procedural Steps

7.1 Filing of Initial Documents

The documents set out in section 7.2 (the “**Initial Documents**”) must be filed with the Exchange within 75 days after the news release announcing the COB Agreement or RTO Agreement, failing which the trading in the Listed Shares of the Issuer may be halted until the Initial Documents have been filed or a news release announcing the termination of the COB Agreement or RTO Agreement has been disseminated.

7.2 Initial Documents

The following Initial Documents must be filed:

- (a) a submission letter from the Issuer (or, with the consent of the Issuer, from the Target Company) giving notice of the proposed COB or RTO and providing the following information:
 - (i) the applicable industry and category for which the Resulting Issuer is applying for listing;
 - (ii) a summary of the transaction and identification of all material terms and any unusual terms;
 - (iii) if applicable, a request for the reservation of a new stock symbol root for the Resulting Issuer, including three possible choices listed in order of preference;

- (iv) a list of the documents included in the submission;
 - (v) the particular Prospectus exemptions, if any, being relied upon if securities are to be issued as part of the transaction;
 - (vi) a list of all Non-Arm's Length Parties to the COB or RTO and their holdings of securities in the Issuer, any Target Company and/or any Vendor;
 - (vii) indication of whether the proposed COB or RTO is subject to Policy 5.9 - *Protection of Minority Security Holders in Special Transactions* and if so, a summary of the analysis of its application to the COB or RTO; and
 - (viii) where applicable, identification of any required waivers or exemptive relief applications made or to be made from applicable Exchange Requirements and applicable Securities Laws;
- (b) if applicable, the preliminary Sponsor Report accompanied by a confirmation that the Sponsor has reviewed the draft Disclosure Document on a preliminary due diligence basis. (See Policy 2.2 – *Sponsorship and Sponsorship Requirements*);
 - (c) a Personal Information Form or, if applicable, a Declaration from each Person who will be a director, senior officer, Promoter (including a Promoter as described in Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*) or other Insider of the Resulting Issuer, and if any of these Persons is not an individual, a Personal Information Form or, if applicable, Declaration from each director, senior officer and Control Person of that Person;
 - (d) a draft of the Disclosure Document, including the financial statements required pursuant to section 11;
 - (e) Form 2J – *Securityholder Information*;
 - (f) a list of each material contract that the Issuer or any Target Company has entered into which has not been previously filed with the Exchange;
 - (g) a copy of any material contract that the Issuer or any Target Company has entered into which has not been previously filed with the Exchange relating to:
 - (i) the issuance of securities;
 - (ii) a loan or advance of funds to or from the Target Company or any Vendor;
 - (iii) any transaction that is not an Arm's Length Transaction; or
 - (iv) the assets upon which the listing of the Resulting Issuer will be based;

- (h) a copy of each Geological Report for each of the Issuer's Qualifying Properties (which must include recommendations for exploration and/or development work), Principal Properties and other material properties, valuation, appraisal or other technical report required to be filed with the Exchange, and a letter of qualifications and independence from the author of each report;
- (i) in the case of a non-resource Resulting Issuer, a comprehensive business plan (or other similar document in a form acceptable to the Exchange) with forecasts and assumptions for the next 24 months, and if any Resulting Issuer is in a technology or life sciences industry segment and has a research and development program, a description of the research and development conducted to date and recommended research and development work program;
- (j) if available, a draft legal opinion or other appropriate confirmation of title in a form acceptable to the Exchange (the "**Title Opinion**") if the Resulting Issuer's Qualifying Properties, Principal Properties or other Target Assets are located outside Canada or the United States;
- (k) if available, a draft legal opinion (the "**Corporate Opinion**") in respect of each Target Company and each of its material subsidiaries, including for each:
 - (i) it is validly incorporated;
 - (ii) it is in good standing; and
 - (iii) for any intercorporate relationships between a Target Company and its material subsidiaries, the shareholders and the percentage of securities held by each;
- (l) if available, a draft legal opinion or officer's certificate (the "**Reporting Issuer Opinion**") that, on the completion of the COB or RTO, the Resulting Issuer:
 - (i) is not included in the list of reporting issuers in default in any jurisdiction in which it is a reporting issuer; and
 - (ii) is not subject to a cease trade order and not otherwise suspended from trading;
- (m) evidence of value as contemplated by Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* or, if applicable, by Policy 5.9 - *Protection of Minority Security Holders in Special Transactions*;
- (n) if Shareholder approval is required and is intended to be obtained by written consent, a draft of the form of written consent to be signed by Shareholders as described in section 4.3; and
- (o) the applicable minimum fee as prescribed by Policy 1.3 - *Schedule of Fees*.

Where a draft of the Title Opinion, Corporate Opinion or Reporting Issuer Opinion is not available at the time the other Initial Documents are filed with the Exchange, such should be filed with the Exchange before the Conditional Acceptance is issued.

7.3 Disclosure Document

The Issuer must prepare a Disclosure Document for an RTO or COB which must contain full, true and plain disclosure relating to the Issuer, the Target Assets and any Target Company, assuming completion of the transaction. Any Disclosure Document in relation to an RTO or COB must be prepared in accordance with the requirements of applicable Securities Laws and in accordance with the Exchange Information Circular/Filing Statement Form (Forms 3D1/3D2). Issuers are reminded of the additional disclosure requirements of Policy 5.9 - *Protection of Minority Security Holders in Special Transactions*, where applicable.

7.4 Exchange Review

The Exchange will review the Initial Documents and provided there are no material deficiencies, will advise the Issuer that it may set a meeting date for Shareholders to approve the COB or RTO, if applicable.

7.5 Conditional Acceptance of the Exchange

Following the resolution of all material deficiencies to the satisfaction of Exchange staff, the application is submitted to the Executive Listings Committee for consideration. If the COB or RTO is acceptable, the Exchange will issue a conditional acceptance letter (the “**Conditional Acceptance**”) advising that the application has been accepted subject to certain conditions including Shareholder approval, if applicable, and the submission and satisfactory review of all Conditional Acceptance Documents as set out in section 7.6 and all Final Documents as set out in section 7.10.

If the Issuer files its Disclosure Document on SEDAR and/or sends the Disclosure Document to its Shareholders prior to the Exchange issuing its Conditional Acceptance, the Exchange may require the Disclosure Document to be amended and updated (including the addition of more recent financial statements, if applicable) and then re-filed on SEDAR and again sent to the Issuer’s Shareholders.

7.6 Conditional Acceptance Documents

Following the Exchange’s Conditional Acceptance of the Issuer’s application, the Issuer must file with the Exchange the conditional acceptance documents (the “**Conditional Acceptance Documents**”) which include:

- (a) the final Disclosure Document, including the financial statements as required by section 11 with statements of financial position originally signed by two directors and originally signed auditor’s reports;

- (b) a version of the final Disclosure Document, black-lined to show changes from the draft Disclosure Document referred to in section 7.2(d);
- (c) where applicable, the notice of meeting and the form of proxy to be provided to Shareholders;
- (d) a copy of any material contract that the Issuer or any Target Company has entered into, or other document previously filed with the Exchange in draft form;
- (e) a consent letter from any auditor, engineer, appraiser or other expert (an “**Expert**”) named in the Disclosure Document as having prepared or rendered a report, opinion or valuation (a “**Report**”) on any part of the Disclosure Document or named as having prepared a Report filed in connection with the Disclosure Document. The letter must consent to the submission of the Report to the Exchange, and the inclusion or reference in the Disclosure Document of the Expert’s Report, and state that the Expert has read the Disclosure Document and has no reason to believe that there is any misrepresentation contained in it which is derived from the Expert’s Report or of which the Expert is otherwise aware and:
 - (i) in the case of the consent of an auditor, the letter must also state:
 - (A) the date of the financial statements on which the Report of the auditor is made, and
 - (B) that the auditor has no reason to believe that there are any misrepresentations in the information contained in the Disclosure Document:
 - (I) derived from the financial statements on which the auditor has reported, or
 - (II) within the knowledge of the auditor as a result of the audit of the financial statements; and
 - (ii) in the case of the consent of:
 - (A) a qualified person, as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, the letter shall, in the case of a technical report, also include the consent and certificate required by that instrument; or
 - (B) a qualified evaluator, as defined in National Instrument 51-101– *Standards of Disclosure for Oil and Gas Activities*, the letter shall, in the case of a technical report, also include the consent specified by that instrument;

- (f) only where required by the Exchange, a comfort letter from the auditor of the Target Company, prepared in accordance with the relevant standards in the CICA Handbook, if an unaudited financial statement of the Target Company is included in the Disclosure Document; and
- (g) if a financial statement included in the Disclosure Document has been prepared in accordance with accounting principles other than Canadian GAAP applicable to publicly accountable enterprises, as permitted by NI 52-107 – *Acceptable Accounting Principles and Auditing Standards*, or includes an auditor’s report prepared in accordance with auditing standards other than Canadian GAAS, as permitted by NI 52-107 - *Acceptable Accounting Principles and Auditing Standards*, a letter to the Exchange from the auditor that discusses the auditor’s expertise:
 - (i) to audit the reconciliation of the accounting principles used to Canadian GAAP applicable to publicly accountable enterprises; and
 - (ii) in the case of auditing standards other than Canadian GAAS, other than U.S. GAAS applied by a U.S. auditor, to make the determination that the auditing standards applied are substantially equivalent to Canadian GAAS.

7.7 Process for Shareholder Approval

Once the Conditional Acceptance Documents have been accepted for filing, the Exchange will advise the Issuer that it is cleared to file the final Disclosure Document with the Exchange and Securities Commission(s) via SEDAR and:

- (a) where Shareholder approval is not required, the Issuer will file the final Disclosure Document with the Exchange and Securities Commission(s) via SEDAR at least seven business days prior to:
 - (i) the resumption of trading in the securities of the Issuer following the closing of the COB or RTO, if such securities are halted from trading; and
 - (ii) the closing of the COB or RTO, if the securities of the Issuer are not halted from trading;

and concurrent with such filing on SEDAR, the Issuer must issue a news release which discloses the scheduled closing date for the COB or RTO as well as the fact that the Disclosure Document is available on SEDAR;

- (b) where Shareholder approval is required and is to be obtained at a meeting of Shareholders, the Issuer will file with the Exchange and Securities Commission(s) via SEDAR and mail to its Shareholders the notice of meeting, final Disclosure Document and form of proxy, together with any other required documents, and once the requisite Shareholder approval is obtained, the Issuer may close the COB or RTO (subject to final Exchange acceptance) and may complete or close any concurrent transactions; and

- (c) where Shareholder approval is required and is to be obtained by written consent, the Issuer will file with the Exchange and Securities Commission(s) via SEDAR the final Disclosure Document, and once the requisite Shareholder approval is obtained, the Issuer may close the COB or RTO (subject to final Exchange acceptance) and may complete or close any concurrent transactions.

7.8 News Release Regarding Closing

Upon closing of the COB or RTO, the Resulting Issuer must issue a news release disclosing all Material Changes and any outstanding conditions for final Exchange acceptance before filing the Final Documents set out in section 7.10. The Resulting Issuer should contact the Exchange before issuing the news release regarding closing to co-ordinate the timing of the release.

7.9 Name Change or Stock Consolidation/Split

Management of the Resulting Issuer must co-ordinate the timing of any name change or stock consolidation/split with the Exchange such that any change to a corporate name, any consolidation, stock split or reclassification of securities is effected as soon as possible for trading purposes after becoming legally effective. The Issuer must advise all Persons who are issued security certificates that give effect to any such change that their certificates may not be accepted for delivery or transfer until the change becomes effective for trading purposes. See Policy 5.8 – *Issuer Names, Issuer Name Changes, Share Consolidations and Splits*.

7.10 Final Documents and Procedures

Within 90 days after the Conditional Acceptance of the COB or RTO, the Issuer must file with the Exchange the final documents (the “**Final Documents**”) which include:

- (a) where Shareholder approval is required:
 - (i) where Shareholder approval is obtained at a Shareholder meeting, a copy of the scrutineer’s report which details the results of the vote on the resolution to approve the COB or RTO confirming:
 - (A) the applicable Shareholder approval was received for the COB or RTO and, where applicable, confirming that the votes required to be excluded by section 4.2 were not included when tabulating the results of the Shareholder vote; and
 - (B) if applicable, that Shareholder approval was obtained on any other matters in respect of which it was required; or

- (ii) where Shareholder approval is obtained by consent, the Issuer must provide copies of the signed consent letters to the Exchange;
- (b) if applicable, the final executed Sponsor Report;
- (c) if applicable, the final Title Opinion, if not previously filed;
- (d) if applicable, the final Corporate Opinion, if not previously filed;
- (e) the final Reporting Issuer Opinion, if not previously filed;
- (f) a legal opinion or officer's certificate confirming that, other than final Exchange acceptance, all closing conditions have been satisfied;
- (g) a fully executed version of any escrow agreement(s) required to be entered into pursuant to section 9;
- (h) if applicable, satisfactory evidence that the hold periods have been imposed on securities in accordance with Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;
- (i) if applicable, CDS confirmation of a new CUSIP number for the Resulting Issuer's Listed Shares;
- (j) any other documents required to be filed; and
- (k) the balance of the applicable fees prescribed by Policy 1.3 - *Schedule of Fees*.

7.11 Final Exchange Bulletin

If the Final Documents are satisfactory, the Exchange will issue the Final Exchange Bulletin confirming the final Exchange acceptance of the COB or RTO and indicating any new name or stock symbol.

7.12 Trading

At the opening of trading two trading days after the issuance of the Final Exchange Bulletin, the securities of the Resulting Issuer will commence trading.

8. Application of Initial Listing Requirements

8.1 Initial Listing Requirements

When an Issuer undergoes a COB or an RTO, before the Completion Date, the Resulting Issuer must satisfy the Exchange's Initial Listing Requirements for a particular industry segment in either Tier 1 or Tier 2 as prescribed by Policy 2.1 - *Initial Listing Requirements*.

8.2 Financial Calculations

References in Policy 2.1 - *Initial Listing Requirements* to Approved Expenditures of the applicant Issuer will mean Approved Expenditures of the Target Company or Vendor(s) of the Target Assets. References in Policy 2.1 - *Initial Listing Requirements* to Working Capital, Financial Resources or Net Tangible Assets of the Issuer will mean the consolidated working capital, financial resources and Net Tangible Assets of the Resulting Issuer.

8.3 Directors and Management

The directors and management of the Resulting Issuer must meet the requirements set out in Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

9. Vendor Consideration and Escrow

The Issuer and the Target Company must comply with the provisions of Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

10. Treasury Orders and Resale Restrictions

Securities issued pursuant to a COB or RTO may be subject to Resale Restrictions, including hold periods under applicable Securities Law. The Issuer must ensure that it complies with any requirement of applicable Securities Law to legend the securities for any Resale Restriction or hold period or any other requirement to advise the recipient of securities of Resale Restrictions or hold periods.

11. Financial Statements

11.1 Financial Statements Required

Except as specifically modified below, the financial statements of the Issuer and the Target Company to be included in the Disclosure Document must comply with the applicable provisions of Forms 3D1 or 3D2, as applicable, provided that for the purposes of section 1. of Item 47.1, only the annual financial statements relating to the Target Company for each of the two most recently completed financial years ended more than 90 days before the date of the Disclosure Document must be included.

11.2 Securities Commission(s) Waivers

Notwithstanding section 11.1, the Exchange cannot waive financial statement requirements in respect of any information circular filed in connection with a reverse takeover, as that term is defined in National Instrument 51-102 – *Continuous Disclosure Requirements*. Issuers must therefore obtain such waivers from applicable Securities Commission(s).

11.3 Exchange Waivers

Where the Exchange waives a requirement for audited financial statements because such audited financial statements are not otherwise required under applicable Securities Laws, it is the responsibility of the Issuer to ensure that the financial records of the Target Company are adequate and that sufficient audit procedures are performed to:

- (a) enable an auditor to provide an unqualified opinion in connection with the Issuers' future financial statements; and
- (b) enable the Issuer to prepare audited financial statements in connection with any future Prospectus offering filings.

12. Other Requirements

12.1 Share Price

- (a) The price for securities issued by an Issuer under or in conjunction with a COB or RTO must not be less than the Discounted Market Price.
- (b) The exercise price of convertible securities under or in conjunction with a COB or RTO must not be less than the Market Price.
- (c) The determination of price per security in this section is likely different than the determination of price for the purposes of the pro forma financial statements, as set forth at section 11.1.

12.2 Stock Options

The Exchange will generally not accept for filing stock options granted in connection with a COB or RTO:

- (a) until at least 30 days have passed since the Completion Date and at least ten trading days have passed since the day on which trading in the Issuer's securities resumes; or
- (b) unless the exercise price is equivalent to or greater than the price of a concurrent financing (of which a significant percentage of the subscribers are at arm's length to the Issuer or Resulting Issuer) done in conjunction with the COB or RTO, and the issuance was disclosed in the Disclosure Document and any offering document.

12.3 Fees

Any finder's fees paid must comply with Policy 5.1 – *Loans, Bonuses, Finder's Fees and Commissions*.

12.4 Consulting Fees

The Exchange may seek the opinion of an independent engineer, appraiser or other expert in determining the reasonableness of a technical report, Geological Report, business valuation or other Expert Report filed with the Exchange. In such circumstances, the Exchange may require the Issuer or any Resulting Issuer to pay for the Exchange's costs.

12.5 Assessment of a Significant Connection to Ontario

Where, pursuant to an RTO, a Resulting Issuer will have a Significant Connection to Ontario, it must immediately notify the Exchange and make an application to be deemed a reporting issuer pursuant to section 18.2 of Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

12.6 Delay and Inactivity

- (a) If the Disclosure Document has not been filed on SEDAR and, if applicable, sent to Shareholders, within 75 days after the date the initial submission of documents is made under section 7.2 and, in the opinion of the Exchange, the delay is due to inactivity of the Issuer or the person filing the Initial Documents, the Exchange may:
 - (i) close its file as “not proceeded with” and require the Issuer to issue a news release with respect to the status of the proposed transaction; or
 - (ii) require that an updated Disclosure Document containing updated material facts and updated financial statements, Geological Reports, valuations or other reports be filed.
- (b) If the Final Documents required pursuant to section 7.10 have not been submitted to the Exchange within the time prescribed by the Exchange following the Conditional Acceptance, the Exchange may:
 - (i) require the Issuer or the Resulting Issuer to issue a news release explaining the delay; and/or
 - (ii) halt or suspend trading in the Shares of the Issuer or Resulting Issuer, pending filing of the Final Documents.
- (c) Inactivity may be evidenced by the failure to make reasonable and timely efforts to provide acceptable responses to the comments of the Exchange.

12.7 Securities Laws

If applicable, Issuers and the Resulting Issuer must comply with NI 51-102 - *Continuous Disclosure Obligations* including the relevant provisions relating to changes in year end, changes of auditors, forward-looking information and future oriented financial information and financial outlooks. Acceptance for filing by the Exchange of a Disclosure Document should not be construed as assurance of compliance with these policies.

Review and acceptance for filing by the Exchange of any Disclosure Document prepared in connection with a COB or RTO or the issuance of an Exchange Bulletin confirming final acceptance should not be construed as assurance that the parties to the transaction are in compliance with applicable Securities Laws, including any registration or Prospectus exemption or disclosure requirements for a securities exchange take-over bid circular, offering memorandum or other disclosure document.

Parties to a COB or RTO are reminded of the restrictions under Securities Laws and Exchange Requirements when dealing with confidential information and trading in securities while in possession of such information. See Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

POLICY 5.3

ACQUISITIONS AND DISPOSITIONS OF NON-CASH ASSETS

Scope of Policy

This Policy applies where an Issuer proposes to acquire or dispose of assets (other than cash) or securities. Acquisitions and dispositions are divided into several categories. Generally, the more significant the transaction, the more detailed the Exchange review and required disclosure of the transaction will be. This Policy does not apply to CPCs.

In circumstances where an acquisition or disposition will constitute a Change of Business or a Reverse Takeover, Issuers must comply with the requirements of Policy 5.2 – *Changes of Business and Reverse Takeovers*. Issuers are also reminded that this Policy must be read in conjunction with Policy 5.9.

The main headings in this Policy are:

1. General
2. Exchange Requirements
3. Exempt Transactions
4. Expedited Acquisitions
5. Reviewable Transactions
6. Treasury Orders and Resale Restrictions
7. Restrictions on Investments by Issuers
8. Mergers, Amalgamations, Reorganizations and Take-overs

1. General

Categories of Transactions

There are many types of acquisitions and dispositions that vary in materiality to the Issuer. Given that it is not appropriate to treat each transaction in the same manner, the Exchange has developed the following transaction categories to deal with the range of transactions:

“Exempt Transactions” are transactions which are relatively insignificant to an Issuer’s operations and which involve no issuance of securities by the Issuer (or its subsidiaries). An Exempt Transaction can be conducted without Exchange acceptance or review and requires no filing with the Exchange. The criteria for a transaction to qualify as an exempt acquisition or an exempt disposition are described in section 3.1.

“Expedited Acquisitions” are arm’s length acquisitions that do not require prior Exchange review because of their size and other built-in restrictions. The criteria and filing requirements for Expedited Acquisitions are outlined in Section 4.

“Fundamental Acquisitions” are Reviewable Transactions where one or more assets, properties or businesses or an interest therein is acquired, in respect of which:

- (a) at least 50% of the Issuer’s assets, resources, planned expenditures or management time commitment will be devoted over the next 12 month period; or
- (b) at least 50% of the Issuer’s anticipated revenues for the next 12 months are expected to be derived.

“Reviewable Transactions” are transactions which are considered more significant than Exempt or Expedited Transactions, either by virtue of the size of the acquisition or disposition, or the fact that it involves Non Arms Length Parties. All transactions that do not qualify as either Exempt Transactions or Expedited Acquisitions are “Reviewable Transactions”. Issuers must obtain prior Exchange acceptance for all Reviewable Transactions.

2. Exchange Requirements

Pricing

- 2.1 Where securities are issued as consideration in a non-cash asset transaction, the deemed value of the transaction will be calculated using the Discounted Market Price of the securities.

Issuance of Other Securities

- 2.2 Where the consideration is in the form of convertible securities, the provisions applicable to convertible securities in Policy 4.1 - *Private Placements* are applicable.
- 2.3 Any finder’s fees paid must comply with Policy 5.1 – *Loans, Bonuses, Finder’s Fees and Commissions*.
- 2.4 Any Warrants issued must comply with the provisions dealing with Warrants in Policy 4.1 - *Private Placements*.

Calculation of Issued and Issuable Securities

- 2.5 In this Policy, except in relation to the requirement for Shareholder approval, a reference to percentages of securities means percentages calculated on a non-fully diluted basis, so that any Warrants acquired in the transaction are excluded from the numerator and the denominator includes only the outstanding securities at completion of the transaction.

Issuer's Obligations

- 2.6 Whether or not the Exchange reviews a transaction, the Issuer should be satisfied with the material aspects of the transaction, including that:
- (a) the consideration payable for the acquisition of the asset, business, property or interest (and any related finder's fee) is reasonable;
 - (b) the vendor or optionor has or will have title to, and has the power and authority to sell or option the applicable asset, business or property interest;
 - (c) the Issuer has the legal ability, power and authority to acquire such asset, business, or property interest;
 - (d) the Issuer has the financial or other resources necessary to acquire and develop the assets, business or property being acquired without materially adversely affecting the Issuer's financial viability; and
 - (e) any securities to be issued will be issued as fully paid.

3. Exempt Transactions

Exempt Acquisitions and Dispositions

- 3.1 A transaction that meets the following criteria is exempt from Exchange review and no Exchange filing is required:
- (a) the transaction does not involve the issuance of the Issuer's securities;
 - (b) none of the vendors, or optionors, or purchasers of the asset, business or property interest is a Non Arms Length Party of the Issuer or its Associates or Affiliates;
 - (c) the transaction is conducted in the normal course of the Issuer's operations;
 - (d) the Issuer is not an Issuer that has not been put on notice that it does not meet Tier 2 CLR and may have its listing transferred to NEX pursuant to Policy 2.5 - *Continued Listing Requirements and Inter-Tier Movement*;
 - (e) the transaction is not being conducted in conjunction with or in contemplation of an undisclosed Material Change;
 - (f) the transaction is not a Fundamental Acquisition;
 - (g) the transaction is not a Change of Business or Reverse Takeover and is not being conducted in conjunction with or in contemplation of a Change of Business or Reverse Takeover;

- (h) the transaction will not result in the Issuer ceasing to meet Continued Listing Requirements;
- (i) if the transaction is a disposition, the fair market value of the asset, business or property interests being disposed of is less than 25% of the fair market value of the Issuer's operating assets, business or property interests prior to the acquisition, and less than 25% of the Issuer's revenues in the past 12 months have been derived from those assets, business or property interests; and
- (j) the Issuer is not halted, suspended or in default of any provisions of applicable Securities Laws.

4. Expedited Acquisitions

Eligibility

4.1 An acquisition by an Issuer can be conducted on an expedited basis if:

- (a) the vendor (or optionor) of the asset, property or business is not a Non-Arm's Length Party of the Issuer or its Associates or Affiliates;
- (b) the acquisition is not a Change of Business or Reverse Takeover and is not being conducted in conjunction with or in contemplation of a Change of Business or Reverse Takeover;
- (c) the acquisition is not of an asset or business which is in an industry which is different from the Issuer's primary business;
- (d) the acquisition does not involve a property or asset which is contiguous with or related to a property or asset which has been acquired from the same vendor within the previous six months;
- (e) the acquisition is not being conducted in conjunction with or in contemplation of an undisclosed Material Change;
- (f) the Issuer is only issuing shares or Warrants convertible into shares;
- (g) any securities issued as consideration for the acquisition do not result in any Person who was previously not an Insider becoming an Insider of the Issuer;
- (h) the Issuer is not an Issuer that has been put on notice to have its listing transferred to NEX pursuant to Policy 2.5 - *Continued Listing Requirements and Inter-Tier Movement*;
- (i) the transaction is not a Fundamental Acquisition; and

- (j) the aggregate number of securities issued by the Issuer under the Expedited Private Placement or Expedited Acquisition filing procedures within the previous 6 months does not exceed 50% of the Issuer's issued and outstanding securities prior to the acquisition. Finder's fees securities are not included in the calculation of securities issued under the expedited filing system for this purpose.
- 4.2 An Issuer which has exceeded the 50% limit described in section 4.1(j) may apply by letter to the Exchange to have the limit reset, or otherwise must file the transaction as a Reviewable Transaction.
- 4.3 An Issuer that has been advised by the Exchange that it is no longer permitted to rely upon the Expedited Acquisition filing procedures must file all non-exempt acquisitions and dispositions as if they were Reviewable Transactions.

Exchange Audit

- 4.4 Although the Exchange does not generally review Expedited Acquisitions as they are submitted, it will undertake an audit process from time to time to review selected Expedited Acquisitions upon filing as well as after they are processed. If the audit reveals significant problems with an Expedited Acquisition, or if the Exchange deems it to be in the public interest, the Exchange may prohibit the Issuer from using the Expedited Acquisition system in the future.
- 4.5 The Issuer must obtain adequate evidence of value for the consideration paid. Although the Issuer is not required to file this evidence with the Expedited Acquisition Filing Form, the Exchange can request this evidence during an audit.

Expedited Acquisition Filing Requirements and Procedures

- 4.6 On or before the closing of an acquisition that qualifies as an Expedited Acquisition, the Issuer must file:
 - (a) Form 5B - Expedited Acquisition Form ; and
 - (b) the applicable fee as prescribed by Policy 1.3 - *Schedule of Fees*.
- 4.7 The Exchange will send a final acceptance letter to the Issuer when it accepts the Expedited Acquisition. This will generally be after the first business day on which the Expedited Acquisition Filing Form and applicable fee are filed.
- 4.8 If terms of the transaction change after the filing of the Form 5B - Expedited Acquisition Form, the Issuer must file an "Amended" Form 5B as soon as it becomes aware of the change. If terms of the transaction or the circumstances of the Issuer change such that the transaction no longer qualifies as an Expedited Acquisition, the Issuer must then comply with the Reviewable Transaction procedures and any other applicable Exchange Requirements.

5. Reviewable Transactions

- 5.1 Any transaction subject to this Policy which is not an Exempt Transaction or Expedited Acquisition is a Reviewable Transaction.

News Release and Transaction Summary Form

- 5.2 Subject to section 5.5, as soon as an agreement is reached with respect to a Reviewable Transaction, the Issuer must immediately issue a news release and file Form 5C - *Transaction Summary Form*, with the news release as an attachment.
- 5.3 The news release must comply with Policy 3.3 - *Timely Disclosure* and provide summary disclosure of:
- (a) the nature of the asset, business or property interest to be acquired or disposed of;
 - (b) the parties to the transaction;
 - (c) the proposed consideration and method of payment;
 - (d) details of any finder's fee to be paid;
 - (e) any relationship involving any Non Arm's Length Party and the Issuer, its Insiders and the sellers or optionors of the asset, business or property interest; and
 - (f) if applicable, any additional disclosure required by MI 61-101.

Transactions Forming Part of a COB or RTO

- 5.4 Where an Issuer undertakes a transaction that forms part of a COB or RTO, it must disclose this information in its Exchange filing application and in the news release disclosing the transaction, and comply with Policy 5.2 - *Changes of Business and Reverse Takeovers*.

Conditional Acceptance

- 5.5 If the Exchange is satisfied with the Form 5C - *Transaction Summary Form*, it will issue a conditional acceptance letter. The Issuer must not close the transaction (except in trust, conditional upon final Exchange acceptance) until it has received final Exchange acceptance. Final Exchange acceptance will not be issued until all applicable documents required by this Policy have been received and reviewed.

Trading Halts

- 5.6 (a) Before issuing any news release, an Issuer intending to announce a Reviewable Transaction must contact the Regulation Services Provider to discuss whether a trading halt is necessary.

- (b) A trading halt will generally not be required, except where there is:
 - (i) a Change of Control;
 - (ii) a Fundamental Acquisition;
 - (iii) a transaction that will result in new shareholders holding more than 50% of the outstanding securities; or
 - (iv) a sale of more than 50% of an Issuer's assets, business or undertaking.
- (c) If a trading halt is required, it will be brief provided that the news release is sufficiently comprehensive and it appears to the Exchange that the transaction will be acceptable upon filing of all materials.
- (d) A trading halt will generally be lifted after the Exchange has had an opportunity to review:
 - (i) a draft agreement in respect of the transaction;
 - (ii) Personal Information Forms or, if applicable, Declarations for any new or proposed new Insiders;
 - (iii) a Geological Report for any natural resource property acquisition or an independent Geological Report, if the natural resource property acquisition is a Fundamental Acquisition or involves Non-Arm's Length Parties; and
 - (iv) audited financial statements of the Company conducting the business or owning a material portion of the assets of a business proposed to be acquired, if required by the Exchange.
- (e) Where a halt in trading has been required in connection with the transaction, the Issuer must issue a news release regarding the status of the transaction every 30 days following any trading halt, until the transaction is complete and a news release has been issued confirming closing of the transaction.

Reviewable Acquisitions - Procedure

- 5.7 For a Reviewable Transaction that is an acquisition (the "Reviewable Acquisition"), the Issuer must submit the following documents to the Exchange (if not already provided to resume trading) within 30 days after the Exchange's conditional acceptance and before closing:

- (a) a Geological Report, if the acquisition is of an interest in a natural resource property (including a security acquisition of another Company which holds title to the natural resource property) but where such an acquisition is a Fundamental Acquisition or involves Non-Arm's Length Parties, an independent Geological Report must be submitted;
- (b) a financial plan or other evidence demonstrating that the Issuer has, or will have upon closing, the financial resources to close the transaction and,
 - (i) if the acquisition is of a natural resource exploration or development property, that the Issuer has, or will have upon closing, the financial resources to fund its property payment obligations for a minimum of six months and the first stage of any recommended work program, or
 - (ii) if the acquisition is of non-natural resource assets, that the Issuer has sufficient working capital and financial resources for a six month period;
- (c) audited financial statements of a Company where the Issuer undertakes an acquisition of another Company or material assets of another Company. The Exchange may waive the requirement for audited financial statements provided other satisfactory financial statements or evidence of value is available;
- (d) evidence of value supporting the consideration to be paid for the asset, business or property interest, if required by section 5.11;
- (e) a copy of the transaction agreement(s), including relevant underlying agreements;
- (f) a completed Personal Information Form or, if applicable, a completed Declaration for any new Insiders of the Issuer resulting from the transaction;
- (g) if a finder's fee is payable, a copy of the finder's fee agreement which complies with Policy 5.1 - *Loans, Bonuses, Finder's Fees and Commissions*;
- (h) a title opinion, if required under section 5.10;
- (i) a business plan, if requested by the Exchange, for the acquisition of a non-natural resource Issuer or the assets of a non-natural resource Issuer,
- (j) a comprehensive news release or other disclosure document if required under section 5.13;
- (k) evidence of shareholder approval if required under sections 5.14 through 5.17, or Policy 5.9;
- (l) a Sponsor Report, if required under section 5.18;
- (m) any other documents or information requested by the Exchange; and

- (n) the applicable fee as prescribed by Policy 1.3 - *Schedule of Fees*.

Exemptions from Filing Requirements

5.8 Where the Reviewable Transaction would qualify as an Expedited Transaction but for the fact that either:

- (a) the transaction involves Non-Arm's Length Parties; or
- (b) more than 50% of the Issuer's outstanding securities have been issued pursuant to Expedited Filings in the previous 6 months;

the Exchange will generally waive the requirements in sections 5.7(a), (b) and (c), unless the transaction is subject to Policy 5.9.

Reviewable Dispositions - Procedure

5.9 For a Reviewable Transaction that is a disposition (the "Reviewable Disposition"), the Issuer must submit the following documents to the Exchange within 30 business days after an agreement is reached to dispose of assets:

- (a) a Geological Report if the transaction consists of a disposition to a Non-Arm's Length Party of a natural resource property interest;
- (b) evidence of value if required under section 5.11 or Policy 5.9;
- (c) a copy of the transaction agreement(s), including relevant underlying agreements;
- (d) evidence of Shareholder approval if required under sections 5.14 through 5.17;
- (e) any other documents or information requested by the Exchange; and
- (f) the applicable fee as prescribed by Policy 1.3 - *Schedule of Fees*.

Reviewable Transactions - Additional Documents and Requirements

Title Opinions

5.10 The Exchange generally considers a title opinion to be necessary for:

- (a) a Reviewable Acquisition of a foreign asset, business or property;
- (b) a transaction resulting in a Change of Control;
- (c) any acquisition which results in new shareholders holding 50% or more of the outstanding securities of the Issuer; and
- (d) an acquisition of a property interest that will become the Issuer's primary property.

Evidence of Value

- 5.11 The Exchange will generally require evidence of value for:
- (a) any acquisition involving a Non-Arm's Length Party;
 - (b) a Reviewable Disposition to one or more Non-Arm's Length Parties; and
 - (c) a Reviewable Disposition that is a sale of more than 50% of the Issuer's assets, business or undertaking.
- 5.12 An Issuer can provide evidence of value in a number of ways as described in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

Disclosure

- 5.13 The Exchange may require the Issuer to submit a Disclosure Document or disseminate a comprehensive news release for:
- (a) an acquisition which results in new shareholders holding an aggregate of 50% or more of the outstanding securities of the Issuer;
 - (b) a Reviewable Disposition that is a sale of more than 50% of the Issuer's assets, business or undertaking; or
 - (c) a Reviewable Acquisition that occurs concurrently with a Change of Management.

Shareholder Approval

- 5.14 The Exchange generally requires shareholder approval for:
- (a) any transaction which results in the creation of a new Control Person;
 - (b) any transaction where the number of securities issued or issuable to Non-Arm's Length Parties as a group as payment of the purchase price for an acquisition, exceeds 10% of the number of outstanding securities of the Issuer on a non-diluted basis, prior to the closing date of the transaction; and
 - (c) a Reviewable Disposition which is a sale of more than 50% of the Issuer's assets, business or undertaking.
- 5.15 The Exchange may require shareholder approval for a transaction for which the consideration to be paid exceeds the Exchange's vendor consideration guidelines set out in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

- 5.16 If the vendors or optionors of any asset, property or business to be acquired are Non-Arm's Length Parties of the Issuer:
- (a) the votes of the Non-Arm's Length Parties must be excluded from the calculation of shareholder approval, or
 - (b) if the transaction is subject to Policy 5.9 then, subject to section 5.17, the Issuer must obtain shareholder approval in accordance with the requirements of Policy 5.9.
- 5.17 The Exchange may accept the written consent of shareholders holding over 50% of the issued securities of the Issuer, if it is satisfied that the shareholders were fully informed of the proposed transaction and the Issuer has obtained any exemptions required under applicable Securities Laws.

Sponsor Reports

- 5.18 Although the Exchange does not generally require a Sponsor Report in connection with an acquisition governed by this Policy, it may do so if it considers it necessary or advisable.

6. Treasury Orders and Resale Restrictions

- 6.1 Securities issued may be subject to Resale Restrictions, including hold periods under applicable Securities Laws. The Issuer must comply with applicable Securities Laws, including any requirement to legend the securities with any Resale Restriction or hold period or any requirement to advise the recipient of the securities of any Resale Restriction or hold period.
- 6.2 Subject to section 5 of Policy 3.2 - *Filing Requirements and Continuous Disclosure*, securities subject to an Exchange Hold Period must be legended with a four month hold period.

7. Restrictions on Investments by Issuers

- 7.1 Tier 2 Issuers (other than Investment Issuers) are not permitted to purchase securities of other reporting issuers for cash, either in the secondary market or as a Private Placement from treasury, except where the Issuer is participating in a joint venture and the investment consists of subscription to a Private Placement in the partner in the joint venture.

8. Mergers, Amalgamations, Reorganizations and Take-overs

- 8.1 An Issuer must not proceed with a merger, amalgamation, reorganization or the making of a take-over bid (a “Reorganization”) whether exempt or otherwise, until the Exchange has accepted notice of the Reorganization.
- 8.2 In certain circumstances, a Reorganization may form part of a Reactivation, Change of Business or Reverse Takeover, in which case the Issuer must comply with all of the requirements of the applicable policies. See Policy 2.6 – *Reactivation of NEX Companies* and Policy 5.2 - *Changes of Business and Reverse Takeovers*.
- 8.3 When an agreement is reached which results or may reasonably be expected to result in a Re-organization, the Issuer must:
- (a) file with the Exchange a letter describing the proposed transaction, together with a draft copy of any Information Circular or other disclosure document to be provided to the Issuer’s shareholders; and
 - (b) if the Re-organization constitutes a Material Change requiring disclosure under applicable Securities Laws or Policy 3.3 - *Timely Disclosure*, immediately issue the required news release.
- 8.4 Before the Exchange will accept any Reorganization, it may require certain supporting documents to be filed, including:
- (a) evidence of (disinterested) shareholder approval;
 - (b) a Sponsor Report;
 - (c) a business plan, valuation, Geological Report or other expert report or opinion;
 - (d) complete filings pursuant to Exchange Policy relating to transactions undertaken pursuant to the Reorganization (e.g. Private Placements, stock options, etc.);
 - (e) a disclosure document, such as an Information Circular, Filing Statement or any other document prescribed by the Exchange; and
 - (f) Personal Information Forms or, if applicable, Declarations.
- 8.5 The Exchange may also require a trading halt to provide time for dissemination of information.
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POLICY 5.4

CAPITAL STRUCTURE, ESCROW AND RESALE RESTRICTIONS

Scope of Policy

This Policy sets out requirements relating to capital structure, escrow for Principals and resale restrictions for certain other Shareholders that apply to New Listings; however, this Policy does not apply to the escrow of securities in connection with the IPO of a Capital Pool Company. This Policy does apply to a Qualifying Transaction undertaken by a CPC, and may apply to NEX Companies graduating to Tier 1 or Tier 2.

In addition, this Policy sets out requirements that apply where an Issuer is required under Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* or otherwise to provide support for the value ascribed to the assets, business or property (or interest) being acquired or disposed of.

Notwithstanding anything else in this Policy, the Exchange may impose escrow or other resale restrictions on securities beneficially owned directly or indirectly by any party in connection with any transaction where it deems appropriate.

The main headings in this Policy are:

1. Definitions
2. Capital Structure
3. Escrow for Principals' Securities
4. Seed Share Resale Restrictions
5. Amendments and Transfers of Securities Subject to Escrow
6. Spin-off Transactions and Other Direct Listings
7. Acquisitions and Dispositions – Evidence of Value
8. Transition

Definitions

In this Policy:

“**Below 1% Holder**” has the meaning ascribed to that phrase in section 4.1(e)(ii).

“**Below 1% Principal**” has the meaning ascribed to that phrase in section 3.1(b)(ii).

“**Bulletin Date**” has the meaning ascribed to that phrase in section 3.5.

“**Consideration**” includes all payments made or to be made by the Issuer, including (i) all cash payments; (ii) the product of the maximum number of Listed Shares issuable multiplied by the Discounted Market Price of the Issuer; (iii) the value of all other securities to be issued; and (iv) the cash equivalent value of all other non-cash consideration.

Generally, the securities referenced in (iii) will:

- (a) exclude stock options and share purchase warrants issued to replace equivalent securities previously issued by the Target Company in the normal course; and
- (b) include all other securities of the Issuer as may be required by the Exchange to be included, such as preferred, non-voting, subordinate voting, multiple voting and restricted voting securities, and certain securities that are convertible into Listed Shares for nominal consideration.

“**Escrow Agreement**” has the meaning ascribed to that phrase in section 3.4 and includes, where appropriate, any Existing Escrow Agreement.

“**Existing Escrow Agreement**” means any existing escrow agreement in the form of Form 5D – *Escrow Agreement* (as at June 14, 2010) that was in effect on June 1, 2025 or any predecessor thereto, and for further clarity, does not include a CPC Escrow Agreement.

“**Financing**” has the meaning ascribed to that term in section 2.1(a).

“**Former Policy 5.4**” means the version of Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* (as at June 14, 2010) that was in effect on June 1, 2025 or any predecessor thereto.

“**Former SSRRs**” has the meaning ascribed to that phrase in section 8.2(a).

“**holding company**” has the meaning ascribed to that phrase in section 3.3.

“**Issuer**” has the meaning ascribed to that term in Policy 1.1 – *Interpretation*, or means the Resulting Issuer, as applicable.

“**Non-IPO Transaction**” means any Transaction that is not an IPO, and for greater certainty, includes a New Listing where the disclosure document is a non-offering Prospectus.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“Option” means an option, warrant, right of conversion or exchange, or other right to acquire an equity security of an Issuer, but does not include a non-transferable incentive stock option exercisable solely for cash or cash equivalent (which for the purpose of this definition does not include property or services) at a price per underlying equity security not less than the price at which the equity securities of the Issuer are being issued or are deemed to be issued in connection with the New Listing.

“Principals’ Securities” means:

- (a) all Options of the Issuer; and
- (b) all equity securities of the Issuer that carry a residual right to participate in the earnings of the Issuer and, on the liquidation or winding-up of the Issuer, in its assets,

which in the case of an IPO, immediately before completion of the Issuer’s IPO are beneficially owned, directly or indirectly by Principals, or over which Principals have control or direction, or in all other cases, which immediately before the date of the Exchange Bulletin confirming final acceptance of the Transaction, are beneficially owned, directly or indirectly by Principals, or over which Principals have control or direction, and includes “additional escrow securities” as defined in the Escrow Agreement;

“SSRR Securities” has the meaning ascribed to that phrase in section 4.2.

“SSRRs” means the Seed Share Resale Restrictions described more fully in Part 4.

“Target Company Financing” has the meaning ascribed to that phrase in section 2.1(a).

“Transaction” means an Initial Listing (other than the IPO of a Capital Pool Company), Reverse Takeover, Change of Business or Qualifying Transaction.

“Transaction Price” means the greater of: (i) the Discounted Market Price, and (ii) the price of the financing completed in connection with the Transaction, or if there is no such price or more than one financing, then such price as the Exchange determines; and in each case, adjusted as appropriate to reflect any share exchange ratio and/or any other changes being made to the capital structure (including a security consolidation or a security split) in connection with or prior to the completion of the Transaction.

Other capitalized terms used but not specifically defined in this Policy have the meanings ascribed to them elsewhere in the Manual, including Policy 1.1 – *Interpretation*, Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.

2. Capital Structure

2.1 Acceptable Capital Structure

The capital structure of the Issuer seeking a New Listing must be acceptable to the Exchange. This may be demonstrated in any one of the following manners:

- (a) **Contemporaneous Equity Financing** - any contemporaneous equity financing(s), which for the purposes of this section includes financings involving the issuance of securities that are converted into Listed Shares of the Issuer on or before the closing of the Transaction (the “**Financing**”) where:
 - (i) the Financing is announced contemporaneously with or after the dissemination of a news release announcing the Transaction;
 - (ii) a majority of the securities are issued to subscribers not Non-Arm’s Length Parties of the Issuer and not Non-Arm’s Length Parties of the Target Company; and
 - (iii) either:
 - (A) the number of Listed Shares of the Issuer to be issued pursuant to the Financing is not less than 10% of the number of issued and outstanding Listed Shares of the Issuer upon completion of the Transaction and the Financing, including in the denominator:
 - (I) all Listed Shares of the Issuer that are issuable in connection with the Transaction on, prior to or within 12 months after listing of the Issuer; and
 - (II) all other securities of the Issuer as may be required by the Exchange to be included, such as non-voting, subordinate voting, multiple voting and restricted voting securities, and certain securities that are convertible into Listed Shares for nominal consideration; or
 - (B) the gross proceeds of the Financing are not less than \$5,000,000,
- including in both cases equity financings completed by the Target Company within the six months immediately preceding the dissemination of a news release announcing the Transaction at a price per security that is not less than the applicable Discounted Market Price of the Issuer’s Listed Shares, notwithstanding that such financing is not included in the news release referred to in section 2.1(a)(i) (a “**Target Company Financing**”), and in each case, adjusted as appropriate to reflect any share exchange ratio and/or any other changes being made to the capital structure (including a security consolidation

or a security split) in connection with or prior to the completion of the Transaction;

- (b) **Appraisal or Valuation** - an appraisal or valuation that supports at least 50% of the Consideration and:
- (i) for a mining property, is a Comprehensive Valuation Report as defined in the Canadian Institute of Mining, Metallurgy and Petroleum Code for the Valuation of Mineral Properties (the “**CIMVal Code**”) prepared:
 - (A) by an independent Qualified Person(s) as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* or an independent Qualified Valuator(s) as defined in the CIMVal Code; and
 - (B) in accordance with the CIMVal Code and in accordance with Appendix 3G – *Valuation Standards and Guidelines for Mineral Exploration Properties*;
 - (ii) for an oil and gas property, is an evaluation report (prepared by an independent, qualified reserves evaluator or auditor in accordance with NI 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the COGE Handbook) based on net present value of future net revenue for total proved plus probable reserves using forecast pricing discounted at 10% before income taxes;
 - (iii) for a real estate property, an appraisal prepared by an independent professional appraiser that is a member of the Appraisal Institute of Canada or an analogous body in another jurisdiction that is acceptable to the Exchange;
 - (iv) for an Issuer that is not a mining issuer, oil & gas issuer or real estate issuer:
 - (A) the Target Company has generated significant revenue; and
 - (B) the report is a comprehensive valuation report prepared by an independent Chartered Business Valuator(s) in accordance with the Practice Standards and Code of Ethics of the CBV Institute, or such other appraisal or valuation report prepared by an independent, qualified party(ies) as is acceptable to the Exchange;
- (c) **Expenditures** - in relation to an asset, expenditures incurred within the five previous years that support at least 50% of the Consideration and:
- (i) for mining issuers, the expenditures must be exploration and development expenditures that are costs incurred by the vendor within the five previous years and can include the acquisition cost of the property;

- (ii) for an oil and gas property with no proved plus probable reserves, the expenditures must be exploration expenditures that are costs incurred by the vendor within the five previous years and can include the acquisition cost of the property; and
- (iii) for industrial, technology, and research and development issuers that have not yet generated significant revenue, the expenditures must be research and development costs that have contributed to or can reasonably be expected to contribute to the future operations of the Issuer and can include relevant acquisition costs;

provided that any payments made to Non-Arm's Length Parties to the vendor will generally be excluded from these amounts;

- (d) **Net Tangible Assets of the Target Company** - in relation to a Company, Net Tangible Assets of the Target Company are equal to at least 50% of the Consideration, where the Net Tangible Assets have been adjusted as appropriate to reflect any appraisal or valuation described above in section 2.1(b) if applicable;
- (e) **Operating Cash Flow of the Target Company** - ten times the average annual cash flows from operating activities of the Target Company prior to any working capital adjustments (calculated over the last eight fiscal quarters) is equal to at least 50% of the Consideration;
- (f) **Securities Issued by the Target Company** - where an Issuer proposes to acquire a Target Company, at least 50% of the outstanding equity securities of the Target Company have been issued either:
 - (i) at or above prices which would constitute the Discounted Market Price of the Issuer's Listed Shares; or
 - (ii) at least 12 months prior to the dissemination of a news release announcing the Transaction at prices that are at least 50% of the current Market Price of the Issuer's Listed Shares;

and in each case, adjusted as appropriate to reflect any share exchange ratio and/or any other changes being made to the capital structure (including a security consolidation or a security split) in connection with or prior to the completion of the Transaction; and provided that for issuances of equity securities for consideration other than cash, the Exchange may require satisfactory evidence to support the deemed issue price, and in the absence of such evidence, the Exchange may deem such securities to have been issued for nominal consideration;

- (g) **Current Listing** - the Issuer has been listed and trading on a recognized stock exchange, other than the Exchange, for at least one year immediately preceding the date of the filing of the Application for Listing on the Exchange (and for clarity, the Issuer must not have completed a Reverse Takeover, Qualifying Transaction or Change of Business or analogous transaction during that one year period); or

- (h) **Initial Public Offering** - the New Listing involves an Initial Public Offering that includes a financing and for greater clarity, is not a New Listing by way of a non-offering Prospectus.

If the Issuer is unable to provide support for its capital structure using any of the alternatives set out in section 2.1, the Issuer is encouraged to arrange a pre-filing conference with Exchange staff. See Policy 2.7 – *Pre-Filing Conferences*.

3. Escrow for Principals' Securities

3.1 General Escrow Application

- (a) **IPO** - The Exchange will generally defer to the escrow requirements imposed by NP 46-201 for an Initial Listing in connection with an IPO. For the purposes of harmonization with NP 46-201, Tier 1 Issuers will be deemed to be “Established Issuers”, and Tier 2 Issuers will be deemed to be “Emerging Issuers”, as those terms are defined in NP 46-201. Accordingly, Tier 1 Issuers and Tier 2 Issuers will be subject to different escrow release schedules based on their Tier.
- (b) **Non-IPO Transaction** - This Policy also provides for various situations which are not covered by NP 46-201. Where NP 46-201 does not impose escrow in a Non-IPO Transaction, Principals' Securities outstanding on completion of a Non-IPO Transaction will generally be subject to Exchange escrow requirements which are substantially the same as those required by NP 46-201, but with the following notable differences:
 - (i) The Exchange will impose escrow where an Issuer will have a market capitalization of at least \$100 million immediately after the completion of the Non-IPO Transaction; however, such an Issuer may request an exemption from this escrow requirement in its Application for Listing. (In calculating market capitalization, multiply the number of Listed Shares of the Issuer which are outstanding on completion of the Non-IPO Transaction by the Transaction Price);
 - (ii) Escrow does not generally apply to securities held by a Principal who holds securities carrying less than 1% of the voting rights attached to the outstanding securities of the Issuer immediately after the completion of the Non-IPO Transaction (a “**Below 1% Principal**”). (In calculating this percentage, include securities that may be issued to that Person under outstanding convertible securities in both the Person's securities and the total securities outstanding.) However, the Exchange reserves the right to impose escrow on all Below 1% Principals if the aggregate holdings of all Below 1% Principals and the holdings of SSRR Securities of all Below 1% Holders exceeds 5% of the number of Listed Shares of the Issuer outstanding immediately after the completion of the Non-IPO Transaction; and

- (iii) If an Issuer has previously traded in another market, the Exchange will generally require that the Principals of the Issuer enter into escrow arrangements which would result in them having been put in a substantially similar position to what would have been required if the Issuer had previously complied with this Policy.

3.2 Securities Subject to Escrow

- (a) Subject to section 3.2(b) and section 3.2(c), for any New Listing, the Exchange will require that all Principals' Securities of the Issuer which will be outstanding on the completion of the Transaction, and those which will be issued subsequently in connection with the Transaction, to be escrowed. In addition, all securities that would have been considered Principals' Securities if they had not been transferred, but which have been transferred from a Principal of the Issuer to a Person who is not a Principal of the Issuer within the six months immediately preceding the submission of the Application for Listing, must also be escrowed.
- (b) The following Principals' Securities are generally exempted from the requirement to be deposited into escrow:
 - (i) Principals' Securities that were previously held in escrow pursuant to NP 46-201 or Exchange escrow requirements, and have already been released from such escrow; for further clarity, Principals' Securities that have not yet been released from such escrow will remain subject to that escrow;
 - (ii) Principals' Securities issued in connection with a financing offered by way of a Prospectus to a Person who will be a Principal of the Issuer; and
 - (iii) Principals' Securities issued in connection with a Private Placement, including a Bridge Financing (as defined in Policy 2.4 – *Capital Pool Companies* or Policy 5.2 – *Changes of Business and Reverse Takeovers*), to a Person who will be a Principal of the Resulting Issuer where the Private Placement is announced concurrently with or after the dissemination of a news release announcing the Transaction and:
 - (A) at least 50% of the proceeds from the Private Placement are not from Principals of the Resulting Issuer;
 - (B) in addition to any Resale Restrictions under applicable Securities Laws, any securities issued to Principals will be required to be legended with the Exchange Hold Period; and
 - (C) none of the proceeds from the Private Placement are allocated to pay compensation to or settle indebtedness owing to Principals of the Resulting Issuer.
- (c) Subject to section 3.2(b)(i), where the Resulting Issuer is a Tier 2 Issuer, any previously issued securities of the Listed Issuer that will be, or will be exchanged into,

Principals' Securities on the completion of the Transaction must be escrowed with the releases of such securities from escrow occurring in accordance with the release schedule for Tier 2 Issuers set out in section 3.5 unless they were issued:

- (i) at or above the Transaction Price; or
- (ii) more than one year prior to the date of the Exchange's conditional acceptance letter for the Transaction;

in which case the releases of such securities from escrow will occur in accordance with the release schedule for Tier 1 Issuers set out in section 3.5.

3.3 Securities Held by a Company

If Principals' Securities required to be held in escrow are held by a non-individual (a "**holding company**"), the Exchange will require that the holding company and the controlling securityholders of that holding company sign and deliver to the Exchange undertakings in the form set out in Schedule C of Form 5D – *Escrow Agreement*, in which they agree not to permit or authorize any securities of the holding company to be issued or transferred, nor otherwise permit or authorize the holding company to carry out any transaction that could reasonably result in a change of control of the holding company, without the prior written consent of the Exchange.

3.4 Escrow Agreement Forms

Escrow agreements pursuant to NP 46-201 must be in the required form of Form 46-201F1 – *Escrow Agreement*. Escrow agreements required under NP 46-201 will be administered by the applicable Securities Commissions, and not by the Exchange.

Every escrow agreement required only by the Exchange must be in the form of Form 5D – *Escrow Agreement*, or any replacement form prescribed by the Exchange (the "**Escrow Agreement**"). Except as specifically contemplated by the form, no additions, deletions, exceptions, amendments or other modifications to such form can be made without the prior written approval of the Exchange. Acceptance or conditional acceptance of a proposed transaction does not constitute acceptance or approval by the Exchange of any amendment to the Exchange form of Escrow Agreement unless specifically stated in the acceptance or conditional acceptance letter. Modification in any way of the substance of the Exchange form of Escrow Agreement is a breach of Exchange Requirements unless prior Exchange acceptance is obtained.

3.5 Escrow Release Schedules

Commencing from the date of the Exchange Bulletin confirming its final acceptance of the Transaction (the “**Bulletin Date**”), Principals’ Securities are released from escrow as follows:

| <u>Tier 1 Issuers:</u> | | <u>Tier 2 Issuers:</u> | |
|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| <u>%</u> | <u>Release Date</u> | <u>%</u> | <u>Release Date</u> |
| 25% | On the Bulletin Date | 10% | On the Bulletin Date |
| 25% | 6 months following the Bulletin Date | 15% | 6 months following the Bulletin Date |
| 25% | 12 months following the Bulletin Date | 15% | 12 months following the Bulletin Date |
| 25% | 18 months following the Bulletin Date | 15% | 18 months following the Bulletin Date |
| | | 15% | 24 months following the Bulletin Date |
| | | 15% | 30 months following the Bulletin Date |
| | | 15% | 36 months following the Bulletin Date |

3.6 Graduations and Delisting

Subject to the procedural requirements in the Escrow Agreement, where a Tier 2 Issuer becomes a Tier 1 Issuer, the release schedule for its securities will be amended to comply with the applicable Tier 1 release schedule.

If an Issuer ceases to be listed on the Exchange for any reason, the Issuer will no longer be required to obtain Exchange acceptance for any amendments to the terms of the Escrow Agreement, including early release of shares from escrow.

3.7 Escrow for Other Transactions

In connection with transactions other than New Listings, the Exchange can require that all or part of the share consideration be escrowed under an Escrow Agreement where the Exchange has not been provided with adequate support for the value ascribed to the assets, business or property (or interest) that are the subject of the transaction.

4. Seed Share Resale Restrictions

4.1 General SSRRs Application

- (a) The Seed Share Resale Restrictions (“**SSRRs**”) are hold periods imposed by the Exchange on certain securities held by Persons who are not Principals of the Issuer on completion of a Transaction.
- (b) The SSRRs do not replace any hold periods that are imposed by Securities Laws. The SSRRs are imposed in addition to, and run concurrently with, statutory hold periods imposed under Securities Laws. As a result, securities may still be subject to a statutory hold period although they have been released pursuant to the SSRRs.

- (c) The SSRRs do not apply to securities that are subject to escrow pursuant to NP 46-201 or Exchange escrow requirements.
- (d) In the case of an Application for Listing from an Issuer that has been listed on another exchange for at least one year immediately preceding the date of the filing of the Application for Listing on the Exchange, the SSRRs do not apply to previously issued securities of the Issuer that are outstanding immediately prior to the date of listing on the Exchange.
- (e) Notwithstanding section 4.2:
 - (i) Where an Issuer will have a market capitalization of at least \$100 million immediately after the completion of the Transaction, the Issuer may request an exemption from the SSRRs in its Application for Listing. (In calculating market capitalization, multiply the number of Listed Shares of the Issuer which are outstanding on completion of the Transaction by the Transaction Price); and
 - (ii) The SSRRs do not apply to SSRR Securities held by a Person who is not a Principal of the Issuer on completion of the Transaction and holds SSRR Securities carrying less than 1% of the voting rights attached to the outstanding securities of the Issuer immediately after the completion of the Transaction (a “**Below 1% Holder**”). (In calculating this percentage, include SSRR Securities that may be issued to that Person under outstanding convertible securities in both the Person’s SSRR Securities and the total securities outstanding.) However, the Exchange reserves the right to impose SSRRs on all Below 1% Holders if the aggregate holdings of SSRR Securities of all Below 1% Holders exceeds 5% of the number of Listed Shares of the Issuer outstanding immediately after the completion of the Transaction.
- (f) The SSRRs may not be avoided by:
 - (i) qualifying the resale of the Seed Shares under a Prospectus; or
 - (ii) Companies applying for listing using a Listing Application without a public offering.
- (g) The issue price of the Seed Shares relative to the Transaction Price, and the date of their issuance relative to the date of the Exchange’s conditional acceptance letter for the Transaction, determine whether the SSRRs apply.
- (h) For issuances of securities to Non-Arm’s Length Parties (including whether they were Non-Arm’s Length Parties before or after the securities issuance) for consideration other than cash, the Exchange may require satisfactory evidence to support the deemed issue price. In the absence of such evidence, the Exchange may deem such securities to have been issued for nominal consideration.

- (i) Where securities have been transferred, the Exchange will use the original issue date and original issue price in applying the SSRRs unless it is provided with satisfactory evidence to support the use of the transfer date and price.
- (j) The price or deemed price of securities issued by the Target Company undertaking a share exchange with an Issuer will be adjusted as appropriate to reflect any share exchange ratio and/or any other changes being made to the capital structure (including a security consolidation or a security split) in connection with or prior to the completion of the Transaction.
- (k) Although the SSRRs do not generally apply to Listed Shares issued by a Listed Issuer prior to a Non-IPO Transaction, the Exchange reserves the right to require additional hold periods on such shares in situations where those shares were issued at a date close to the announcement of the Non-IPO Transaction and at a price which represents a substantial discount to the Transaction Price.

4.2 Securities Subject to SSRRs

All Listed Shares of the Issuer, and all securities convertible or exercisable into Listed Shares of the Issuer, and all other securities of the Issuer, held by Persons who are not Principals of the Issuer on the completion of the Transaction, are subject to SSRRs if they satisfy any of the following criteria:

- (a) they were issued, or issued in exchange for a security that was originally issued, at a price or deemed price per security, or are convertible or exercisable at a price per security, that is less than the lesser of:
 - (i) \$0.05; and
 - (ii) 50% of the Transaction Price;
 (the “**Minimum Price**”); or
 - (b) they were issued, or issued in exchange for a security that was originally issued, within 12 months immediately preceding the date of the Exchange’s conditional acceptance letter for the Transaction at a price or deemed price per security (or are convertible or exercisable at a price per security) that is less than 25% of the Transaction Price; or
 - (c) they were issued, or issued in exchange for a security that was originally issued, within 3 months immediately preceding the date of the Exchange’s conditional acceptance letter for the Transaction at a price or deemed price per security (or are convertible or exercisable at a price per security) that is less than 50% of the Transaction Price;
- (collectively, the “**SSRR Securities**”).

4.3 SSRRs Release Schedule

All SSRR Securities are subject to a one year hold period, with 20% of such SSRR Securities released every three months, with the first release on the Bulletin Date.

Accordingly, SSRR Securities are released from the SSRRs as illustrated in the table below.

| Price | Held <3 months* | Held <12 months* | Held ≥12 months* |
|--|---|---|---|
| < Minimum Price | 1 year hold, with 20% released every 3 months with the first release on the Bulletin Date | 1 year hold, with 20% released every 3 months with the first release on the Bulletin Date | 1 year hold, with 20% released every 3 months with the first release on the Bulletin Date |
| ≥Minimum Price and <25% of the Transaction Price | 1 year hold, with 20% released every 3 months with the first release on the Bulletin Date | 1 year hold, with 20% released every 3 months with the first release on the Bulletin Date | No hold |
| ≥Minimum Price and ≥25% of the Transaction Price and <50% of the Transaction Price | 1 year hold, with 20% released every 3 months with the first release on the Bulletin Date | No hold if held more than 3 months | No hold |

* In calculating how long Shareholders have already held the securities, count backwards from the date of the Exchange's conditional acceptance letter for the Transaction.

4.4 Legending/Pooling

- (a) The Issuer must apply and enforce the SSRRs either by:
- (i) legending each certificate representing securities that are subject to SSRRs with the statement, “Subject to securities legislation, the holder of the securities shall not trade the securities before [specify date]”, and instructing its transfer agent not to remove the legend until the specified date has passed, except in accordance with the SSRRs; or
 - (ii) requiring each holder of securities that are subject to SSRRs to enter into a pooling agreement with the Issuer's transfer agent whereby the transfer agent will hold the certificates representing such securities until the SSRRs have expired;

and must provide written confirmation to the Exchange that it has complied with this section 4.4(a).

- (b) If the statutory hold period applies, the securities must also be legended accordingly to ensure they are not released prior to that date, notwithstanding that the SSRRs may impose a shorter hold period.

5. AMENDMENTS AND TRANSFERS OF SECURITIES SUBJECT TO ESCROW

5.1 General Requirements

- (a) For escrow agreements required under NP 46-201, Issuers must apply to the relevant Securities Commission which originally required the escrow agreement for any specific request to amend the terms of the escrow agreement, transfer securities within escrow or release securities from escrow. For escrow agreements required by another exchange or other entity, Issuers must apply to the Exchange and to the relevant exchange or entity which originally required the escrow agreement, transfer securities within escrow or release securities from escrow.
- (b) Transfers of securities escrowed pursuant to Exchange Requirements require the prior written consent of the Exchange. Except as specifically provided in this Policy and in the applicable Escrow Agreement, Existing Escrow Agreement or CPC Escrow Agreement, Principals' Securities may only be transferred to new or existing Principals of the Issuer in accordance with the terms of the applicable Escrow Agreement, Existing Escrow Agreement or CPC Escrow Agreement and subject to any legal or other restriction on transfer and with the approval of the Issuer's board of directors. Where the Issuer is a CPC, additional requirements may apply.

5.2 Amendments to Escrow Agreements

For Escrow Agreements, Existing Escrow Agreements and CPC Escrow Agreements required by the Exchange, Issuers may apply to the Exchange for its consent to amend the terms of any Escrow Agreement, Existing Escrow Agreement or CPC Escrow Agreement by submitting to the Exchange:

- (a) a letter requesting such consent, including a summary of the proposed amendments and a detailed analysis of the effect of the proposed amendments;
- (b) a draft of the amending agreement, with a blacklined version showing the amendments proposed to be made, if applicable;
- (c) draft Information Circular or form of written consent to be signed by Shareholders proposed to be used to obtain the required disinterested Shareholder approval;
- (d) analysis that demonstrates that the proposed amendments comply with all other terms and conditions of the agreement that are applicable to its amendment;

- (e) draft news release disclosing the proposed amendments; and
- (f) the applicable filing fee as prescribed by Policy 1.3 – *Schedule of Fees*.

5.3 Transfers within Escrow

For Escrow Agreements, Existing Escrow Agreements and CPC Escrow Agreements required by the Exchange, Issuers may apply to the Exchange for its consent to a transfer of securities within escrow by submitting to the Exchange:

- (a) a letter requesting such consent:
 - (i) identifying the registered and beneficial owner of the escrowed securities (including name and address), and the proposed registered and beneficial owner of the escrowed securities after giving effect to the transfer, and the rationale for the transfer;
 - (ii) confirming that the transferee is a Principal of the Issuer or such other transferee permitted under this Policy and under the applicable Escrow Agreement, Existing Escrow Agreement or CPC Escrow Agreement;
 - (iii) confirming that, including securities of the Issuer held by Associates and Affiliates of the transferee, no new Insider or Control Person of the Issuer will be created as a result of the proposed escrow transfer; and
 - (iv) including a brief description of the transaction pursuant to which the escrowed securities were originally required to be deposited into escrow;
- (b) a copy of the transfer agreement, including the transfer price;
- (c) Form 5E signed by the transferee consenting to be bound by the terms of the applicable Escrow Agreement, Existing Escrow Agreement or CPC Escrow Agreement;
- (d) a certified copy of the resolution of the board of directors of the Issuer approving the transfer;
- (e) analysis that demonstrates that the proposed transfer complies with all other terms and conditions of the agreement that are applicable to it,
- (f) a letter from the escrow agent confirming the escrow securities currently held in escrow under the applicable Escrow Agreement, Existing Escrow Agreement or CPC Escrow Agreement, including the names of the registered owners and the number of securities held by each;
- (g) if the Issuer is a CPC, any additional requirements imposed by the Exchange pursuant to Policy 2.4 – *Capital Pool Companies* which must be satisfied before the transfer may occur; and

- (h) the applicable filing fee as prescribed by Policy 1.3 – *Schedule of Fees*.

The Issuer must also issue a news release where required by Policy 3.3 – *Timely Disclosure*.

5.4 Early Release from Escrow

In exceptional circumstances, for Escrow Agreements, Existing Escrow Agreements and CPC Escrow Agreements required by the Exchange, Issuers may apply to the Exchange for its consent to the early release of securities from escrow in such circumstances and on terms and on conditions as the Exchange in its sole discretion deems appropriate by submitting to the Exchange:

- (a) a letter requesting such consent, including the details of and rationale for the requested early release; and
- (b) the applicable filing fee as prescribed by Policy 1.3 – *Schedule of Fees*.

6. SPIN-OFF TRANSACTIONS AND OTHER DIRECT LISTINGS

6.1 Spin-off Transactions

A transaction (a “**Spin-off**”) may involve the transfer of the assets or business of one entity (“**Parentco**”) to another entity (“**Spinco**”) in consideration for a distribution of securities of Spinco to the securityholders of Parentco, or may involve the distribution of securities of a subsidiary of Parentco (also referred to as “**Spinco**”) to the existing securityholders of Parentco, or any analogous transaction. Spinco may also concurrently or subsequently undertake a financing, reverse takeover or other significant acquisition. When Spinco applies for listing on the Exchange:

- (a) the capital structure of Spinco must be acceptable to the Exchange, which may be demonstrated in any one of the manners set out in section 2.1; and
- (b) Spinco must satisfy the Initial Listing Requirements, and in that regard, if the adjusted Net Tangible Asset value of the assets or business transferred from Parentco to Spinco is less than \$0.05 per security issued by Spinco as consideration, such securities will be considered gifts as described in Guidance Note N.2 of Policy 2.1 – *Initial Listing Requirements* and:
 - (i) will not be included in determining whether the public distribution requirements in Policy 2.1 – *Initial Listing Requirements* are demonstrated; and
 - (ii) will be subject to the SSRRs.

6.2 Other Direct Listings

The Exchange may also apply the provisions of section 6.1 in other Applications for Listing where appropriate.

7. ACQUISITIONS AND DISPOSITIONS – EVIDENCE OF VALUE

7.1 Evidence of Value

Where an Issuer is required under Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* or otherwise to provide support for the value ascribed to the assets, business or property (or interest) being acquired or disposed of, any one of the methods set out in section 2.1(b), 2.1(c), 2.1(d) or 2.1(e) may be used, provided that any reference in those sections to 50% must be read as 100%. Alternatively, such support may be demonstrated by way of a contemporaneous equity financing(s), which for the purposes of this section includes financings involving the issuance of securities that are converted into Listed Shares of the Issuer on or before the closing of the transaction (the “**Asset Financing**”) where:

- (a) the Asset Financing is announced contemporaneously with or after the dissemination of a news release announcing the acquisition or disposition;
- (b) a majority of the securities are issued to subscribers not Non-Arm’s Length Parties of the Issuer; and
- (c) either:
 - (i) the number of Listed Shares of the Issuer to be issued pursuant to the Asset Financing is not less than 10% of the number of issued and outstanding Listed Shares of the Issuer upon completion of the transaction and the Asset Financing, including in the denominator:
 - (A) all Listed Shares of the Issuer that are issuable in connection with the transaction on, prior to or within 12 months after completion of that transaction; and
 - (B) all other securities of the Issuer as may be required by the Exchange to be included, such as non-voting, subordinate voting, multiple voting and restricted voting securities, and certain securities that are convertible into Listed Shares for no additional consideration; or
 - (ii) the gross proceeds of the Asset Financing are not less than \$5,000,000.

7.2 Discretionary Waivers

Where an Issuer is required under Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* to provide support for the value ascribed to the assets, business or property (or interest) being acquired or disposed of because the transaction involves one or more Non-Arm’s Length Parties, the Issuer may apply to the Exchange for a waiver of the requirement for such support, and in exercising its discretion to grant such a waiver, the Exchange will consider, among other things, the following:

- (a) rationale provided to support the Exchange's exercise of its discretion, such as information relied upon by the Issuer in approving the transaction;
- (b) MI 61-101 does not apply to the transaction, or alternatively, if applicable, there is an exemption from the formal valuation requirement set out in MI 61-101;
- (c) where the transaction involves two Companies:
 - (i) they are not controlled by the same Person or group of Persons; and
 - (ii) not more than one individual is a director or officer of both Companies;
- (d) at the time the transaction is announced, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction exceeds 10% of the Issuer's market capitalization;
- (e) the securities to be issued as consideration will be subject to escrow or other resale restrictions;
- (f) the transaction is subject to the approval of the disinterested Shareholders of the Issuer; and
- (g) the news release announcing the transaction includes all of the disclosure required by Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* and also includes:
 - (i) the name of each of the Non-Arm's Length Parties of the Issuer and each of the Non-Arm's Length Parties of any other party to the transaction, and the relationship and the direct or indirect beneficial interest of each of such Non-Arm's Length Parties; and
 - (ii) whether or not the transaction will be subject to disinterested Shareholder approval.

8. TRANSITION

8.1 Escrow

An Issuer may apply to the Exchange to amend any Existing Escrow Agreement to which it is a party to:

- (a) reduce the length of the term of any escrow provision to a term that is not less than such as would have been permitted by this Policy had it been in effect at the time the Existing Escrow Agreement was entered into, and amend the escrow release schedule accordingly, which may result in the early release of some or all of the escrow securities still held subject to such Existing Escrow Agreement; and/or
- (b) remove the requirement to cancel escrow securities where the relevant asset, property, business or interest therein in consideration of which the escrow securities were issued

is lost or abandoned or the operations or development of such asset, property or business is discontinued, and remove the related requirement for a certificate from the Issuer prior to any escrow release date;

provided that it **first**:

- (c) issues a news release at the time the board of directors decides to implement the amendments and in any case, not less than 10 business days prior to the effective date of such amendments that discloses its intention to so amend the Existing Escrow Agreement and includes:
 - (i) summaries of the substantive amendments being made as described in (a) and/or (b) above;
 - (ii) the number of escrow securities affected;
 - (iii) the existing and revised escrow release dates and numbers, including the number of escrow securities to be released immediately upon receipt of Exchange acceptance; and
 - (iv) that the amendments are subject to disinterested Shareholder approval;
- (d) obtains the prior acceptance of the Exchange following the Issuer's submission of an application to the Exchange (filed not less than 10 business days prior to the printing deadline for the Information Circular, if applicable) that includes:
 - (i) a summary of the proposed amendments and a detailed analysis of the effect of the proposed amendments to the Existing Escrow Agreement on the release dates for all of the escrow securities that are still subject to the Existing Escrow Agreement;
 - (ii) a draft of the amending agreement, with a blacklined version showing the amendments proposed to be made to the Existing Escrow Agreement, if applicable;
 - (iii) draft Information Circular or form of written consent to be signed by Shareholders proposed to be used to obtain the required disinterested Shareholder approval;
 - (iv) analysis that demonstrates that the proposed amendments comply with all other terms and conditions of the Existing Escrow Agreement that are applicable to its amendment;
 - (v) a letter from the escrow agent confirming the escrow securities currently held in escrow under the applicable Escrow Agreement or Existing Escrow Agreement, including the names of the registered owners and the number of securities held by each; and

- (vi) the fee as prescribed by Policy 1.3 – *Schedule of Fees*; and
- (e) obtains disinterested Shareholder approval of the proposed amendments at a meeting of Shareholders or by the written consent of Shareholders holding more than 50% of the issued Listed Shares of the Issuer, provided that the votes attached to the Listed Shares of the Issuer held by Shareholders who own securities that are subject to the Existing Escrow Agreement and their Associates and Affiliates are excluded from the calculation of any such approval or written consent, and provides the Exchange with evidence of its receipt of the requisite Shareholder approval.

Any escrow securities that were previously cancelled are not permitted to be re-issued.

8.2 SSRRs

Without obtaining Shareholder approval, an Issuer may apply to the Exchange to:

- (a) reduce the length of the term of any existing Seed Share resale restrictions that are still in effect pursuant to Part 10 of the Former Policy 5.4 (the “**Former SSRRs**”) to a term that is not less than such as would have been permitted by this Policy had it been in effect at the time the securities were made subject to the Former SSRRs, which may result in the early release of some or all of the securities still held subject to such Former SSRRs;

provided that it **first**:

- (b) issues a news release at the time the board of directors decides to implement the amendments and in any case, not less than 10 business days prior to the effective date of such amendments that discloses its intention to do so and includes:
 - (i) the number of securities affected; and
 - (ii) the existing and revised release dates and numbers, including the number of securities to be released immediately upon receipt of Exchange acceptance;
- (c) obtains the prior acceptance of the Exchange following the Issuer’s submission of an application to the Exchange that includes:
 - (i) a detailed analysis of the effect of the proposed amendments to the Former SSRRs on the release dates for all of the securities that are still subject to the Former SSRRs;
 - (ii) if applicable, a draft of the amending agreement, with a blacklined version showing the amendments proposed to be made to the existing agreement that sets out the Former SSRRs;
 - (iii) a description of the process to be used to implement the amendments;

- (iv) analysis that demonstrates that the proposed amendments and process comply with all other terms and conditions of any existing agreement applicable to its amendment; and
 - (v) the fee as prescribed by Policy 1.3 – *Schedule of Fees*.
-

POLICY 5.5

ISSUER BIDS, TAKE-OVER BIDS AND INSIDER BIDS

Issuers are reminded that prior to conducting any insider bid, or any issuer bid which is not a Normal Course Issuer Bid, they should consult, and comply with, applicable provisions of Securities Laws. An Issuer should ensure, with respect to any take-over bid or issuer bid (as those terms are defined under applicable Securities Laws) that, in addition to consulting and complying with Securities Laws, the Issuer otherwise complies with any Policy which may apply to the bid including, without limitation, section 15 of Policy 3.1 (particularly where the Issuer is the target company and is considering implementing a shareholder rights plan), Policy 3.1, Policy 5.3, Policy 5.9 and NP 62-202 (particularly where the Issuer is the target company).

POLICY 5.6

NORMAL COURSE ISSUER BIDS

Scope of Policy

This Policy sets out the procedures and policies of the Exchange with respect to normal course issuer bids made through its facilities. In general, an Issuer can, subject to certain restrictions described in this Policy, purchase by normal market purchases up to 2% of a class of its own shares in a given 30-day period up to a maximum in a 12 month period of the greater of 5% of the outstanding shares or 10% of the Public Float.

The objectives of this Policy are to:

- (a) provide Issuers with a reasonable and flexible framework within which they may purchase their own shares;
- (b) provide shareholders with satisfactory disclosure;
- (c) encourage Issuers to treat shareholders equally; and
- (d) ensure that purchases by an Issuer do not have a significant effect on the market price of the Issuer's securities.

The main headings in this Policy are:

- 1. Exemption from Securities Laws
- 2. Substantial Issuer Bid
- 3. Definitions
- 4. Restricted Shares
- 5. Procedure for Making a Normal Course Issuer Bid
- 6. Application Requirements for a Normal Course Issuer Bid
- 7. Trustee or Agent
- 8. Reporting Purchases
- 9. Prohibited Transactions
- 10. Designation of Broker
- 11. Powers of the Exchange

1. Exemption from Securities Laws

- 1.1 The Securities Laws of most provinces exempt from their issuer bid requirements an issuer bid (as defined in the Securities Laws) if it is made through the facilities of a stock exchange recognized by the relevant Securities Commission.
- 1.2 Under the Securities Laws, a bid made through a stock exchange pursuant to any exemption must be made in accordance with rules and policies of that exchange. An Issuer must not make an Issuer Bid through the facilities of the Exchange except in accordance with Exchange Requirements. If a notice filed with the Exchange contains a misrepresentation or if the Issuer otherwise fails to comply with any of the provisions of this Policy, the Exchange will advise the relevant Securities Commission(s) that the requirements for an exemption have not been met. The Issuer will therefore be in contravention of the Securities Laws as well as Exchange Requirements.
- 1.3 An Issuer purchasing shares of a class of the Issuer through the facilities of the Exchange in reliance on any applicable exemption from the Securities Laws other than the stock exchange exemption must also follow this Policy. Securities purchased by the Issuer must be cancelled, reserved for issuance, or otherwise dealt with in accordance with the applicable corporate and Securities Laws. Alternatively, the Exchange will accept the report required in National Instrument 55-101 - *Exemption from Certain Insider Reporting Requirements* relating to Normal Course Issuer Bids.
- 1.4 An Issuer purchasing shares as a Normal Course Issuer Bid, based on the definition at paragraph (b)(i) of section 3.1 below, should be aware that such a bid may not constitute a normal course issuer bid that is exempt from the issuer bid requirements under applicable Securities Laws and accordingly such a Normal Course Issuer Bid effected through the Exchange may be viewed as a substantial issuer bid under applicable Securities Laws.

2. Substantial Issuer Bid

An Issuer can repurchase more of its shares than the number permitted under the Normal Course Issuer Bid rules by making a formal bid under Securities Laws.

3. Definitions

- 3.1 In this Policy:

“**Issuer Bid**” means an offer to acquire listed Voting Shares or listed equity securities made by or on behalf of an Issuer for securities issued by the Issuer.

“Normal Course Issuer Bid” means an Issuer Bid where the purchases (other than purchases by way of a substantial issuer bid):

- (a) do not, when aggregated with the total of all other purchases in the preceding 30 days, whether through the facilities of a stock exchange or otherwise, exceed 2% of the total issued and outstanding securities of that class outstanding at the time the purchases are made; and
- (b) over a 12-month period beginning on the date specified in the notice of the bid do not exceed the greater of:
 - (i) 10% of the Public Float; and
 - (ii) 5% of that class of securities issued and outstanding;on the first day of the 12-month period.

3.2 Unless otherwise defined in this Policy or Policy 1.1 - *Interpretation*, all terms have the meanings assigned in UMIR.

4. Restricted Shares

If the Issuer has a class of Restricted Shares (as defined in Policy 3.5 – *Restricted Shares*), the Notice of Intention to Make a Normal Course Issuer Bid (Form 5G) must describe the voting rights of all equity securities of the Issuer. If the Issuer does not propose to make the same Normal Course Issuer Bid for all classes of Voting Shares and equity securities, item 8 of the Notice must state the business reasons for limiting the Normal Course Issuer Bid. See Policy 3.5 - *Restricted Shares*.

5. Procedure for Making a Normal Course Issuer Bid

5.1 Intention to Acquire Securities

Any Issuer wishing to conduct a Normal Course Issuer Bid must submit a Notice of Intention to Make a Normal Course Issuer Bid (Form 5G) (the “Notice”) to the Exchange in accordance with the requirements of section 6 of this Policy. The Notice must specify the number of shares that the Issuer’s board of directors has determined may be acquired rather than simply reciting the maximum number of shares that may be purchased under this Policy. If the Issuer does not have a present intention to purchase securities, the Notice should not be filed. The Exchange will not accept a Notice if the Issuer would not meet the Exchange’s Continued Listing Requirements after making all the purchases contemplated by the Notice.

5.2 Duration

A Normal Course Issuer Bid must not extend for a period of more than one year from the date on which purchases may commence.

5.3 News Release

The Issuer can issue a news release indicating its intention to make a Normal Course Issuer Bid, subject to regulatory approval, before the Exchange accepts the executed Notice. The news release should summarize the material aspects of the Notice, including the name of the Member conducting the normal course issuer bid on behalf of the Issuer, number of shares sought, the percentage of the outstanding shares or Public Float sought, the reason for the bid and previous purchases. If a news release has not already been issued, a draft news release should be provided to the Exchange and the Issuer must issue a news release as soon as the Notice is accepted by the Exchange.

5.4 Disclosure to Shareholders

The Issuer must include a summary of the material information contained in the Notice in the next annual report, information circular, quarterly report or other document mailed to its shareholders. The disclosure must indicate that shareholders can obtain a copy of the Notice, without charge, by contacting the Issuer.

5.5 Commencement of Purchases

An Issuer can make purchases under a Normal Course Issuer Bid beginning three clear trading days after the date the Exchange receives all documents, including the originally executed Notice in final form.

5.6 Publication by the Exchange

On acceptance of the Notice, the Exchange will publish an Exchange Bulletin announcing the Normal Course Issuer Bid.

5.7 Amendment

During a Normal Course Issuer Bid, an Issuer can amend its Notice to increase the number of securities to be purchased provided it does not exceed the maximum amounts prescribed in this Policy. The Issuer must advise the Exchange in writing of the proposed amendment, and after receiving Exchange acceptance, must issue a news release disclosing the change.

6. Application Requirements for a Normal Course Issuer Bid

- 6.1 In connection with a Normal Course Issuer Bid, the Issuer must submit to the Exchange a draft Notice of Intention to Make a Normal Course Issuer Bid (Form 5G).
- 6.2 When the Notice is in a form acceptable to the Exchange, the Issuer must file the Notice in final form, duly executed by a senior officer or director of the Issuer, accompanied by:
- (a) confirmation that the Issuer has complied in all respects with the corporate legislation of the Issuer's jurisdiction of incorporation;
 - (b) a draft news release as required by section 5.3;
 - (c) disclosure of the Member that will be conducting the Normal Course Issuer Bid on behalf of the Issuer;
 - (d) confirmation of the date when the Issuer will mail the documentation relating to the Normal Course Issuer Bid to the Issuer's shareholders; and
 - (e) the applicable filing fee as set out in Policy 1.3 - *Schedule of Fees*.

7. Trustee or Agent

- 7.1 A trustee or other purchasing agent (a "Trustee") for a pension, stock purchase, stock option, dividend reinvestment or other plan in which employees or shareholders of an Issuer can participate is deemed to be making an offer to acquire securities on behalf of the Issuer where the Trustee is deemed to be non-independent. Trustees that are deemed to be non-independent must comply with section 8 of this Policy with respect to the purchase limits for a Normal Course Issuer Bid. Trustees that are non-independent must notify the Exchange before beginning to make purchases.
- 7.2 A Trustee is deemed to be non-independent if:
- (a) the Trustee (or one of the Trustees) is an employee, director, Associate or Affiliate of the Issuer; or
 - (b) the Issuer, directly or indirectly, has control over the time, price, amount, and manner of purchases or the choice of the broker through which the purchases are to be made. The Issuer is not considered to have control if the purchases are made on the specific instructions of the employee or shareholder who will be the beneficial owner of the securities.
- 7.3 If it is not clear whether the Trustee is independent, contact the Exchange.

8. Reporting Purchases

- 8.1 Within 10 days after the end of each month in which purchases are made, whether the securities were purchased through the facilities of the Exchange or otherwise, the Issuer must report to the Exchange the number of securities purchased in the preceding month, providing the dates of the purchases, the average price paid and stating whether the securities have been cancelled, reserved for issuance or otherwise dealt with. No reports are required during any period in which no purchases are concluded.
- 8.2 Section 8.1 also applies to non-independent Trustees under section 7 of this Policy and to purchases by any Person acting jointly or in concert with the Issuer.
- 8.3 The Issuer can delegate the reporting requirements to the Member appointed to conduct the Normal Course Issuer Bid on its behalf. However, it is the Issuer's responsibility to ensure that the filing requirements are met.
- 8.4 The Exchange may review the report filed under section 8.1 above and may contact the Issuer, Member or non-independent Trustee regarding any aspect of the Normal Course Issuer Bid.

9. Prohibited Transactions

The following rules apply to all Issuers conducting a Normal Course Issuer Bid and to all Members and their employees conducting the transactions on behalf of any Issuer:

9.1 Price Limitations

It is inappropriate for an issuer making a Normal Course Issuer Bid to abnormally influence the market price of its shares. Therefore, purchases made by Issuers pursuant to a Normal Course Issuer Bid must not be transacted at a price which is higher than the last independent trade of a Board Lot of the class of shares which is the subject of the Normal Course Issuer Bid. In particular, the following are not "independent trades":

- (a) trades directly or indirectly for the account of (or an account under the direction of) an Insider of the Issuer, or any Associate or Affiliate of either the Issuer or an Insider of the Issuer;
- (b) trades for the account of (or an account under the direction of) the trading staff approved by the Member designated for making purchases under the bid; and
- (c) trades solicited by the trading staff approved by the Member designated for making purchases under the bid.

9.2 Prearranged Trades

All holders of identical securities must be treated in a fair and even-handed manner by the Issuer. Therefore, Issuers must not knowingly participate in a put-through (also known as a “cross”) or a pre-arranged trade where the vendor is an Insider of the Issuer, an Associate of an Insider, or an Associate or Affiliate of the Issuer or related in any other way to the Issuer or its management.

9.3 Private Agreements

Unless specifically exempted by the Exchange, no Issuer can conduct any transactions pursuant to a Normal Course Issuer Bid other than by means of open market transactions through the facilities of the Exchange.

9.4 Sales from Control Person

Under the Securities Laws and Exchange Requirements, purchases pursuant to a Normal Course Issuer Bid must not be made from a Person effecting a sale from a control block. The Member acting as agent for the Issuer must ensure that it is not bidding in the market for the Normal Course Issuer Bid at the same time as a Member is offering the same class of securities of the Issuer under a sale from a Control Person.

9.5 Purchases During a Take-Over Bid

An Issuer must not make any purchases of its securities pursuant to a Normal Course Issuer Bid during a Take-Over Bid for those securities. This restriction applies from the first public announcement of the Take-Over Bid until the last day on which securities may be deposited under the bid, including any extension. This restriction does not apply to purchases made solely as a Trustee with a pre-existing obligation under a pension, stock purchase, stock option, dividend reinvestment or other plan.

9.6 Prohibited Trading During a Distribution

The Issuer and the Member acting as agent for the Issuer must not make purchases under a Normal Course Issuer Bid when the security subject to the offer is of the same class as the security subject to a distribution under a Prospectus, is convertible into such a security, or is underlying the security being distributed.

10. Designation of Broker

10.1 Every Normal Course Issuer Bid by an Issuer must be conducted through one designated Member only and all transactions under the bid must be conducted through the facilities of the Exchange.

- 10.2 The Issuer must appoint only one Member at any one time as its broker to make purchases. The Issuer must provide the Member with a copy of the Notice and instruct the Member to make purchases in accordance with the provisions of this Policy and the terms of the Notice. The Member and the broker acting as agent for the Normal Course Issuer Bid must comply in all respects with the provisions of this Policy and the Notice filed by the Issuer.
- 10.3 The Issuer must inform the Exchange in writing of the name of the Member and the individual broker through which the Normal Course Issuer Bid will be conducted. The Issuer must advise the Exchange in writing before changing its broker.

11. Powers of the Exchange

- 11.1 The Exchange can, subject to any terms and conditions it may impose:
- (a) exempt any Issuer from the requirements of this Policy if, in the Exchange's opinion, it would not be prejudicial to the public interest to do so; and
 - (b) require such further disclosure by, or impose such further obligations on, an Issuer as, in its discretion, it considers to be beneficial to the public interest.
- 11.2 If an Issuer or its agent fails to comply with any requirement of this Policy or the Rules, the Exchange can suspend the Issuer's Normal Course Issuer Bid.
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SMALL SHAREHOLDER SELLING AND PURCHASE ARRANGEMENTS

Scope of Policy

Holders of less than a Board Lot (“**odd lot holders**”) who wish to sell their shares or buy enough shares to increase their holding to a Board Lot are frequently charged a minimum commission by Members or Participating Organizations to execute a transaction. The minimum commission rates can make the sale or purchase of an odd lot relatively costly.

Issuers may reduce the number of odd lot holders by using the procedure set out in this Policy. The benefits to Issuers of reducing the number of odd lot holders include reducing the expenses of printing and distributing quarterly reports, annual reports, proxy solicitation materials, mailing dividend cheques, as well as expenses relating to the transfer agent. In addition, Members and Participating Organizations benefit by a reduction in the administrative costs of distributing shareholder materials to odd lot holders with shares registered in nominee form.

The procedure described below must be followed if an Issuer seeks the assistance of a Member to solicit odd lots for resale on the Exchange, or to offer to defray the commissions payable by odd lot holders in acquiring additional shares on the Exchange to make up a Board Lot.

The main headings in this Policy are:

1. General Requirements
2. Trading Odd Lots
3. Rules Applicable to Arrangements Through Members
4. Rules Applicable to Arrangements Through the Issuer
5. Obligations to Odd Lot Holders
6. Shareholders Eligible to Participate
7. Duration of an Arrangement
8. Dissemination of Information
9. Normal Course Issuer Bids
10. Powers of the Exchange

1. General Requirements

- 1.1 A **“Selling Arrangement”** exists when an Issuer agrees to pay a fee per odd lot account to Members to sell shares on behalf of odd lot holders. A **“Purchase Arrangement”** exists when an Issuer agrees to pay a fee per odd lot account to Members to purchase a sufficient number of shares on behalf of odd lot holders to constitute a Board Lot. An **“Arrangement”** means either a Selling Arrangement or a Purchase Arrangement.
- 1.2 The Issuer must request odd lot holders wishing to take advantage of an Arrangement to either:
- (a) place orders under the Arrangement with any Member of the Exchange; or
 - (b) transmit orders under the Arrangement directly to the Issuer or an agent (such as a Member, broker or transfer agent) designated by it.
- 1.3 If the option under subsection 1.2(a) is selected, a Member must be appointed as manager of the Arrangement and will be responsible for maintaining records of transactions and remitting the fees payable to other Members. Special procedures applicable to the options outlined in subsections 1.2(a) and (b) are set out in sections 4 and 5 below.

2. Trading Odd Lots

Under a Selling Arrangement the shares tendered by odd lot holders must be aggregated into Board Lots and sold promptly by a Member on the Exchange. Similarly, under a Purchase Arrangement a Member must promptly acquire a sufficient number of shares to increase an odd lot holder's holdings to a full Board Lot by purchases by the Member on the Exchange.

3. Rules Applicable to Arrangements Through Members

If odd lot holders will place orders with any Member of the Exchange for the Arrangement (option (a) under section 1.2):

- (a) Many odd lot holders may not have an account with a Member. To simplify administration of the Arrangement, new account forms are not required to be completed for odd lot holders and transactions under the Arrangement can be effected through an omnibus account. However, the Member must maintain proper records of orders as required by Exchange Requirements.

- (b) If required by the Issuer, Members selling odd lots on behalf of clients under a Selling Arrangement or purchasing shares under a Purchase Arrangement will prepare a signed statement that, to the best of the knowledge of the representative of the Member, the securities of each named beneficial owner sold under a Selling Arrangement constitute all of the securities owned by that beneficial owner and that the number of securities purchased under a Purchase Arrangement for each named beneficial owner is the number of securities required to increase that beneficial owner's holding to the level of one Board Lot, and will keep these statements in its files for inspection by the Exchange. Members are not required to disclose the names of their clients to the manager of an Arrangement or the Issuer.
- (c) If an odd lot is held in the name of a Member on behalf of a customer who wishes to sell his securities under a Selling Arrangement, the Member must either:
 - (i) sell the securities on behalf of the customer under the Arrangement,
 - (ii) provide to the customer deliverable securities (so that the customer can tender securities to another Member) and a certificate stating that, to the best of the Member's knowledge, the customer held a stated number of shares as of the record date of the Arrangement, or
 - (iii) tender the securities to another Member who is willing to sell the securities under the Arrangement on behalf of the customer.
- (d) The Member appointed as manager of an Arrangement must maintain records of the transactions effected by Members under the Arrangement. Members must report these transactions to the manager on a weekly basis. The manager must remit the amount offered by the Issuer per odd lot account promptly after receiving each weekly report. The amount receivable by each Member is required to be used, in its entirety, to replace or reduce the normal brokerage commissions otherwise payable by odd lot holders.
- (e) The price received or to be paid for an odd lot must be the market price at which the trade is executed by the Member. If the securities of an odd lot holder are sold or purchased as part of more than one Board Lot and different prices are received or paid, the amount remitted to the customer, or paid by the customer, will be the average price and the confirmation must disclose that an average price has been used and must list the prices at which the trades were made.
- (f) The Member appointed as manager of an Arrangement will advise the Exchange and the Issuer concerning a reasonable fee payable per odd lot account.

4. Rules Applicable to Arrangements Through the Issuer

If odd lot holders will place orders through the Issuer or an agent designated by it (option (b) under item 1.2):

- (a) The Issuer or its agent must send orders received under the Arrangement to one or more Members for execution immediately after the orders are cleared for trading. Orders received and cleared for execution will be placed with the Member no later than 12:00 p.m., Vancouver time (1:00 p.m., Calgary time, 3:00 p.m., Toronto time) on the next business day for execution on the Exchange. Orders can be aggregated, but not netted, by the Issuer or its agent.
- (b) The Member will execute aggregated buy or sell orders as soon as possible, subject to its discretion to obtain the best available price for the customer and to avoid any undue impact on the market price.
- (c) The price received or to be paid for an odd lot must be the average price received on all orders placed with the Member for execution on a given day, regardless of when any of such orders are executed.
- (d) In addition to the information required by section 8, the disclosure document must state that the price received or to be paid for an odd lot will be the average price received on all orders placed with the Member for execution on a given day, regardless of when any orders are executed. The disclosure document must also contain an estimate of the time required for mailing and clearing an order, and state that the market price of the stock may change during that time.

5. Obligations to Odd Lot Holders

- 5.1 A Member must obtain the best price available for its customer (the odd lot holder) in executing trades under an Arrangement. Notwithstanding any financial arrangement with the Issuer, a Member must satisfy its fiduciary duty to odd lot holders in accordance with Exchange Requirements. The Issuer must not, directly or indirectly, influence the time, price, amount or manner of sales or purchases of odd lots.
- 5.2 Subject to any agreement to the contrary, a Member can acquire or sell odd lots in principal transactions in accordance with Exchange Requirements. Members must not be a prominent influence in the market for the securities at a time when a principal transaction is proposed to be executed.

6. Shareholders Eligible to Participate

- 6.1 Only persons who hold less than one Board Lot can participate in either type of Arrangement. Whether a person holds an odd lot is determined as of a record date established by the Issuer. The record date must be before the public announcement in accordance with section 8.2 to ensure that Board Lots will not be broken up in order to participate in the Arrangement.
- 6.2 An Arrangement must be made available to both registered holders of odd lots and beneficial owners of odd lots registered in nominee form. The Exchange may accept an Arrangement directed to the holders of a specified number of securities or less that does not include all odd lot holders if it is satisfied that holders of more than the specified number of securities are not disadvantaged by minimum commission rates.
- 6.3 Participants in security ownership plans established by an Issuer for its employees or participants in dividend reinvestment plans can be excluded from an Arrangement. Examples of security ownership plans are bonus, profit-sharing, pension, retirement, incentive, stock option or similar plans instituted for employees of the Issuer or its subsidiaries.

7. Duration of an Arrangement

An Arrangement must remain open for at least thirty days after it is accepted by the Exchange, to ensure adequate dissemination of the information. An Arrangement can continue for three months and can be renewed on application to the Exchange.

8. Dissemination of Information

8.1 Draft Documents

At least one week before the proposed record date, the Issuer must file with the Exchange a copy of a draft news release announcing an Arrangement and a draft disclosure document which includes the information required under subsection 8.3(b) below. The news release must not be issued and the disclosure document must not be distributed to shareholders until the Exchange has accepted them.

8.2 News Release and Record Date

The news release must be issued on the first business day after the record date. The record date must not occur until acceptance has been given by the Exchange.

8.3 Disclosure Document

- (a) The Issuer must send a disclosure document to each shareholder of record that holds an odd lot. If a shareholder of record holds securities on behalf of other persons, the Issuer must provide, on request by the holder, a sufficient number of copies for each beneficial owner of an odd lot.
- (b) The original of the disclosure document must be signed by a duly authorized officer of the Issuer and filed with the Exchange. The disclosure document must include the following information:
 - (i) the name of the Issuer and the nature of the Arrangement being made available to odd lot holders;
 - (ii) a description of the class or classes of securities subject to the Arrangement and the holders eligible to participate;
 - (iii) confirmation that the Issuer will pay one or more Members a fee to sell or purchase odd lots, as the case may be, in the open market on behalf of odd lot holders, disclosure of the amount payable by the Issuer to Members per odd lot account and confirmation that for the purpose of the Arrangement, the odd lot holder is the customer of the Member agreeing to sell or purchase securities, as the case may be, under the Arrangement and that the Member must obtain the best available price for the odd lot holder;
 - (iv) if applicable, confirmation that the Member may purchase or sell odd lots under the Arrangement as principal in accordance with Exchange requirements;
 - (v) the duration of the Arrangement;
 - (vi) the purpose of the Arrangement;
 - (vii) a description of the procedure to be followed by both registered odd lot holders and beneficial owners of odd lots held in nominee form to participate in the Arrangement;
 - (viii) if applicable, the statement required under section 4(d) regarding the calculations of the price received or to be paid for an odd lot;
 - (ix) the name, address and telephone number of the department or person at the Issuer or Member to contact for additional information; and
 - (x) a recommendation that the odd lot holder contact his broker for advice before participating in the Arrangement.

8.4 **Renewal**

To renew an Arrangement, the Issuer must provide the Exchange with a statement of the number of securities previously sold or purchased, as the case may be, under the Arrangement. Upon acceptance by the Exchange, the Issuer must issue a news release announcing the renewal of the Arrangement.

9. **Normal Course Issuer Bids**

- 9.1 The procedure described in this Policy is the only method that an Issuer can use to solicit odd lots for sale on the Exchange, or to offer to assist odd lot holders in acquiring additional securities on the Exchange to make up a Board Lot.
- 9.2 However, an Issuer can also purchase odd lots offered in the marketplace under a normal course issuer bid implemented and conducted in accordance with Policy 5.6 - *Normal Course Issuer Bids*. An Issuer can have a Normal Course Issuer Bid and either a Selling Arrangement, or a Purchase Arrangement, or both, in effect at the same time.

10. **Powers of the Exchange**

The Exchange can, in its discretion and subject to any terms and conditions that it may impose:

- (a) exempt any Issuer from the requirements of this Policy if, in the Exchange's opinion, it would not be prejudicial to the public interest to do so; and
 - (b) require further disclosure by, or impose further obligations on, an Issuer if, in the Exchange's opinion, it would be beneficial to the public interest.
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POLICY 5.8

ISSUER NAMES, ISSUER NAME CHANGES, SHARE CONSOLIDATIONS AND SPLITS

Scope of Policy

This Policy provides guidelines for obtaining or changing a name of an Issuer that is or will be listed on the Exchange and reserving a stock symbol to be used by the Issuer. It also sets out the Exchange's requirements for security consolidations (also known as reverse splits or rollbacks), security splits, and security reclassifications (collectively referred to as “**substitutional listings**”).

The main headings of this Policy are:

1. Name
2. Name Changes
3. Stock Symbol
4. Stock Symbol Changes
5. CUSIP and ISIN Application Procedures
6. Security Consolidations, Splits and Reclassifications - General
7. Security Consolidations
8. Security Splits
9. Security Reclassifications

1. Name

- 1.1 Before an Issuer adopts a name, the name must be approved by the regulatory body responsible for registering the Issuer (the “**Corporate Regulator**”) in its jurisdiction of incorporation (for example, the Director of Corporations under the *Canada Business Corporations Act* for federally incorporated corporations). Although the Exchange will generally accept a name that has been approved by the Corporate Regulator, it may object to a name that is virtually identical to that of another listed issuer or so nearly resembles that name that it is likely to confuse or mislead the public. Each Issuer is encouraged to review the names of reporting issuers in Canada listed on SEDAR to determine whether a reporting issuer, other than the Issuer, having an identical name or a name which is so similar to that of the Issuer that it is likely to confuse or mislead the public, exists.

2. Name Changes

- 2.1 The Exchange deems a name change to be Material Information for any Issuer. Accordingly, an Issuer must obtain Exchange acceptance and disclose the proposed name change in accordance with Policy 3.3 - *Timely Disclosure*.
- 2.2 The effective date of the name change for the Issuer listed on the Exchange should be as soon as possible after the date the Corporate Regulator issues the certificate effecting the name change.
- 2.3 The Issuer may elect to change its symbol where only a name change is involved, however this is not a requirement. If the proposed name change is substantial, it may be appropriate for the Exchange to assign a new stock symbol to the Issuer’s securities. See sections 3 and 4 for stock symbols and stock symbol changes.
- 2.4 The Issuer must obtain new share certificates or may overprint its existing certificates and obtain a new CUSIP or ISIN number in connection with a name change.
- 2.5 The Issuer’s securities will normally commence trading on the Exchange under the new name at the opening of business two or three trading days after Exchange acceptance of the name change.
- 2.6 The effective date of a name change where an Issuer is undertaking a name change pursuant to an RTO, COB or Qualifying Transaction should not occur prior to the closing of the transaction.

Filing Requirements

- 2.7 The Issuer must file the following in order to receive Exchange acceptance of a proposed name change:
- (a) the Name Change Without Consolidation or Split Filing Form (Form 5H); and
 - (b) the applicable fee as prescribed by Policy 1.3 - *Schedule of Fees*.

3. Stock Symbol

- 3.1** The Exchange allocates a one to four letter alphabetic stock symbol to each Issuer and co-ordinates stock symbols with stock exchanges throughout Canada. Applicants and Issuers may request up to three different stock symbols, in order of preference, but the Exchange may not be able to satisfy requests.
- 3.2** Given that certain letters of the alphabet are more frequently used, it is not always possible to allocate a stock symbol whose first letter is the same as the first letter of the applicant or Issuer's name. Although the Exchange tries to devise a symbol to be as abbreviated and as mnemonic to the applicant or Issuer's name as possible, the stock symbol allocated may bear little or no resemblance to the applicant or Issuer's name.
- 3.3** The stock symbol of a security which is no longer listed on the Exchange is not made immediately available to new applicants. The Exchange requires at least a one year lapse before the stock symbol will be reallocated.
- 3.4** Stock symbols are co-ordinated only throughout Canada and not the United States. As such, an applicant or Issuer may be unable to use the same symbol when listing on a stock exchange in the United States.
- 3.5** All of an Issuer's listed securities must have the same root symbol. A suffix must be attached to the root symbol to identify specific classes of shares, preferred shares, rights, warrants, debentures, units, subscription receipts, installment receipts and that the security trades in U.S. dollars.

4. Stock Symbol Changes

- 4.1** An Issuer may request a change to the symbol assigned to its Listed Securities upon payment of the applicable fee, and subject to Exchange acceptance.
- 4.2** If an Issuer is proposing a name change which is substantial, it may be appropriate for the Exchange to assign a new stock symbol to the Issuer's securities. See sections 2 and 3 for names and name changes.

5. CUSIP and ISIN Application Procedures

- 5.1** All security certificates must bear a CUSIP (Committee for Uniform Securities Identification Procedures) number or an ISIN (International Securities Identification Number), which is assigned in each country by a numbering agency of the Association of National Numbering Agencies (the "ANNA"). In Canada, the numbering agency is the Canadian Depository for Securities Limited ("CDS").

5.2 All applications for a CUSIP or ISIN number by Canadian companies must be made through CDS. Its website may be found at <http://www.cds.ca/cds-products/cds-solutions/isin-issuance-and-isin-eligibility-services>. The process involves two steps:

- (a) **Issuance** - requesting and obtaining the CUSIP or ISIN identifier number; and
- (b) **Eligibility** - requesting and obtaining the eligibility assessment and acceptance of marketable securities within the CDS clearing and depository system.

5.3 As applicable, the request should include:

- (a) the name of the Issuer;
- (b) the head office and registered office address of the Issuer;
- (c) the applicable law and date of incorporation or creation;
- (d) the authorized and issued capital for all classes authorized;
- (e) a description of the security for which the number is being requested;
- (f) if applicable, the nature and description of the offering to be made;
- (g) the name of the stock exchange that the Issuer is listed and/or intended to be listed on; and
- (h) in the case of name changes, the old name and CUSIP or ISIN number, as applicable, and the new name,

and should include the following documents, where applicable, in draft form (to be followed up in final form):

- (i) Prospectus;
- (j) Rights Offering Circular;
- (k) Information Circular; and/or
- (l) Articles of Amendments in the case of reclassifications, Reorganizations, or name changes.

5.4 The ISIN or CUSIP application must be accompanied by payment of the applicable CDS fee.

6. Security Consolidations, Splits and Reclassifications - General

- 6.1** Where an Issuer proposes to split or consolidate its securities, or to undergo a security reclassification, the Issuer must make an application to the Exchange in compliance with the terms of this Policy.

7. Security Consolidations

- 7.1** All security consolidations are subject to Exchange acceptance. In addition, the Exchange will require Shareholder approval for any security consolidation which, when combined with any other security consolidation conducted by the Issuer within the previous 24 months that was not approved by its Shareholders, would result in a cumulative consolidation ratio of greater than 10 to 1 over such 24 month period. It should be noted that even if the Exchange's Shareholder approval requirement for a security consolidation is not applicable to a particular security consolidation, the Issuer may still be required to obtain Shareholder approval for the consolidation under applicable corporate laws.
- 7.2** Regardless of an Issuer's classification on the Exchange, a consolidation constitutes Material Information, which must be disclosed in accordance with Policy 3.3 – *Timely Disclosure*.
- 7.3** Except for generic security certificates which the Issuer's transfer agent has confirmed to the Exchange meet STAC requirements, a security consolidation must be accompanied by a concurrent change in the colour of the security certificates, where applicable. A new CUSIP or ISIN number is also generally required. CDS may advise the Issuer in response to its application that a new CUSIP or ISIN number is not required.
- 7.4** The Issuer must amend its constating documents in accordance with the applicable laws, and must provide full disclosure of the consequences in its Information Circular.
- 7.5** An Issuer undergoing a security consolidation must meet the Tier Maintenance Requirements relating to distribution, on a post-consolidation basis. See Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*.
- 7.6** If the proposed consolidation results in a significant portion of the shareholders holding less than a Board Lot, the Exchange may require the Issuer to adopt a small shareholder selling arrangement. See Policy 5.7 – *Small Shareholder Selling and Purchase Arrangements*.
- 7.7** The effective date of the consolidation and name change (where applicable) should be co-ordinated with the Exchange to coincide as closely as possible with the documents being accepted by the Corporate Regulator.

Disclosure

- 7.8** An Issuer proposing a security consolidation must issue a news release disclosing the proposed consolidation not later than the date the Issuer sends its Information Circular and proxy material to its shareholders. The news release and Information Circular should disclose:
- (a) the proposed consolidation ratio;
 - (b) the number of securities currently outstanding and the number which would be outstanding after the proposed consolidation;
 - (c) the reason(s) for the security consolidation;
 - (d) the date of the shareholders' meeting, when applicable;
 - (e) the fact that the consolidation is subject to shareholder approval, when applicable, and to Exchange acceptance;
 - (f) whether the Issuer's name will be changed in conjunction with the consolidation and if so, the new name; and
 - (g) any other actual or proposed Material Information.

Filing Requirements

- 7.9** The Issuer must file the following in order to obtain Exchange acceptance of a proposed consolidation:
- (a) Share Consolidation/Split Filing Form (Form 5I); and
 - (b) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*.
- 7.10** The securities will normally commence trading on the Exchange on a consolidated basis at the opening of business two or three trading days after Exchange acceptance of the transaction.

8. Security Splits

- 8.1** All security splits are subject to Exchange acceptance and Shareholder approval, if required by applicable corporate laws.
- 8.2** Regardless of an Issuer's status on the Exchange, a split constitutes Material Information, which must be disclosed in accordance with the Exchange's timely disclosure policies.
- 8.3** The Issuer must obtain new security certificates, and may require a new CUSIP or ISIN number for the split securities, even if no name change is required, except for a security

split effected by way of a “push-out”. CDS may advise the Issuer in response to its application that a new CUSIP or ISIN number is not required.

- 8.4 Where an Issuer proposing to split its securities has Warrants trading on the Exchange, the form of Warrant certificate must not be changed by virtue of the split, but any new Warrant certificate issued by the Issuer after the security split becomes effective must contain a notation disclosing the effect of the security split on the rights of the Warrant holders and a statement that the number of Warrants represented by the Warrant certificate for trading purposes is equal to the number imprinted in the top right-hand corner (or other location, if appropriate) of the certificate.
- 8.5 There are two methods of effecting a security split: the “push-out” method and the “call-in” method. If the security split is accompanied by a security reclassification, either the push-out method or the call-in method may be used; otherwise the push-out method is preferable.

Filing Requirements – Push-out Method

- 8.6 Under the push-out method, the shareholders keep the security certificates they currently hold, and shareholders of record as of the close of business on a specified date (the “**record date**”) are provided with additional or replacement security certificates by the Issuer.
- 8.7 Where a stock split is being conducted by push-out, a record date must be set and the Issuer must notify the Exchange at least five trading days in advance of the proposed record date for the stock split by making the filing set out in section 8.8. Consolidations and stock splits conducted by way of call-in do not require the establishment of a record date.
- 8.8 In connection with a stock split being conducted by the push-out method, the following documents must be filed with the Exchange at least five trading days in advance of the proposed record date for the stock split:
- (a) Share Consolidation/Split Filing Form (Form 5I);
 - (b) Dividend/Distribution Declaration Form (Form 3E); and
 - (c) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*.

See Policy 3.2 – *Filing Requirements and Continuous Disclosure* for applicable requirements regarding dividends and Due Bills.

Filing Requirements – Call-in Method

- 8.9 Under the call-in method, the Issuer implements the stock split by replacing the security certificates currently in the hands of the shareholders with new certificates. Letters of Transmittal are sent to the shareholders requesting them to exchange their security certificates at the offices of the Issuer’s transfer agent. The filing requirements in section 8.8 above also apply to splits using the call-in method.

Disclosure

- 8.10** An Issuer proposing a security split must issue a news release disclosing the proposed split prior to the split and if shareholder approval is required by Securities Law, not later than the date the Issuer sends its Information Circular and proxy material to its shareholders. The news release and Information Circular should disclose:
- (a) the proposed split ratio;
 - (b) the number of securities currently outstanding and the number which would be outstanding after the proposed split;
 - (c) the reason(s) for the security split;
 - (d) the date of the shareholders' meeting;
 - (e) the fact that the split is subject to shareholder approval, when applicable, and to Exchange acceptance;
 - (f) whether the Issuer's name will be changed in conjunction with the split and if so, the new name; and
 - (g) any other actual or proposed Material Information.
- 8.11** The effective date of the split and name change should be co-ordinated with the Exchange to coincide as closely as possible with the documents being accepted by the Corporate Regulator.
- 8.12** Where the call-in method is used, the securities will normally commence trading on the Exchange on a split basis at the opening of business two or three trading days after Exchange acceptance of the transaction.

Filing Requirements

- 8.13** The following documents must be filed with the Exchange in connection with a stock split conducted by the push-out method:
- (a) Share Consolidation/Split Filing Form (Form 5I); and
 - (b) the applicable fee as prescribed by Policy 1.3 – *Schedule of Fees*.

9. Security Reclassifications

- 9.1** A security reclassification occurs when the terms and privileges of an Issuer's Listed Securities are amended. For example, the addition or amendment of a dividend feature to a class of securities constitutes a reclassification.
- 9.2** A security reclassification by an Issuer requires the prior consent of the Exchange.
- 9.3** The following documentation must be filed with the Exchange in connection with a security reclassification (with no security split):
- (a) a letter describing the new terms and conditions of the securities and reasons for the reclassification;
 - (b) a copy of the Certificate of Amendment, or equivalent document;
 - (c) a specimen of the new or over-printed security certificate with the CUSIP or ISIN number imprinted thereon;
 - (d) a copy of the written notice from CDS disclosing the CUSIP or ISIN number(s) assigned to the securities;
 - (e) a copy of Letter of Transmittal, if applicable; and
 - (f) the additional listing fee as prescribed by Policy 1.3 - *Schedule of Fees*.
- 9.4** The reclassification will normally become effective for trading purposes at the opening of business two or three trading days after the later of the date of Exchange acceptance of the transaction.
-

POLICY 5.9

PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

Scope of Policy

This Policy incorporates Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, together with the Companion Policy 61-101CP (collectively, “MI 61-101”). Copies of MI 61-101 can be found on the website of the Ontario Securities Commission (www.osc.gov.on.ca) or the Autorité des marchés financiers (www.lautorite.qc.ca).

The main headings of this Policy are:

1. Definitions
2. Application of MI 61-101
3. Exemptions

1. Definitions

Definitions contained in MI 61-101 that are inconsistent with definitions contained within other Policies are applicable only to the interpretation of this Policy.

2. Application of MI 61-101

- 2.1 This Policy applies to all Issuers listed on the Exchange or Companies seeking listing on the Exchange.
- 2.2 Subject to the exemptions in section 3 of this Policy, MI 61-101 is adopted, in its entirety, as a Policy of the Exchange.

- 2.3 In addition to insider bids and issuer bids, this Policy may be applicable to certain transactions undertaken pursuant to the following Policies:
- (a) Policy 2.4 - *Capital Pool Companies*;
 - (b) Policy 4.1 - *Private Placements*;
 - (c) Policy 5.2 - *Changes of Business and Reverse Takeovers*; and
 - (d) Policy 5.3 - *Acquisitions and Dispositions of Non-Cash Assets*.

3. Exemptions

Applicability of Valuation Exemptions

- 3.1 Issuers should note that MI 61-101 provides exemptions from the valuation requirements in respect of business combinations and related party transactions for Exchange-listed Issuers that do not have their securities interlisted on specified markets. However, the Exchange may nonetheless require an Issuer to provide evidence of value to the Exchange in accordance with sections 4.1, 4.2, 4.3, 4.4 or 4.5 of Policy 5.4.

Exemptions from other MI 61-101 Requirements

- 3.2 An Issuer that is subject to MI 61-101 may apply, independently of this Policy, to the appropriate securities regulator or securities regulatory authority in Ontario or Québec, as the case may be, for a discretionary exemption from any requirements of MI 61-101. However, the Issuer must concurrently make an application to the Exchange and provide a copy of any subsequent and related correspondence to the Exchange. The Exchange will consider such applications on a case by case basis, and may elect not to grant an exemption despite a favourable decision of a securities regulator or securities regulatory authority. Issuers should consult with the Exchange in advance of any application for exemption to a securities regulator, or securities regulatory authority, to determine whether or not the Exchange will grant that exemption.
- 3.3 For more certainty, where an Issuer seeking an exemption from this Policy is not subject to MI 61-101, an application need only be made to the Exchange.
-

POLICY 6.2

TRANSITIONAL PROVISIONS

Scope of Policy

This Policy deals generally with transitional issues which may apply when the Exchange amends and publishes revised Policies and when an Issuer is simultaneously undertaking a transaction or a series of transactions.

The main headings in this Policy are:

1. General
2. Filings

1. General

1.1 General

Where applicable, and if noted in an Exchange notice to that effect, during the period beginning or ending, as the case may be, on the date a revised policy is published (the “Publication Date”) and ending or beginning, as the case may be, at such time as may be noted by the Exchange (the “Transition Period”), an Issuer or other filer with the Exchange will generally be permitted to use and rely upon either:

- (a) a policy or policies of the Exchange that are or were in effect immediately prior to a Publication Date (the “Former Policy” or “Former Policies”); or
- (b) a policy or policies of the Exchange that are or were in effect as at the Publication Date (the “New Policy” or “New Policies”).

In this Policy, the prefix “Former” or “New” preceding reference to a Policy will be used to differentiate, respectively, between those Policies that were effective prior to the Publication Date and those that are effective on or after the Publication Date.

1.2 Before a Publication Date

During a Transition Period occurring prior to a Publication Date, an Issuer or other filer will generally be subject to a Former Policy or Policies that relate to a transaction or series of transactions, will be required to comply with all of the applicable provisions of that Former Policy or Policies, and may generally not rely on the provisions in a New Policy or Policies in respect of that transaction or series of transactions. Where, during the Transition Period occurring prior to a Publication Date, an Issuer or other filer wishes to use a New Policy or Policies that relate to a transaction or series of transactions, that Issuer or other filer will be required to comply with all of the applicable provisions of that New Policy or Policies, may not rely on provisions in the Former Policy or Policies in respect of that transaction or series of transactions and must receive Exchange acceptance prior to undertaking the transaction or series of transactions.

1.3 After a Publication Date

During a Transition Period which occurs after a Publication Date, an Issuer or other filer will generally be subject to a New Policy or Policies that relate to a transaction or series of transactions, will be required to comply with all applicable provisions of the New Policy or Policies, and may generally not rely on the provisions in the Former Policies or Policy in respect of that transaction or series of transactions. Where, during a Transition Period occurring after a Publication Date, an Issuer or other filer wishes to rely upon the provisions of a Former Policy, the Issuer or other filer must obtain Exchange acceptance to do so. The Exchange may refuse to grant its acceptance and nonetheless impose the requirements of the applicable New Policy, unless the Exchange determines that it is not in the public interest to do so.

2. Filings

Any Issuer or other filer making a filing during a Transition Period must specify in the applicable covering letter whether the filing is being made pursuant to a Former Policy or a New Policy. Generally, failure to make such specification will mean that the Issuer or other filer will be deemed by the Exchange to be making the filing based on (i) the applicable New Policy if the filing is made on or after the Publication Date or (ii) the applicable Former Policy if the filing is made prior to the Publication Date.

TSX VENTURE EXCHANGE CORPORATE FINANCE MANUAL TABLE OF FORMS

| Form | Title |
|---------|--|
| 2A | Personal Information Form |
| 2B | Listing Application |
| 2C | There is currently no Form 2C |
| 2C1 | Declaration |
| 2D | Listing Agreement |
| 2E | Distribution Summary Statement |
| 2F | CPC Escrow Agreement |
| 2G | Sponsorship Acknowledgement Form |
| 2H | Sponsor Report |
| 2I | Transaction Disclosure Form |
| 2J | Securityholder Information |
| 3A | Information Required in a CPC Prospectus |
| 3B1/3B2 | Form 3B1 – Information Required in an Information Circular for a Qualifying Transaction / Form 3B2 – Information Required in a Filing Statement for a Qualifying Transaction |
| 3C | Certified Filing for Persons Conducting Investor Relations, Promotional or Market-Making Activities |
| 3D | There is currently no Form 3D |

| Form | Title |
|-------------|--|
| 3D1/3D2 | Form 3D1 – Information Required in an Information Circular for a Reverse Takeover or Change of Business / Form 3D2 – Information Required in a Filing Statement for a Reverse Takeover or Change of Business |
| 3E | Dividend / Distribution Declaration |
| 4A | Price Reservation Form |
| 4B | Notice of Private Placement |
| 4C | Corporate Placee Registration Form |
| 4D | Warrant Amendment Summary Form and Certification |
| 4E | Shares for Debt Filing Form |
| 4F | There is currently no Form 4F (Repealed November 24, 2021) |
| 4G | Summary Form – Security Based Compensation |
| 4H | Short Form Offering Document (Offering Document) |
| 5A | There is currently no Form 5A |
| 5B | Expedited Acquisition Filing Form |
| 5C | Transaction Summary Form |
| 5D | Escrow Agreement |
| 5E | Agreement by Escrow Transferee to be bound by Escrow Agreement |
| 5F | Escrow Agreement Indemnity |
| 5G | Notice of Intention to Make a Normal Course Issuer Bid |
| 5H | Name Change without Consolidation or Split Filing Form |
| 5I | Name Change and Consolidation/Split Filing Form |
| 5J | Letter to Intermediaries Re: Share Distribution |
| 6A | Seed Share Resale Restrictions Pooling Agreement |

PERSONAL INFORMATION FORM

This Form constitutes Form 4 for Toronto Stock Exchange, operated by TSX Inc. ("TSX") and Form 2A for TSX Venture Exchange, operated by TSX Venture Exchange Inc. ("TSX Venture"). This Form is to be completed by individuals who are required to submit a Personal Information Form ("PIF") to either TSX or TSX Venture (individually, an "Exchange" and together, the "Exchanges").

Where an individual has submitted a PIF to an Exchange within the last 60 months and the information has not changed, a Declaration Form (Form 2C1 for TSX Venture and Form 4B for TSX) may be completed in lieu of this PIF. Otherwise, unless specifically exempted by an Exchange, this PIF is to be completed by every individual who:

- (a) is or becomes an officer, director, or insider of an Exchange Issuer or an officer or director of an investment fund manager of an Exchange Issuer;
- (b) owns or controls, beneficially or as nominee, directly or indirectly, securities representing more than 10 percent of the voting rights attached to all outstanding voting securities of an Exchange Issuer (and, where such a securityholder is not an individual, any director, officer or insider of that securityholder);
- (c) is an individual requested or required by an Exchange to complete a PIF;
- (d) is an individual requested by a securities regulatory authority (referred to as an "SRA"), as defined below, to complete a PIF; or
- (e) is or will be a promoter or providing investor relations, promotional or market maintenance services for an issuer listed on TSX Venture.

General Instructions on How to Complete This PIF:

| | |
|--------------------------|--|
| The Form | Each PIF must be electronically signed. The PIF will only be accepted if it has been signed within the past 12 months. A person submitting a PIF is deemed to have read and understood all questions in the PIF and to have read, understood and accepted the terms set forth in each of Exhibits 1 and 2 of the PIF. This PIF includes Exhibits 1 and 2, which form part of the PIF. |
| Foreign Residents | Persons submitting a PIF who have resided outside of Canada may be required to complete and submit additional forms and information if requested by an Exchange. Persons submitting a PIF who reside or have resided in Australia are required to complete the Australian Federal Police Form. Your Exchange contact can provide a copy of this form and it should be submitted with the PIF. |
| Disclosure | Failure to respond to all questions accurately and completely may delay the processing of the related application of the Exchange Issuer and may result in the denial of the Exchange Issuer's application. Failure to fully disclose any information required by this PIF or false or misleading disclosures may result in the disqualification of an individual from involvement with the Exchange Issuer and/or other Exchange Issuers. |
| All Questions | <p>All questions must have a response. The response of "N/A" or "Not Applicable" will not be accepted by an Exchange or SRA for any questions, <u>except</u> Questions 1B, 2(iii), (v) and (vi) and 5.</p> <p>If you have any questions regarding this form please contact the Exchange to which you intend to submit this form.</p> |

Questions 6 to 10 Please place a checkmark (✓) in the appropriate space provided. If your answer to any of questions 6 to 10 is "YES", you must provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. Responses must consider all time periods. **A new PIF must be filed promptly where a Material Change occurs in respect of questions 6 to 10.**

DEFINITIONS

Capitalized terms not defined herein are, in the case of matters related to TSX, as defined in the TSX Company Manual and, in the case of matters related to TSX Venture, as defined in the TSX Venture Corporate Finance Manual.

"director", "officer", "insider", "control person", "promoter" and "investment fund manager" all have the meanings ascribed to them by applicable securities legislation;

"Exchange Issuer" means an issuer and its subsidiaries that has any of its securities listed for trading on an Exchange and, as the context requires, any applicant issuer seeking a listing of its securities on an Exchange;

"issuer" means a corporation, company, incorporated association or organization, body corporate, partnership, general partnership, limited partnership, trust, income trust, investment trust, investment fund manager or other entity that has issued securities in any jurisdiction;

"Offence" includes:

- a summary conviction or indictable offence under the *Criminal Code* (Canada);
- a quasi-criminal offence (for example under the *Income Tax Act* (Canada), the *Immigration Act* (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any jurisdiction); or
- a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein or an offence under the criminal legislation of any other jurisdiction.

NOTE: If you have received a pardon under the *Criminal Records Act* (Canada) for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences you must disclose the pardoned Offence in this PIF. In such circumstances:

- (a) the appropriate written response would be "Yes, pardon granted on (date)," and
- (b) you must provide complete details in an attachment to this PIF.

"Proceeding" means:

- (a) a civil or criminal proceeding or inquiry which is currently before a court,
- (b) a proceeding before an arbitrator or umpire or a person or group of persons authorized by law to make an inquiry and take evidence under oath in the matter,
- (c) a proceeding before a tribunal in the exercise of a statutory power of decision making where the tribunal is required by law to hold or afford the parties to the proceeding an opportunity for a hearing before making a decision, or
- (d) a proceeding before a self regulatory entity authorized by law to regulate the operations and the standards of practice and business conduct of its members (including, where applicable, issuers listed on a stock exchange) and individuals associated with those members and issuers, in which the self regulatory entity is required under its by-laws, rules or policies to hold or afford the parties the opportunity to be heard before making a decision, but does not apply to a proceeding in which one or more persons are required to make an investigation and to make a report, with or without recommendations, if the report is for the information or advice of the person to whom it is made and does not in any way bind or limit that person in any decision the person may have the power to make;

“Reporting Issuer” means an issuer that has any securities that have been at any time listed or quoted for trading in any jurisdiction regardless of when the listing and trading began;

“securities regulatory authority” or **“SRA”** means a body created by statute in any jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory entity;

“self regulatory entity” or **“SRE”** means (a) a stock, derivatives, commodities, futures or options exchange; (b) an association of investment, securities, mutual fund, commodities, or future dealers; (c) an association of investment counsel or portfolio managers; (d) an association of other professionals (e.g. legal, accounting, engineering); and (e) any other group, institution or self regulatory organization, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, policies, disciplines or codes under any applicable legislation, or considered an SRE in another country.

| | | | |
|---|--|-----|----|
| If you have submitted a PIF to an Exchange within the last 60 months and the information in that PIF has NOT CHANGED and remains true and correct as of the current date, a Declaration Form (Form 4B for TSX and Form 2C1 for TSX Venture) may be completed in lieu of this PIF. | | YES | NO |
| Have you submitted a PIF to an Exchange in the last 60 months? If “No”, proceed to Question 1A below. | | | |
| If “Yes” and the information in such PIF has not changed and remains true and correct as of the current date, DO NOT COMPLETE THIS FORM . Please file a Declaration Form in lieu of this PIF. | | | |

1. A. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

| LAST NAME(S) | | FIRST NAME(S) | | | FULL MIDDLE NAME(S) (No initials, if none, please state) | |
|---|-----|---|-----|------|---|--|
| | | | | | | |
| NAME(S) MOST COMMONLY KNOWN BY | | | | | | |
| | | | | | | |
| NAME OF ISSUER (State the name of the Issuer that is listed or that has applied to list on one of the Exchanges) | | | | | | |
| | | | | | | |
| PRESENT <u>or</u> PROPOSED POSITION(S) WITH THE ISSUER – check (✓) all positions below that are applicable | (✓) | IF DIRECTOR / OFFICER DISCLOSE THE DATE ELECTED / APPOINTED | | | IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS | |
| | | Month | Day | Year | | |
| Director | | | | | | |
| Officer | | | | | | |
| Insider | | | | | | |
| Other | | | | | | |

B.

| Other than the name given in Question 1A above, provide any legal names, assumed names or nicknames under which you have carried on business or have otherwise been known, including information regarding any name change(s) resulting from marriage, divorce, court order or any other process. Use an attachment if necessary. | FROM | | TO | |
|---|------|----|----|----|
| | MM | YY | MM | YY |
| | | | | |
| | | | | |

C.

| GENDER | | DATE OF BIRTH | | | PLACE OF BIRTH | | |
|--------|--|---------------------|-----|------|----------------|----------------|---------|
| | | Month (e.g. May) | Day | Year | City | Province/State | Country |
| Male | | | | | | | |
| Female | | | | | | | |

D.

| MARITAL STATUS | FULL NAME OF SPOUSE - include common-law | OCCUPATION OF SPOUSE |
|----------------|--|----------------------|
| | | |

E.

| TELEPHONE AND FACSIMILE NUMBERS AND E-MAIL ADDRESS | | | |
|--|----------|-----------|----------|
| RESIDENTIAL | () | FACSIMILE | () |
| BUSINESS | () | E-MAIL* | |

*Please provide an email address that the Exchanges may use to contact you regarding this PIF. This email address may be used to exchange personal information relating to you. Due to the nature of Internet communications and evolving technologies, the Exchanges cannot provide assurance that the information that is submitted by or sent to you by e-mail or other electronic communication will remain free from loss, interception, misuse or alteration by third parties and neither the Exchanges nor their service providers shall have any liability for any loss, interception, misuse or alteration.

F.

| RESIDENTIAL HISTORY - Provide ALL residential addresses for the past <u>10 YEARS</u> starting with your current principal residential address. If you are unable to correctly identify the complete residential address for a period, which is beyond five years from the date of completion of this PIF, the municipality and province or state and country must be identified. The Exchanges reserve the right to require the full address. Use an attachment if necessary. | | | | | | | |
|---|------|----|----|----|----|----|--|
| STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY & POSTAL/ZIP CODE | FROM | | | | TO | | |
| | MM | YY | MM | YY | MM | YY | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2. CITIZENSHIP

| | YES | NO |
|--|-----|----|
| (i) Are you a Canadian citizen? | | |
| (ii) Are you a person lawfully in Canada as an immigrant but are not yet a Canadian citizen? | | |
| (iii) If "Yes" to (ii), provide the number of years of continuous residence in Canada. | | |
| (iv) Do you hold citizenship in any country other than Canada? | | |
| (v) If "Yes" to (iv), provide the name of the country or countries. | | |
| (vi) Please provide U.S. Social Security number, where you have such a number. | | |

3. EMPLOYMENT HISTORY

Provide your complete employment history for the **10 YEARS** immediately prior to the date of this PIF starting with your current employment. Use an attachment if necessary. If you were unemployed during this period of time, please state this and identify the period of unemployment.

| EMPLOYER NAME | EMPLOYER ADDRESS | POSITION HELD | FROM | | TO | |
|---------------|------------------|---------------|------|----|----|----|
| | | | MM | YY | MM | YY |
| | | | | | | |
| | | | | | | |
| | | | | | | |

4. INVOLVEMENT WITH ISSUERS

| | YES | NO | | | | |
|--|------------------|------------------|------|----|----|----|
| A. Are you or have you during the last <u>10 years</u> ever been, in any jurisdiction, a director, officer, promoter, insider or control person for any Reporting Issuer? | | | | | | |
| B. If "YES" to 4A above, provide the names of each Reporting Issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary. | | | | | | |
| NAME OF REPORTING ISSUER | POSITION(S) HELD | MARKET TRADED ON | FROM | | TO | |
| | | | MM | YY | MM | YY |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| | YES | NO |
|--|-----|----|
| C. While you were a director, officer or insider of an issuer, did any exchange or other self regulatory entity ever refuse approval for listing or quotation of that issuer, including (i) a listing resulting from a business combination, reverse take over or similar transaction that is regulated by an SRE or SRA, (ii) backdoor listing or qualifying acquisition (as those terms are defined in the TSX Company Manual) or (iii) a Qualifying Transaction, Reverse Take Over or Change of Business (as those terms are defined in the TSX Venture Corporate Finance Manual)? If yes, attach full particulars. | | |

5. EDUCATIONAL HISTORY

A. **PROFESSIONAL DESIGNATION(S)** – Identify any professional designation(s) held and the names in full of all professional associations to which you belong, for example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., CFA, etc. Identify the organizations which granted the designations, the entities which regulate each profession, and the date each designation was granted.

| PROFESSIONAL DESIGNATION(S) And MEMBERSHIP NUMBER(S) | GRANTOR OF DESIGNATION(S) And JURISDICTION(S) (NO ACRONYMS) | REGULATOR OF PROFESSION(S) | DATE(S) GRANTED | |
|---|--|-------------------------------|-----------------|----|
| | | | MM | YY |
| | | | | |
| | | | | |
| | | | | |

Describe the current status of all designation(s) and/or association(s) (e.g., active, retired, non-practicing, suspended).

| |
|--|
| |
|--|

B. **Provide your post-secondary educational history starting with the most recent.**

| SCHOOL | LOCATION | DEGREE OR DIPLOMA | DATE OBTAINED | | | | | |
|--------|----------|-------------------|---------------|--|----|--|----|--|
| | | | MM | | DD | | YY | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

6. **OFFENCES** - If you answer "YES" to any item in Question 6, you must provide complete details in an attachment. **If you have received a pardon under the *Criminal Records Act* (Canada) for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences, you must disclose the pardoned Offence in this PIF.**

| | YES | NO |
|---|-----|----|
| A. Have you ever, in any jurisdiction, pled guilty to or been found guilty of an Offence? | | |

| | YES | NO |
|---|-----|----|
| B. Are you the subject of any current charge, indictment or proceeding for an Offence, in any jurisdiction? | | |

| | YES | NO |
|---|-----|----|
| C. To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer, in any jurisdiction, at the time of events, where the issuer: | | |
| (i) pled guilty to or was found guilty of an Offence? | | |
| (ii) is now the subject of any charge, indictment or proceeding for an Offence? | | |

7. **BANKRUPTCY** - If you answer "YES" to any item in Question 7, you must provide complete details in an attachment and attach a copy of any discharge, release or other applicable document. You must answer "YES" or "NO" for EACH of (A), (B) and (C), below.

| | YES | NO |
|--|-----|----|
| A. Have <u>you</u> , in any jurisdiction, within the past 10 years had a petition in bankruptcy issued against you, made a voluntary assignment in bankruptcy, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to manage your assets? | | |

| | YES | NO |
|--|-----|----|
| B. Are you now an undischarged bankrupt? | | |

| | YES | NO |
|--|-----|----|
| C. To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer, in any jurisdiction, at the time of events, or for a period of 12 months preceding the time of events, where the issuer: | | |
| (i) has made a petition in bankruptcy, a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to manage the issuer's assets? | | |
| (ii) is now an undischarged bankrupt? | | |

8. **PROCEEDINGS** - If you answer "YES" to any item in Question 8, you must provide complete details in an attachment.

| | YES | NO |
|--|-----|----|
| A. CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ENTITY. Are you now, in <u>any</u> jurisdiction, the subject of: | | |
| (i) a notice of hearing or similar notice issued by an SRA or SRE? | | |
| (ii) a proceeding, or to your knowledge, investigation, by an SRA or SRE? | | |
| (iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with an SRA or SRE? | | |

| | YES | NO |
|--|-----|----|
| B. PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ENTITY. Have you <u>ever</u>: | | |
| (i) been reprimanded, suspended, fined, been the subject of an administrative penalty, or been the subject of any proceedings of any kind whatsoever, in any jurisdiction, by an SRA or SRE? | | |
| (ii) had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended, by an SRA or SRE? | | |
| (iii) been prohibited or disqualified by an SRA or SRE under securities, corporate or any other legislation from acting as a director or officer of a Reporting Issuer or been prohibited or restricted by an SRA or SRE from acting as a director, officer, or employee of, or an agent or consultant to, a Reporting Issuer? | | |
| (iv) had a cease trading or similar order issued against you or an order issued against you by an SRA or SRE that denied you the right to use any statutory prospectus or registration exemption? | | |
| (v) had any other proceeding, review, or investigation of any nature or kind taken against you by an SRA or SRE? | | |

| | YES | NO |
|--|-----|----|
| C. SETTLEMENT AGREEMENT(S) | | |
| Have you ever entered into a settlement agreement with an SRA, SRE, attorney general or comparable official or body, in any jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation or the rules, by-laws or policies of any SRE? | | |

| | YES | NO |
|---|-----|----|
| D. To the best of your knowledge, are you now or have you <u>ever</u> been a director, officer, promoter, insider or control person of an issuer at the time of such event, in any jurisdiction, for which a securities regulatory authority or self regulatory entity has: | | |
| (i) refused, restricted, suspended or cancelled the registration or licensing of an issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products? | | |
| (ii) issued a cease trade or similar order or imposed an administrative penalty of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance? | | |
| (iii) refused a receipt for a prospectus or other offering document, denied any application for listing or quotation or any other similar application, or issued an order that denied the issuer the right to use any statutory prospectus or registration exemptions? | | |
| (iv) issued a notice of hearing, notice as to a proceeding or similar notice against the issuer? | | |
| (v) commenced any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer, in connection with an alleged or actual contravention of an SRA's or SRE's rules, regulations, policies, or other requirements, but excluding halts imposed (i) in the normal course for proper dissemination of information, or (ii) pursuant to a business combination, reverse take over or similar transaction that is regulated by an SRE or SRA, including a Qualifying Transaction, Reverse Takeover or Change of Business (as those terms are defined in the TSX Venture Corporate Finance Manual)? | | |
| (vi) entered into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved in any other violation of securities legislation or the rules, by-laws or policies of an SRE? | | |

9. CIVIL PROCEEDINGS - If you answer "YES" to any item in Question 9, you must provide complete details in an attachment.

| | | YES | NO |
|-----------|--|-----|----|
| A. | JUDGMENT, GARNISHMENT AND INJUNCTIONS Has a court in any jurisdiction: | | |
| | (i) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against you in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct? | | |
| | (ii) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer of which you are currently or have ever been a director, officer, promoter, insider or control person in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct? | | |

| | | YES | NO |
|-----------|---|-----|----|
| B. | CURRENT CLAIMS | | |
| | (i) Are you now subject, in any jurisdiction, to a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct? | | |
| | (ii) To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer now subject, in any jurisdiction, to a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct? | | |

| | | YES | NO |
|-----------|--|-----|----|
| C. | SETTLEMENT AGREEMENT | | |
| | (i) Have you ever entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct? | | |
| | (ii) To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer that has entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct? | | |

10. INVOLVEMENT WITH OTHER ENTITIES

| | | YES | NO |
|-----------|---|-----|----|
| A. | Has your employment in a sales, investment or advisory capacity with any employer engaged in the sale of real estate, insurance or mutual funds ever been suspended or terminated for cause? If yes, attach full particulars. | | |

| | YES | NO |
|--|-----|----|
| B. Has your employment with a firm or company registered under the securities laws of any jurisdiction as a securities dealer, broker, investment advisor or underwriter ever been suspended or terminated for cause? If yes, attach full particulars. | | |

| | YES | NO |
|---|-----|----|
| C. Has your employment as an officer of an issuer ever been suspended or terminated for cause? If yes, attach full particulars. | | |

11. IDENTIFICATION

| | |
|---|--|
| <p>A. Attach legible reproductions of TWO different pieces of identification ("I.D.") issued by a government authority (such as a driver's license or passport) that are acceptable to the Exchanges:</p> <ul style="list-style-type: none"> At least one of the pieces of I.D. must contain a recognizable photograph taken within the last 5 years. If the piece of I.D. containing a recognizable photo is not a passport, it must contain your full given name, surname, date of birth, gender and current mailing address. Examples of acceptable non-photo I.D. include birth certificate, immigration papers and baptismal certificate. Please note that the Exchanges are prohibited from using Provincial Health Cards or Social Insurance Number Cards - do not forward copies of either of these pieces of I.D. to the Exchanges. The Exchanges reserve the right to reject any I.D. which they determine is not acceptable. | <p>Check this box if attached</p> <div style="border: 1px solid black; width: 80px; height: 20px; margin: 0 auto;"></div> |
|---|--|

DECLARATION

I, _____ hereby solemnly declare that:

(Please Print - Name of Individual)

- (a) I have read and understand this PIF, and the answers I have given to the questions in this PIF and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;
- (b) I have read, understand, and agree to the terms of, the Personal Information Collection Policy of the Exchanges attached hereto as Exhibit 1 as well as the Notice of Collection, Use and Disclosure of Personal Information by securities regulatory authorities attached hereto as Exhibit 2 (Exhibit 2 relates to the use of this PIF and collection of information for the sole purposes of SRAs) (collectively, the "PIF Collection Policy");
- (c) I attached to this PIF reproductions of two pieces of photo identification, both of which comply with the Exchanges' requirements set forth in Question 11;
- (d) I consent to the collection, use and disclosure of the information in this PIF and any further personal information collected, used and disclosed, as set out in the PIF Collection Policy;
- (e) I hereby agree to (i) submit to the jurisdiction of each of the Exchanges and to the Investment Industry Regulatory Organization of Canada and any successor or assignee of any of them, and wherever applicable, the directors and committees thereof, and (ii) be bound by and comply with all applicable rules, policies, regulations, directions, decisions, orders and rulings of each of the Exchanges (collectively, the "Exchange requirements");
- (f) I agree that should any of my responses to any of the questions set forth in 6, 7, 8, 9 or 10 of this PIF cease to be true and correct, I will immediately file a new PIF with the applicable Exchange;
- (g) I agree that any acceptance, approval or other right granted by the Exchanges may be revoked, terminated or suspended at any time in accordance with the then applicable Exchange requirements. In the event of any such revocation, termination or suspension, I agree to immediately terminate my association or involvement with any Exchange Issuer to the extent required by the Exchanges. I agree not to resume my association or involvement with any Exchange Issuer, except with the prior written approval of the Exchanges;
- (h) This declaration and the rights and powers of the Exchanges pursuant to the Exchange requirements shall be governed, in the case of matters relating to TSX, by the laws of the Province of Ontario and in the case of matters relating to TSX Venture, by the laws of the Province of Alberta, and the federal laws of Canada applicable therein, without regard to conflict of law principles;
- (i) I acknowledge and agree that this declaration may be assigned or transferred by the Exchanges to any person without providing me with notice or obtaining my consent and that this declaration shall thereafter continue to be binding on me and may be enforced against me by any such assignee or transferee. I understand that I am prohibited from transferring or assigning this declaration or any acceptance, approval or other right granted by the Exchanges;
- (j) I understand that where I am providing this form to a SRA, I am under the jurisdiction of the SRA to which I submit this form, and it is a breach of securities legislation to provide false or misleading information to the SRA;
- (k) I make this solemn declaration conscientiously believing it to be true.

Dated: _____

Signature of Person Completing this Form

EXHIBIT 1
PIF PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Inc. and its affiliates, subsidiaries and divisions, including Toronto Stock Exchange and TSX Venture Exchange, (collectively referred to as "TSX"), collect the information (which may include personal, confidential, non-public, criminal or other information) in the Personal Information Form and in other forms that are submitted by you and/or by an Exchange Issuer or an entity applying to be an Exchange Issuer and use and disclose it for the following purposes:

- to conduct background checks,
- to verify the information that has been provided about you,
- to consider your suitability to act as an officer, director, insider, promoter, investor relations provider, employee or consultant, of an Exchange Issuer or an issuer applying to be an Exchange Issuer,
- to consider the eligibility of an applicant to be an Exchange Issuer,
- to detect and prevent fraud,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with Exchange requirements, securities legislation and other legal and regulatory requirements regarding the conduct and protection of the public markets in Canada.

As part of this process, TSX also collects additional information about you from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self regulatory entities, and regulation services providers, for the purposes described above. The information TSX collects about you may also be disclosed to these agencies and organizations (or as otherwise permitted or required by law), and they may use it in their own investigations for the purposes described above.

Your personal information may be transferred (or otherwise made available) to our affiliates and other third parties who provide services on our behalf. For example, we use service providers to help us process, store and secure data. This may include sending email or other communications using their online services. Our service providers are given the information they need to perform their designated functions, and are not authorized to use or disclose personal information for their own purposes. Your personal information may be maintained and processed by us, our affiliates and other third party service providers in other jurisdictions. In the event personal information is transferred to another jurisdiction, it will be subject to the laws of that jurisdiction and may be disclosed to or accessed by the courts, law enforcement and governmental authorities in accordance with those laws.

Failure to Consent

If you do not consent to this PIF Collection Policy, we may (i) refuse to allow you to act as an officer, director, insider, promoter, investor relations provider, employee or consultant, of an Exchange Issuer, (ii) refuse to allow an applicant to be listed as an Exchange Issuer, and/or (iii) refuse to accept a transaction proposed by an Exchange Issuer.

Security

The personal information that is retained by TSX is kept in a secure environment. Only those employees of TSX or its service providers who require access to your personal information in order to accomplish the purposes and/or services identified above will be authorized to access your personal information. Employees of TSX or its service providers who have access to your personal information are obligated to keep it confidential.

Accuracy

Information about you maintained by TSX that is identified by you as inaccurate or obsolete will be replaced or removed, as applicable.

Questions

If you have any questions about the privacy principles outlined above or our policies and practices, please send a written request to: Chief Privacy Officer, TMX Group, 300 – 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 1S3 or by e-mail to privacyofficer@tmx.com.

EXHIBIT 2
Notice of Collection, Use and Disclosure of
Personal Information by Securities Regulatory Authorities

The securities regulatory authorities of each of the provinces and territories of Canada (the "SRAs") collect the personal information in the Personal Information Form and use it in the administration and enforcement of the securities legislation in their province or territory governing the conduct and protection of the public markets in Canada (the "provincial securities legislation"). The SRAs do not make any of the information provided in the PIF public under provincial securities legislation.

By submitting this information you consent to the collection by the SRAs of the personal information provided in the PIF, and any other records and information about you from any other source, including, but not limited to, police records, information from other government or non-governmental regulatory authorities, self regulatory organizations, exchanges, quotation and trade reporting systems, law enforcement agencies, private bodies, agencies, individuals, corporations, and other organizations in any jurisdictions, credit records and employment records as may be necessary for the SRAs to carry out their duties and exercise their powers under provincial securities legislation.

You understand that in carrying out those duties and exercising those powers, the SRAs will use the information in the PIF, and any other information about you from any other source, including those listed above, to conduct background checks, verify the information you have provided, perform investigations and conduct enforcement proceedings as required by and to ensure compliance with provincial securities legislation.

You also understand that the information the SRAs collect about you may also be disclosed to the sources listed above, as permitted by law, and those entities may use it in their own investigations for the purposes described above. The SRAs may also use a third party to process information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions

If you have any questions about the collection, use, and disclosure of the information you provide to the SRAs, you may contact the SRAs in the jurisdiction in which the required information is filed, at the address of the SRAs provided in Schedule 3 of Appendix A to National Instrument 41-101.

FORM 2B

LISTING APPLICATION

Listing Application Instructions

1. TSX Venture Exchange (the "Exchange") has certain listing requirements. Subject to section 2 of these listing instructions, an issuer applying to list its securities on the Exchange (an "Applicant") should review the specific applicable listing requirements. Unless otherwise defined, capitalized terms not defined in this application form (the "Application") have the meanings given to them in the Policy manual of the Exchange, in National Instrument 41-101 – *General Prospectus Requirements* ("NI 41-101"), or in Form 41-101F1 – *Information Required in a Prospectus* ("Form 41-101F1"), as the case may be.
2. This Application must be used for all initial applications for listing, where an Applicant is not conducting an offering pursuant to a prospectus completed in accordance with the requirements of Form 41-101F1 concurrent with its initial listing or has not been issued a receipt for a prospectus completed, in accordance with the requirements of Form 41-101F1, and filed on SEDAR within the 90 day period prior to the date the Application is filed on SEDAR. For more certainty, this Application is not required for the listing of securities offered under or in connection with a CPC, Qualifying Transaction, Reverse Takeover or Change of Business.
3. The Exchange requires an amount of disclosure about the Applicant which will enable an investor to make an informed decision about the securities of the Applicant. The Application references Form 41-101F1 in an effort to make the listing process more efficient for the Applicant. Any reference to a section in Form 41-101F1 includes an instruction under that section unless otherwise specified in the Application. This Application specifies where additional information to that required under Form 41-101F1 is or is not required. Where an Applicant publishes, via SEDAR, financial statements and MD&A in accordance with the provisions of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") and is not in default of its filing requirements under NI 51-102, the Applicant may incorporate by reference those financial statements and that MD&A which are required to be included in the Application.
4. **Except as set out in this Application, an Applicant must respond to the items set out in this form in the order in which they appear.** All responses must be in narrative form unless a table or other format is specified. If the response to any item is negative or not applicable to the Applicant, please state "Not Applicable" and, where disclosure would be improved by doing so, also briefly explain the reason the item is not applicable. The title to each item must precede the response.
5. Applicants are reminded that, in addition to the requirements set out in the Application, geological reports on material properties submitted with the Application must comply, at a minimum and where noted or referenced, with NI 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") or NI 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), as applicable. Current versions of these instruments and Form 41-101F1 are available on the websites of most provincial securities commissions, including those of British Columbia, Alberta and Ontario.
6. Subject to context, (i) references to "prospectus" in Form 41-101F1 should be read as "Application" for the purposes of completing an Application; (ii) references to "distribution of securities", "distribute securities", "distributed securities" or "distributing securities" in Form 41-101F1 should be read as "listing of securities", "list securities", "listed securities" or "listing securities", respectively, for the purposes of completing an Application; (iii) references to "issuer" should be read as "Applicant" for the purposes of completing an Application; (iv) references to "proceeds raised under the prospectus" should be read as "proceeds raised under a concurrent financing"; (v) references to "distribution or issuance of securities" refers to any issuance of securities by the Applicant pursuant to a financing concurrent with the Application; and (vi) references to "date of the prospectus" in Form 41-101F1 should be read as "date of filing of the Application on SEDAR".

7. Initial listing requirements can be found in Policy 2.1. The documentation required to accompany this Application can be found in Policy 2.3. A copy of those policies and this Application can be found at www.tsxventure.com.
8. When submitted for filing, this form must be accompanied by the applicable fee prescribed by Policy 1.3.

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Item 1: Cover Page Disclosure

Provide a cover page containing the following information: (i) the name of the Applicant; (ii) where the Applicant uses a logo in carrying on its business, the logo of the Applicant; (iii) the class of securities the Applicant wishes to have listed; and (iv) the following statement in italics:

“No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this application.”

Item 2: Table of Contents and Glossary

Include a table of contents. Where an Applicant also wishes to include a glossary, the Applicant must ensure that in the event of a conflict between a term defined in the glossary and a term defined in the Policy manual of the Exchange, the Exchange definition will govern.

Item 3: Summary

Include a summary in accordance with sections 3.1 and 3.2 of Form 41-101F1. If a currency other than Canadian is to be used in the Application, include, in the summary and elsewhere in the Application where the context so requires, the relevant currency which applies to information disclosed (including in any financial information and any information incorporated by reference).

Item 4: Corporate Structure

Set out the information required under sections 4.1 and 4.2 of Form 41-101F1. Include any material contact particulars of, and website address for, the Applicant. Set out the jurisdictions in which the Applicant is a reporting issuer or the equivalent.

Item 5: Description of the Business

Set out the information required under sections 5.1, 5.2, 5.4 and 5.5 of Form 41-101F1. For more certainty, Applicants falling under either the Mining category or the Oil and Gas category must also include any applicable information required under Item 30 of this Application.

Item 6: Financings

Where (i) the Applicant is undertaking a financing which is to close concurrently with the securities proposed to be listed under the Application, or (ii) the Applicant has completed a financing within the six month period preceding the date of the Application, provide, where applicable and in connection with the financing(s), the information required under sections 20.1, 20.2, 20.3, 20.4, 20.5, 20.6, 20.7, 20.10 and 20.12 of Form 41-101F1. Also include information required under sections 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10 and 6.11 of Form 41-101F1.

Item 7: Dividends and Other Distributions

Set out the information required under section 7.1 of Form 41-101F1.

Item 8: Management's Discussion and Analysis

Set out any applicable information required under sections 8.1, 8.2, 8.3, 8.5, 8.6, 8.7 and 8.8 of Form 41-101F1. Where, prior to and as at the date of this Application, the Applicant filed and files its MD&A on SEDAR and was and is a reporting issuer in Canada, the relevant MD&A may be incorporated by reference.

Item 9: Disclosure of Outstanding Security Data on Fully Diluted Basis

Set out the information required under section 8.4 of Form 41-101F1. If applicable, where any securities to be listed are debt securities having a term to maturity in excess of one year or are preferred shares, include the information required under section 9.1 of Form 41-101F1.

Item 10: Description of Securities to be Listed

Set out the information required under sections 10.1, 10.2, 10.6, 10.7, 10.8, 10.9 and 10.10 of Form 41-101F1.

Item 11: Consolidated Capitalization

Set out, in table format, the information required under section 11.1 of Form 41-101F1 and include the effect of any transaction to take place contemporaneously with the listing.

Item 12: Stock Option Plan

If the Applicant has an incentive stock option plan, provide a summary of the incentive stock option plan, including details respecting vesting and restrictions on the aggregate number of securities which may be issued to an individual. State how the option price is determined and disclose any stock option termination provisions. In addition, regardless of whether the Applicant is a reporting issuer, include the information required under section 12.1 of Form 41-101F1, on an individual and not a group basis, for executive officers, directors, employees, consultants and other persons or companies.

Item 13: Prior Sales

Set out the information required under sections 13.1 and 13.2 of Form 41-101F1.

Item 14: Escrowed Securities and Securities Subject to Restriction on Transfer

Set out the information required under section 14.1 of Form 41-101F1.

Item 15: Principal Securityholders

Set out the information required under section 15.1 of Form 41-101F1 for “principal securityholders” only and include the effect of any transaction to take place contemporaneously with the listing.

Item 16: Directors and Executive Officers

Set out the information required under sections 16.1, 16.2, 16.3 and 16.4 of Form 41-101F1. Include in the following table information regarding each person’s experience as a director or officer of any other reporting issuer (or the equivalent of a reporting issuer) in the five year period preceding the date of the Application.

| Name | Name and Jurisdiction of Reporting Issuer | Name of Trading Market | Position | From | To |
|------|---|------------------------|----------|------|----|
| | | | | | |

Item 17: Executive Compensation

Set out the information required under section 17.1 of Form 41-101F1 provided that, in addition to the CEO and CFO, (i) the disclosure is limited to the three other most highly compensated executive officers of the Applicant and (ii) for more certainty, disclosure of compensation must be made regardless of the amount of salary and/or bonus earned by the individual.

Item 18: Indebtedness of Directors and Executive Officers

Set out the information required under sections 18.1 and 18.2 of Form 41-101F1.

Item 19: Audit Committees and Corporate Governance

Set out the information required under sections 19.1 and 19.2 of Form 41-101F1 and section 16 of Exchange Policy 3.1. An Applicant will be deemed, for the purposes of this Item 19, to be a “venture issuer” provided that, as of the date of the Application, it did not have any of its securities listed or quoted on any of the following or its successor: the Toronto Stock Exchange, a U.S. marketplace (as that term is defined under NI 51-102), or a marketplace outside of Canada or the United States of America (other than AIM (the Alternative Investment Market of the London Stock Exchange) or the PLUS markets (operated by PLUS Markets Group plc)).

Item 20: Agent, Sponsor or Advisor

Disclose the name and address of any Agent, Sponsor or advisor retained by the Applicant in connection with the Application or in connection with any financing to take place contemporaneously with the listing.

Where not already disclosed elsewhere in the Application, include the nature of any relationship or interest between the Agent, Sponsor or advisor and the Applicant (including any security holdings in the Applicant) and any consideration, both monetary or non-monetary, payable to the Agent, Sponsor or advisor.

Set out information required under section 20.12 of Form 41-101F1, if applicable.

Item 21: Risk Factors

Set out the information required under section 21.1 of Form 41-101F1.

Item 22: Promoters

Set out the information required under section 22.1 of Form 41-101F1 in respect of Promoters.

Item 23: Legal Proceedings and Regulatory Actions

Set out the information required under sections 23.1 and 23.2 of Form 41-101F1.

Item 24: Interests of Management and Others in Material Transactions

Set out the information required under section 24.1 of Form 41-101F1.

Item 25: Investor Relations Arrangements

If any written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Applicant, disclose (i) the name, principal business and place of business of the person providing, and the nature of, the services; (ii) the background of the person providing the services; (iii) whether the person will have direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of and of control or direction over, securities of the Applicant; and (iv) the consideration both monetary and non-monetary to be paid by the Applicant, including whether any payments will be made in advance of services being provided.

Item 26: Auditors, Transfer Agents and Registrars

Set out the information required under sections 26.1 and 26.2 of Form 41-101F1.

Item 27: Material Contracts

Set out the information required under section 27.1 of Form 41-101F1.

Item 28: Experts

Set out the information required under sections 28.1 and 28.2 of Form 41-101F1.

Item 29: Other Material Facts

Set out the information required under section 29.1 of Form 41-101F1.

Item 30: Additional Information – Mining or Oil and Gas Applicants

For more certainty, Applicants, regardless of whether they fall under the Mining Industry or Oil and Gas Industry segments should include, where applicable, the information required by section 5.4 of Form 51-102F2. Applicants in the Oil and Gas Industry segment which have oil and gas exploration projects (including, without limitation, oil sands, shale, and coal) and which are not reporting reserves must therefore ensure their disclosure includes, at minimum, the disclosure required under section 19.3 of Exchange Form 3D1 and 3D2 – Information Required in an Information Circular for a Reverse Takeover

or change of Business/Information Required in a Filing Statement for a Reverse Takeover or Change of Business.

To the extent not already disclosed under Item 5 of the Application or this Item 30, Applicants must include for each property which is material and where applicable (a) the nature and extent of the proposed exploration and development program which is to be carried out by the Applicant using funds available to it upon listing, (b) the timetable for each proposed exploration and development program (including approximate dates for commencement, completion, releasing of results and obtaining all necessary regulatory approvals) and (c) a cost breakdown for each proposed exploration and development program, (d) whether any of the properties are without known resources or reserves and (e) whether the proposed exploration and development program is an exploratory search for commercial quantities of the commodity(ies) which is(are) the subject of the program.

Item 31: Exemptions

List any discretionary exemptions received by the Applicant from any securities regulator or securities regulatory authority within the 12 month period preceding the date of the Application.

Item 32: Financial Statement Disclosure for Issuers

Except as set out in sections 32.4 and 32.5 of Form 41-101F1, set out the information required under sections 32.1, 32.2, 32.3 and 32.6 of Form 41-101F1. Where the Applicant is a reporting issuer in Canada on the date of the Application and files its financial statements on SEDAR, the relevant financial statement(s) may be incorporated by reference. Applicants must ensure that all financial statements comply with the requirements of sections 4.2 (audit) and 4.3 (review) of NI 41-101. Notwithstanding an Applicant will not be listed on the Exchange on the date of the Application, that Applicant will be deemed for the purposes of its Application to be a "venture issuer" under this Item 32 for the purposes of section 32.2 of Form 41-101F1 provided that, as of the date of the Application, it did not have any of its securities listed or quoted on any of the following or its successor: the Toronto Stock Exchange, a U.S. marketplace (as that term is defined under NI 51-102), or a marketplace outside of Canada or the United States of America (other than AIM (the Alternative Investment Market of the London Stock Exchange) or the PLUS markets (operated by PLUS Markets Group plc)). A section requiring comparative financial statements or information to be presented for the immediately preceding year will not apply where the Applicant did not exist in that immediately preceding year.

Item 33: Significant Acquisitions

Set out, as applicable, the information required under sections 35.1, 35.2, 35.3, 35.4, 35.5, 35.6, 35.7 and 35.8 of Form 41-101F1.

Item 34: Certificates

34.1 Certificate of Applicant

Provide the following certificate signed in accordance with sections 5.4, 5.5, 5.6 or 5.7, as applicable, of NI 41-101:

"Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application."

The date of any Applicant certificate must be identical to the date of the Application.

34.2 Certificate of Sponsor

Where sponsorship is required, the Sponsor must provide the following form of certificate signed on behalf of the Sponsor by an officer duly authorized to sign:

"To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application."

The date of any Sponsor certificate must be identical to the date of the Application.

34.3: Acknowledgement – Personal Information

The following acknowledgement may be included in this Application, but must in any event be filed with the Exchange on the date of filing of this Application in final form. The acknowledgement must be signed by at least one director or officer of the Applicant duly authorized to sign.

“Personal Information” means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Application for the purposes described in Appendix “A” to this Application.

APPENDIX “A”

FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the “Exchange”) collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals’ involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.

DECLARATION

This Declaration Form (the “Declaration”) constitutes Form 4B for Toronto Stock Exchange, operated by TSX Inc. (“TSX”) and Form 2C1 for TSX Venture Exchange, operated by TSX Venture Exchange Inc. (“TSX Venture”). This Declaration Form is to be completed only if (i) the individual has submitted a Personal Information Form to TSX or to TSX Venture (individually an “Exchange” and together, the “Exchanges”) within 60 months preceding the signing of this Declaration and (ii) the information disclosed in that Personal Information Form has not changed.

Legible reproductions of TWO different pieces of identification (“I.D.”) issued by a government authority (such as a driver’s license or passport) that are acceptable to the Exchanges, must also be attached:

- At least one of the pieces of I.D. must contain a recognizable photograph taken within the last 5 years.
- If the piece of I.D. containing a recognizable photo is not a passport, it must contain your full given name, surname, date of birth, gender and current mailing address.
- Examples of acceptable non-photo I.D. include birth certificate, immigration papers and baptismal certificate.
- Please note that the Exchanges are prohibited from using Provincial Health Cards or Social Insurance Number Cards - do not forward copies of either of these pieces of I.D. to the Exchanges. The Exchanges reserve the right to reject any I.D. which they determine is not acceptable.

| |
|--|
| Individual’s Name (Please Print) |
| Declaration is being submitted with respect to [legal name of the issuer] |
| Position with the issuer |
| Date of Birth |
| Citizenship |
| Email address (Please provide an email address that the Exchanges may use to contact you regarding this Declaration and the Personal Information Form to which it relates. This email address may be used to exchange personal information relating to you. Due to the nature of Internet communications and evolving technologies, the Exchanges cannot provide assurance that the information that is submitted by or sent to you by e-mail or other electronic communication will remain free from loss, interception, misuse or alteration by third parties and neither the Exchanges nor their service providers shall have any liability for any loss, interception, misuse or alteration.) |

Capitalized terms used in this Declaration without definition have the meanings assigned to them in the Personal Information Form described in Section (a) below.

DECLARATION

I, _____ hereby solemnly declare that:
(Please Print - Name of Individual)

- (a) The information contained in the most recent Personal Information Form that I submitted to TSX or TSX Venture within the last 60 months (the "PIF") and any attachments to it continues to be true and correct, except where stated in the PIF to be to the best of my knowledge, in which case I continue to believe the answers to be true;
- (b) I have read, understand, and agree to the terms of, the PIF Personal Information Collection Policy of the Exchanges attached hereto as Exhibit 1 as well as the Notice of Collection, Use and Disclosure of Personal Information by securities regulatory authorities attached hereto as Exhibit 2 (Exhibit 2 relates to the use of the PIF and collection of information for the sole purposes of the SRAs) (collectively, the "PIF Collection Policy");
- (c) I attached to this Declaration two pieces of photo identification, both of which comply with the Exchanges' requirements set forth above;
- (d) I consent to the collection, use and disclosure of the information in the PIF, and any further information collected, used and disclosed, as set out in the PIF Collection Policy;
- (e) I hereby agree to (i) submit to the jurisdiction of each of the Exchanges and to the Investment Industry Regulatory Organization of Canada and any successor or assignee of any of them, and wherever applicable, the directors and committees thereof, and (ii) be bound by and comply with all applicable rules, policies, regulations, directions, decisions, orders and rulings of each of the Exchanges (collectively, the "Exchange requirements");
- (f) I agree that any acceptance, approval or other right granted by the Exchanges may be revoked, terminated, or suspended at any time in accordance with the then applicable Exchange requirements. In the event of any such revocation, termination, or suspension, I agree to immediately terminate my association or involvement with any Exchange Issuer to the extent required by the Exchanges. I agree not to resume my association or involvement with any Exchange Issuer, except with the prior written approval of the Exchanges;
- (g) This Declaration and the rights and powers of the Exchanges pursuant to the Exchange requirements shall be governed, in the case of matters relating to TSX, by the laws of the Province of Ontario and in the case of matters relating to TSX Venture, by the laws of the Province of Alberta, and the federal laws of Canada applicable therein, without regard to conflict of law principles;
- (h) I acknowledge and agree that this Declaration may be assigned or transferred by the Exchanges to any person without providing me with notice or obtaining my consent and that this Declaration shall thereafter continue to be binding on me and may be enforced against me by any such assignee or transferee. I understand that I am prohibited from transferring or assigning this Declaration or any acceptance, approval or other right granted by the Exchanges;
- (i) I understand that where I am providing this form to a SRA, I am under the jurisdiction of the SRA to which I submit this form, and it is a breach of securities legislation to provide false or misleading information to the SRA;
- (j) I make this solemn declaration conscientiously believing it to be true.

Dated: _____

Signature of Person Completing this Form

EXHIBIT 1
PIF PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Inc. and its affiliates, subsidiaries and divisions, including Toronto Stock Exchange and TSX Venture Exchange (collectively referred to as "TSX"), collect the information (which may include personal, confidential, non-public, criminal or other information) in the Personal Information Form and in other forms that are submitted by you and/or by an Exchange Issuer or an entity applying to be an Exchange Issuer and use and disclose it for the following purposes:

- to conduct background checks,
- to verify the information that has been provided about you,
- to consider your suitability to act as an officer, director, insider, promoter, investor relations provider, employee or consultant, of an Exchange Issuer or an issuer applying to be an Exchange Issuer,
- to consider the eligibility of an applicant to be an Exchange Issuer,
- to detect and prevent fraud,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with Exchange requirements, securities legislation and other legal and regulatory requirements regarding the conduct and protection of the public markets in Canada.

As part of this process, TSX also collects additional information about you from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self regulatory entities, and regulation services providers, for the purposes described above. The information TSX collects about you may also be disclosed to these agencies and organizations (or as otherwise permitted or required by law), and they may use it in their own investigations for the purposes described above.

Your personal information may be transferred (or otherwise made available) to our affiliates and other third parties who provide services on our behalf. For example, we use service providers to help us process, store and secure data. This may include sending email or other communications using their online services. Our service providers are given the information they need to perform their designated functions, and are not authorized to use or disclose personal information for their own purposes. Your personal information may be maintained and processed by us, our affiliates and other third party service providers in other jurisdictions. In the event personal information is transferred to another jurisdiction, it will be subject to the laws of that jurisdiction and may be disclosed to or accessed by the courts, law enforcement and governmental authorities in accordance with those laws.

Failure to Consent

If you do not consent to this PIF Collection Policy, we may (i) refuse to allow you to act as an officer, director, insider, promoter, investor relations provider, employee or consultant, of an Exchange Issuer, (ii) refuse to allow an applicant to be listed as an Exchange Issuer, and/or (iii) refuse to accept a transaction proposed by an Exchange Issuer.

Security

The personal information that is retained by TSX is kept in a secure environment. Only those employees of TSX or its service providers who require access to your personal information in order to accomplish the purposes and/or services identified above will be authorized to access your personal information. Employees of TSX or its service providers who have access to your personal information are obligated to keep it confidential.

Accuracy

Information about you maintained by TSX that is identified by you as inaccurate or obsolete will be replaced or removed, as applicable.

Questions

If you have any questions about the privacy principles outlined above or our policies and practices, please send a written request to: Chief Privacy Officer, TMX Group, 300 – 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 1S32 or by e-mail to privacyofficer@tmx.com.

EXHIBIT 2
Notice of Collection, Use and Disclosure of
Personal Information by Securities Regulatory Authorities

The securities regulatory authorities of each of the provinces and territories of Canada (the "SRAs") collect the personal information in the Personal Information Form and use it in the administration and enforcement of the securities legislation in their province or territory governing the conduct and protection of the public markets in Canada (the "provincial securities legislation"). The SRAs do not make any of the information provided in the PIF public under provincial securities legislation.

By submitting this information you consent to the collection by the SRAs of the personal information provided in the PIF, and any other records and information about you from any other source, including, but not limited to, police records, information from other government or non-governmental regulatory authorities, self regulatory organizations, exchanges, quotation and trade reporting systems, law enforcement agencies, private bodies, agencies, individuals, corporations, and other organizations in any jurisdictions, credit records and employment records as may be necessary for the SRAs to carry out their duties and exercise their powers under provincial securities legislation.

You understand that in carrying out those duties and exercising those powers, the SRAs will use the information in the PIF, and any other information about you from any other source, including those listed above, to conduct background checks, verify the information you have provided, perform investigations and conduct enforcement proceedings as required by and to ensure compliance with provincial securities legislation.

You also understand that the information the SRAs collect about you may also be disclosed to the sources listed above, as permitted by law, and those entities may use it in their own investigations for the purposes described above. The SRAs may also use a third party to process information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions

If you have any questions about the collection, use, and disclosure of the information you provide to the SRAs, you may contact the SRAs in the jurisdiction in which the required information is filed, at the address of the SRAs provided in Schedule 3 of Appendix A to National Instrument 41-101.



FORM 2D

LISTING AGREEMENT

Name of Issuer

Head Office Address and Telephone Number of Issuer

Name and Address of Issuer's Registrar and Transfer Agent

In consideration of the listing on the TSX Venture Exchange (the "**Exchange**") of securities of the undersigned entity (the "**Issuer**"), the Issuer hereby agrees with the Exchange as follows:

INTERPRETATION

In this Agreement, unless the subject matter or context otherwise requires:

- 1.1 All terms used herein that are defined in Policy 1.1 - *Interpretation*, shall have the meanings ascribed to those terms in that Policy, including the term "Exchange Requirements".
- 1.2 Where used herein, the term "Issuer" shall include all subsidiaries of the Issuer.

2. GENERAL

- 2.1 The Issuer shall, and shall cause its directors, officers, employees, agents, consultants, and, where applicable, partners, to comply with all Exchange Requirements and all applicable legal requirements including, but not limited to, those of its incorporating statute, all laws, rules, regulations, policies, notices and interpretation notes, decisions, orders and directives of all securities regulatory authorities having jurisdiction over it and with all other laws, rules and regulations applicable to its business or undertaking.
- 2.2 The Issuer shall file with the Exchange all such material, information and documents as may be required by the Exchange from time to time and in such manner and form and by such date as may be specified by the Exchange.
- 2.3 This Agreement and all other documents, information and material (collectively, the “**Information**”), in whatever form, provided to or filed with the Exchange shall become the property of the Exchange and the Exchange shall have full and irrevocable authority to sell, license, copy, distribute, make available for public inspection, provide copies of same to other regulatory authorities and otherwise deal with all or any part of the Information at any time without notice to the Issuer.
- 2.4 Except as otherwise permitted by the Exchange Requirements, the Issuer shall not issue securities to any person without the prior approval of the Exchange. Further, the Issuer shall notify the Exchange in such manner and form and by such date as may be specified by the Exchange Requirements of any changes to the number of its issued securities of any class.
- 2.5 The Issuer will not utilize the services of any auditor, lawyer, consultant or other agent that the Exchange determines to be unacceptable.
- 2.6 All documents filed by the Issuer and all correspondence with the Exchange shall be in the English language. In addition, the Issuer shall also concurrently file with the Exchange any original language documents. The Issuer warrants that all English translations will be complete and accurate. Issuers dealing with the Montreal office can submit their documents in English or in French.
- 2.7 The Issuer shall pay to the Exchange on a timely basis the annual sustaining fee, the applicable listing or filing fee at the time of each filing, and any other fees, expenses or charges which may be specified from time to time by the Exchange within the time limits specified by the Exchange.

3. RIGHTS AND REMEDIES OF THE EXCHANGE

- 3.1 The Exchange shall have all the rights and remedies set out in the Exchange Requirements or otherwise available to it at law or equity. Without limiting the generality of the foregoing, the Issuer acknowledges that the Exchange may halt or suspend trading in the Issuer’s securities,

and may delist securities of the Issuer, at any time, with or without giving any reason for, or notice of, such action.

- 3.2 A breach by any director, officer, employee, agent, consultant or, where applicable, partner of the Issuer of any term of this Agreement or the Exchange Requirements shall be deemed to be a breach by the Issuer and the Exchange shall be entitled to exercise against the Issuer all rights and remedies it may have in respect thereof.
- 3.3 The Issuer hereby agrees to and does hereby release and indemnify the Exchange, its governors, directors, officers, agents and employees from and against all claims, suits, demands, actions, costs, damages and expenses, including legal fees on a solicitor and his own client basis, which may be incurred by the Exchange as a result of or in connection with the enforcement by the Exchange of any provision of this Agreement or any Exchange Requirement.

4. **MISCELLANEOUS**

- 4.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the parties hereby irrevocably submit to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this Agreement or any of the transactions contemplated hereby.
- 4.2 The Issuer hereby agrees to submit and attorn to the jurisdiction of the TSX Venture Exchange, and wherever applicable, the governors, directors and committees thereof.
- 4.3 All notices and other communications to be provided pursuant to this Agreement may be delivered, sent by email, facsimile or prepaid post to the following addresses:
- (a) except as otherwise directed by Exchange Policy, bulletin or other direction of the Exchange, if to the Exchange:

TSX Venture Exchange
Telus Sky Building
2110, 685 Centre Street S.W.
Calgary, Alberta
T2G 1S5

Attention: Listings
Phone: (403) 218-2800
Fax: (403) 218-2842
Email: calgaryfilings@tmx.com

- (b) if to the Issuer:

[Name]

[Address]

[Phone]

[Fax, if applicable]

[Email]

provided that in the event of a general disruption of postal services, notices and communications shall be delivered or sent by email. Any notice or communication delivered or sent by email shall be deemed to have been given on the day so delivered or sent by email. Any notice or communication sent by mail shall be deemed to have been received on the fifth business day following deposit in the mail in Canada. A party may change its address as provided herein by notice to the other party as set out in this section.

- 4.4 This Agreement has been duly authorized, executed and delivered on behalf of the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.
- 4.5 The Issuer may not assign the whole or any part of this Agreement without the written consent of the Exchange.
- 4.6 The Exchange may terminate or amend this Agreement at any time and, upon notice to the Issuer given in accordance with the provisions of this Agreement, any such amendments will be binding on the Issuer. It is acknowledged by the Issuer that the Exchange shall not incur any liability with respect to any loss or damage that the Issuer or any other person may suffer, directly or indirectly, by reason of any amendment or termination of this Agreement.
- 4.7 No approval, consent or waiver by the Exchange to or of any breach by the Issuer in the performance or observance of its obligations under this Agreement or any of the Exchange Requirements is an approval, consent or waiver to or of any other breach or continuing breach. Failure by the Exchange to complain of any breach by or enforce any Exchange Requirement against the Issuer in the performance or observance of its obligations under this Agreement or any of the Exchange Requirements irrespective of how long the breach may continue, is not a waiver of the rights of the Exchange under or relating to this Agreement or any of the Exchange Requirements.
- 4.8 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision herein and any invalid provision shall be deemed to be severable.
- 4.9 Any reference to a statute includes all rules and regulations made pursuant thereto and, unless otherwise expressly provided, includes a reference to all amendments made thereto and in force from time to time and any statute, rule or regulation that may be passed which has the effect of supplementing or superseding that statute or those rules or regulations.

4.10 The Issuer agrees that it shall be bound by the terms and conditions of this Agreement immediately upon Exchange acceptance hereof, notwithstanding that confirmation of such acceptance may not have been provided to the Issuer.

4.11 This Agreement has been drafted in the English language at the express request of the parties.
Les parties ont exigé que le présent contrat soit rédigé en anglais.

In witness whereof, the parties hereto have executed this Agreement by their duly authorized signing officers as of the date indicated below.

DATED at _____ this _____ day of _____, _____.

[Issuer's Name]

[Name of Authorized Signatory]
[Title of Authorized Signatory]

[Name of Authorized Signatory]
[Title of Authorized Signatory]

*** To be executed by at least two duly authorized signing officers of the Issuer and, if required pursuant to applicable law, under the Issuer's corporate seal.**

This application shall be deemed to have been accepted by the Exchange, and shall become effective immediately upon commencement of trading of any securities of the Issuer on the Exchange.

FORM 2E DISTRIBUTION SUMMARY STATEMENT

Name of Issuer: _____

Class of Security: _____

Tier to be listed on: _____

| | Number of Securityholders | Number of Securities | Percentage of IPO |
|---|------------------------------|-------------------------|----------------------|
| Total number of Board Lot Securityholders issued securities pursuant to the IPO Prospectus or other Offering Document (if applicable) | _____ | _____ | 100% _____ |
| LESS THE FOLLOWING: | | | |
| Securities held by the Pro Group (including "In Trust" Accounts) | - _____ | _____ _____ | _____ _____ |
| Securities held by Principals (including "In Trust" Accounts) | - _____ | _____ _____ | _____ _____ |
| TOTAL PUBLIC SECURITYHOLDERS | _____ ===== | _____ ===== | _____ ===== |

CERTIFICATE OF MEMBER

The Member acting as, or on behalf of, the Issuer's Agent hereby confirms that the applicable distribution requirements of the TSX Venture Exchange as prescribed by Policy 2.1 - *Initial Listing Requirements* have been satisfied and certifies that all the information contained herein is true.

Name of Member Firm

Signature and of an Authorized
Officer of the Member

Date

Title of Authorized
Signatory

General Instructions:

Only Persons purchasing from the Prospectus offering (and not Persons who held securities prior to the offering), should be included in the calculations above.

A separate form should be completed for each class of securities to be listed.

Members are reminded of the restrictions on Pro Group participation contained in the Exchange Rules and Policies.

The Exchange, in its discretion, may request a subscribers' list.

Board Lot requirements apply to each class of securities and their underlying securities listed for trading on the Exchange.

FORM 2F CPC ESCROW AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, _____

AMONG:

(the **Issuer**)

AND:

(the **Escrow Agent**)

AND:

**EACH OF THE UNDERSIGNED SECURITYHOLDERS OF
THE ISSUER**
(a **Securityholder** or **you**)

(collectively, the **Parties**)

This Agreement is being entered into by the Parties under Exchange Policy 2.4 - *Capital Pool Companies* (the **Policy**) in connection with a listing of a Capital Pool Company on the TSX Venture Exchange (the **Exchange**).

For good and valuable consideration, the Parties agree as follows:

1. PART 1 ESCROW

1.1 Appointment of Escrow Agent

The Issuer and the Securityholders appoint the Escrow Agent to act as escrow agent under this Agreement. The Escrow Agent accepts the appointment.

1.2 Deposit of Escrow Securities in Escrow

- (1) You are depositing the common shares or units of the Issuer (**escrow shares**) and options (**options**) to acquire any securities of the Issuer (**option shares**) listed below your name in Schedule "A" with the Escrow Agent to be held in escrow under this Agreement. When this Agreement refers to **escrow securities**, it includes escrow shares, options and option shares. You will immediately deliver or cause to be delivered to the Escrow Agent any share

certificates or other evidence of these escrow securities which you have or which you may later receive. If you are not an individual, you will also complete, execute and deliver to the Exchange an Undertaking of Holder of Escrow Securities that is Not an Individual in the form attached as Schedule “B”.

(2) If the Securityholder should hold any options that are subject to this Agreement:

- (a) the Securityholder agrees that all option shares received pursuant to the exercise of such options will concurrently be deposited with the Escrow Agent under this Agreement to be held and released in accordance with the terms of this Agreement; and
- (b) the Issuer agrees not to issue any option shares pursuant to the exercise of such options unless such option shares are concurrently deposited with the Escrow Agent under this Agreement to be held and released in accordance with the terms of this Agreement.

(3) If you receive any other securities (**additional escrow securities**):

- (a) as a dividend or other distribution on escrow securities;
- (b) on the exercise of a right of purchase, conversion or exchange attaching to escrow securities, including securities received on conversion of special warrants;
- (c) on a subdivision, or compulsory or automatic conversion or exchange of escrow securities; or
- (d) from a successor issuer in a business combination, if Part 6 of this Agreement applies,

you will deposit them in escrow with the Escrow Agent. You will deliver or cause to be delivered to the Escrow Agent any share certificates or other evidence of those additional escrow securities. When this Agreement refers to **escrow securities**, it includes additional escrow securities.

(4) You will immediately deliver to the Escrow Agent any replacement share certificates or other evidence of options, option shares or additional escrow securities issued to you.

1.3 Direction to Escrow Agent

The Issuer and the Securityholders direct the Escrow Agent to hold the escrow securities in escrow until they are released from escrow under this Agreement.

2. PART 2 RELEASE OF ESCROW SECURITIES

2.1 Release Provisions

Subject to the Policy and sections 2.5, 2.6, 2.7, 3.2 and 3.3 of this Agreement, the escrow securities will be released from escrow in accordance with the following release provisions:

- (a) all options granted prior to the date of the Final QT Exchange Bulletin and all option shares that were issued prior to the date of the Final QT Exchange Bulletin will be released from escrow on the date of the Final QT Exchange Bulletin, other than options that were granted prior to the Issuer’s IPO with an exercise price that is less than the

issue price of the IPO Shares and any option shares that were issued pursuant to the exercise of such options which will be released from escrow in accordance with the schedule set out in section 2.1(b);

- (b) except for the options and option shares that are released from escrow on the date of the Final QT Exchange Bulletin as provided for in section 2.1(a), all escrow securities will be released from escrow in accordance with the following schedule:

| Release Dates | Percentage to be Released |
|---|----------------------------------|
| Date of Final QT Exchange Bulletin | 25% |
| Date 6 months following Final QT Exchange Bulletin | 25% |
| Date 12 months following Final QT Exchange Bulletin | 25% |
| Date 18 months following Final QT Exchange Bulletin | 25% |
| TOTAL | 100% |

2.2 Additional escrow securities

If you acquire additional escrow securities in connection with the transaction to which this Agreement relates, those securities will be added to the securities already in escrow, to increase the number of remaining escrow securities. After that, all of the escrow securities will be released in accordance with the applicable release schedule.

2.3 Delivery of Share Certificates for Escrow Securities

The Escrow Agent will send to each Securityholder any share certificates or other evidence of that Securityholder's escrow securities in the possession of the Escrow Agent released from escrow as soon as reasonably practicable after the release.

2.4 Replacement Certificates

If, on the date a Securityholder's escrow securities are to be released, the Escrow Agent holds a share certificate or other evidence representing more escrow securities than are to be released, the Escrow Agent will deliver the share certificate or other evidence to the Issuer or its transfer agent and request replacement share certificates or other evidence. The Issuer will cause replacement share certificates or other evidence to be prepared and delivered to the Escrow Agent. After the Escrow Agent receives the replacement share certificates or other evidence, the Escrow Agent will send to the Securityholder or at the Securityholder's direction, the replacement share certificate or other evidence of the escrow securities released. The Escrow Agent and Issuer will act as soon as reasonably practicable.

2.5 Release upon Death

- (1) If a Securityholder dies, the Securityholder's escrow securities will be released from escrow. The Escrow Agent will deliver any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent to the Securityholder's legal representative provided that:

- (a) the legal representative of the deceased Securityholder provides written notice to the Exchange of the intent to release the escrow securities as at a specified date which is at least 10 business days and not more than 30 business days prior to the proposed release; and
 - (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to delivery the Escrow Agent must receive:
- (a) a certified copy of the death certificate; and
 - (b) any evidence of the legal representative's status that the Escrow Agent may reasonably require.

2.6 Exchange Discretion to Terminate

If the Escrow Agent receives a request from the Exchange to halt or terminate the release of escrow securities from escrow, then the Escrow Agent will comply with that request, and will not release any escrow securities from escrow until it receives the written consent of the Exchange.

2.7 Discretionary Applications

The Exchange may consent to the release from escrow of escrow securities in other circumstances and on terms and on conditions it deems appropriate. Escrow securities may be released from escrow provided that the Escrow Agent receives written notice from the Exchange.

3. PART 3 CANCELLATION OF ESCROW SECURITIES

3.1 Delisting of the Issuer

If the Exchange issues an Exchange Bulletin that the Issuer will be delisted, the Issuer must immediately notify the Escrow Agent.

3.2 Cancellation of Certain Escrow Securities Held by Non-Arm's Length Parties of the Issuer

- (1) If the Issuer is delisted prior to Completion of the Qualifying Transaction,
 - (a) the Escrow Agent will deliver a notice to the Issuer, including any certificates possessed by the Escrow Agent which evidence the escrow securities held by Non-Arm's Length Parties to the Issuer which were purchased prior to the IPO of the Issuer at a discount to the IPO price and all options and option shares held by such Persons (collectively, the **Discount Seed Shares**); and
 - (b) the Issuer and the Escrow Agent must take such action as is necessary to cancel the Discount Seed Shares pursuant to the Policy.
- (2) For the purposes of cancellation of Discount Seed Shares, each Securityholder irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

3.3 Cancellation of Other Escrow Securities

- (1) Any escrow securities which have not been released from escrow under this Agreement as at 4:30 p.m. (Vancouver time) or 5:30 p.m. (Calgary time) on the date which is the 10th anniversary of the date of delisting of the Issuer from the Exchange must immediately be cancelled. The Escrow Agent must deliver a notice to the Issuer, including any certificates possessed by the Escrow Agent which evidence the escrow securities. The Issuer and Escrow Agent must take all actions as may be necessary to expeditiously effect cancellation.
- (2) For the purposes of cancellation of escrow securities under this Agreement, each Securityholder hereby irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

4. PART 4 DEALING WITH ESCROW SECURITIES

4.1 Restriction on Transfer

Unless it is expressly permitted in this Agreement, you will not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with your escrow securities or any related share certificates or other evidence of the escrow securities. If a Securityholder is a private company controlled by one or more Principals of the Issuer, the Securityholder may not participate in a transaction that results in a change of its control or a change in the economic exposure of the Principals to the risks of holding escrow securities.

4.2 Pledge, Mortgage or Charge as Collateral for a Loan

Subject to Exchange acceptance, you may pledge, mortgage or charge your escrow securities to a financial institution as collateral for a loan, provided that no escrow securities or any share certificates or other evidence of escrow securities will be transferred or delivered by the Escrow Agent to the financial institution for this purpose. The loan agreement must provide that the escrow securities will remain in escrow if the lender realizes on the escrow securities to satisfy the loan.

4.3 Voting of Escrow Securities

Although you may exercise voting rights attached to your escrow securities, you may not, while your securities are held in escrow, exercise voting rights attached to any securities (whether in escrow or not) in support of one or more arrangements that would result in the repayment of capital being made on the escrow securities prior to a winding up of the Issuer.

4.4 Dividends on Escrow Securities

You may receive a dividend or other distribution on your escrow securities, and elect the manner of payment from the standard options offered by the Issuer. If the Escrow Agent receives a dividend or other distribution on your escrow securities, other than additional escrow securities, the Escrow Agent will pay the dividend or other distribution to you on receipt.

4.5 Exercise of Other Rights Attaching to Escrow Securities

You may exercise your rights to exchange or convert your escrow securities in accordance with this Agreement.

5. PART 5 PERMITTED TRANSFERS WITHIN ESCROW

5.1 Transfer to Directors and Senior Officers

- (1) You may transfer escrow securities, other than options, within escrow to existing or, upon their appointment, incoming directors or senior officers of the Issuer or any of its material operating subsidiaries, if the Issuer's board of directors has approved the transfer and provided that:
 - (a) you make application under the applicable Exchange Policy of the intent to transfer at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) a certified copy of the resolution of the board of directors of the Issuer approving the transfer;
 - (b) a certificate signed by a director or officer of the Issuer authorized to sign, stating that the transfer is to a director or senior officer of the Issuer or a material operating subsidiary and that any required acceptance from the Exchange on which the Issuer is listed has been received;
 - (c) an acknowledgment in the form of Form 5E signed by the transferee; and
 - (d) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent.

A transfer within escrow is a trade within the meaning of securities legislation and may require an exemption or discretionary order.

5.2 Transfer to Other Principals

- (1) You may transfer escrow securities, other than options, within escrow:
 - (a) to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Issuer's outstanding securities; or
 - (b) to a person or company that after the proposed transfer
 - (i) will hold more than 10% of the voting rights attached to the Issuer's outstanding securities, and
 - (ii) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries,provided that:

- (a) you make application under the applicable Exchange Policy of the intent to transfer at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
- (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.

(2) Prior to the transfer the Escrow Agent must receive:

- (a) a certificate signed by a director or officer of the Issuer authorized to sign, stating that:
 - (i) the transfer is to a person or company that the officer believes, after reasonable investigation, holds more than 20% of the voting rights attached to the Issuer's outstanding securities before the proposed transfer; or
 - (ii) the transfer is to a person or company that:
 - (A) the officer believes, after reasonable investigation, will hold more than 10% of the voting rights attached to the Issuer's outstanding securities; and
 - (B) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries
 after the proposed transfer; and
 - (iii) any required approval from the Exchange has been received;
- (b) an acknowledgment in the form of Form 5E signed by the transferee; and
- (c) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent.

5.3 Transfer upon Bankruptcy

- (1) You may transfer escrow securities, other than options, within escrow to a trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy provided that
 - (a) you make application under the applicable Exchange Policy of the intent to transfer at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer, the Escrow Agent must receive:
 - (a) a certified copy of either
 - (i) the assignment in bankruptcy filed with the Superintendent of Bankruptcy, or

- (ii) the receiving order adjudging the Securityholder bankrupt;
- (b) a certified copy of a certificate of appointment of the trustee in bankruptcy;
- (c) a transfer power of attorney, duly completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
- (d) an acknowledgment in the form of Form 5E signed by
 - (i) the trustee in bankruptcy or
 - (ii) on direction from the trustee, with evidence of that direction attached to the acknowledgment form, another person or company legally entitled to the escrow securities.

5.4 Transfer Upon Realization of Pledged, Mortgaged or Charged Escrow Securities

- (1) You may transfer escrow securities, other than options, within escrow to a financial institution provided that:
 - (a) you make application under the applicable Exchange Policy of the intent to transfer at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) a statutory declaration of an officer of the financial institution that the financial institution is legally entitled to the escrow securities;
 - (b) evidence that the Exchange has accepted the pledge, mortgage or charge of escrow securities to the financial institution;
 - (c) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
 - (d) an acknowledgement in the form of Form 5E signed by the financial institution.

5.5 Transfer to Certain Plans and Funds

- (1) You may transfer escrow securities, other than options, within escrow to or between a registered retirement savings plan (RRSP), registered retirement income fund (RRIF) or other similar registered plan or fund with a trustee, where the beneficiaries of the plan or fund are limited to you and your spouse, children and parents provided that.
 - (a) you make application under the applicable Exchange Policy of the intent to transfer at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and

- (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.

(2) Prior to the transfer the Escrow Agent must receive:

- (a) evidence from the trustee of the transferee plan or fund, or the trustee's agent, stating that, to the best of the trustee's knowledge, the annuitant of the RRSP or RRIF or the beneficiaries of the other registered plan or fund do not include any person or company other than you and your spouse, children and parents;
- (b) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
- (c) an acknowledgement in the form of Form 5E signed by the trustee of the plan or fund.

5.6 Effect of Transfer Within Escrow

After the transfer of escrow securities within escrow, the escrow securities will remain in escrow and released from escrow under this Agreement as if no transfer has occurred, on the same terms that applied before the transfer. The Escrow Agent will not deliver any share certificates or other evidence of escrow securities to the transferees under this Part 5.

5.7 Discretionary Applications

The Exchange may consent to the transfer within escrow of escrow securities in other circumstances and on such terms and conditions as it deems appropriate.

6. PART 6 BUSINESS COMBINATIONS

6.1 Business Combinations

This Part applies to the following (**business combinations**):

- (a) a formal take-over bid for all outstanding equity securities of the Issuer or which, if successful, would result in a change of control of the Issuer;
- (b) a formal issuer bid for all outstanding equity securities of the Issuer;
- (c) a statutory arrangement;
- (d) an amalgamation;
- (e) a merger; and
- (f) a reorganization that has an effect similar to an amalgamation or merger.

6.2 Delivery to Escrow Agent

You may tender your escrow securities to a person or company in a business combination. At least five business days prior to the date the escrow securities must be tendered under the business combination, you must deliver to the Escrow Agent:

- (a) a written direction signed by you that directs the Escrow Agent to deliver to the depositary under the business combination any share certificates or other evidence of the escrow securities, and a completed and executed cover letter or similar document and, where required, transfer power of attorney completed and executed for transfer in accordance with the requirements of the Issuer's depositary, and any other documentation specified or provided by you and required to be delivered to the depositary under the business combination;
- (b) written consent of the Exchange; and
- (c) any other information concerning the business combination as the Escrow Agent may reasonably require.

6.3 Delivery to Depositary

As soon as reasonably practicable, and in any event no later than three business days after the Escrow Agent receives the documents and information required under section 6.2, the Escrow Agent will deliver to the depositary, in accordance with the direction, any share certificates or other evidence of the escrow securities and a letter addressed to the depositary that

- (a) identifies the escrow securities that are being tendered;
- (b) states that the escrow securities are held in escrow;
- (c) states that the escrow securities are delivered only for the purposes of the business combination and that they will be released from escrow only after the Escrow Agent receives the information described in section 6.4;
- (d) if any share certificates or other evidence of the escrow securities have been delivered to the depositary, requires the depositary to return to the Escrow Agent, as soon as practicable, the share certificates or other evidence of escrow securities that are not released from escrow into the business combination; and
- (e) where applicable, requires the depositary to deliver or cause to be delivered to the Escrow Agent, as soon as practicable, share certificates or other evidence of additional escrow securities that you acquire under the business combination.

6.4 Release of Escrow Securities to Depositary

(1) The Escrow Agent will release from escrow the tendered escrow securities provided that:

- (a) you or the Issuer make application under the applicable Exchange Policy of the intent to release the tendered securities on a date at least 10 business days and not more than 30 business days prior to the date of the proposed release date; and
- (b) the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date;

- (c) the Escrow Agent receives a declaration signed by the depositary or, if the direction identifies the depositary as acting on behalf of another person or company in respect of the business combination, by that other person or company, that
 - (i) the terms and conditions of the business combination have been met or waived; and
 - (ii) the escrow securities have either been taken up and paid for or are subject to an unconditional obligation to be taken up and paid for under the business combination.

6.5 Escrow of New Securities

If you receive securities (**new securities**) of another issuer (**successor issuer**) in exchange for your escrow securities, the new securities will be subject to escrow in substitution for the tendered escrow securities.

6.6 Release from Escrow of New Securities

- (1) The Escrow Agent will send to a Securityholder share certificates or other evidence of the Securityholder's new securities as soon as reasonably practicable after the Escrow Agent receives:
 - (a) a certificate from the successor issuer signed by a director or officer of the successor issuer authorized to sign
 - (i) stating that it is a successor issuer to the Issuer as a result of a business combination;
 - (ii) containing a list of the securityholders whose new securities are subject to escrow under section 6.5;
 - (iii) containing a list of the securityholders whose new securities are not subject to escrow under section 6.5; and
 - (b) written confirmation from the Exchange that it has accepted the list of Securityholders whose new securities are not subject to escrow under section 6.5; and
- (2) If your new securities are subject to escrow, the Escrow Agent will hold your new securities in escrow on the same terms and conditions, including release dates, as applied to the escrow securities that you exchanged.

7. PART 7 RESIGNATION OF ESCROW AGENT

7.1 Resignation of Escrow Agent

- (1) If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer and the Exchange.
- (2) If the Issuer wishes to terminate the Escrow Agent as escrow agent, the Issuer will give written notice to the Escrow Agent and the Exchange.

- (3) If the Escrow Agent resigns or is terminated, the Issuer will be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date by another escrow agent that is acceptable to the Exchange and that has accepted such appointment, which appointment will be binding on the Issuer and the Securityholders.
- (4) The resignation or termination of the Escrow Agent will be effective, and the Escrow Agent will cease to be bound by this Agreement, on the date that is 60 days after the date of receipt of the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the **resignation or termination date**), provided that the resignation or termination date will not be less than 10 business days before a release date.
- (5) If the Issuer has not appointed a successor escrow agent within 60 days of the resignation or termination date, the Escrow Agent will apply, at the Issuer's expense, to a court of competent jurisdiction for the appointment of a successor escrow agent, and the duties and responsibilities of the Escrow Agent will cease immediately upon such appointment.
- (6) On any new appointment under this section, the successor Escrow Agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed. The predecessor Escrow Agent, upon receipt of payment for any outstanding account for its services and expenses then unpaid, will transfer, deliver and pay over to the successor Escrow Agent, who will be entitled to receive, all securities, records or other property on deposit with the predecessor Escrow Agent in relation to this Agreement and the predecessor Escrow Agent will thereupon be discharged as Escrow Agent.
- (7) If any changes are made to 8 of this Agreement as a result of the appointment of the successor Escrow Agent, those changes must not be inconsistent with the Policy and the terms of this Agreement and the Issuer to this Agreement will file a copy of the new Agreement with the securities regulators with jurisdiction over this Agreement and the escrow securities.

8. PART 8 OTHER CONTRACTUAL ARRANGEMENTS

[You may insert any other contractual arrangements the Parties to this Agreement wish to provide to govern the responsibilities, remuneration, liabilities, and indemnities for the duties of the Escrow Agent or any other matter which the Parties wish to include in this Agreement provided that the terms are not inconsistent with the Policy and the terms of this Agreement.]

9. PART 9 INDEMNIFICATION OF THE EXCHANGE

9.1 Indemnification

- (1) The Issuer and each Securityholder jointly and severally:
 - (a) release, indemnify and save harmless the Exchange from all costs (including legal cost, expenses and disbursements), charges, claims, demands, damages, liabilities, losses and expenses incurred by the Exchange;
 - (b) agree not to make or bring a claim or demand, or commence any action, against the Exchange; and

- (c) agree to indemnify and save harmless the Exchange from all costs (including legal costs) and damages that the Exchange incurs or is required by law to pay as a result of any person's claim, demand or action,

arising from any and every act or omission committed or omitted by the Exchange, in connection with this Agreement, even if said act or omission was negligent, or constituted a breach of the terms of this Agreement.

- (2) This indemnity survives the release of the escrow securities and the termination of this Agreement.

10. PART 10 NOTICES

10.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by fax, the date of delivery, if delivered by hand or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

[Name, address, contact person, fax number]

10.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by fax, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

[Name, address, contact person, fax number]

10.3 Deliveries to Securityholders

Documents will be considered to have been delivered to a Securityholder on the date of delivery, if delivered by hand or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the address on the Issuer's share register.

Any share certificates or other evidence of a Securityholder's escrow securities will be sent to the Securityholder's address on the Issuer's share register unless the Securityholder has advised the Escrow Agent in writing otherwise at least ten business days before the escrow securities are released from escrow. The Issuer will provide the Escrow Agent with each Securityholder's address as listed on the Issuer's share register.

10.4 Change of Address

- (1) The Escrow Agent may change its address for delivery by delivering notice of the change of address to the Issuer and to each Securityholder.
- (2) The Issuer may change its address for delivery by delivering notice of the change of address to the Escrow Agent and to each Securityholder.

- (3) A Securityholder may change that Securityholder's address for delivery by delivering notice of the change of address to the Issuer and to the Escrow Agent.

10.5 Postal Interruption

A party to this Agreement will not mail a Document if the party is aware of an actual or impending disruption of postal service.

11. PART 11 GENERAL

11.1 Interpretation – holding securities

Unless the context otherwise requires, all capitalized terms that are not otherwise defined in this Agreement, shall have the meanings as defined in Policy 1.1 – *Interpretation*, Policy 2.4 – *Capital Pool Companies* or in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

When this Agreement refers to securities that a Securityholder “holds”, it means that the Securityholder has direct or indirect beneficial ownership of or control or direction over the securities.

11.2 Enforcement by Third Parties

The Issuer enters this Agreement both on its own behalf and as trustee for the Exchange and the Securityholders of the Issuer, and this Agreement may be enforced by either the Exchange, or the Securityholders of the Issuer, or both.

11.3 Termination, Amendment, and Waiver of Agreement

- (1) Subject to subsection 11.3(3), this Agreement shall only terminate:

- (a) with respect to all the Parties:

- (i) as specifically provided in this Agreement;
- (ii) subject to section 11.3(2), upon the agreement of all Parties; or
- (iii) when the escrow securities of all Securityholders have been released from escrow pursuant to this Agreement; and

- (b) with respect to a Party:

- (i) as specifically provided in this Agreement; or
- (ii) if the Party is a Securityholder, when all of the Securityholder's escrow securities have been released from escrow pursuant to this Agreement.

- (2) An agreement to terminate this Agreement pursuant to section 11.3(1)(a)(ii) shall not be effective unless and until the agreement to terminate

- (a) is evidenced by a memorandum in writing signed by all Parties;

- (b) if the Issuer is listed on the Exchange, the termination of this Agreement has been consented to in writing by the Exchange; and
 - (c) has been approved by a majority vote of securityholders of the Issuer excluding in each case, Securityholders.
- (3) Notwithstanding any other provision in this Agreement, the obligations set forth in section 9.1 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.
- (4) No amendment or waiver of this Agreement or any part of this Agreement shall be effective unless the amendment or waiver:
- (a) is evidenced by a memorandum in writing signed by all Parties;
 - (b) if the Issuer is listed on the Exchange, the amendment or waiver of this Agreement has been approved in writing by the Exchange; and
 - (c) has been approved by a majority vote of securityholders of the Issuer excluding in each case, Securityholders.
- (5) No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether similar or not), nor shall any waiver constitute a continuing waiver, unless expressly provided.

11.4 Severance of Illegal Provision

Any provision or part of a provision of this Agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability, and the rest of the Agreement and all other provisions and parts thereof shall remain in full force and effect and be binding upon the parties hereto as though the said illegal and/or unenforceable provision or part thereof had never been included in this Agreement.

11.5 Further Assurances

The Parties will execute and deliver any further documents and perform any further acts reasonably requested by any of the Parties to this Agreement which are necessary to carry out the intent of this Agreement.

11.6 Time

Time is of the essence of this Agreement.

11.7 Consent of Exchange to Amendment

The Exchange must approve any amendment to this Agreement if the Issuer is listed on the Exchange at the time of the proposed amendment.

11.8 Additional Escrow Requirements

A Canadian exchange may impose escrow terms or conditions in addition to those set out in this Agreement.

11.9 Governing Laws

The laws of [insert principal jurisdiction] and the applicable laws of Canada will govern this Agreement.

11.10 Counterparts

The Parties may execute this Agreement by fax and in counterparts, each of which will be considered an original and all of which will be one agreement.

11.11 Singular and Plural

Wherever a singular expression is used in this Agreement, that expression is considered as including the plural or the body corporate where required by the context.

11.12 Language

This Agreement has been drawn up in the [English/French] language at the request of all parties. Cet acte a été rédigé en [anglais/français] à la demande de toutes les parties.

11.13 Benefit and Binding Effect

This Agreement will benefit and bind the Parties and their heirs, executors, administrators, successors and permitted assigns and all persons claiming through them as if they had been a Party to this Agreement.

11.14 Entire Agreement

This is the entire agreement among the Parties concerning the subject matter set out in this Agreement and supersedes any and all prior understandings and agreements.

11.15 Successor to Escrow Agent

Any corporation with which the Escrow Agent may be amalgamated, merged or consolidated, or any corporation succeeding to the business of the Escrow Agent will be the successor of the Escrow Agent under this Agreement without any further act on its part or on the part or any of the Parties, provided that the successor is recognized by the Exchange.

The Parties have executed and delivered this Agreement as of the date set out above.

[Escrow Agent]

Authorized signatory

Authorized signatory

[Issuer]

Authorized signatory

Authorized signatory

If the Securityholder is an individual:

[Securityholder]

If the Securityholder is not an individual:

[Securityholder]

Authorized signatory

Authorized signatory

SCHEDULE "A"
ESCROW SECURITIES

Securityholder

Name:

Signature:

Address for Notice:

Shares or Units:

| <i>Class or description</i> | <i>Number</i> | <i>Certificate(s) (if applicable)</i> |
|-----------------------------|---------------|---------------------------------------|
| | | |
| | | |
| | | |

Options:

| <i>Exercise Price and Expiry Date</i> | <i>Number of Options</i> | <i>Certificate(s) (if applicable)</i> |
|---|--------------------------|---------------------------------------|
| | | |
| | | |
| | | |

SCHEDULE “B”
UNDERTAKING OF
HOLDER OF ESCROW SECURITIES THAT IS NOT AN INDIVIDUAL

TO: THE TSX VENTURE EXCHANGE

● (the “Securityholder”) has subscribed for and agreed to purchase, as principal, ● Common Shares of ● (the “Escrow Securities”). The Escrow Securities will be held in escrow as detailed in the escrow agreement entered into between ● (the “Issuer”), ● (the “Escrow Agent”) and the Securityholder (the “Escrow Agreement”).

The undersigned undertakes that, to the extent reasonably possible, it will not permit or authorize its securities to be issued or transferred, nor will it otherwise authorize any transaction involving any of its securities that could reasonably result in a change of its control without the prior consent of the TSX Venture Exchange, as long as any Escrow Securities remain held or are required to be held in escrow.

DATED this ● day of ●.

(Name of Securityholder - please print)

(Authorized Signature)

(Official Capacity - please print)

(Please print here name of individual whose
signature appears above)

The Securityholder is directly controlled by the undersigned who undertakes that, to the extent reasonably possible, he will not permit or authorize securities of the Securityholder to be issued or transferred, nor otherwise carry out any transaction that could reasonably result in a change of control of the Securityholder without the prior consent of the TSX Venture Exchange, as long as any Escrow Securities remain held or are required to be held in escrow.

DATED this ● day of ●.

(Signature)

(Name of Controlling Securityholder – please print)

(Signature)

(Name of Controlling Securityholder – please print)



FORM 2G

SPONSORSHIP ACKNOWLEDGEMENT FORM

(This form is to be submitted to the Exchange in connection with the execution of a Sponsorship Agreement between a Sponsor and an Issuer.)

To: The TSX Venture Exchange

We _____ [insert name of Sponsor] (the “Sponsor”) have entered into an agreement dated _____ [insert date] with _____ [insert name of Issuer] (the “Issuer”) to sponsor the Issuer pursuant to Policy _____ [insert applicable Policy] in connection with the _____ (the “Transaction”). [Insert a description of the transaction in respect of which sponsorship is required or has been requested, including reference to any financing, Qualifying Transaction, Reverse Take Over, Change of Business, or Change of Management or Change of Control].

We confirm that we have received copies of the Personal Information Forms (Form 2A) and, if applicable, Declarations (Form 2C1) in respect of each of the persons who are proposed to be directors, senior officers, other Insiders and Promoters of the Issuer after giving effect to the Transaction and have had an opportunity to conduct appropriate database searches in respect of each of such directors, senior officers, other Insiders and Promoters, of the Issuer and any associates or affiliates of the foregoing as we considered necessary and advisable and are aware of no material information of detriment, other than as set forth below:

[Insert a description of any material information of detriment or indicate that none was found.]

We confirm that we have reviewed the Personal Information Forms and, if applicable, Declarations as required in connection with section 5.4 of Policy 2.2 - *Sponsorship and Sponsorship Requirements*. Other than the conduct of the database searches referred to above, we have not conducted any independent verification of the information provided by management. Subject to the foregoing limitations we confirm that we have no reason to believe that the directors, senior officers or other Insiders and Promoters of the Issuer upon completion of the Transaction will fail to meet the requirements of Policy 3.1 – *Directors, Officers and Corporate Governance*.

[Insert any limitations or qualifications on the foregoing statement.]

We further verify on the basis of a preliminary assessment, based solely on review of [a Geological Report(s), in the case of a resource Issuer or financial statements, in the case of any other Issuer] the existence of the [assets, property, technology] that is the subject of the Transaction.

[Insert any limitation or qualification on the foregoing statement.]

[In the case of a Change of Business or a Reverse Takeover, and as may be required by the Exchange, add the following: We further confirm that arrangements are in place whereby the securities of the Issuer held by directors, officers, other Insiders and Promoters of the Issuer and the Target Company and their respective Associates, have been deposited into a pooling agreement and such securities will not be released until final Exchange Acceptance of the Reverse Take Over or Change of Business has been granted by the Exchange.]

[In addition, notwithstanding the filing of this form and applicable supporting documentation, if, in the context of a Qualifying Transaction, Reverse Takeover, or a Change of Business, a request is made for the extension of a halt in trading of the Issuer's securities, the Sponsor confirms that the Issuer agrees with such extension until _____, with the reasons for the extension being as follows: _____.

The extension of the halt and reasons therefor have been/shall be promptly disclosed in the Issuer's press release]

In the event the Exchange has any questions or concerns in respect of the Issuer or sponsorship, the principal contact of the Sponsor is _____.

[Insert name, office and telephone number of the person who will be the primary contact in respect of the sponsorship.]

Dated at _____, this _____ day of _____.

[Insert name of Sponsor]

By: _____

[Insert name and title of authorized signatory]

FORM 2H

SPONSOR REPORT

To: The TSX Venture Exchange, Attention: Listed Issuer Services

We _____ [insert name of Sponsor] (the “Sponsor”) pursuant to an agreement dated _____ [insert date] with _____ [insert name of Issuer] (the “Issuer”) have agreed to sponsor the Issuer pursuant to Policy _____ [insert applicable Policy] in connection with the _____ (the “Transaction”). [Insert a description of the transaction in respect of which this report relates, including reference to any financing, Qualifying Transaction, Reverse Takeover, Change of Business or Change of Management or Change of Control]. Unless, otherwise defined herein, capitalized terms will have the same meanings, as defined in Exchange Policies.

We advise as follows:

- [(a) identify any information or facts which the Sponsor is aware or has become aware in the course of conducting its Due Diligence which might reasonably impact upon the Exchange’s determination of the suitability for listing of the Issuer or the suitability of the directors and officers to act in such a capacity;
- (b) state the qualifications and experience of the person(s) primarily responsible for the investigation and preparation of this Sponsor Report, including knowledge of the proposed industry and/or business of the Issuer, and without limitation, such person’s;
 - (i) name, address and occupation;
 - (ii) relevant educational background, including areas of principal studies;
 - (iii) relevant employment history, including a description as to how it relates to the material aspects of the principal business of the listed Issuer;
 - (iv) experience in the areas of corporate planning and financial analysis;
 - (v) membership in any professional organization; and
 - (vi) the period during which the Due Diligence and Review Procedures were carried out;

- (c) state any conflicts of interest, including:
 - (i) that the person referred to in section (b) has no material conflicts of interest as a result of his or her relationship with the Issuer, and the Issuer's Insiders, Associates and Affiliates;
 - (ii) that the person referred to in section (b) does not own any direct, indirect or contingent interest in any of the securities or assets of the Issuer, or of any Associates or Affiliates of the Issuer or disclosure of any such interest, which interest must not be material;
 - (iii) full particulars of any material past dealings between the Sponsor and any current or proposed Non Arm's Length Party of the Issuer; and
 - (iv) full particulars of any direct, indirect or contingent interest in any of the securities or assets of the Issuer or of any Associates or Affiliates of the Issuer beneficially owned or controlled by the Pro Group;
- (d) if the Sponsor, in preparing the Sponsor Report, has retained the services of an Expert, or otherwise relied upon the services of an Expert, state, in respect of each Expert upon whom the Sponsor has relied, the information described in subparagraphs (i), (ii), (iii), (v) and (vi) of subsection (b);
- (e) state any other facts or information considered to be material by the Sponsor that could reasonably be expected to significantly affect the value of the securities of the Issuer to be listed.]

We confirm that we have complied with sections 4 and 5 of Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

We further confirm that we have completed applicable Due Diligence.

Based upon our Due Diligence review, we confirm that:

- (a) the directors and management of the Issuer, both on an individual and on a collective basis, comply with Exchange Requirements and are knowledgeable about their ongoing continuous disclosure responsibilities pursuant to applicable Securities Laws and Exchange Requirements;
- (b) the consideration and share structure, upon completion of the Transaction, will not be unreasonable;
- (c) the Working Capital of the Issuer is adequate to carry out stated purposes and it appears reasonable that the Issuer will have sufficient funds available for 12 months of operations;

- (d) the Issuer meets the Initial Listing Requirements under Policy 2.1 - *Initial Listing Requirements* as applicable; and
- (e) we have concluded that the Issuer is suitable for listing on the Exchange.

[Insert any limitations or qualifications on the foregoing statement.]

In the event the Exchange has any questions or concerns in respect of this report, the principal contact of the Sponsor is _____.

[Insert name, office and telephone number of the person who will be the primary contact in respect of the sponsorship.]

Dated at _____, this _____ day of _____.

[Insert name of Sponsor]

By: _____

[Insert name and title of authorized signatory]

By: _____

[Insert name and title of authorized signatory]

INSTRUCTIONS:

- 1) *In the case of a Change of Business, where there is no Change of Management or Change of Control or in connection with a Transaction that involves solely a Change of Management or Change of Control, the Due Diligence confirmations at subsections (a), (b) or (c) above, may be omitted from the Sponsor Report, where such confirmations are inapplicable to the Transaction.*
- 2) *The Sponsor Report must be signed by two duly authorized officers and/or directors of the Sponsor, one of who must be a person that would otherwise be eligible to execute a Prospectus on behalf of the Sponsor.*

FORM 21 TRANSACTION DISCLOSURE FORM

This form has been designed to assist the Exchange in:

- (a) its preliminary assessment of the proposed transaction;
- (b) identifying material issues for its clients as soon as possible; and
- (c) determining whether a sponsorship waiver is appropriate.

In order to maximize the benefits of this form, issuers should fill out the form as completely as possible. The *italicized* material offers guidance in filling out the form.

Representations in this document will be reviewed for consistency and must be adequately supported in the listing application.

1. Parties Involved

Instructions: Please ensure all information is complete as the parties disclosed below will form the working group for any file related correspondence.

| | Company Name, Address & Contact | Phone | E-mail | | Company Name & Contact | Phone | E-mail |
|--|------------------------------------|-------|--------|---|------------------------------|-------|--------|
| Public Company | | | | Private Company | | | |
| Counsel | | | | Counsel | | | |
| Auditors | | | | Auditors | | | |
| Other Significant Advisors, Bankers etc. | | | | Other Significant Advisors, Bankers etc. | | | |
| | | | | | | | |

2. Transaction

Instructions: Please complete chart below and provide a brief narrative overview of the transaction.

| Type of Transaction | Proposed Classification | Tier | Date Listed (remaining columns N/A for IPO's) | Current Listing | Current Classification | Tier/ Board | Suspended (Y/N) | Recent trading price |
|---------------------------------------|--|------------|---|--|--|---------------------|--------------------|----------------------------|
| <i>IPO, CPC, QT, RTO, COB</i> | <i>CPC, Mining, Oil & Gas, Real Estate/Investment, Industrial, R&D</i> | <i>1,2</i> | | <i>TSX – Venture, TSX, Other</i> | <i>CPC, Mining, Oil & Gas, Real Estate/Investment, Industrial, R&D</i> | <i>1,2, NEX</i> | | |

3. **Business to be listed and Initial Listing Requirements– (attach financial statements of all relevant entities)**

i). **Brief description of Business**

Instructions: Provide brief description of the nature of business.

For resource companies, omit mention of properties on which no exploration is planned. Give a brief description of the company's properties, stage of development, costs of exploration to date, intended work program costs, overall costs and the identities of the vendors and/or partners.

For non- resource companies, omit discussion of inactive or discontinued business. Describe the business, the identity of the vendor of the property (if recently acquired) and the use of proceeds of the Company's pro-forma treasury balance.

If the information is contained in a disclosure document, you may reference the appropriate pages in that document.

ii). **Financial summary of the business to be listed– in thousands – 000's**

| | Interim | Foreign % | Year end | Foreign % | Year end | Foreign % |
|-----------------------------------|---------|-----------|----------|-----------|----------|-----------|
| Revenues | | | | | | |
| Deferred or R&D Expenditures | | | | | | |
| General & Administrative Expenses | | | | | | |
| Net Income | | | | | | |
| Working Capital | | | | | | |
| Total Assets | | | | | | |
| Share Capital | | | | | | |
| Retained Earnings (Deficit) | | | | | | |
| Cash flow from operations | | | | | | |
| A, CL, MP | | | | | | |

A - audited

CL – comfort letter by independent accountants (review engagement level of assurance)

MP - management prepared with or without compilation by independent accountant

iii). **List any Initial Listing Requirements that will not be clearly met upon completions of all associated financings and transactions.**

iv). **List ANY other policy issues company will be requesting a waiver from.**

4. **Principals (attach Personal Information Forms – Form 2A) and disclose Shareholders holding 5% or more of the applicable company.**

Identify the Insiders of each corporate shareholder by way of footnote.

For public company associations, include copies of audited financial statements for the last 2 years and the most recent interim financial statements. If the public company is suspended from trading, please indicate what is being done to rectify the situation.

Public Company

| Name, age, residence | Position or Relation to current Company | Shareholding Pre-transaction | % | Position or Relation to proposed Company | Shareholding Post-transaction | % | Other public company associations (Company name, dates, position, where listed) |
|----------------------|---|------------------------------|---|--|-------------------------------|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| Number of Holders | % |
|---|-----|
| Public | |
| Total stock held in foreign jurisdiction | |
| Total stock held by corporate entities (not including management) | |
| Total | 100 |

Private Company

| Name, age, residence | Position or Relation to current Company | Shareholding Pre-transaction | % | Position or Relation to proposed Company | Shareholding Post-transaction | % | Other public company associations (Company name, dates, position, Where listed) |
|----------------------|---|------------------------------|---|--|-------------------------------|---|---|
| | | | | | | | |
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| Number of Holders | % |
|---|-----|
| Public | |
| Total stock held in foreign jurisdiction | |
| Total stock held by corporate entities (not including management) | |
| Total | 100 |

5. Share/Security Structure

| Public Company | Consideration | # of shares | | Private Company (8) | Consideration | # of shares |
|---|---------------|-------------|--|-----------------------------|---------------|-------------|
| Public Shareholders | | | | Non - Insiders | | |
| Officers & directors | | | | Officers & directors | | |
| Issued for cash | | | | Issued for cash | | |
| Issued for debt | | | | Issued for debt | | |
| Issued for assets | | | | Issued for assets | | |
| Other Insiders | | | | Other Insiders | | |
| Issued for cash | | | | Issued for cash | | |
| Issued for debt | | | | Issued for debt | | |
| Issued for assets | | | | Issued for assets | | |
| Other (1) | | | | Other (1) | | |
| | | | | Proposed financing | | |
| Pre – transaction Total (2) | | | | Pre – transaction Total (2) | | |
| Consolidation | | | | | | |
| Adjusted total | | | | | | |
| Shares to be issued for private company or assets (4) | | | | | | |
| Financing (3) | | | | | | |
| Finder's fee | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Reserved shares | | | | Reserved shares | | |
| - commitments (5) | | | | -commitments (5) | | |
| -conv. deb's. (6) | | | | -conv. deb's. (6) | | |
| -warrants (6) | | | | -warrants (6) | | |
| -options (6) | | | | -options (6) | | |
| Reserved shares, if any, for acquisition of private company or assets (7) | | | | Fully Diluted – Total | | |
| Post – Transaction Fully Diluted Total | | | | | | |

(I) - Insider

In order to allow us to expedite assessment of your application, please:

- (1) Describe other share issuances here. If shares were issued for debt, assets, finder's fee, or commissions, or to officers, directors or other insiders, please provide a breakdown of the transactions including the date, type of transaction, consideration, number of shares and the name of the individual or entity.
- (2) Indicate current number of shares that are escrowed and the terms of the escrow agreement.
- (3) Indicate if financing will be brokered or non-brokered. If brokered, indicate the broker/agent, if known, and if financing is by way of an Offering Memorandum. Indicate the level of anticipated participation by insiders of the public or private company.

- (4) (i) Indicate the basis on which the share purchase or share exchange with the private company was determined, including the date and author of any recent independent valuation, geological or engineering report. Indicate if a copy of the report is being submitted with this form; if so, indicate if there are any material caveats or conditions in the report. If a report is not being submitted now, will a report be submitted in due course? If a report is being or will be submitted, indicate if the author has previously completed reports, for any entity, that were accepted by any Securities Commission or Stock Exchange.
- (ii) Indicate your understanding of the escrow requirements for the shares currently outstanding or reserved in the public company and to be issued and reserved pursuant to the acquisition.
- (5) Please specify similar to (1) above.
- (6) Indicate when the securities were issued, to whom the securities were issued and relationship (if any) to the public or private company, collateral and interest rate on the convertible debentures, and repayment or conversion/exercise terms including the price per share and expiry/due date.
- (7) Indicate relative to (5) and (6) for the private company and explain the post – acquisition reserved share exchange ratios, share prices and expiry terms.
- (8) Provide a list for all shareholders with the following information: (a) Date shares were issued; (b) Name of shareholder and municipality of residence; (c) Relationship, if any, to insiders of the public or private company; (d) Number of shares; (e) Price per share; (f) Form of consideration, e.g. cash, services, debt or assets; (g) Reserved shares for issuance with information similar as above, plus the nature of the transaction and the expiry date of the reserved shares.

6. **Due Diligence**

Instructions: Discuss partnerships, financing arrangements, institutional financings or other transactions that evidence due diligence.

| Source | Contact | Details including date, summary of work performed in particular whether a site visit was completed and results. |
|--------|---------|---|
| | | |
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7. **Material Contracts**

Instructions: List each material contract including the information below. Indicate the following for each material contract by way of footnotes in this area the following: a.) Date of any title opinion on ownership and enforceability; b.) Who performed the title opinion and qualifications of that individual or entity c.) Reason for the title opinion, e.g. For a Securities Commission or Stock Exchange; d.) Whether the title opinion is attached.

| Contract title | Date | Counter-parties | Material Terms |
|----------------|------|-----------------|----------------|
| | | | |
| | | | |
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8. Intellectual Property and Title

Instructions: Confirm that the Company has title to all its major assets describe the details regarding the enforceability of title. Describe any unusual features or current disputes.

| | |
|--|--|
| | |
| | |

9. Contingencies and Lawsuits

| Action or source of contingency | Description of claim or contingency, amount of claim, estimated exposure and likelihood of success. |
|---------------------------------|---|
| | |
| | |
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| | |

10. Other matters

Are there any issues related to the business, industry, operations or geographic location that may be perceived by the public to have a negative impact on the TSX Venture Exchange and its current Companies. Examples – internet gambling, industries with unclear laws, transactions in unregulated foreign jurisdictions, significant transactions with unknown entities, significant amount of cash transactions.

11. Disclosure

Please indicate who will be reviewing the Company disclosure and what due diligence will be undertaken in respect of that disclosure. Examples include Company's counsel, auditors, financiers or other technical experts.



FORM 2J SECURITYHOLDER INFORMATION

Please use the following link to access the Form 2J - *Securityholder Information* form which is to be completed and submitted electronically in Excel:

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

FORM 3A

INFORMATION REQUIRED IN A CPC PROSPECTUS

INSTRUCTIONS:

- (1) *The objective of the prospectus is to provide information concerning the Capital Pool Company (“CPC”) that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. This Form must be read in conjunction with the policies of the TSX Venture Exchange Inc. (the “Exchange”), including Policy 2.4 – Capital Pool Companies (the “CPC Policy”), and applicable securities legislation including, for example, filing procedures and financial statement requirements. Certain rules of specific application may impose prospectus disclosure obligations in addition to those described in this Form.*
- (2) *Issuers are reminded that the Exchange requires all issuers filing a CPC Prospectus to comply with the General Prospectus Rules. Issuers are reminded that this Form is not a form prescribed under securities legislation – it is intended to provide guidance to a CPC in respect of compliance with the applicable prospectus form under the General Prospectus Rules.*
- (3) *Terms used and not defined in this Form that are defined or interpreted in either (i) the CPC Policy, or (ii) National Instrument 14-101 - Definitions, bear that definition or interpretation. References in this Form to the “CPC” or the “Issuer” can be revised to reflect the name of the CPC.*
- (4) *In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in each particular circumstance, and should generally be determined in relation to an item’s significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the CPC’s securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the CPA Canada Handbook.*
- (5) *Unless an Item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus.*
- (6) *No reference need be made to inapplicable Items and, unless otherwise required in this Form, negative answers to Items may be omitted.*
- (7) *The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with plain language principles. If technical terms are required, clear and concise explanations should be included.*

- (8) *Provide any appropriate cross-reference(s) to various section(s) in the prospectus, where further detail may be found.*
- (9) *If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*
- (10) *If the term “class” is used in any Item to describe securities, the term includes a series of a class.*

PROSPECTUS FORM

Item 1: Cover Page Disclosure

1.1 Required Language - State in *italics* at the top of the cover page the following:

“No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of the securities only in those jurisdictions where they may be lawfully offered for sale and, in such jurisdictions, only by persons permitted to sell such securities.”

1.2 Preliminary Prospectus Disclosure - Every preliminary prospectus must have printed in red ink and in *italics* at the top of the cover page immediately above the disclosure required under Item 1.1 the following, with the bracketed information completed:

“A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] and with the TSX Venture Exchange Inc. but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies).”

INSTRUCTION:

- (1) *The CPC must complete the bracketed information by:*
- (a) *inserting the names of each jurisdiction in which the CPC intends to offer securities under the prospectus,*
 - (b) *stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada, or*
 - (c) *identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).*

- 1.3 Basic Disclosure about the Distribution** - State the following immediately below the disclosure required under Items 1.1 and 1.2, with the bracketed information completed:

“[PRELIMINARY] PROSPECTUS

INITIAL PUBLIC OFFERING

[Date]

[Name of CPC]
(a Capital Pool Company)
\$ [aggregate dollar amount]
[aggregate number of] Common Shares
Price: \$ [amount per Common Share]

The purpose of this offering (the “Offering”) is to provide [Name of CPC] (the “Issuer”) with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be approved by the TSX Venture Exchange Inc. (the “Exchange”) and in the case of a Non-Arm’s Length Qualifying Transaction, must also receive Majority of the Minority Approval in accordance with Exchange Policy 2.4 – *Capital Pool Companies* (the “CPC Policy”). The Issuer is a Capital Pool Company (“CPC”). It has not commenced commercial operations and has no assets other than a minimum amount of cash. Except as specifically contemplated in the CPC Policy, until the Completion of the Qualifying Transaction, the Issuer will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction.”

INSTRUCTIONS:

- (1) *The CPC is only permitted to offer Common Shares, as defined in the CPC Policy, which includes single voting units in the case of a CPC that is a trust.*
- (2) *If there is a minimum and maximum number of Common Shares being offered, revise the disclosure to provide for the number of Common Shares and the dollar amounts offered for both the minimum and maximum subscriptions.*
- (3) *If the prospectus is also intended to qualify the grant of CPC Stock Options or all or part of an Agent’s Option, revise the disclosure to provide for the number of Common Shares subject to the options, the exercise price of the options and appropriate cross-reference(s) in the prospectus to further information about the options.*

1.4 Distribution

- (1) Provide the information called for below, in substantially the following tabular form or in a note to the table:

| | Price to public (a) | Agent’s commission (b) | Proceeds to the Issuer (c) |
|------------------|------------------------|------------------------------|----------------------------------|
| Per Common Share | | | |
| Total Offering | | | |

- (2) Disclose:

(a) the name of each agent;

- (b) if applicable, the cover page disclosure in order to comply with the requirements of National Instrument 33-105 - *Underwriting Conflicts*;
- (c) that the Offering is made on a best efforts basis and provide the total for both the minimum and maximum subscriptions, if applicable;
- (d) the latest date that the distribution is to remain open as may be permitted by securities legislation; and
- (e) how the Offering price was determined.

Disclosure in substantially the following form is recommended, with the bracketed information completed:

“This Offering is made on a best efforts basis by [name of agent(s)] (the “Agent”) and is subject to a minimum subscription of [number] Common Shares for total gross proceeds to the Issuer of \$[amount]. The offering price of the Common Shares was determined [arbitrarily by the directors of the Issuer/by negotiation between the Issuer and the Agent]. All funds received from subscriptions for Common Shares will be held by [a trust company, registrant or chartered bank] pursuant to the terms of the [Agency Agreement]. If the [minimum] subscription is not raised within 90 days of the issuance of a receipt for the final prospectus or such other time as may be consented to by persons or companies who subscribed within that period, all subscription monies will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed [the trust company, registrant or chartered bank].”

- (3) In column (b) of the table, disclose only commissions paid or payable in cash by the CPC, including any corporate finance fees. Set out in a note to the table any consideration other than cash paid or payable by the CPC, including Agent’s Options. If the Agent has been granted an Agent’s Option, state:
 - (a) whether the prospectus qualifies the grant of all or part of the Agent’s Option or any other option,
 - (b) the time frame within which the Agent’s Option must be exercised (to a maximum of five years) and any restriction on the trading in the shares which may be acquired on exercise of the Agent’s Option, and
 - (c) provide a cross-reference to the applicable section(s) in the prospectus where further information about the Agent’s Option or any other option is provided.
- (4) Include as a note to the table whether the proceeds to the CPC disclosed in column (c) are before or after deducting the costs of the issue, and what the CPC estimates to be the costs of the issue.

INSTRUCTIONS:

- (1) *Agent(s) registered under applicable securities legislation in a category which permits the Agent(s) to act as the selling agent of the Common Shares must be involved in the distribution in each jurisdiction where the Offering is conducted.*
- (2) *The cross-reference to the applicable section(s) in the prospectus relating to Agent compensation must be made to a specific heading or sub-heading which sets forth all the compensation both in the form of cash and non-cash payable to the Agent.*
- (3) *An application for listing on the Exchange must be made concurrently with filing of the preliminary prospectus.*

1.5

Market For Securities

- (1) If application has been made to list the Common Shares on the Exchange, include a statement, in substantially the following form:

“The Issuer has applied to list its Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all the listing requirements of the Exchange.”
- (2) If application has been made to list the Common Shares on the Exchange and conditional listing acceptance has been received, include a statement, in substantially the following form, with the bracketed information completed:

“The Exchange has conditionally accepted the listing of the Issuer’s Common Shares. Listing is subject to the Issuer fulfilling all of the requirements of the Exchange on or before [date], [including distribution of these securities to a minimum number of public securityholders].”
- (3) State the following in boldface type:

“There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.”
- (4) Include a statement, in substantially the following form:

“As at the date of the prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).”
- (5) Disclose restrictions on trading in the CPC’s securities. Include a statement in substantially the following form, with the bracketed information completed:

“Other than the initial distribution of the Common Shares pursuant to this prospectus, [the grant of the Agent’s Option], [the grant of CPC Stock Options to the directors, officers and technical consultants of the Issuer] and [the grant of CPC Stock Options to Eligible Charitable Organizations], trading in all securities of the Issuer is prohibited during the period between the date a receipt for the preliminary prospectus is issued by the [securities regulatory authority(ies)] and the time the Common Shares are listed for trading except, subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable [securities regulatory authority(ies)] grant a discretionary order.”

1.6

Risk Factors - Include a brief statement as to the risk factors including a cross-reference to section(s) in the prospectus where information about the risks of an investment in the securities being distributed is provided. In addition to the other risk factors which may be included in the summary, state the following in bold type:

“Investment in the Common Shares offered by this prospectus is highly speculative due to the nature of the Issuer’s business and its present stage of development. This Offering

is suitable only to those investors who are prepared to risk the loss of their entire investment. See “Risk Factors”.

- 1.7 Maximum Investment** - Disclose the maximum number of Common Shares which may be acquired directly or indirectly by any one purchaser under the prospectus, and the maximum number of Common Shares which may be directly or indirectly purchased by any purchaser, together with that purchaser’s Associates and Affiliates. Include a statement in substantially the following form, with the bracketed information completed:

“Pursuant to the CPC Policy, 75%, or [state number], of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2%, or [state number], of the total number of Common Shares offered under this prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser’s Associates and Affiliates, is 4%, or [state number], of the total number of Common Shares offered under this prospectus.”

INSTRUCTION:

- (1) *If there is a minimum and maximum number of Common Shares being offered, disclose the number of shares referred to in brackets based both on the minimum and maximum subscriptions.*

- 1.8 Receipt of Subscriptions** - Disclose that subscriptions will be subject to rejection and allotment as well as the timing of issuance of share certificates. If applicable, include a statement in substantially the following form, with the bracketed information completed:

“Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares in definitive form will be available for delivery [on the closing date/within [state number] days of the closing date].”

- 1.9 International Promoters** - If any director or promoter of the CPC is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, comply with National Instrument 41-101 - *General Prospectus Requirements* by stating the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

“The [director or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. [the person or company named below] has appointed the following agents(s) for service of process:

| Name of Person or Company | Name and Address of Agent |
|---------------------------|---------------------------|
| | |

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.”

Item 2: Table of Contents

2.1 Table of Contents - Include a table of contents.

Item 3: Glossary

3.1 Glossary - Include a glossary of terms.

INSTRUCTION:

- (1) *Where the glossary includes any of the terms set out in Appendix 1 to this Form, provide the corresponding definition for that term as set out in Appendix 1.*

Item 4: Summary of Prospectus

4.1 Cautionary Language - At the beginning of the summary, include a statement in *italics* in substantially the following form:

“The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.”

4.2 General - Briefly summarize, near the beginning of the prospectus, information appearing elsewhere in the prospectus that, in the opinion of the CPC, would be most likely to influence the investor’s decision to purchase the securities being distributed. At minimum, include a description of the following items:

- (a) Describe the principal business of the CPC by making a statement in substantially the following form:

“The principal business of the Issuer will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Issuer has not commenced commercial operations and has no assets other than a minimum amount of cash.”

- (b) Describe the securities to be distributed, including the Offering price and expected net proceeds, (including the grant of any options or other rights to acquire securities) by making a statement in substantially the following form, with the bracketed information completed:

“A total of [state number] Common Shares are being offered under this prospectus at a price of \$[state price] per Common Share. [In addition, the Issuer will grant an option to the Agent to purchase up to [state number] Common Shares at a price of \$[state price] per share which will be exercisable for a period of [five years] from the date of listing of the Common Shares on the Exchange][which Agent’s Option is qualified under this prospectus]. [The Issuer also intends to grant CPC Stock Options to purchase [state number] Common Shares to directors, officers, and technical consultants, as well as CPC Stock Options to purchase [state number] Common Shares to Eligible Charitable Organizations] [all/state number] of [which CPC Stock Options are qualified for distribution under this prospectus].”

- (c) Describe the expected use of proceeds by making a statement in substantially the following form, with the bracketed information completed:

“The net proceeds to the Issuer will be \$[insert amount]. The net proceeds of this Offering will be used to provide the Issuer with a minimum of funds with which to identify and evaluate assets or businesses for acquisition with a view to completing a Qualifying Transaction. The Issuer may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. See “Use of Proceeds” for details of the restrictions and prohibitions on the Issuer’s use of funds.”

- (d) List the name of each director and officer of the CPC and indicate their respective positions and offices held with the CPC.
- (e) Provide details of the escrowed securities of the CPC as well as the terms on which the securities will be released from escrow by making a statement in substantially the following form, with the bracketed information completed:

“[All] of the currently issued and outstanding Common Shares of the Issuer, being [state number] Common Shares, and all of the CPC Stock Options, being [state number] CPC Stock Options, [have been/will be] deposited in escrow pursuant to the terms of a CPC Escrow Agreement, and will be released from escrow in stages over a period of 18 months from the date of the Final QT Exchange Bulletin. See “Escrowed Securities”.”

- (f) If the CPC has had specific discussions respecting the identification of a potential Qualifying Transaction, include a summary and an appropriate cross-reference to the section(s) in the prospectus where the discussion as to the potential Qualifying Transaction is discussed in detail.
- (g) Describe the risk factors. The following are suggested as risk factors, with the bracketed information completed, but should not be considered an all-inclusive list:

“Investment in the Common Shares must be regarded as highly speculative due to the proposed nature of the Issuer’s business and its present stage of development. The Issuer was only recently incorporated and has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the Completion of the Qualifying Transaction. The Offering is only suitable to investors who are prepared to rely entirely on the directors and management of the Issuer and can afford to risk the loss of their entire investment. [The directors and officers of the Issuer will only devote part of their time and attention to the affairs of the Issuer] and there are potential conflicts of interest to which some of the directors and officers of the Issuer will be subject in connection with the operations of the Issuer. Assuming completion of the Offering, an investor will suffer an immediate dilution on investment of [state number]% or \$[insert amount] per Common Share. There can be no assurance that an active and liquid market for the Issuer’s Common Shares will develop and an investor may find it difficult to resell the Common Shares. Until Completion of the Qualifying Transaction, the Issuer will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Issuer has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Issuer will be able to identify or complete a suitable Qualifying Transaction.

The Qualifying Transaction may involve the acquisition of a business or assets located outside of Canada. It may therefore be difficult or impossible to effect service

or notice to commence legal proceedings upon any directors, officers and experts outside of Canada and it may not be possible to enforce against such persons or companies judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada.”

INSTRUCTIONS:

- (1) *Provide appropriate cross-references to additional information respecting these items in the prospectus.*
- (2) *The CPC should consider each of the foregoing risk factors and any additional risk factors that may be appropriate and ensure that disclosure is appropriately tailored to its circumstances.*

Item 5: Corporate Structure

5.1 Name and Incorporation

- (1) State the CPC’s full corporate name or, if the CPC is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of the CPC’s head and registered office.
- (2) State the statute under which the CPC is incorporated, continued or organized or, if the CPC is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists.
- (3) Describe the substance of any material amendments to the articles or other constating or establishing documents of the CPC.

Item 6: Business of the CPC

6.1 Preliminary Expenses - Disclose:

- (a) the preliminary expenses that the CPC has incurred to date in proceeding with the Offering and state that certain of the Offering proceeds may be utilized to satisfy the obligations of the CPC related to this Offering, including the expenses of its auditors, legal counsel and the Agent’s legal counsel; and
- (b) in summary form, the CPC’s expenditures since the date of the most recent statement of financial position included in the prospectus.

INSTRUCTION:

- (1) *Include a cross-reference to “Use of Proceeds”.*

6.2 Proposed Operations until Completion of the Qualifying Transaction

- (1) Discuss the proposed operations of the CPC to be conducted until Completion of the Qualifying Transaction, having regard to the restrictions set forth in the CPC Policy and in this regard state:
 - (a) the nature of the business and operations proposed to be carried on by the CPC; and
 - (b) if applicable, the nature of discussions in respect of a particular industry or potential acquisition.

Disclosure in substantially the following form is recommended, with the bracketed information completed:

“The Issuer proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non-Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Issuer has not conducted commercial operations [other than to enter into discussions for the purpose of identifying potential acquisitions or interests]. [If applicable: To date, these discussions have focused on [describe or, alternatively, make a cross-reference to “Potential Qualifying Transaction”.] The Issuer currently intends to pursue a Qualifying Transaction in the [state industry sector as oil and gas, mining, research and development, technology etc.] but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Issuer following Completion of the Qualifying Transaction.”

(2) State:

- (a) the restrictions on the business to be carried on by the CPC until Completion of the Qualifying Transaction as prescribed by the CPC Policy; and
- (b) the maximum amount of refundable and non-refundable loans or deposits that may be advanced to a Target Company, as permitted by the CPC Policy.

Disclosure in substantially the following form is recommended, with the bracketed information completed:

“Until Completion of the Qualifying Transaction, the Issuer will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under [“Use of Proceeds”], the funds raised pursuant to this Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

[Although the Issuer has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction,] the Issuer has not yet entered into an Agreement in Principle.”

6.3 Geographical Restrictions - In the event that management has placed geographical or other restrictions on the business of the CPC in addition to those set forth in the CPC Policy, state those restrictions and refer specifically to the known geographic or foreign elements and any risks associated with such geographic or foreign elements.

6.4 Method of Financing - Provide disclosure that there may be a requirement for the CPC to undertake additional financings in order to effect a Qualifying Transaction and include bold print disclosure respecting the possibility of a further dilution to the investor. Include a statement in substantially the following form, with the bracketed information completed:

“The Issuer may use [either] [cash/bank financing/issuance of treasury shares or public financing of debt or equity, or a combination of these,] [clarify the foregoing, as required] for the purpose of financing its proposed Qualifying Transaction. **A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Issuer and may cause the Shareholders’ interest in the Issuer to be further diluted.**”

- 6.5** **Criteria for a Qualifying Transaction** - Describe management's criteria for reviewing prospects for a proposed Qualifying Transaction, including the criteria that will be used by management in assessing whether to approve the terms of a proposed Qualifying Transaction. State all relevant considerations intended to be used by management. The following disclosure is suggested, which should be revised to include any other relevant considerations:

"The board of directors of the Issuer must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors will act honestly and in good faith with a view to the best interests of the Issuer and will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances."

- 6.6** **Filings and Shareholder Approval of a Qualifying Transaction** - Describe the filings and the Shareholder approval process in respect of a Non-Arm's Length Qualifying Transaction set forth in the CPC Policy and disclose the steps required in order for the CPC to obtain approval for the Qualifying Transaction. Disclosure in substantially the following form is recommended, with the bracketed information completed:

"Upon the Issuer reaching a Qualifying Transaction Agreement, the Issuer must issue a comprehensive news release, at which time the Exchange generally will halt trading in the Issuer's Common Shares until the filing requirements of the Exchange have been satisfied as set forth under ["Trading Halts, Suspensions and Delisting"]. Within 75 days after issuance of such news release, the Issuer shall be required to submit for review to the Exchange a Disclosure Document that complies with Exchange requirements containing prospectus level disclosure of the Significant Assets and the Issuer, assuming Completion of the Qualifying Transaction. Where the proposed Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, the Issuer must obtain Majority of the Minority Approval of the Qualifying Transaction. Where the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, the Exchange will not require the Issuer to obtain Shareholder approval of the Qualifying Transaction provided that it files the CPC Filing Statement or a Prospectus.

Once the Conditional Acceptance Documents have been accepted for filing, the Exchange will advise the Issuer that it is cleared to file the final Disclosure Document on SEDAR and:

- (a) where Shareholder approval of the Qualifying Transaction is not required, the Issuer must file the final CPC Filing Statement or Prospectus on SEDAR at least seven business days prior to:
 - (i) the resumption of trading in the securities of the Resulting Issuer following the Completion of the Qualifying Transaction, if the securities of the Issuer are halted from trading; or
 - (ii) the Completion of the Qualifying Transaction, if the securities of the Issuer are not halted from trading;
- (b) where Shareholder approval is required and is to be obtained at a meeting of Shareholders, the Issuer will file on SEDAR and mail to its Shareholders the notice of meeting, CPC Information Circular and form of proxy, together with any other required documents; and
- (c) where Shareholder approval is required and is to be obtained by written consent, the Issuer will file on SEDAR the final Disclosure Document.

If required by the Exchange, the Issuer will retain a Sponsor, who must be a Member of the Exchange or a Participating Organization of the Toronto Stock Exchange, and who will be required to submit to the Exchange a Sponsor Report prepared in accordance with the Policies of the Exchange. The Issuer will no longer be considered to be a CPC upon the Exchange having issued the Final QT Exchange Bulletin. The Exchange will generally not issue the Final QT Exchange Bulletin until the Exchange has received:

- (i) confirmation of Shareholder approval of the Qualifying Transaction, if required;
- (ii) confirmation of closing of the Qualifying Transaction; and
- (iii) all post-meeting or final documentation, as applicable, otherwise required to be filed with the Exchange pursuant to the CPC Policy.

Upon issuance of the Final QT Exchange Bulletin, the CPC Policy will generally cease to apply, with the exception of the escrow provisions of the CPC Policy.”

6.7

Potential Qualifying Transaction - If a CPC has entered into negotiations respecting a potential Qualifying Transaction and negotiations have progressed to a stage where disclosure is required to be made under applicable securities laws, include, to the extent known, the following:

- (a) disclosure of the potential Qualifying Transaction contemplated by the CPC;
- (b) disclosure of any interest of the Non-Arm’s Length Parties to the CPC in the proposed Significant Assets;
- (c) disclosure of any relationship between the Non-Arm’s Length Parties to the CPC and the Non-Arm’s Length Parties to the potential Qualifying Transaction;
- (d) sufficient disclosure to enable a potential investor to make a reasoned assessment of:
 - (i) the nature and character of the proposed Significant Assets and the magnitude of the potential Qualifying Transaction;
 - (ii) the nature of the consideration to be paid by the CPC in respect of the potential Qualifying Transaction including an indication of how the consideration is to be satisfied and the estimated amounts to be paid including, as applicable, a description of any financing arrangements, including the amount, security, terms, use of proceeds and details of agent’s compensation;
 - (iii) if the proposed Significant Assets were acquired by the Vendor(s) within three years of the potential Qualifying Transaction, the costs of the proposed Significant Assets to the Vendor(s);
 - (iv) to the extent known, a description of the proposed Significant Assets, including a statement as to the industry sector in which the CPC will be involved upon the Completion of the Qualifying Transaction; and
 - (v) the proposed timing, if any, for the completion of the potential Qualifying Transaction;
- (e) the location of the proposed Significant Assets, including, in the event that the proposed Significant Assets are to be acquired by the acquisition of a proposed Target

Company, identification of the jurisdiction of incorporation or creation of the proposed Target Company;

- (f) the full names and jurisdictions of residence of each of the Vendors of the proposed Significant Assets and, if any of the Vendors is a company, the full name and jurisdiction of incorporation or creation of that company, and the name and jurisdiction of residence of each of the individuals who, directly or indirectly, beneficially hold a controlling interest in or who otherwise control or direct that company;
- (g) the names and backgrounds of all persons or companies who will constitute Insiders of the CPC upon Completion of the Qualifying Transaction;
- (h) a description of any deposit made as permitted by the CPC Policy and a description of any advance or loan to be made, subject to Exchange acceptance, including the terms of the advance, loan or any proposed private placement from which proceeds are to be raised for such advance or loan and the proposed use of such advance or loan; and
- (i) an indication of all significant conditions required to close the potential Qualifying Transaction.

6.8 Initial Listing Requirements - State that the Resulting Issuer must satisfy the Exchange's initial listing requirements. Include a statement in substantially the following form:

"The Resulting Issuer must satisfy the Exchange's initial listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed under the applicable Policies of the Exchange."

6.9 Trading Halts, Suspension and Delisting - State the consequences to a CPC:

- (a) in the event that there is a public announcement regarding a proposed Qualifying Transaction; and
- (b) in the event that the CPC fails to close a Qualifying Transaction in accordance with the CPC Policy.

Include a statement in substantially the following form:

"The Exchange will generally halt trading in the Common Shares from the date of the public announcement of a Qualifying Transaction Agreement until all filing requirements of the Exchange have been satisfied, which includes the submission of a Sponsorship Acknowledgment Form, where the Qualifying Transaction is subject to sponsorship. In addition, Personal Information Forms or, if applicable, Declarations, for all individuals who may be directors, senior officers, promoters, or insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange.

Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- (a) the unacceptable nature of the business of the Resulting Issuer, or

- (b) the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of the Qualifying Transaction, are so significant or numerous as to make it appear to the Exchange that the halt should be reinstated or continued

A trading halt may also be imposed by the Exchange where the Issuer fails to file the supporting documents relating to the Qualifying Transaction within a period of 75 days after public announcement of the Qualifying Transaction Agreement or if the Issuer fails to file post-meeting or final documents as applicable, within the time required. A trading halt may also be imposed if a Sponsor terminates its sponsorship.

In the event that the Common Shares of the Issuer are delisted by the Exchange, within 90 days from the date of such delisting, the Issuer shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties to the Issuer, determine to deal with the Issuer or its remaining assets in some other manner."

INSTRUCTION:

- (1) *Include a cross-reference to the applicable section(s) in the prospectus describing the requirements of the Exchange in accepting the Qualifying Transaction, including, specifically, the requisite shareholder approval for a Non-Arm's Length Qualifying Transaction.*

6.10 Refusal of Qualifying Transaction - Disclose that the Exchange, in its sole discretion, may not accept a Qualifying Transaction. Include a statement in substantially the following form:

"The Exchange, in its sole discretion, may not accept a Qualifying Transaction where:

- (a) the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange;
- (b) the Resulting Issuer will be a mutual fund, as defined in the securities legislation; or
- (c) notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Qualifying Transaction."

Item 7: Use of Proceeds

7.1 Proceeds and Principal Purposes - Describe in reasonable detail each of the principal purposes, with approximate amounts, for which the total funds available to the CPC will be used. Disclose the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions. Include a statement and table in substantially the following form, with the bracketed information completed:

"The following indicates the principal uses to which the Issuer proposes to use the total funds available to it upon the completion of this Offering:

- | | |
|---|-------|
| (a) Gross cash proceeds received by the Issuer from the sale of Common Shares prior to this Offering ⁽¹⁾ | \$[●] |
| (b) Less: Expenses and costs relating to raising the cash proceeds referred to in (a) above | \$[●] |

| | |
|--|--|
| (c) Plus: Gross cash proceeds to be raised by the Issuer from the sale of the Common Shares distributed pursuant to this Offering ⁽²⁾ | \$[●] |
| (d) Less: Expenses and costs relating to the Offering (including listing fees, Agent's commission, legal fees, audit fees and expenses) referred to in (c) above, incurred to date and expected to be incurred | \$[●] |
| (e) Estimated funds to be available to the Issuer (on completion of the Offering) | \$[●] |
| Funds available for identifying and evaluating assets or business prospects ⁽³⁾ | \$[●] |
| Estimated general and administrative expenses until Completion of the Qualifying Transaction | \$[●] |
| | <u><u>\$[●] [total net proceeds]</u></u> |

Notes:

- (1) See ["Prior Sales"].
- (2) [In the event the Agent exercises the Agent's Option, or the directors, officers or technical consultants exercise their CPC Stock Options] [or an Eligible Charitable Organization exercises its CPC Stock Options] there will be available to the Issuer a maximum of an additional \$[state amount] which will be added to the working capital of the Issuer. There is no assurance that any of these options will be exercised.
- (3) In the event that the Issuer enters into a Qualifying Transaction Agreement prior to spending the entire \$[state amount] on identifying and evaluating assets or businesses, the remaining funds may be used to finance or partly finance the acquisition of, or participation in, the Significant Assets or for working capital after Completion of the Qualifying Transaction.

Until required for the Issuer's purposes, the proceeds will only be invested in securities of, or those guaranteed by, the Government of Canada or any Province or territory of Canada or the Government of the United States of America, in certificates of deposit or interest-bearing accounts of Canadian chartered banks, trust companies or credit unions.

The proceeds from this Offering and any prior sale of Common Shares, after deducting the expenses associated with this Offering, will only be sufficient to identify and evaluate a finite number of assets and businesses, and additional funds may be required to finance any acquisition to which the Issuer may commit."

INSTRUCTION:

- (1) *If there is a minimum and a maximum number of Common Shares being offered, revise the recommended disclosure above to provide for disclosure of the use of proceeds for both the minimum and maximum subscriptions.*

7.2 **Permitted Use of Funds** - State the permitted use of funds by the CPC until Completion of the Qualifying Transaction. Include a statement in substantially the following form:

"Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "Prohibited Payments to Non-Arm's Length Parties", "Private Placements for Cash," and "Finder's Fees", the gross proceeds realized from the sale of all securities issued by the Issuer will be used by the Issuer only to identify and

evaluate assets or businesses and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction, including expenses such as:

- (a) reasonable expenses relating to the Issuer's IPO, including:
 - (i) fees for legal services and audit services relating to the preparation and filing of this prospectus;
 - (ii) Agent's fees, costs and commissions; and
 - (iii) printing costs, including printing of this prospectus and share certificates;
- (b) reasonable general and administrative expenses of the Issuer (not exceeding in aggregate \$3,000 per month), including:
 - (i) office supplies, office rent and related utilities;
 - (ii) equipment leases;
 - (iii) fees for legal services; and
 - (iv) fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
 - (i) valuations or appraisals;
 - (ii) business plans;
 - (iii) feasibility studies and technical assessments;
 - (iv) sponsorship reports;
 - (v) Geological Reports;
 - (vi) financial statements;
 - (vii) fees for legal services; and
 - (viii) fees for accounting, assurance and audit services;
- (d) agents' and finders' fees, costs and commissions;
- (e) assurance and audit fees of the Issuer;
- (f) escrow agent and transfer agent fees of the Issuer; and
- (g) regulatory filing fees of the Issuer.

In addition, a maximum aggregate amount of \$25,000 may be advanced as a non-refundable deposit or unsecured loan to a Target Company or Vendor(s), as the case may be, without the prior acceptance of the Exchange. Any proposed deposit, advance or loan of funds from the Issuer to the Target Company or a Vendor(s) in excess of such \$25,000 maximum aggregate may only be made as a secured loan with the prior acceptance of the Exchange where all of the following conditions are satisfied:

- (i) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
- (ii) the Qualifying Transaction has been announced in a comprehensive news release;
- (iii) due diligence with respect to the Qualifying Transaction is well underway;
- (iv) if applicable, a Sponsor has been engaged or the sponsorship requirement has been waived;
- (v) the loan has been announced in a new release at least 15 days prior to the date of any such loan; and
- (vi) the total amount of all deposits, advances and loans from the Issuer does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Issuer to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the Issuer."

7.3

Prohibited Payments to Non-Arm's Length Parties - Describe the restrictions on payments to Non-Arm's Length Parties to the CPC and Non-Arm's Length Parties to the Qualifying Transaction until Completion of the Qualifying Transaction, as set forth in the CPC Policy. Include a statement in substantially the following form, with the bracketed information completed:

"[Except as described under ["Options to Purchase Securities"] ["Permitted Use of Funds"] and ["Finder's Fees"], the Issuer has not made, and until the Completion of the Qualifying Transaction will not make, any payment of any kind, directly or indirectly, to a Non-Arm's Length Party to the Issuer or to a Non-Arm's Length Party to the Qualifying Transaction, or to a person engaged in investor relations activities, promotional or market-making services in respect of the Issuer or the securities of the Issuer or any Resulting Issuer, by any means, including:

- (a) remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees (except as permitted under the CPC Policy), loans, advances and bonuses, and
- (b) deposits and similar payments.

Further, no such payment will be made by the Issuer or by any other Person after the Completion of the Qualifying Transaction if such payment relates to services rendered or obligations incurred before or in connection with the Qualifying Transaction.

Notwithstanding the above, the Issuer may pay or reimburse a Non-Arm's Length Party to the Issuer for reasonable general and administrative expenses of the Issuer (including office supplies, office rent and related utilities, equipment leases, fees for legal services and fees for accounting and advisory services) not exceeding in aggregate \$3,000 per month, and for fees for legal services relating to a proposed Qualifying Transaction, and the Issuer may also reimburse a Non-Arm's Length Party to the Issuer for reasonable out-of-pocket expenses incurred in pursuing the business of the Issuer described in ["Permitted Use of Funds"].

The foregoing restrictions on the use of proceeds and prohibitions on payments to Non-Arm's Length Parties and persons engaged in investor relations activities continue to apply until the Completion of the Qualifying Transaction."

- 7.4 Private Placements for Cash** - Include disclosure as to the Exchange restrictions respecting private placement financings prior to or in conjunction with a Qualifying Transaction. Include a statement in substantially the following form:

"After the closing of the Offering and until the Completion of the Qualifying Transaction, the Issuer will not issue any securities unless written acceptance of the Exchange is obtained before issuance. Prior to the Completion of the Qualifying Transaction, the Exchange generally will not accept a private placement by the Issuer where the gross proceeds raised from the issuance of securities both prior to and pursuant to the Offering, together with any proceeds anticipated to be raised upon closing of the private placement, will exceed \$10,000,000. Generally, the only securities issuable pursuant to such a private placement will be Common Shares and Agent's Options. Subject to certain limited exceptions, any Common Shares issued pursuant to the private placement to Non-Arm's Length Parties to the Issuer and to Principals of the Resulting Issuer will be subject to escrow."

- 7.5 Finder's Fees** - Include disclosure as to the Exchange requirements respecting finder's fees payable in conjunction with a Qualifying Transaction. Include a statement in substantially the following form:

"Upon Completion of the Qualifying Transaction, the Issuer and Target Company may pay finder's fees in aggregate pursuant to Exchange Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions*:

- (a) to a Person that is not a Non-Arm's Length Party to the Issuer; and
- (b) to a Non-Arm's Length Party to the Issuer, provided that:
 - (i) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
 - (ii) the Qualifying Transaction is not a transaction between the Issuer and an existing public company;
 - (iii) the finder's fee is payable in the form of cash, Listed Shares and/or Warrants only;
 - (iv) the amount of any Concurrent Financing is not included in the value of the measurable benefit used to calculate the finder's fee; and
 - (v) approval of the finder's fee is obtained by ordinary resolution at a meeting of Shareholders of the Issuer or by the written consent of Shareholders of the Issuer holding more than 50% of the issued Listed Shares of the Issuer, provided that the votes attached to the Listed Shares of the Issuer held by the recipient of the finder's fee and its Associates and Affiliates are excluded from the calculation of any such approval or written consent."

Item 8: Plan of Distribution

8.1 Name of Agent(s) and Agent(s) Compensation

- (1) State the name of each Agent(s).

- (2) Provide the following information respecting all compensation payable to the Agent in its capacity as Agent or sponsor based on the restrictions contained in the CPC Policy:
- (a) the sales commission payable to the Agent as compensation for acting as the Agent in connection with the Offering;
 - (b) any corporate finance fee or any other compensation, in the aggregate, paid or to be paid to the Agent in its capacity as agent or underwriter or otherwise in connection with the prospectus and any aggregate amount to be paid in connection with a proposed Qualifying Transaction, if known;
 - (c) any Agent's Option or other right to subscribe for securities of the Issuer granted to the Agent including:
 - (i) the number of Common Shares issuable upon exercise of the Agent's Option or right;
 - (ii) the exercise price per Common Share under the Agent's Option or right;
 - (iii) the exercise period for the Agent's Option or right;
 - (iv) the number of Agent's Options or rights exercisable by the Agent prior to Completion of the Qualifying Transaction;
 - (v) information as to whether and what portion of any Agent's Options or rights are proposed to be distributed pursuant to the prospectus; and
 - (vi) particulars of the grant, including consideration for the grant.
 - (d) In connection with the foregoing, disclosure in substantially the following form is recommended, with the bracketed information completed:

"Pursuant to an agency agreement (the "Agency Agreement") dated [date] among the Issuer, [the agent(s)] (the "Agent(s)") and [the trust company, registrant or chartered bank] (the "Depository"), the Issuer has appointed the Agent(s) as its agent(s) to offer for sale on a best efforts basis to the public [number] Common Shares as provided in this prospectus, at a price of \$[state price] per Common Share, for gross proceeds of \$[state amount], subject to the terms and conditions in the Agency Agreement. The Agent(s) will receive a commission of [state percent]% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Issuer will pay to the Agent(s) a corporate finance fee of \$[state amount] plus GST and will pay the Agent's [legal fees/expenses], estimated at \$[state amount].

[The Issuer has also agreed to grant to the Agent(s) a non-transferable option (the "Agent's Option") to purchase [state number] Common Shares at a price of \$[state price] per share, which may be exercised for a period of [state outside date not exceeding five years] months from the date the Common Shares of the Issuer are listed on the Exchange.] [All/%] of the Agent's Option is qualified under this prospectus. [The Agent(s) intends to sell to the public any Common Shares received by it upon the exercise of its Agent's Option.] Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent(s) prior to the Completion of the Qualifying Transaction. The remaining 50% may be sold after the Completion of the Qualifying Transaction. The Agent(s) [has/have] agreed to use [its/their] best efforts to secure subscriptions for the Common Shares

offered hereunder on behalf of the Issuer and may make co-brokerage arrangements with other investment dealers at no additional cost to the Issuer. [The obligations of the Agent(s) under the Agency Agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of financial markets and may also be terminated on the occurrence of certain events as stated in the Agency Agreement.]”

INSTRUCTIONS:

- (1) *Agent(s) registered under applicable securities legislation in a category which permits the Agent(s) to act as the selling agent of the Common Shares must be involved in the distribution in each jurisdiction where the Offering is conducted.*
- (2) *Revise the foregoing disclosure, as necessary in order to reflect all of the compensation payable to the Agent(s) in connection with the Offering.*

8.2 Best Efforts Offering and Minimum Distribution

- (1) Outline briefly the plan of distribution of any securities being distributed.
- (2) State the minimum amount of proceeds that are required to be raised under the Offering. Also indicate that the distribution will not continue for a period of more than 90 days after the date of the receipt for the prospectus if subscriptions representing the minimum amount of funds to be raised by the Offering are not obtained within that period, unless each of the persons or companies who subscribed within that period has consented to the continuation of the Offering. State that during the 90 day period (or such period as may be consented to by such subscribers) funds received from subscriptions will be held by a depository who is a registrant, bank or trust company and that if the minimum amount of funds is not raised the funds will be returned to the subscribers unless the subscribers have otherwise instructed the depository.

In addition, disclose the Exchange restrictions as set forth in the CPC Policy in respect of the number and percentage of Common Shares that may be purchased by the individual purchaser as well as by that purchaser’s Associates and Affiliates pursuant to the prospectus.

Disclosure in substantially the following form is recommended, with the bracketed information completed:

“The total Offering is of [state number] Common Shares for total gross proceeds of \$[state amount]. Under the CPC Policy, 75% or [state number] of the total number of Common Shares offered under this prospectus are subject to the following limits:

- (a) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser pursuant to the Offering is 2% or [state number] of the total number of Common Shares offered under this prospectus; and
- (b) the maximum number of Common Shares that may be directly or indirectly purchased by any one purchaser, together with that purchaser’s Associates and Affiliates, is 4% or [state number] of the total number of Common Shares offered under this prospectus.

The funds received from the Offering will be deposited with the Depository, and will not be released until a minimum of \$[state number] has been deposited. The total subscription must be raised within 90 days of the date a receipt for the prospectus is issued, or such other time as may be consented to by persons or companies who subscribed within that period, failing

which the Depository will remit the funds collected to the original subscribers without interest or deduction, unless subscribers have otherwise instructed the Depository.”

INSTRUCTION:

(1) *Revise the above disclosure to provide for minimum and maximum subscriptions, if applicable.*

8.3 Other Securities To Be Distributed - Provide information as to any other securities, in addition to the Agent’s Options, that are intended to be distributed under this prospectus. Disclosure in substantially the following form is recommended, with the bracketed information completed:

“The Issuer also proposes to grant CPC Stock Options to purchase [state number] Common Shares to [directors/officers/and technical consultants] in accordance with the policies of the Exchange, [which CPC Stock Options are qualified for distribution under this prospectus]. [The Issuer also plans to grant CPC Stock Options to purchase [state number] Common Shares to Eligible Charitable Organizations in accordance with the policies of the Exchange which CPC Stock Options are qualified for distribution under this prospectus].”

8.4 Determination of Price - Disclose the method by which the distribution price has been determined, for example, either arbitrarily by the board of directors of the CPC, or by negotiation between the CPC and the Agent or otherwise.

8.5 Listing Application - If application has been made to list the CPC’s Common Shares on the Exchange, include a statement, in substantially the following form:

“The Issuer has applied to list its Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all the listing requirements of the Exchange.”

8.6 Conditional Listing Approval - If application has been made to list the Common Shares being distributed on the Exchange and conditional acceptance has been received, include a statement, in substantially the following form, with the bracketed information completed:

“The Exchange has conditionally accepted the listing of the Issuer’s Common Shares. Listing is subject to the Issuer fulfilling all of the requirements of the Exchange on or before [date], [including distribution of these securities to a minimum number of public securityholders].”

8.7 Venture Issuers - Include a statement, in substantially the following form:

“As at the date of the prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).”

8.8 Restrictions on Trading – Include substantially the following disclosure of restrictions on trading in the CPC’s securities, with the bracketed information completed, as applicable:

“Other than the initial distribution of the Common Shares pursuant to this prospectus, [the grant of the Agent’s Option] and [the grant of CPC Stock Options to the directors, officers and technical consultants of the Issuer] [and the grant of CPC Stock Options to Eligible Charitable Organizations] no securities of the Issuer will be permitted to be issued during the period between the date a receipt for the preliminary prospectus is issued by the [securities regulatory authority(ies)] and the time the Common Shares are listed for trading on the Exchange, except

subject to prior acceptance of the Exchange, where appropriate registration and prospectus exemptions are available under securities legislation or where the applicable securities regulatory authorities grant a discretionary order.”

Item 9: Description of the Securities Distributed

9.1 Shares - State the description or the designation of the Common Shares to be distributed.

INSTRUCTION:

(1) *This Item requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the Common Shares being distributed do not need to be set out in full.*

Item 10: Capitalization

10.1 Capitalization

- (1) Describe any material change in, and the effect of the material change on, the Common Share and loan capital of the CPC since the date of the CPC’s most recent statement of financial position contained in the prospectus. Furnish in substantially the tabular form indicated, or where appropriate in notes thereto, particulars of the share capital of the CPC:

TABLE

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 |
|---------------|--|---|--|---|
| | | | Amount outstanding as of a specific date within 30 days of the date of the prospectus | Amount to be outstanding if all Common Shares being offered are sold ⁽¹⁾ |
| Common Shares | Amount authorized or to be authorized | Amount outstanding as of the date of the most recent statement of financial position contained in the prospectus | | |

- (2) Set out in a note the number of shares subject to option, including any Agent’s Options to be granted to the Agent as well as any CPC Stock Options granted or to be granted to directors, officers and technical consultants and any CPC Stock Options proposed to be granted to an Eligible Charitable Organization, and the expiry date for all such options.
- (3) State in a note, the proceeds after giving effect to the Offering either (i) prior to deducting the estimated expenses of the Offering, and including an estimate of such expenses, or (ii) after giving effect to the Offering and deducting the expenses of the issue.
- (4) State that as at the date of such statement of financial position the CPC had not commenced commercial operations.
- (5) The 30-day period referred to in Column 4 is to be calculated within 30 days of the date of the preliminary prospectus. Where more than 30 days have elapsed from the date of the

preliminary prospectus, the information included in the final prospectus must be updated to a date within 30 days of the final prospectus.

INSTRUCTION:

- (1) *If there is a minimum and a maximum number of Common Shares being offered, revise the disclosure in column 5 of the table to take into account the number of Common Shares outstanding based on both the minimum and maximum subscriptions.*

Item 11: Options to Purchase Securities

11.1 Options

- (1) State, in tabular form, as at a specified date within 30 days before the date of the prospectus, information about options to purchase securities of the CPC that are held or will be held upon completion of the distribution by all persons, companies and Eligible Charitable Organizations, specifically naming each such optionee.
- (2) If options are qualified for distribution under the prospectus, disclosure in substantially the following form is recommended, with the bracketed information completed:

“The CPC Stock Options to purchase [state number] Common Shares to be granted [after closing this Offering] [to directors, officers and technical consultants] [as well as CPC Stock Options to purchase [state number] Common Shares to be granted to [state name], an Eligible Charitable Organization], (subject to regulatory approval) are qualified for distribution pursuant to this prospectus.”

INSTRUCTIONS:

- (1) *Describe the options, stating the material provisions of each class or type of option, including:*
- (a) *the number of the Common Shares under option;*
- (b) *the purchase price of the Common Shares under option; and*
- (c) *the expiration dates of the options.*
- (2) *If options to purchase Common Shares of the CPC are held or will be held upon completion of the distribution by technical consultants provide the following information:*
- (a) *a description of the nature of the technical consultant’s expertise as well as the nature of the services to be provided to the CPC;*
- (b) *a summary of the particulars of the material contract entered into or anticipated to enter into with each technical consultant including, in addition to the grant of options, any other consideration to be paid; and*
- (c) *the disclosure required by Items 15.1(8) and 15.2 to 15.6, inclusive, as may be applicable, for each technical consultant.*

- 11.2 Stock Option Terms** - Provide disclosure relating to the CPC Policy and any other Exchange Policy requirement applicable to any CPC Stock Options granted or intended to be granted by the CPC, upon closing of the Offering, including information as to:

- (a) Persons, Companies and Eligible Charitable Organizations eligible to be granted CPC Stock Options;
- (b) restrictions as to the aggregate number of Common Shares that may be reserved for issuance on the exercise of CPC Stock Options;
- (c) restrictions as to the number of Common Shares that may be reserved for issuance as options to any one optionee;
- (d) the maximum period for exercise of CPC Stock Options;
- (e) the non-transferability of CPC Stock Options;
- (f) the termination of CPC Stock Options, and
- (g) escrow requirements imposed on CPC Stock Options and Common Shares acquired upon exercise of CPC Stock Options.

Disclosure in substantially the following form is recommended, with the bracketed information completed:

“The Board of Directors of the Issuer may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Issuer and Eligible Charitable Organizations non-transferable CPC Stock Options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed [10% of the Common Shares of the Issuer issued and outstanding as at the date of grant of any CPC Stock Option], and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of the CPC Stock Option.

The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed two percent (2%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of any CPC Stock Option.

The number of Common Shares issuable at any given time to Eligible Charitable Organizations in aggregate will not exceed one percent (1%) of the issued and outstanding Common Shares of the Issuer as at the date of grant of any CPC Stock Option.

The term of a CPC Stock Option must expire not later than 12 months after the optionee ceases to be a director, officer or technical consultant of the Issuer, or of the Resulting Issuer, as the case may be, subject to any earlier expiry date of such CPC Stock Option.

All CPC Stock Options and Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the CPC Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the CPC Escrow Agreement. For further details of the escrow requirements and release provisions, see [“Escrow Securities”].”

INSTRUCTION:

- (1) *Revise the foregoing disclosure, as need be, to reflect the specific terms of the stock option agreement, entered into or to be entered into with an optionee or any stock option plan of the CPC having regard to the restrictions*

applicable to stock options generally set out in the policies of the Exchange as they may be amended from time to time.

Item 12: Prior Sales

12.1 Prior Sales - State the prices at which the Common Shares have been sold since incorporation, or are to be sold, by the CPC and the number of Common Shares sold or to be sold at each price substantially in the format below, with the bracketed information completed. Specifically identify Common Shares sold to members of the Aggregate Pro Group.

“Since the date of incorporation of the Issuer, [state number] Common Shares have been issued as follows. Common Shares issued to any member of the Aggregate Pro Group are identified by an *.

| <u>Date</u> | <u>Number of Shares</u> | <u>Issue Price per Share</u> | <u>Aggregate Issue Price</u> | <u>Consideration Received</u> |
|-------------|-----------------------------|----------------------------------|----------------------------------|-----------------------------------|
|-------------|-----------------------------|----------------------------------|----------------------------------|-----------------------------------|

Item 13: Escrowed Securities

13.1 Securities Escrowed Prior to the Completion of the Qualifying Transaction

- (1) Include disclosure of all Common Shares and CPC Stock Options which must be escrowed, or may be required to be escrowed, in accordance with the policies of the Exchange prior to the Completion of the Qualifying Transaction, including, as applicable, all shares acquired by way of Private Placement, shares acquired under the prospectus and shares acquired from treasury after the completion of the Offering. Disclose the name of the escrow agent. If there is a pooling agreement or other escrow restrictions in addition to those required by the Exchange, disclose the material terms of the restrictions and the parties to the agreement. The following disclosure of the Exchange escrow requirements is recommended, with the bracketed information completed:

“All of the [insert number] Common Shares issued prior to this Offering at a price below \$[the issue price under the prospectus] per Common Share and all Common Shares that may be acquired from treasury by Non-Arm’s Length Parties of the Issuer either under the Offering or otherwise prior to the date of the Final QT Exchange Bulletin will be deposited with [the escrow agent] under an escrow agreement [dated] (the “CPC Escrow Agreement”).

All CPC Stock Options and all Common Shares issued prior to the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options are subject to escrow under the CPC Escrow Agreement. In addition, all Common Shares issued on or after the date of the Final QT Exchange Bulletin pursuant to the exercise of CPC Stock Options granted prior to the Offering with an exercise price that is less than the issue price of this Offering are also subject to escrow under the CPC Escrow Agreement.”

- (2) State as of the date of the prospectus in substantially the following form, the number of Common Shares and CPC Stock Options held, or to be held, in escrow and the percentage the number represents of the outstanding Common Shares:

“The following table sets out, as at the date hereof, the number of Common Shares of the Issuer and CPC Stock Options, which are held in escrow.”

| Name and Municipality of Residence of Shareholder | Common Shares | Number of Common Shares held in escrow | Percentage of Common Shares prior to giving effect to the Offering | Percentage of Common Shares after giving effect to the Offering | Number of CPC Stock Options held in escrow |
|---|---------------|--|--|---|--|
| | | | | | |
| | | | | | |

INSTRUCTION:

(1) *For purposes of this Item, escrow also includes any securities subject to a pooling agreement. If there are securities subject to a pooling agreement, provide applicable additional disclosure.*

(3) In respect of holding companies, state the Exchange escrow restrictions in respect of Common Shares held by a holding company. Include a statement in substantially the following form:

“Where the Common Shares of the Issuer which are required to be held in escrow are held by a non-individual (a “holding company”), each holding company pursuant to the CPC Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the CPC Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize securities to be issued or transferred if it could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.”

(4) State the date of and conditions governing the release of the Common Shares from escrow. Disclosure in substantially the following form is recommended:

“Under the CPC Escrow Agreement:

(a) all CPC Stock Options granted prior to the date of the Final QT Exchange Bulletin and all Common Shares that were issued pursuant to the exercise of such CPC Stock Options prior to the date of the Final QT Exchange Bulletin will be released from escrow on the date of the Final QT Exchange Bulletin, other than CPC Stock Options that were granted prior to the Issuer’s IPO with an exercise price that is less than the issue price of the Common Shares under this prospectus and any Common Shares that were issued pursuant to the exercise of such CPC Stock Options which will be released from escrow in accordance with (b);

(b) except for the CPC Stock Options and Common Shares issued pursuant to the exercise of such CPC Stock Options that are released from escrow on the date of the Final QT Exchange Bulletin as provided for in (a), all of the securities held in escrow will be released from escrow in accordance with the following schedule:

| Release Dates | Percentage to be Released |
|---|----------------------------------|
| Date of Final QT Exchange Bulletin | 25% |
| Date 6 months following Final QT Exchange Bulletin | 25% |
| Date 12 months following Final QT Exchange Bulletin | 25% |
| Date 18 months following Final QT Exchange Bulletin | 25% |
| TOTAL | 100% |

- (5) Disclose the conditions governing the transfer of Common Shares within escrow. Disclosure in substantially the following form is recommended:

“The Exchange’s prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to existing Principals of the Issuer and/or to incoming Principals in connection with a proposed Qualifying Transaction.”

- (6) Disclose any terms pursuant to which escrowed shares may be cancelled. Disclosure in substantially the following form is recommended, with the bracketed information completed:

“If a Final QT Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the CPC Escrow Agreement, upon the issuance by the Exchange of a Bulletin delisting the Issuer, the [escrow agent] is irrevocably authorized to:

(a) immediately cancel all of the escrowed Common Shares held by each Non-Arm’s Length Party to the Issuer that were issued at a price below the Offering price under this prospectus and all CPC Stock Options and Option Shares held by such persons; and

(b) cancel all of the escrowed securities on a date that is 10 years from the date of such Exchange Bulletin.”

13.2

Escrowed Securities On Qualifying Transaction - State the Exchange escrow requirements as to securities that may be issued pursuant to a Qualifying Transaction and the general requirement that additional securities may be escrowed in accordance with the terms of the CPC Policy in conjunction with the Qualifying Transaction. Disclosure in substantially the following form is recommended:

“Generally, in connection with the Qualifying Transaction, subject to certain exemptions, all securities of the Resulting Issuer held by Principals of the Resulting Issuer will be required to be escrowed in accordance with the Policies of the Exchange.”

Item 14: Principal Shareholders

14.1 Principal Shareholders

- (1) Provide the following information for each principal shareholder of the CPC as of the date of the prospectus:
- (a) the name;
 - (b) the number or amount of Common Shares owned, controlled or directed;
 - (c) the number or amount of Common Shares to be owned, controlled or directed after the Offering and the percentage that number or amount represents of the total outstanding; and
 - (d) whether the Common Shares referred to above are owned both of record and beneficially, of record only, or beneficially only.

Include a statement in substantially the following form:

“The following table lists those persons who own 10% or more of the issued and outstanding Common Shares of the Issuer as at the date hereof:”

| <u>Name</u> | <u>Type of Ownership</u> | <u>Number of Shares</u> | <u>Percentage of Shares Owned Before Offering</u> | <u>Percentage Owned After Offering</u> |
|-------------|--------------------------|-------------------------|---|--|
|-------------|--------------------------|-------------------------|---|--|

- (2) If, to the knowledge of the CPC or the Agent, more than 10% of any class of Common Shares is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the Common Shares, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (3) If, to the knowledge of the CPC or the Agent, any principal securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the CPC held by the person or company other than the holding of Common Shares of the CPC.
- (4) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis, reflecting an assumption that all options are exercised.

INSTRUCTIONS:

- (1) *The term “principal securityholder” means a person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the CPC.*
- (2) *If a company, partnership, trust or other unincorporated entity is a principal securityholder of a CPC, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.*

- (3) *If there is a minimum and maximum number of Common Shares being offered revise the disclosure in the table to provide for both the minimum and maximum Offerings.*

Item 15: Directors, Officers and Promoters

15.1 Name, Address, Occupation, Security Holding and Involvement with Other Reporting Issuers

- (1) List the name, province or state, and country of residence of each director, officer and promoter of the CPC and indicate their respective positions and offices held with the CPC and their respective principal occupations during the five preceding years, which information may be included in a table.
- (2) State the period or periods during which each director has served as a director and when his or her term of office will expire.
- (3) State that the management believes that the majority of the directors and officers will satisfy the qualification requirements of the CPC Policy. The following disclosure is recommended:

“In addition to any other requirements of the Exchange, the Exchange expects management of the Issuer to meet a high management standard. The directors and officers of the Issuer believe that, on a collective basis, management possesses the appropriate experience, qualifications and history to be capable of identifying, investigating and acquiring Significant Assets.”
- (4) State the number and percentage of Common Shares of the CPC beneficially owned, or controlled or directed, directly or indirectly, by all directors and officers of the CPC as a group.
- (5) State the number and percentage of Common Shares of the CPC beneficially owned, or controlled or directed, directly or indirectly, by each promoter of the CPC.
- (6) Identify the members of each committee of the board of the CPC.
- (7) If the principal occupation of a director, officer or promoter of the CPC is acting as an officer or equivalent thereof of a person or company other than the CPC, disclose that fact and state the principal business of the person or company.
- (8) In addition to the above, provide the following information for each member of management:
 - (a) state the individual’s name, age, position and responsibilities with the CPC and relevant educational background,
 - (b) state whether the individual works or will work full-time for the CPC or what proportion of the individual’s time will be devoted to the CPC,
 - (c) state whether the individual is an employee or independent contractor of the CPC,
 - (d) state the individual’s principal occupations or employment during the five years before the date of the prospectus, disclosing with respect to each organization as of the time (including month and year) such occupation or employment was carried on:
 - (i) its name and principal business;
 - (ii) if applicable, that the organization was an affiliate of the CPC;
 - (iii) positions held by the individual; and

- (iv) whether it is still carrying on business, if known to the individual,
 - (e) describe the individual's experience in the CPC's proposed industry group, and
 - (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the CPC.
- (9) State the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by each promoter directly or indirectly from the CPC, and the nature and amount of any assets, services or other consideration received or to be received by the CPC.

INSTRUCTIONS:

- (1) *For purposes of this Item "management" means all directors, officers, and proposed employees and contractors, including any technical consultants.*
- (2) *For purpose of this Item, a "promoter" is a person or company that is, or has been, a promoter of the CPC.*
- (3) *The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.*
- (4) *If, during the period, a director or officer has held more than one position with the CPC or the CPC's controlling shareholder, state only the current position held.*

15.2 Other Reporting Issuer Experience - Where any proposed director, officer or promoter of the CPC is, or within the five years prior to the date of the prospectus has been, a director, officer or promoter of any other issuer that is or was a reporting issuer in any Canadian jurisdiction, state the name of the individual, the number of reporting issuers for which the individual acts or has acted, the names of those reporting issuers, the exchange or other market where the securities of that reporting issuer were traded, if applicable, and the periods during which the individual has so acted. The following tabular format is recommended:

"The following table sets out the directors, officers and promoter(s) of the Issuer that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction:"

| Name | Name of Reporting Issuer | Name of Exchange or Market (if applicable) | Position | From | To |
|------|--------------------------|--|----------|------|----|
| | | | | | |

15.3 Cease Trade Orders - If a director, officer, Insider or promoter of the CPC or a shareholder holding a sufficient number of securities of the CPC to affect materially the control of the CPC is, or was within 10 years before the date of the prospectus, a director, officer, Insider or promoter of any other issuer that:

- (a) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the director, officer, Insider,

promoter or shareholder was acting in the capacity as director, officer, Insider or promoter; or

- (b) was subject to a cease trade or similar order or an order that denied the other issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the director, officer, Insider, promoter or shareholder ceased to be a director, officer, Insider or promoter and which resulted from an event that occurred while that person was acting in the capacity as director, officer, Insider or promoter;

state the fact and describe the basis on which the order was made and whether the order is still in effect.

15.4 Penalties or Sanctions - Describe the penalties or sanctions imposed and the grounds on which they were imposed, or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director, officer, Insider or promoter of the CPC, or a shareholder holding a sufficient number of securities of the CPC to affect materially the control of the CPC, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTION:

- (1) *A self-regulatory authority means a professional self-regulatory body that governs the activities of professional persons including barristers and solicitors, public accountants, auditors, appraisers, engineers and geologists.*

15.5 Bankruptcies - If a director, officer, Insider or promoter of the CPC, or a shareholder holding a sufficient number of securities of the CPC to affect materially the control of the CPC:

- (a) is, as at the date of the prospectus, or has been within the 10 years before the date of the prospectus, a director, officer, Insider or promoter of any company (including the CPC) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (a) has, within the 10 years before the date of the prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer, Insider, promoter or shareholder, state the fact.

15.6 Conflicts of Interest - Disclose particulars of existing or potential material conflicts of interest between the CPC and a director, officer, Insider or promoter of the CPC. Include disclosure in substantially the following form with revisions tailored to specific conflicts, with the bracketed information completed:

“There are potential conflicts of interest to which [some/all] of the directors, officers, insiders and promoters of the Issuer will be subject in connection with the operations of the Issuer. [Some/all] of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Issuer for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where [some/all] of the directors, officers, insiders and promoters will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under [set out applicable corporate statutes governing the Issuer].”

15.7 **Audit Committee** - Set out the information required under Form 52-110F2 *Disclosure by Venture Issuers*.

Item 16: Executive Compensation

16.1 **Remuneration** - Disclose reimbursement of expenses paid to directors and officers of the CPC since the date of incorporation together with any restrictions on payments of such compensation or any other restrictions as to payment of compensation to persons or companies employed or contracted by the CPC, as set forth in the CPC Policy.

A statement in substantially the following form is recommended, tailored to the circumstances of the CPC:

“Except as set out below or otherwise disclosed in this prospectus, prior to Completion of the Qualifying Transaction, no payment of any kind has been made, or will be made, directly to indirectly, by the Issuer to a Non-Arm’s Length Party to the Issuer or a Non-Arm’s Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Issuer or any Resulting Issuer by any means, other than:

- (a) grants of CPC Stock Options as described in “Options to Purchase Securities”;
- (b) payment for and reimbursement of certain expenses as described in “Use of Proceeds – Permitted Use of Funds” and “Use of Proceeds – Prohibited Payments to Non-Arm’s Length Parties”; and
- (c) finder’s fees as described in “Use of Proceeds – Finder’s Fees.

Further, no payment will be made by the Issuer, or by any party on behalf of the Issuer, after Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction. [Following Completion of the Qualifying Transaction, it is anticipated that the Issuer shall pay compensation to its directors and officers.]”

Item 17: Dilution

17.1 **Dilution** - Disclose whether purchasers will incur dilution as a result of their investment. Include a statement substantially in the following form, with the bracketed information completed.

“Purchasers of Common Shares under this prospectus will suffer an immediate dilution of [insert percent] % or \$[insert amount] per Common Share on the basis of there being [insert number] Common Shares of the Issuer issued and outstanding following completion of this Offering. Dilution has been computed on the basis of total gross proceeds to be raised by this prospectus and from sales of securities prior to filing this prospectus, without deduction of commissions or related expenses incurred by the Issuer.”

Item 18: Risk Factors

18.1 Risk Factors - Describe the risk factors material to the CPC that a reasonable investor would consider relevant to an investment in the Common Shares being distributed, such as lack of cash flow and liquidity problems, if any, experience of management, reliance on key personnel, the arbitrary establishment of the Offering price, as applicable, regulatory constraints, lack of operating history and any other matter that in the opinion of the CPC would be most likely to influence the investor's decision to purchase the securities. Risks factors should be disclosed in the order of their seriousness in the opinion of the CPC.

18.2 Suggested Risk Factors - The following are suggested as risk factors but are not intended to be all-inclusive:

- (a) the Issuer was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of the Qualifying Transaction;
- (b) investment in the Common Shares offered by the prospectus is highly speculative given the proposed nature of the Issuer's business and its present stage of development;
- (c) the directors and officers of the Issuer will only devote a portion of their time to the business and affairs of the Issuer and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- (d) assuming completion of the Offering, an investor will suffer an immediate dilution to its investment of [insert percent] % or \$[insert number] per Common Share;
- (e) there can be no assurance that an active and liquid market for the Issuer's Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- (f) until Completion of the Qualifying Transaction, the Issuer is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- (g) the Issuer has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Issuer will be able to identify a suitable Qualifying Transaction;
- (h) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Issuer will be able to successfully complete the transaction;
- (i) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- (j) unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Issuer of fair value for the Common Shares;

- (k) upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Issuer will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained (if required) and certain preliminary reviews have been conducted. The Common Shares of the Issuer may be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Issuer completing the proposed Qualifying Transaction;
- (l) trading in the Common Shares of the Issuer may be halted at other times for other reasons, including for failure by the Issuer to submit documents to the Exchange in the time periods required;
- (m) neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;
- (n) in the event that management of the Issuer resides outside of Canada or the Issuer identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- (o) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Issuer and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Issuer; and
- (p) subject to prior Exchange acceptance, the Issuer may be permitted to loan or advance up to the greater of \$250,000 and 20% of its working capital to a target business without shareholder approval and there can be no assurance that the Issuer will be able to recover that loan.

18.3 Required Language – State the following immediately below the disclosure required by Item 18.2 above:

“As a result of these factors, this Offering is only suitable to investors who are willing to rely solely on management of the Issuer and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the Common Shares.”

INSTRUCTIONS:

- (1) *The CPC should consider each of the foregoing risk factors and any additional risk factors that may be appropriate and ensure that disclosure is appropriately tailored to its circumstances. For example, if a director or officer of the CPC resides outside of Canada then in respect of a risk factor relating to management residing outside of Canada identify those directors and officers that reside outside of Canada.*
- (2) *Include appropriate cross-references to the specific section(s) in the prospectus that address the foregoing Item.*

Item 19: Legal Proceedings

19.1 Legal Proceedings

- (1) Describe any legal proceedings the CPC is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements of the CPC are included in the prospectus.
- (2) Describe any such legal proceeding the CPC knows to be contemplated.
- (3) For each proceeding described in (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION:

- (1) *It would be extremely unusual for a CPC to be involved in any legal proceedings and the Exchange may refuse listing if the CPC is subject to any such proceedings.*

Item 20: Relationship Between CPC and Agent

20.1 Relationship Between CPC and Agent - If applicable, comply with the requirements of National Instrument 33-105 - *Underwriting Conflicts*.

Item 21: Relationship Between CPC and Professional Persons

21.1 Relationship Between CPC and Professional Persons

- (1) Disclose the nature and extent of any beneficial interest, direct or indirect, in any securities or properties of the CPC or of an associate or affiliate of the CPC, held by a professional person, a responsible solicitor or any partner of a responsible solicitor's firm.
- (2) Disclose whether the professional person, the responsible solicitor or any partner of the responsible solicitor's firm is, or is expected to be elected, appointed or employed as a director, senior officer or employee of the CPC or of an associate or affiliate of the CPC, or a promoter of the CPC or of an associate or affiliate of the CPC.

INSTRUCTIONS:

- (1) *Any payments made to either a lawyer or a law firm are subject to the restrictions set forth in the CPC Policy.*
- (2) *In this Item, "professional person" means a person whose profession gives authority to a statement made by the person in the person's professional capacity and includes a barrister and solicitor, a public accountant, an appraiser, an auditor, an engineer and a geologist.*
- (3) *In this Item, "responsible solicitor" means the solicitor who is primarily responsible for the preparation of or for advice to the CPC or Agent with respect to the contents of the prospectus.*
- (4) *The interest of a responsible solicitor and all partners of that responsible solicitor's firm may be shown in the aggregate. Disclosure regarding the interest of or position with the issuer or an associate or affiliate of the CPC held by any partner of the responsible solicitor's firm is only required where known by the responsible solicitor after reasonable inquiry.*

Item 22: Auditors, Transfer Agents and Registrars

22.1 Auditors - State the name and address of the auditor(s) of the CPC.

22.2 Auditor that was Not a Participating Audit Firm - If the auditor referred to in Item 22.1 was not a participating audit firm, as defined in National Instrument 52-108 *Auditor Oversight*, as at the date of the most recent auditor's report on financial statements included in the prospectus, set out the information required under section 26.1.1 of Form 41-101F1- *Information Required in a Prospectus*.

22.3 Transfer Agent and Registrar - State the name of any transfer agent, registrar, trustee, or other agent appointed by the CPC to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the CPC or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfer of securities are recorded.

Item 23: Material Contracts

23.1 Material Contracts - Give particulars of every material contract, other than contracts entered into in the ordinary course of business, that was entered into before the date of the preliminary prospectus or prospectus, as applicable, by the CPC, and state a reasonable time and place in each jurisdiction where the prospectus has been filed at which the contracts or copies of the contracts may be inspected during distribution of the securities being distributed.

INSTRUCTIONS:

- (1) *The term "material contract" for this purpose means a contract that can reasonably be regarded as material to a proposed investor in the securities being distributed.*
- (2) *Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those material contracts that do not have the particulars given elsewhere in the prospectus.*
- (3) *Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.*

Item 24: Other Material Facts

24.1 Other Material Facts - Give particulars of any material facts about the securities being distributed that are not disclosed under any other Items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 25: Purchasers' Statutory Rights of Withdrawal and Rescission

25.1 General - Comply with National Instrument 41-101 - *Prospectus Disclosure Requirements* by including a statement in substantially the following form, with the bracketed information completed:

"Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission[, revisions of the price or damages] are

exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

Item 26: Financial Statements

26.1 Financial Statements - Include the financial statements required under item 32 of Form 41-101F1-*Information Required in a Prospectus*.

INSTRUCTIONS:

- (1) *In most cases, the CPC will have been incorporated shortly before the prospectus is filed. If the CPC has completed one financial year before filing the prospectus, the CPC is strongly encouraged to have a pre-filing conference with the Exchange as to the financial statements to be included in the prospectus.*

Item 27: Certificates

27.1 Certificate by CPC - The prospectus must contain a certificate in the following form, signed by the chief executive officer, the chief financial officer, and, on behalf of the board of directors, by any two directors of the CPC, other than the foregoing, duly authorized to sign, and any person or company who is a promoter of the CPC:

"This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

INSTRUCTIONS:

- (1) *Where the CPC has only three directors, one of whom is the chief executive officer and the chief financial officer, the certificate may be signed by all the directors of the issuer.*
- (2) *Where the Exchange and each securities regulatory authority with which the prospectus has been filed are satisfied upon evidence or on submissions that either, or both of, the chief executive officer or chief financial officer of the CPC is for adequate cause not available to sign a certificate in a prospectus, the certificate may, with the consent of the Exchange and such security regulatory authority(ies)) be signed by any other responsible officer or officers of the CPC in lieu of either, or both of, the chief executive officer or chief financial officer.*

27.2 Certificate of Agent - The prospectus shall contain a certificate in the following form, signed by the Agent or Agents who, with respect to the securities offered by the prospectus, are in a contractual relationship with the CPC:

"To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

27.3 Date of Certificate - The date of the certificate in a preliminary prospectus, a prospectus or an amendment to a preliminary prospectus or prospectus shall be within three business days before the date of filing on SEDAR of the preliminary prospectus, prospectus or amendment, as applicable.

Item 28: Acknowledgement – Personal Information Form

Acknowledgement - Personal Information

Acknowledgement by CPC

The following acknowledgement may be included in the prospectus, but must in any event, be filed with the Exchange on the date of filing of the prospectus. The acknowledgement must be signed by at least one director or officer of the CPC duly authorized to sign.

“Personal Information” means any information about an identifiable individual, and includes the information contained in any Items in the attached prospectus that are analogous to Items 4.2, 6.7, 11.1, 13.1, 14, 15 and 21 of this Form, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to [the prospectus]; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described on Appendix 6B or as otherwise identified by the Exchange, from time to time.

APPENDIX 1

To Form 3A – Form of CPC Prospectus Definitions

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Agent’s Option” means an option to purchase Common Shares of the CPC which may be granted by the CPC to the Agent in accordance with the CPC Policy.

“Agreement in Principle” means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

- (a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;
- (b) identifies the parties to the Qualifying Transaction;
- (c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and
- (d) identifies the conditions to any further formal agreements or to complete the transaction; and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Non-Arm’s Length Parties to the CPC or the Non-Arm’s Length Parties to the Qualifying Transaction.

“Associate” when used to indicate a relationship with a Person, means

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual

- (i) that Person's spouse or child, or
- (ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

"Company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Completion of the Qualifying Transaction" means the date of the Final QT Exchange Bulletin issued by the Exchange.

"Control Person" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding Voting Shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"CPC" or "Capital Pool Company" means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC Prospectus from one or more of the Commissions in compliance with the CPC Policy; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

"CPC Policy" means Policy 2.4 – *Capital Pool Companies* of the Exchange.

"CPC Stock Option" means an option to purchase Common Shares of the CPC which may be granted by the CPC in accordance with the CPC Policy.

"Eligible Charitable Organization" means:

- (a) any Charitable Organization[□] or Public Foundation* which is a Registered Charity*, but is not a Private Foundation*, or
- (b) a Registered National Arts Service Organization*.

"Exchange" means the TSX Venture Exchange Inc.

"Final QT Exchange Bulletin" means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

"Insider" if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or

*These terms are defined in the Income Tax Act (Canada), as amended from time to time.

- (d) the Issuer itself if it holds any of its own securities.

“Majority of the Minority Approval” means the approval by the majority of the votes cast at a meeting of Shareholders of the CPC, or by the written consent of Shareholders holding more than 50% of the issued Listed Shares of the CPC, provided that the votes attached to Listed Shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if the CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction.

“Non-Arm’s Length Party” means:

- (a) in relation to a Company:
 - (i) a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any of such Persons; or
 - (ii) another entity, or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Company; and
- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person.

“Non-Arm’s Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of the Vendor(s), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Person” means a Company or individual.

“Principal” means:

- (a) a Person who acted as a Promoter of the Issuer within two years before the initial public offering (“IPO”) prospectus or the date of the bulletin issued by the Exchange that evidences the final Exchange acceptance of a transaction (the “Final Exchange Bulletin”);
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;
- (c) a **20% holder** – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a **10% holder** – a Person that:

- (i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder's securities and the total securities outstanding.

A Company, more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and any relatives of the Principal or spouse who live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

"Qualifying Transaction" means a transaction where the CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

"Qualifying Transaction Agreement" means any agreement or other similar commitment respecting the Qualifying Transaction which identifies the fundamental terms upon which the parties agree or intend to agree, including:

- (a) the Significant Assets and/or Target Company;
- (b) the parties to the Qualifying Transaction;
- (c) the value of the Significant Assets and/or Target Company and the consideration to be paid or otherwise identifies the means by which the consideration will be determined; and
- (d) the conditions to any further formal agreements or completion of the Qualifying Transaction.

"Resulting Issuer" means the issuer that was formerly a CPC, which exists upon issuance of the Final QT Exchange Bulletin.

"Significant Assets" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the Initial Listing Requirements of the Exchange.

"Sponsor" has the meaning specified in Exchange Policy 1.1 – Interpretation.

"Target Company" means a Company to be acquired by the CPC as its Significant Assets pursuant to a Qualifying Transaction.

"Vendor(s)" means one or all of the beneficial owners of the Significant Assets and/or Target Company.

FORM 3A
INFORMATION REQUIRED IN A CPC PROSPECTUS

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FORM 3B1 - INFORMATION REQUIRED IN AN INFORMATION CIRCULAR FOR A QUALIFYING TRANSACTION/FORM 3B2 - INFORMATION REQUIRED IN A FILING STATEMENT FOR A QUALIFYING TRANSACTION

GENERAL INSTRUCTIONS:

- (1) *This Form is applicable to Issuers proposing to effect a Qualifying Transaction.*
- (2) *In circumstances where a meeting of securityholders is not required by the Exchange and is not otherwise required by law, this Form will be known as a filing statement. Where a meeting of securityholders is required by the Exchange or otherwise required by law, this Form will be known as an information circular. In order to distinguish between the requirements for a filing statement and an information circular, all shaded portions of this Form and any disclosure required thereunder shall be applicable solely to an information circular, and in those circumstances all references to the phrase "filing statement" may be ignored in preparing the information circular. Issuers preparing an information circular must comply with the disclosure requirements of the applicable securities legislation.*
- (3) *Terms used and not defined in this Form that are defined or interpreted in: (i) policies (collectively the "Policies") of the TSX Venture Exchange Inc. (the "Exchange") including, without limitation, Exchange Policy 1.1 - Interpretation and Exchange Policy 2.4 - Capital Pool Companies; (ii) National Instrument 14-101 Definitions; (iii) National Instrument 41-101 General Prospectus Requirements ("NI 41-101"); or (iv) Form 41-101F1 Information Required in a Prospectus ("Form 41-101F1"), shall bear that definition or interpretation.*
- (4) *This Form sets out specific disclosure requirements that must be followed in connection with a Qualifying Transaction for a CPC. The objective of the filing statement/information circular is to provide full, true and plain disclosure of all material facts relating to the Target Company (or, if there is no Target Company, the other Significant Assets) and the Issuer assuming Completion of the Qualifying Transaction in order for a securityholder to make an informed decision respecting the approval of such Qualifying Transaction.*
- (5) *Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, Issuers must also follow the instruction or requirement in the other instrument or form. Where an Issuer publishes, via SEDAR, financial statements and Management's Discussion & Analysis ("MD&A") in accordance with the provisions of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102") and is not in default of its filing requirements under NI 51-102, the Issuer may incorporate by reference those financial statements and that MD&A which are required to be included in the filing statement/information circular. Unless the Issuer has already filed the referenced document, including any documents incorporated by reference into the document, the Issuer must file it with the filing statement/information circular. Issuers are reminded to obtain any necessary consent from their auditor.*

- (6) *For the purposes of this Form, subject to adjustment as appropriate in the context, in NI 41-101, NI 43-101, NI 51-101, NI 51-102, NI 52-110, and in all forms thereunder:*
- (a) *references to “issuer” and “company” should be read as the “Issuer”, the “Target Company” or the “Resulting Issuer”, as applicable;*
 - (b) *where the Resulting Issuer will be listed on the Exchange, for the purposes of the definition of “IPO venture issuer” set out in NI 41-101, “files a long form prospectus” should be read as “is a Target Company described in this filing statement/information circular”;*
 - (c) *where the Resulting Issuer will be listed on the Exchange, for the purposes of the definition of “junior issuer” set out in NI 41-101, “that files a preliminary prospectus” should be read as “is a Target Company described in this filing statement/information circular”;*
 - (d) *references to “prospectus”, “preliminary prospectus”, “long form prospectus”, “annual information form” and “AIF” should be read as “filing statement” or “information circular”, as applicable;*
 - (e) *references to “distribution of securities”, “distribute securities”, “distributed securities”, “distributing securities”, “securities distributed under the prospectus”, and similar phrases should be read as “listing of securities”, “list securities”, “listed securities”, “listing securities” or a similar phrase that references listed securities;*
 - (f) *references to “distribution or issuance of securities” should be read as a distribution or issuance of securities by the Issuer, the Target Company or the Resulting Issuer, as applicable; and*
 - (g) *references to “proceeds raised under the prospectus” should be read as “proceeds raised under a concurrent financing”.*
- (7) *The terms “Issuer”, “Target Company” and “Resulting Issuer”, unless otherwise specified, shall also include disclosure with respect to persons or companies that the entity is required, under its GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including “subsidiaries” as that term is used in Canadian GAAP applicable to publicly accountable enterprises). If it is more likely than not that a person or company will become an entity that the Issuer, Target Company or Resulting Issuer will be required, under its GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person or company.*
- (8) *Wherever this Form uses the word “subsidiary”, the term includes companies and other types of business organizations such as partnerships, trusts and other unincorporated business entities.*
- (9) *In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in each particular circumstance, and should generally be determined in relation to an item’s significance to securityholders, investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change a securityholder’s or the Exchange’s decision with respect to approving the proposed Qualifying Transaction. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the CPA Canada Handbook.*
- (10) *The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with plain language principles. If technical terms are required, clear and concise explanations should be included. Disclosure must be factual and non-promotional. Statements of opinions, beliefs or views must not be made unless the statements are made on the authority of experts and consents are obtained and filed. The Exchange may require verification of such disclosure.*

- (11) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted. Except for information that appears in a summary, information provided under one item of this Form need not be repeated under another item.*
- (12) *In respect of those items where a cross-reference is not specifically required, provide any appropriate cross-reference(s) to section(s) of the filing statement/information circular where further detail may be found.*
- (13) *Where information as to the identity of a person is disclosed, disclose whether the person is at arm's length to the Issuer, Target Company or Resulting Issuer, as applicable or, if the person is a Non-Arm's Length Party, disclose the nature of the relationship. Where such Non-Arm's Length Party is not an individual, disclose the name of any individual who is an Insider of that Non-Arm's Length Party.*
- (14) *Where a Qualifying Transaction is subject to Exchange Policy 5.9 - Protection of Minority Security Holders in Special Transactions, the disclosure in this Form must also include the relevant disclosure required to be included in an information circular under Policy 5.9 - Protection of Minority Security Holders in Special Transactions.*
- (15) *Whenever disclosure is required to be made of costs paid or to be paid by an Issuer, Target Company, or Resulting Issuer, disclose the portion of the costs paid or to be paid to Insiders.*
- (16) *Except as otherwise required by this Form, the information contained must be given for a specified date not more than 30 days before the date on which it is first sent to any securityholder or submitted in final form to the Exchange. If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*
- (17) *If the term "class" is used in any item to describe securities, the term includes a series of a class.*

Item 1: Cover Page Disclosure

1.1 Cover Page Disclosure - State on the cover page the name of the Issuer, whether the meeting to be held is an annual general and/or special meeting and the date the meeting is to be held.

1.2 Required Language - State in *italics* at the bottom of the cover page the following:

“Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement/information circular.”

Item 2: Table of Contents

2.1 Table of Contents - Include a table of contents.

Item 3: Glossary

3.1 Glossary - Include a glossary of terms.

INSTRUCTION:

(1) *Where the glossary includes any of the terms set out in Appendix 1 to this Form, provide the corresponding definition for that term as set out in Appendix 1.*

Item 4: Summary of Filing Statement/Information Circular

4.1 Cautionary Language - At the beginning of the summary, include a statement in *italics*, in substantially the following form:

“The following is a summary of information relating to the Issuer, [Target Company/Significant Assets] and Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this filing statement/information circular.”

4.2 General - Briefly summarize, near the beginning of the filing statement/information circular, information appearing elsewhere in the filing statement/information circular that, in the opinion of the Issuer, would be most likely to influence a securityholder’s decision to approve the proposed Qualifying Transaction. Include:

- (a) a summary of the salient information relating to the holding of the meeting, including the time, place and date of the meeting, as well as each of the specific items of business to be considered at the meeting;
- (b) the principal terms of the Qualifying Transaction, including the parties to such Qualifying Transaction, a description of the asset and/or business and/or entity to be acquired, the aggregate consideration to be issued to effect the Qualifying Transaction, including, as applicable, the aggregate number of securities to be issued to proceed with such Qualifying Transaction and the deemed issue price per security;
- (c) a summary of the interests of any Insider, promoter or Control Person of the Issuer and their respective Associates and Affiliates (before and after giving effect to the Qualifying Transaction), including any consideration that such individual or party may receive if the Qualifying Transaction proceeds;

- (d) a statement to the effect that the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction; or if the Qualifying Transaction is a Non-Arm's Length Qualifying Transaction, a statement to that effect in **bold print** and provide a brief summary thereof, based on information required by Item 12 of this Form;
- (e) a statement as to whether the Issuer will be obtaining securityholder approval in relation to the Qualifying Transaction and if so, whether such securityholder approval will be obtained at a meeting of securityholders or by written consents, setting out specifically each matter requiring securityholder approval and the level of securityholder approval required in respect of each matter, and in the event that certain votes are to be excluded in the calculation of votes to determine the required level of securityholder approval, clearly disclose the category of parties whose votes are to be excluded in accordance with the Majority of the Minority Approval required by the Exchange and any applicable corporate laws, securities legislation, securities directions, or otherwise;
- (f) a summary of the estimated funds available to the Resulting Issuer based on information as required by Item 30.1 of this Form and the principal purposes of those funds based on information as required by Item 30.3 of this Form, after giving effect to the Qualifying Transaction;
- (g) selected pro forma consolidated financial information;
- (h) details respecting the Issuer's listing on the Exchange and, if applicable, whether any public market exists for the securities of the Target Company;
- (i) a statement as to the market price of the securities of the Issuer and, if applicable, the Target Company on the date immediately preceding the announcement of the Qualifying Transaction, and the market price of those securities as of the latest practicable date;
- (j) a summary of any relationship or other arrangement between the Issuer and the Target Company or Vendor and any Agent or Sponsor in connection with the Qualifying Transaction based on information as required under Item 40 of this Form;
- (k) a summary of the details of any conflicts of interest;
- (l) a summary of the interests of experts, if any, based on information as required under Item 41 of this Form; and
- (m) a summary of risk factors.

INSTRUCTION:

- (1) *Provide appropriate cross-references to additional information respecting these Items in the filing statement/information circular.*

4.3 Conditional Listing Approval - If application has been made to the Exchange to accept the Qualifying Transaction and conditional acceptance has been received, include a statement in substantially the following form, with the bracketed information completed:

"The Exchange has conditionally accepted the Qualifying Transaction subject to [the name of the Issuer] fulfilling all of the requirements of the Exchange."

PROXY RELATED INFORMATION

Item 5: Proxy Related Matters

5.1 General Proxy Information - Provide the disclosure to be included in an information circular as required by applicable securities legislation, including NI 51-102, and corporate laws.

INSTRUCTION:

(1) *If the required disclosure is specified elsewhere in the information circular, a cross reference may be made.*

5.2 Requisite Securityholder Approval(s) - Disclose the level of securityholder approval required in order for the Qualifying Transaction or any other matter(s) to be approved.

INSTRUCTIONS:

(1) *In setting forth the applicable securityholder approval(s) take into account the Majority of the Minority Approval required by the Exchange and any applicable corporate laws, securities legislation or securities directions which mandate the appropriate level of securityholder approval required in respect of each matter to be considered at the meeting.*

(2) *In the event that certain votes are to be excluded in the calculation of votes to determine the required level of securityholder approval, clearly disclose:*

(a) *the category of parties whose votes are to be excluded in accordance with the Majority of the Minority Approval required by the Exchange or any applicable securities legislation, securities directions, or otherwise; and*

(b) *as known to management, the total number of securities anticipated to be excluded from voting in respect of each matter.*

5.3 Dissenting Rights of Securityholders - In the event that securityholders are entitled to exercise rights of dissent under corporate or other applicable legislation in relation to the Qualifying Transaction or other matter(s), provide a summary of the rights of dissent.

INSTRUCTION:

(1) *In addition to the summary of dissent rights, a copy of an excerpt from applicable corporate or other legislation describing such rights of dissent may be attached as an appendix to the information circular.*

INFORMATION CONCERNING THE ISSUER

Item 6: Corporate Structure

- 6.1 Name and Incorporation** - In relation to the Issuer, set out the information required under section 4.1 of Form 41-101F1.
- 6.2 Intercorporate Relationships** - In relation to the Issuer, set out the information required under section 4.2 of Form 41-101F1.

Item 7: General Development of the Business

- 7.1 History of the Issuer** - Describe the general development of the business of the Issuer since incorporation, including any proposed Qualifying Transaction(s) that were not completed. Include only major events or conditions that have influenced the general development of the business of the Issuer.

- 7.2 Description of the Qualifying Transaction** - Describe the principal terms of the Qualifying Transaction, including:

- (a) the parties to the Qualifying Transaction;
- (b) a description of the asset and/or business and/or entity to be acquired, including the location of the proposed Significant Assets, and, in the case of the acquisition of a Target Company, the jurisdiction of incorporation or creation of the Target Company;
- (c) the amount of proposed consideration, how the consideration will be paid and specifying the amounts to be paid by way of cash, securities, indebtedness or other means, including the deemed issue price per security;
- (d) identification of:
 - (i) any direct or indirect beneficial interest of any of the Non-Arm's Length Parties to the Issuer:
 - A. in the Vendor(s),
 - B. in the Significant Assets, and/or
 - C. in the Target Company,
 - and the names of such Non-Arm's Length Parties;
 - (ii) any Non-Arm's Length Parties to the Issuer that are Insiders of any Target Company;
 - (iii) any relationship between or among the Non-Arm's Length Parties to the Issuer and the Non-Arm's Length Parties to the Qualifying Transaction;
 - (iv) whether or not the proposed Qualifying Transaction constitutes a Non-Arm's Length Qualifying Transaction; and
 - (v) whether or not the Qualifying Transaction will be subject to securityholder approval;
- (e) details of any finder's fee or commission paid or payable in relation to the Qualifying Transaction;

- (f) a description of any deposit, advance or loan made or to be made, subject to Exchange acceptance, including the names of the parties involved, the terms of the deposit, advance, loan or any proposed Private Placement from which proceeds are to be raised to provide the funds for such deposit, advance or loan and the proposed use of any deposit, advance or loan; and
- (g) details of any significant conditions required to be satisfied in connection with the Completion of the Qualifying Transaction.

7.3 Financing - If the Issuer, or any Non-Arm's Length Party to the Qualifying Transaction, is proceeding with any manner of financing in conjunction with the Qualifying Transaction, provide details, including, as applicable, the following:

- (a) if securities are being distributed for cash, provide details respecting the issue price per security, any agent fees, agent options or discounts and the proceeds to the Issuer or such Non-Arm's Length Party;
- (b) if the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum subscriptions, if applicable;
- (c) disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open; and
- (d) disclose commissions paid or payable in cash by the Issuer or such Non-Arm's Length Party and discounts granted. Also disclose:
 - (i) commissions or other consideration paid or payable by persons or companies other than the Issuer or such Non-Arm's Length Party;
 - (ii) consideration other than discounts granted and cash paid or payable by the Issuer or such Non-Arm's Length Party, including warrants and options; and
 - (iii) any finder's fees or similar required payment.

INSTRUCTIONS:

- (1) *The description of the number and type of securities being distributed shall include the restricted security terms, if any, disclosed in accordance with the requirements of applicable securities legislation or applicable securities directions.*
- (2) *Include a description of any other manner of financing being undertaken by or on behalf of the Issuer in connection with the proposed Qualifying Transaction.*

Item 8: Management's Discussion and Analysis

8.1 Management's Discussion and Analysis - Provide disclosure pursuant to item 8 of Form 41-101F1 for the financial statements of the Issuer included in the filing statement/information circular.

INSTRUCTION:

- (1) *The information required to be included by this Item may be incorporated by reference to another document in accordance with General Instruction (5).*

Item 9: Description of the Securities

9.1 Securities - If securities of the Issuer are being distributed in connection with the Qualifying Transaction, set out the information required under item 10 of Form 41-101F1.

Item 10: Stock Option Plan

10.1 Stock Option Plan - If the Issuer has an incentive stock option plan:

- (a) provide a summary of the incentive stock option plan, including details respecting vesting and restrictions on the aggregate number of securities which may be issued to an individual;
- (b) state how the option price is determined; and
- (c) disclose the termination provisions attaching to any stock options.

INSTRUCTIONS:

- (1) *Revise the foregoing as need be to reflect the specific terms of the plan, having regard to the restrictions applicable to stock option plans generally set out in the Policies.*
- (2) *In the event that any matter to be acted upon at the meeting requires securityholder approval for a security based compensation plan or an amendment to a security based compensation plan, provide disclosure to reflect the plan or the specific amendments sought to be made to the plan and the reasons or rationale for any such amendments and detail any Policies that must be observed in order to permit approval of the plan or amendments to be made. This disclosure may be made under Item 36 of this Form.*

Item 11: Prior Sales

11.1 Prior Sales - For each class or series of securities of the Issuer issued or sold within the 12-month period before the date of the filing statement/information circular, or to be issued or sold, and for securities that are convertible or exchangeable into those classes or series of securities, set out the information required under section 13.1 of Form 41-101F1. If sales of the securities were made to Non-Arm's Length Parties of the Issuer, state this fact and detail the number of securities sold to such parties.

11.2 Trading Price and Volume - For each class or series of securities of the Issuer that are traded or quoted on a marketplace, set out the information required under section 13.2 of Form 41-101F1.

Item 12: Non-Arm's Length Transactions/Arm's Length Transactions

12.1 Non-Arm's Length Transactions

- (1) Describe any acquisition of assets or services or provision of assets or services in any transaction, or in any proposed transaction, where the Issuer has obtained or proposes to obtain such assets or services from:
 - (a) any director or officer of the Issuer;
 - (b) a securityholder disclosed in the filing statement/information circular as a principal securityholder, either before or after giving effect to the Qualifying Transaction; or
 - (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

- (2) Describe the form and value of the consideration and, if the Issuer has acquired any assets, the costs of the assets to the vendor of the same.

INSTRUCTIONS:

- (1) *Information with respect to executive compensation need not be disclosed in this section.*
- (2) *If any proposed Qualifying Transaction is a related party transaction that is subject to Exchange Policy 5.9 - Protection of Minority Security Holders in Special Transactions, include the relevant disclosure required to be included in the information circular as mandated by Policy 5.9 – Protection of Minority Security Holders in Special Transactions.*
- (3) *As an alternative to the disclosure in this section, provide a cross-reference to the Items of the filing statement/information circular where the required disclosure is made.*

12.2 Arm's Length Transactions - If applicable, state that the proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction.

Item 13: Legal Proceedings

13.1 Legal Proceedings - In relation to the Issuer, set out the information required under item 23 of Form 41-101F1.

Item 14: Auditor, Transfer Agents and Registrars

14.1 Auditor - In relation to the Issuer, set out the information required under section 26.1 of Form 41-101F1. State if action is to be taken at the meeting with respect to the appointment of a new auditor.

INSTRUCTION:

- (1) *If a change of auditors of the Issuer will occur, include the summary of the reporting package as prescribed by section 4.11 of NI 51-102 and include a copy of the reporting package as an Appendix to the information circular.*

14.2 Transfer Agent and Registrar - In relation to the Issuer, set out the information required under section 26.2 of Form 41-101F1.

Item 15: Material Contracts

15.1 Material Contracts - In relation to the Issuer, set out the information required under item 27 of Form 41-101F1.

INFORMATION CONCERNING THE TARGET COMPANY AND/OR OTHER SIGNIFICANT ASSETS

INSTRUCTIONS:

- (1) *Provide the disclosure required below for each Target Company.*
- (2) *If the proposed Qualifying Transaction involves the acquisition of Significant Assets (other than a Target Company), provide the disclosure under this Part, including Items 17 and 18, as applicable.*

Item 16: Corporate Structure

- 16.1 Name and Incorporation** - In relation to the Target Company, set out the information required under section 4.1 of Form 41-101F1.
- 16.2 Intercompany Relationships** - In relation to the Target Company, set out the information required under section 4.2 of Form 41-101F1.

Item 17: Description of the Business

- 17.1 General** - In relation to the Significant Assets, including any Target Company, set out the information required under item 5 of Form 41-101F1.

INSTRUCTION:

- (1) *Refer also to the Exchange's Appendix 3F Mining Standards Guidelines.*
- 17.2 Oil & Gas Operations** - For each Target Company engaged in oil and gas activities (as defined in NI 51-101) that is not reporting reserve estimates in the filing statement/information circular in accordance with NI 51-101, but that has oil and gas exploration projects intended to search for hydrocarbons from either conventional sources in their natural states and original locations or non-conventional sources such as, but not limited to, oil sands, shale and coal, disclose the following:

1. Property Description and Location

- (a) location and basin/field name, accessibility, climate, local resources, infrastructure and physiography;
- (b) include property land maps showing interest held, location of wells drilled, if any, and the status of these wells (whether producing, shut-in, disposal, suspended or abandoned, and with oil and gas identified separately);
- (c) interest held (both gross and net), nature and extent of Target Company's title to, or interest in the property including surface rights, obligations to be met to retain property, expiry dates of leases, and any title issues to be dealt with. Disclose if a title opinion has been obtained. If so, disclose any material qualifications to the title opinion and the relationship, if any, to the Target Company of the individual providing the title opinion;
- (d) gross area of the property/lease, the assigned petroleum and natural gas rights with all depths, certain depths or formation; and
- (e) to the extent known, all legal and environmental legislation and actions to which the properties are subject.

2. Geology Description and Resource Estimates

- (a) summarize the petroleum geology in the area utilizing available geology, geophysics, and production data, that includes geological name, lithology, brief geological description of target formation, and depth of targeted zones;
- (b) proximity to production or any analog wells in production; and
- (c) size (range of pool or field sizes expected).

3. Exploration and Development

- (a) information as to results of all exploration activity including procedures and parameters related to surveys and investigations;
- (b) interpretations, conclusions and recommendations of the author of the Geological Reports including results and interpretations of field, analytical and testing data and other relevant data as well as a discussion of adequacy and reliability of data, and any areas of uncertainty;
- (c) information as to whether the surveys and investigations have been carried out by the Target Company or a contractor, identifying the contractor; and include a discussion as to the reliability or uncertainty of the data obtained in the program; and
- (d) a breakdown of costs incurred to date on exploration and development on the properties/leases including acquisition costs.

INSTRUCTIONS:

- (1) *The information required by this Item shall be derived from or supported by information obtained from Geological Reports prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) and more particularly in accordance with sections 10 and 11 of the COGE Handbook, and sections 5.9 and 5.10 of NI 51-101.*
- (2) *Where information is based on property reports, identify the report title, author, report, date and that they are available for inspection upon request.*
- (3) *If resource estimates are reported and/or fair market values are used under this Item, estimation methodology and disclosure must be made in accordance with section 10 of the COGE Handbook and sections 5.9 and 5.10 of NI 51-101 and supporting material disclosure should include parameters and assumptions used.*
- (4) *Sufficient information must be included in this Item, so as to provide a securityholder with an opportunity to evaluate the geological merits and/or economic prospects of the properties without having to refer to a Geological Report.*

17.3 Significant Acquisitions - In relation to the Target Company, set out the narrative information required under item 35 of Form 41-101F1. See Item 46 of this Form regarding the related financial statement disclosure requirements.

INSTRUCTION:

- (1) *The significance of an acquisition should be measured against the Target Company, not the Issuer.*

Item 18: Management's Discussion and Analysis

18.1 Management's Discussion and Analysis - Provide disclosure pursuant to item 8 of Form 41-101F1 for the financial statements of the Target Company included in the filing statement/information circular.

INSTRUCTION:

(1) *The information required to be included by this Item may be incorporated by reference to another document in accordance with General Instruction (5).*

Item 19: Description of the Securities

19.1 Securities - If securities of the Target Company are being distributed in connection with the Qualifying Transaction, set out the information required under item 10 of Form 41-101F1.

Item 20: Consolidated Capitalization

20.1 Consolidated Capitalization - In relation to the Target Company, set out the information required under item 11 of Form 41-101F1.

Item 21: Prior Sales

21.1 Prior Sales - For each class or series of securities of the Target Company issued or sold within the 12-month period before the date of the filing statement/information circular, or to be issued or sold, and for securities that are convertible or exchangeable into those classes or series of securities, set out the information required under section 13.1 of Form 41-101F1. If sales of the securities were made to Non-Arm's Length Parties of the Target Company, state this fact and detail the number of securities sold to such parties.

21.2 Trading Price and Volume - For each class or series of securities of the Target Company that are traded or quoted on a marketplace, set out the information required under section 13.2 of Form 41-101F1.

Item 22: Executive Compensation

22.1 Executive Compensation - In relation to the Target Company, set out the information required under item 17 of Form 41-101F1.

Item 23: Non-Arm's Length Transactions

23.1 Non-Arm's Length Transactions - Describe any acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of the filing statement/information circular, or in any proposed transaction, where the Target Company or any subsidiary of the Target Company has obtained such assets or services from:

- (a) any director, officer or promoter of the Target Company;
- (b) a securityholder disclosed in the filing statement/information circular as a principal securityholder, either before or after giving effect to the Qualifying Transaction; or
- (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

Describe the form and value of the consideration and, if the Target Company has acquired any assets, the costs of the assets to the vendor of the same.

INSTRUCTIONS:

- (1) *Information with respect to the executive compensation need not be disclosed in this section.*
- (2) *Any debt settlement made by a Target Company to any of the individuals listed in paragraphs (a), (b) or (c) must be disclosed in this section.*
- (3) *As an alternative to the disclosure in this section, provide a cross-reference to the items of the filing statement/information circular where the required disclosure is made.*

Item 24: Legal Proceedings

24.1 Legal Proceedings - In relation to the Target Company, set out the information required under item 23 of Form 41-101F1.

Item 25: Material Contracts

25.1 Material Contracts - In relation to the Target Company, set out the information required under item 27 of Form 41-101F1.

INFORMATION CONCERNING THE RESULTING ISSUER

Item 26: Corporate Structure

- 26.1 Name and Incorporation** - In relation to the Resulting Issuer, set out the information required under section 4.1 of Form 41-101F1, and if material, a summary of the differences with respect to securityholder rights and remedies between the laws under which the Issuer is governed and the laws which will govern the Resulting Issuer after giving effect to the Qualifying Transaction.
- 26.2 Intercorporate Relationships** - In relation to the Resulting Issuer, set out the information required under section 4.2 of Form 41-101F1.

Item 27: Description of the Business

27.1 Description of the Business - Include the following:

- 1. Business Objectives and Milestones** - In relation to the Resulting Issuer, set out the information required under section 6.8 of Form 41-101F1 in relation to the funds available described under Item 30 of this Form.
- 2. Exploration and Development for Resulting Issuers with Mineral Projects** - Disclose, for each property material to the Resulting Issuer, the contemplated exploration and development activities, to the extent they are material.
- 3. Exploration and Development by Resulting Issuers with Oil and Gas Operations** - Describe the Resulting Issuer's contemplated exploration or development activities, to the extent they are material.

INSTRUCTIONS:

- (1) *The description of the Resulting Issuer's business objectives provided under paragraph 1 above should be more general than the description of the available funds required by Item 30. Available funds are generally expended in the course of achieving a broader objective.*
- (2) *The Resulting Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from a financial forecast or financial projection prepared in accordance with Parts 4A and 4B of NI 51-102 and is included in the filing statement/information circular.*
- (3) *Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Resulting Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating costs for a specified period following completion of the Qualifying Transaction.*
- (4) *For the purposes of paragraph 1 above:*
 - (a) *examples of significant events would include hiring of key personnel, establishing technical feasibility testing results, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.*
 - (b) *provide appropriate cross-references to related items to paragraph(s) found elsewhere in the filing statement/information circular.*
- (5) *For the purposes of paragraph 2 above, disclosure regarding mineral exploration and development on material properties is required to comply with NI 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.*

- (6) For the purposes of paragraph 3 above, disclosure regarding oil and gas exploration on material properties is required to comply with NI 51-101 and the COGE Handbook, including the use of the appropriate terminology to describe resources and reserves, as well as Item 17.2 of this Form, if applicable.
- (7) Disclosure is required for each property material to the Resulting Issuer. Materiality is to be determined in the context of the Resulting Issuer's overall business and financial condition taking into account quantitative and qualitative factors, assessed in respect of the Resulting Issuer as a whole. See the Companion Policy 43-101CP to National Instrument 43-101 Standards of Disclosure for Mineral Projects for guidance in determining materiality.
- (8) Provide a cross reference to the disclosure required by Item 17 of this Form.

Item 28: Description of the Securities

28.1 Securities - In relation to the Resulting Issuer, set out the information required under item 10 of Form 41-101F1 to describe the securities of the Resulting Issuer after giving effect to the Qualifying Transaction.

Item 29: Pro Forma Consolidated Capitalization

29.1 Pro Forma Consolidated Capitalization - Describe the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis including dollar amounts, based on the pro forma consolidated financial statements contained in the filing statement/information circular after giving effect to the Qualifying Transaction. Provide the information in accordance with the table below.

TABLE

| Column 1 | Column 2 | Column 3 |
|----------------------------|--|--|
| Designation of Security | Amount authorized or to be authorized | Amount outstanding after giving effect to the Qualifying Transaction |

INSTRUCTIONS:

- (1) If financing is being effected in conjunction with the Qualifying Transaction, include in the above table as another column, the amount outstanding as of a specific date within 30 days of the filing statement/information circular after giving effect to the Qualifying Transaction and assuming minimum and maximum subscriptions pursuant to that financing and provide the appropriate cross-reference to the disclosure relating to such financing or as a note to the table disclose the information required by Item 7.3 of this Form.
- (2) Set out in a note the number of securities subject to option and include a cross reference to Item 36, as applicable.
- (3) Set out in a note the deficit or changes in equity on a consolidated basis, based on the pro forma consolidated statement of financial positions contained in the filing statement/information circular.

29.2 Fully Diluted Share Capital - Provide in a table the number and percentage of securities of the Resulting Issuer proposed to be outstanding on a fully diluted basis after giving effect to the Qualifying Transaction and any other matters.

INSTRUCTIONS:

- (1) *The table may be presented separately or included in a table at Item 36 of this Form and should disclose both as a number and as a percentage all separate categories of securities on a fully diluted basis. For example, separate categories may include securities reserved as options to directors, officers and employees, securities reserved as options for agents, securities being issued pursuant to the Qualifying Transaction etc.*
- (2) *If there is a financing being effected in conjunction with the Qualifying Transaction and if there are minimum and maximum subscription levels, disclose the number of securities offered and the total on both a minimum and maximum basis.*
- (3) *A separate table shall be prepared for each class of securities of the Resulting Issuer that will be outstanding after giving effect to the Qualifying Transaction.*

Item 30: Available Funds and Principal Purposes

30.1 Funds Available - Disclose the total funds available to the Resulting Issuer upon Completion of the Qualifying Transaction and any concurrent financing and the following breakdown of those funds:

- (a) the estimated consolidated working capital (deficiency) as at the most recent month end before the date of the filing statement/information circular;
- (b) the net proceeds from the sale of any securities to be issued in connection with the Qualifying Transaction and any concurrent financing to be undertaken by the Issuer or the Target Company; and
- (c) the total other funds available to be used to achieve the principal purposes in Item 30.3 of this Form.

30.2 Dividends or Distributions - In relation to the Resulting Issuer, set out the information required under item 7 of Form 41-101F1.

30.3 Principal Purposes of Funds - Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available disclosed under Item 30.1 of this Form will be used by the Resulting Issuer. If the Issuer or the Target Company is proceeding with a financing in conjunction with the completion of the Qualifying Transaction, which financing is subject to a minimum and maximum subscription, provide disclosure as to the order of priority for the use of funds for the minimum and maximum subscriptions.

INSTRUCTIONS:

- (1) *For the purposes of the disclosure in this Item the phrase “for general corporate purposes” will generally not be sufficient.*
- (2) *Include as a footnote to the table set forth under this Item or otherwise, details of any payments made or intended to be made to Non-Arm’s Length Parties.*
- (3) *Statements as to principal purposes for which the funds available are to be used must be cross-referenced to estimated costs to achieve the Resulting Issuer’s business objectives, as disclosed pursuant to Item 27 of this Form.*
- (4) *Include disclosure in Item 30.3 of this Form as to estimated incidental costs relating to completing the Qualifying Transaction or any financing.*

Item 31: Principal Securityholders

31.1 Principal Securityholders - In relation to the Resulting Issuer, to the knowledge of the Issuer or Target Company, set out the information required under item 15 of Form 41-101F1.

Item 32: Directors, Officers and Promoters

32.1 Name, Occupation and Security Holdings - In relation to the Resulting Issuer, set out the information required under section 16.1 of Form 41-101F1. Also state the number and percentage of securities of each class of voting securities of the Resulting Issuer or any of its subsidiaries proposed to be beneficially owned, or controlled or directed, directly or indirectly, by each individual director and officer of the Resulting Issuer.

32.2 Management - In relation to each proposed member of management of the Resulting Issuer, set out the information required under section 16.4 of Form 41-101F1.

32.3 Promoters - For each person or company that will be a promoter of the Resulting Issuer, or has been within the two years immediately preceding the date of the filing statement/information circular, a promoter of the Issuer, Target Company, or a subsidiary of the Target Company, set out the information required under item 22 of Form 41-101F1.

32.4 Cease Trade Orders, Bankruptcies, Penalties or Sanctions - In relation to the Resulting Issuer, set out the information required under section 16.2 of Form 41-101F1.

32.5 Interests of Management and Others in Material Transactions - In relation to the Resulting Issuer, set out the information required under section 24.1 of Form 41-101F1.

32.6 Conflicts of Interest - In relation to the Resulting Issuer, set out the information required under section 16.3 of Form 41-101F1.

32.7 Other Reporting Issuer Experience - Where any proposed director, officer or promoter of the Resulting Issuer is, or within the five years prior to the date of the filing statement/information circular has been, a director, officer or promoter of any other reporting issuer, state the name of the individual, the names and jurisdictions of those reporting issuers, any market on which the securities of those reporting issuers were traded and the periods during which the individual has so acted. The following tabular format is recommended, with the bracketed information completed.

“The following table sets out the proposed directors, officers and promoters of the [Resulting Issuer] that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| <i>Name</i> | <i>Name and Jurisdiction of Reporting Issuer</i> | <i>Name of Trading Market</i> | <i>Position</i> | <i>From</i> | <i>To</i> |
|-------------|--|-----------------------------------|-----------------|-------------|-----------|
|-------------|--|-----------------------------------|-----------------|-------------|-----------|

32.8 **Audit Committee and Corporate Governance** - In relation to the Resulting Issuer, set out the information required under item 19 of Form 41-101F1.

Item 33: Executive Compensation

33.1 **Executive Compensation** - If known, disclose the compensation, in cash, securities or otherwise, anticipated to be paid by the Resulting Issuer for the 12 month period after giving effect to the Qualifying Transaction to its chief executive officer, chief financial officer and the most highly compensated officer of the Resulting Issuer (other than its chief executive officer and chief financial officer) whose total compensation is anticipated to be more than \$150,000 during that period.

Item 34: Indebtedness of Directors and Officers

34.1 **Indebtedness of Directors and Officers** - In relation to the Resulting Issuer, set out the information required under item 18 of Form 41-101F1.

Item 35: Investor Relations Arrangements

35.1 **Investor Relations Arrangements** - If any written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer, disclose the following information regarding such agreement or understanding:

- (a) the date of the agreement and the anticipated date that the services will commence;
- (b) the name, principal business and place of business of the person providing the services;
- (c) the background of the person providing the services;
- (d) whether the person will have:
 - (i) direct or indirect beneficial ownership of,
 - (ii) control or direction over, or
 - (iii) a combination of direct or indirect beneficial ownership of and of control or direction over,
 securities of the Resulting Issuer;
- (e) whether the person has any right to acquire securities of the Resulting Issuer, either in full or partial compensation for services;
- (f) the consideration both monetary and non-monetary to be paid by the Resulting Issuer, including whether any payments will be made in advance of services being provided;

- (g) if the Resulting Issuer does not have sufficient funds to pay for the services, how the Resulting Issuer intends to pay for the services; and
- (h) the nature of the services to be provided, including the period during which the services will be provided.

INSTRUCTIONS:

- (1) *The disclosure in paragraphs (c) and (h) need only summarize the background and nature of services.*
- (2) *If there are no promotional or investor relations arrangements, so state.*

Item 36: Security Based Compensation

36.1 Security Based Compensation Plans - Describe the material terms of each security based compensation plan of the Resulting Issuer, including but not limited to any stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted, including the information required by Item 10 of this Form in relation to any incentive stock option plan of the Resulting Issuer.

36.2 Options to Purchase Securities - In relation to the Resulting Issuer, set out the information required under item 12 of Form 41-101F1 for options to purchase securities.

36.3 Other Security Based Compensation - In relation to the Resulting Issuer, for any security based compensation other than as disclosed under Item 36.2 of this Form, set out the information that is analogous to the information required under item 12 of Form 41-101F1 for options to purchase securities.

Item 37: Escrow Securities

37.1 Escrow Securities

- (1) State to the knowledge of the Issuer or the Target Company as of the date of the filing statement/information circular, in substantially the following tabular form, the name of every holder of Escrow Securities of the Issuer and of every Principal of the Resulting Issuer, the number of securities of each class of securities of the Issuer held in escrow and, in the case of the Resulting Issuer, anticipated to be held in escrow after giving effect to the Qualifying Transaction, and the percentage that number represents of the outstanding securities of that class.

ESCROW SECURITIES

| Name | Designation of class | Prior to Giving Effect to the Qualifying Transaction | | After Giving Effect to the Qualifying Transaction | |
|------|----------------------|--|---------------------|---|---------------------|
| | | Number of securities held in escrow | Percentage of class | Number of securities to be held in escrow | Percentage of class |
| | | | | | |

- (2) In a note to the table, or by way of narrative disclosure in this section, disclose the name of the depository or escrow agent, if any, and the date of and conditions governing the release of the securities from escrow.
- (3) If there is a financing being effected in conjunction with the Qualifying Transaction, include as a note to the table whether the information is being given before or after giving effect to that financing and if there are anticipated to be securities subject to escrow, upon completion of such financing, then disclose that fact either in the table or in the notes.

INSTRUCTIONS:

- (1) *State all material conditions governing the transfer, release and cancellation of the escrow securities.*
- (2) *Disclose the beneficial owners of the escrow securities.*

37.2 Other Resale Restrictions - Other than as disclosed under Item 37.1 of this Form, state to the knowledge of the Issuer or the Target Company as of the date of the filing statement/information circular, in substantially the following tabular form, the aggregate number of securities of each class of securities of the Resulting Issuer anticipated to be subject to restrictions on their resale after giving effect to the Qualifying Transaction, whether pursuant to the Exchange's Seed Share Resale Restrictions or a voluntary pooling or similar arrangement, and the percentage that number represents of the outstanding securities of that class.

| Designation of class | Aggregate number of securities subject to resale restrictions | Percentage of class | Expiry date of the resale restrictions |
|----------------------|---|---------------------|--|
| | | | |

Item 38: Auditor(s), Transfer Agent(s) and Registrar(s)

38.1 Auditor(s), Transfer Agent(s) and Registrar(s) - In relation to the Resulting Issuer, set out the information required under item 26 of Form 41-101F1.

Item 39: Risk Factors

39.1 Risk Factors - Include a comprehensive description of the risk factors that a reasonable holder of securities in the Issuer would consider relevant and in approving the Qualifying Transaction or that would be material to a holder of securities in the Resulting Issuer after giving effect to the Qualifying Transaction. Set out the information required under item 21 of Form 41-101F1 and any other matter that in the opinion of the Issuer would be most likely to influence a securityholder's decision to vote in favour of the Qualifying Transaction and/or that would be material to a holder of securities in the Resulting Issuer.

GENERAL MATTERS

Item 40: Sponsorship and Agent Relationship

40.1 Sponsor - State the name and address of any Sponsor or agent involved in the Qualifying Transaction or in a concurrent financing disclosed under Item 7.3 of this Form. State the nature of any relationship or interest between the Sponsor or agent and the Issuer, including any security holdings in the Issuer of the Sponsor or agent.

40.2 Relationships - If the Issuer or Target Company has entered into any agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future, disclose the following information regarding such services:

- (a) the date of the agreement;
- (b) the name of the registrant;
- (c) the consideration, both monetary and non-monetary, paid or to be paid; and
- (d) a summary of the nature of the services to be provided, including the period during which the services will be provided, activities to be carried out and, where market making services will be provided, whether the registrant will commit its own funds to the purchase of securities of the Issuer or the Target Company or the Resulting Issuer or whether the registrant will act as agent for others to do so.

Item 41: Experts

41.1 Experts - Set out the information required under item 28 of Form 41-101F1 in relation to all reports, valuations, statements and opinions referred to in the filing statement/information circular.

41.2 Expertised Reports - In the event that there is any expertised report prepared to support the recommendation(s) of the board of directors of the Issuer (i.e. an independent valuation, fairness opinion, appraisal etc.), include a comprehensive summary of the report which provides sufficient detail to allow the securityholders of the Issuer to understand the principal judgments and principal underlying reasoning of the expert so as to form a reasoned judgment of the opinion or conclusion set forth in the report. In addition, the Issuer shall ensure that the summary:

- (a) discloses
 - (i) the name of the author;
 - (ii) the date of the report, and
 - (iii) any distinctive material benefit that might accrue to a Non-Arm's Length Party of the Issuer as a consequence of the Qualifying Transaction, including the earlier use of available tax losses, lower income taxes, reduce costs or increase revenues;
- (b) in the case of a valuation report, if the report differs materially from a prior valuation report obtained within the last 12 months, explain the differences between the two valuations or, if it is not practicable to do so, the reasons why it is not practicable to do so; and
- (c) indicates an address where and the time period during which, a copy of the report is available for inspection.

INSTRUCTION:

(1) If the required disclosure is provided for elsewhere in the filing statement/information circular a cross-reference may be made to the applicable Item(s) in this Form.

Item 42: Other Material Facts

42.1 Other Material Facts - Give particulars of any material facts about the Issuer, the Target Company, the Resulting Issuer or the Qualifying Transaction that are not disclosed under any other Items and are necessary in order for the filing statement/information circular to contain full, true and plain disclosure of all material facts relating to the Issuer, the Target Company and the Resulting Issuer, assuming Completion of the Qualifying Transaction.

Item 43: Board Approval

43.1 Board Approval - Provide confirmation that the board of directors of the Issuer has approved the filing statement/delivery of the information circular to securityholders.

FINANCIAL STATEMENT REQUIREMENTS

Item 44: Financial Statements of the Issuer

44.1 Financial Statements of the Issuer - In relation to the Issuer, include the annual and interim financial statements required under item 32 of Form 41-101F1.

44.2 Audit Requirement for Financial Statements of the Issuer - Unless permitted under item 32 of Form 41-101F1, annual financial statements of the Issuer included in the filing statement/information circular must be audited in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

Item 45: Financial Statements of each Target Company

45.1 Financial Statements of each Target Company - For the purposes of Items 45 to 47, the term "Target Company" includes any entity or combination of assets that is the subject of the Qualifying Transaction. If the Target Company is a business (as this term is used in any General Prospectus Rules), financial statements of the Target Company are required by this Form. In relation to the Target Company, include the annual and interim financial statements required under item 32 of Form 41-101F1.

INSTRUCTIONS:

- (1) *In most cases, the Target Company is a business. Issuers concluding a Target Company is not a business should consider a pre-filing consultation with the Exchange on the conclusion with fulsome analysis in respect of IFRS 3 and section 8.1(4) of Companion Policy 51-102CP to NI 51-102. Issuers are generally encouraged to consult with the Exchange on a pre-filing basis to ascertain what financial statements should be included in the filing statement/information circular.*
- (2) *If the Resulting Issuer intends to be listed on the TSX, additional financial statement requirements may apply.*

45.2 Audit Requirement for Financial Statements of the Target Company - Unless permitted under item 32 of Form 41-101F1, annual financial statements of the Target Company included in the filing statement/information circular must be audited in accordance with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

INSTRUCTIONS:

- (1) *Any audit report containing a modified opinion is a significant filing deficiency. Issuers should consult on a pre-filing basis with the Exchange in respect of any audit report containing a modified opinion.*
- (2) *There are limited cases where the Exchange may permit the inclusion of an audit report containing a modified opinion.*

Item 46: Significant Acquisitions by a Target Company

46.1 Significant Acquisitions by a Target Company - In relation to a significant acquisition by the Target Company, include the annual and interim financial statements required under item 35 of Form 41-101F1. See Item 17.3 of this Form regarding the related narrative information disclosure requirements.

Item 47: Financial Statements of the Resulting Issuer

47.1 Pro Forma Financial Statements for the Resulting Issuer

- (1) Subject to Item 47.2, the following *pro forma* financial statements of the Issuer should be included in the filing statement/information circular:
 1. A *pro forma* statement of financial position of the Issuer prepared as at the date of the Issuer's most recent statement of financial position included in the filing statement/information circular to give effect to, as if they had taken place as at the date of the *pro forma* statement of financial position, the acquisition of the Target Company.
 2. A *pro forma* statement of comprehensive income of the Issuer prepared to give effect to the acquisition of the Target Company for each of the financial periods referred to in the following paragraphs, as if it had taken place at the beginning of the most recently completed financial year of the Issuer for which audited financial statements are included in the filing statement/information circular:
 - (a) the most recently completed financial year of the Issuer for which audited financial statements are included in the filing statement/information circular; and
 - (b) the most recently completed interim period of the Issuer for which financial statements are included in the filing statement/information circular.
- (2) The Issuer shall include in the *pro forma* financial statements a description of the underlying assumptions on which the *pro forma* financial statements are prepared, cross-referenced to each related *pro forma* adjustment.
- (3) If both of the following conditions are satisfied:
 - (a) the *pro forma* statement of comprehensive income is not prepared using the statement of comprehensive income of the business for the pre-acquisition period, and
 - (b) the financial year end of the Target Company differs from the Issuer's year end by more than 93 days,then despite paragraph 2 of subsection (1), for purposes of preparing the *pro forma* statement of comprehensive income, the statement of comprehensive income of the Target Company shall be for a period of twelve consecutive months ending no more than 93 days from the Issuer's year end.
- (4) Subject to paragraph (3) above, if the *pro forma* statement of comprehensive income referred to in clause (1)2(a) above includes results of the Target Company which are also included in the *pro forma* statement of comprehensive income referred to in clause (1)2(a), there shall be disclosed in a note to the *pro forma* financial statements of the revenue, expenses, gross profit and income from continuing operations included in each *pro forma* statement of comprehensive income for the overlapping period.

47.2 Exception for Pro Forma Statements of Comprehensive Income - Despite Item 47.1, *pro forma* statements of comprehensive income are not required to be included in a filing statement/information circular where all of the following conditions are met:

- (a) The Issuer has no operations other than interest income and costs of pursuing a Qualifying

Transaction;

- (b) The Target Company has not made a significant acquisition or disposition and does not propose to make a significant acquisition or disposition requiring disclosure under Item 46; and
- (c) The Issuer discloses in the notes to its *pro forma* statement of financial position, a continuity of its share capital on a *pro forma* basis giving effect to all the transactions recorded on the *pro forma* statement of financial position.

INSTRUCTIONS:

- (1) *In most cases, pro forma statements of comprehensive income combining the results of operations of the Target Company with the Issuer combines the results of a going concern with a shell company have little value.*
- (2) *Issuers should carefully consider the Target Company's history before concluding that pro forma statements of comprehensive income should not be included in the filing statement/information circular. Issuers are encouraged to consult with the Exchange on a pre-filing basis with respect to this exception.*

CERTIFICATES

Item 48: Certificates

48.1 Certificate of the Issuer - The filing statement/information circular must contain a certificate in the following form with the bracketed information completed, signed by the chief executive officer, the chief financial officer, and, on behalf of the board of directors, any two directors of the Issuer, other than the foregoing, duly authorized to sign:

"The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of the Issuer] assuming Completion of the Qualifying Transaction."

48.2 Certificate of the Target Company - Where the proposed Qualifying Transaction involves the acquisition of a Target Company, the filing statement/information circular must contain a certificate in the following form with the bracketed information completed, signed by the chief executive officer, chief financial officer, and, on behalf of the board of directors, any two directors of the Target Company, other than the foregoing, duly authorized to sign:

"The foregoing, as it relates to [name of Target Company] constitutes full, true and plain disclosure of all material facts relating to the securities of [name of Target Company]."

INSTRUCTIONS:

- (1) *Where a board of directors consists of only three directors, two of whom are the chief executive officer and the chief financial officer, the certificate may be signed by all directors of the board.*
- (2) *Where the Exchange is satisfied upon evidence or on submission that either, or both of, the chief executive officer or chief financial officer of the Issuer or Target Company is for adequate cause not available to sign a certificate in the filing statement/information circular, the certificate may, with the consent of the Exchange, be signed by any other responsible officer or officers of the Issuer or Target Company in lieu of either, or both of, the chief executive officer or chief financial officer.*

- (3) *The Exchange will generally require the Certificate of the Issuer and the Certificate of the Target Company to be executed by those officers or directors who will be officers or directors of the Resulting Issuer.*

48.3 Certificate of the Sponsor - If there is a Sponsor involved in relation to the Qualifying Transaction, include a certificate in the following form signed on behalf of the Sponsor by an officer of the Sponsor duly authorized to sign:

“To the best of our information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to [insert name of the Issuer] assuming Completion of the Qualifying Transaction.”

Item 49: Acknowledgement - Personal Information

49.1 Acknowledgement - The following acknowledgement may be included in the filing statement/information circular but must, in any event, be filed with the Exchange on the date of filing of the final filing statement/information circular. The acknowledgement must be signed by at least one director or officer of the Issuer, duly authorized to sign.

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.3, 18, 22, 23, 25, 30.3, 31, 32, 33, 34, 35, 36, 37, 40 and 41 of [this Form], as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to [this Form]; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

APPENDIX 1

FORM 3B1 - INFORMATION REQUIRED IN AN INFORMATION CIRCULAR FOR A QUALIFYING TRANSACTION/FORM 3B2 INFORMATION REQUIRED IN A FILING STATEMENT FOR A QUALIFYING TRANSACTION

Definitions

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Associate” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual
 - (i) that Person’s spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such

determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

“Company” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“Completion of the Qualifying Transaction” means the date of the Final QT Exchange Bulletin issued by the Exchange.

“Control Person” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding Voting Shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“CPC” or “Capital Pool Company” means a corporation or trust:

- (a) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the Commissions in compliance with Policy 2.4 - *Capital Pool Companies*; and
- (b) in regard to which the Final QT Exchange Bulletin has not yet been issued.

“Final QT Exchange Bulletin” means the bulletin issued by the Exchange following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“Form 41-101F1” means Form 41-101F1 *Information Required in a Prospectus* of NI 41-101 or any successor form.

“Form 51-101F1” means Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* of NI 51-101 or any successor form.

“Form 51-102F1” means Form 51-102F1 *Management’s Discussion & Analysis* of NI 51-102 or any successor form.

“Form 51-102F2” means Form 51-102F2 *Annual Information Form* of NI 51-102 or any successor form.

“Form 51-102F6V” means Form 51-102F6V *Statement of Executive Compensation - Venture Issuers* of NI 51-102 or any successor form.

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer; or
- (d) the Issuer itself if it holds any of its own securities.

“Majority of the Minority Approval” means the approval by the majority of the votes cast at a meeting of Shareholders of the CPC, or by the written consent of Shareholders holding more than 50% of the issued Listed Shares of the CPC, provided that the votes attached to Listed Shares of the CPC held by the following Persons and their Associates and Affiliates are excluded from the calculation of any such approval or written consent:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
 - (i) if a CPC holds its own shares, the CPC, and
 - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction.

“NI 41-101” means National Instrument 41-101 *General Prospectus Requirements* or any successor instrument(s).

“NI 43-101” means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or any successor instrument(s).

“NI 51-101” means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or any successor instrument(s).

“NI 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations* or any successor instrument(s).

“NI 52-110” means National Instrument 52-110 *Audit Committees* or any successor instrument(s).

“Non-Arm’s Length Party” means:

- (a) in relation to a Company:
 - (i) a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any of such Persons; or
 - (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Company; and
- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person.

“Non-Arm’s Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of the Vendor(s), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Person” means a Company or individual.

“Qualifying Transaction” means a transaction where the CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another Company or by other means.

“Resulting Issuer” means the Issuer that was formerly a CPC, which exists upon issuance of the Final QT Exchange Bulletin.

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the Initial Listing Requirements of the Exchange.

“Sponsor” has the meaning specified in Exchange Policy 1.1 - *Interpretation*.

“Target Company” means a Company to be acquired by the CPC as its Significant Assets pursuant to a Qualifying Transaction.

“Vendor(s)” means one or all of the beneficial owners of the Significant Assets and/or Target Company.

“Voting Share” means a security of an issuer that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**FORM 3B1 - INFORMATION CIRCULAR FOR A QUALIFYING TRANSACTION/
FORM 3B2 - FILING STATEMENT FOR A QUALIFYING TRANSACTION**

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FORM 3C



**CERTIFIED FILING FOR PERSONS CONDUCTING
INVESTOR RELATIONS, PROMOTIONAL OR
MARKET-MAKING ACTIVITIES**

Re: _____ (the "Issuer")

Trading Symbol: _____

The undersigned hereby certifies that:

1. he or she is a director or senior officer of the Issuer and is duly authorized to certify the contents of this document on behalf of the Issuer;
2. the following Person (and authorized individual if Person is not an individual),
_____, is:
[name of Person and authorized individual, if applicable].
 - (a) acting as a Promoter of the Issuer: _____;
 - (b) conducting Investor Relations Activities for the Issuer: _____; or
 - (c) a Person engaged in market-making activities for or on behalf of the Issuer:
_____;
3. any agreements or understandings between the Issuer and the Person for the provision of the services referred to above are, or reflect in all respects, the requirements of, Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*;
4. the Person, where applicable, has filed a Personal Information Form or Declaration (as applicable) with the TSX Venture Exchange; and
5. there are no material changes in the affairs of the Issuer which have not been publicly disclosed as of the date below.

Dated this _____ day of _____, _____

Name of Director or Senior Officer (please type or print)

Signature of Director or Senior Officer

Official Capacity/Title

FORM 3D1 - INFORMATION REQUIRED IN AN INFORMATION CIRCULAR FOR A REVERSE TAKEOVER OR CHANGE OF BUSINESS / FORM 3D2 – INFORMATION REQUIRED IN A FILING STATEMENT FOR A REVERSE TAKEOVER OR CHANGE OF BUSINESS

INSTRUCTIONS:

- (1) *This form is applicable to Issuers proposing to effect a Reverse Takeover (RTO) or Change of Business (COB) in accordance with Policy 5.2 – Changes of Business and Reverse Takeovers.*
- (2) *In circumstances where a meeting of securityholders is not required by the Exchange or is not otherwise required by law (e.g., where there will not be a change of auditor, election of new directors, name change, share consolidation, amalgamation, etc.), this form will be known as a filing statement. Where a meeting of securityholders is required by the Exchange or otherwise required by law, this form will be known as an information circular. In order to distinguish between the requirements for a filing statement and an information circular, all shaded portions of this document and any disclosure thereunder, shall be applicable solely to the information circular, and in those circumstances all references to “filing statements” may be ignored in preparing the information circular. Issuers preparing an information circular must comply with the disclosure requirements of the applicable securities legislation.*
- (3) *This form sets out specific disclosure requirements that must be followed in connection with an Issuer undertaking either an RTO or a COB (a Transaction). The objective of the filing statement/information circular is to provide full, true and plain disclosure of all material facts relating to the Target Company (or, if there is no Target Company, the Target Assets) and the issuer assuming completion of the Transaction in order for a securityholder to make an informed decision respecting the approval of such Transaction.*
- (4) *Terms used and not defined in this Form that are defined or interpreted in: (i) policies (collectively the “Policies”) of the TSX Venture Exchange Inc. (the “Exchange”) including, without limitation, Exchange Policy 1.1 – Interpretation and Exchange Policy 5.2 – Changes of Business and Reverse Takeovers; or (ii) National Instrument 14-101-Definitions, shall bear that definition or interpretation.*
- (5) *The terms “issuer”, “Target Company” and “Resulting Issuer”, unless otherwise specified, shall also include disclosure with respect to each such company’s subsidiaries, and investees. If it is probable that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company. For this purpose, “investees” is defined to mean any entity that the Handbook recommends be accounted for by the equity method or the proportionate consolidation method.*

- (6) *In determining the degree of detail required a standard of materiality should be applied. Materiality is a matter of judgment in each particular circumstance, and should generally be determined in relation to an item's significance to securityholders, investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change a securityholder's or the Exchange's decision with respect to approving the proposed Transaction. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.*
- (7) *The disclosure must be understandable to readers and presented in an easy to read format. The presentation of information should comply with plain language principles. If technical terms are required, clear and concise explanations should be included. Disclosure must be factual and non-promotional. Statements of opinions, beliefs or views must not be made unless the statements are made on the authority of experts and consents are obtained and filed. The Exchange may require verification of such disclosure.*
- (8) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted. Information provided under one item of this Form need not be repeated under another item.*
- (9) *In respect of those items where a cross-reference is not specifically required, provide any appropriate cross-reference(s) to sections of the filing statement/information circular where further detail may be found.*
- (10) *Where information as to the identity of a person is disclosed, disclose whether the person is at arm's length to the issuer, Target Company or Resulting Issuer, as applicable or, if the person is a Non-Arm's Length Party, disclose the nature of the relationship. Where such Non-Arm's Length Party is not an individual, disclose the name of any individual who is an Insider of that Non-Arm's Length Party.*
- (11) *Where a Transaction is subject to Exchange Policy 5.9, the disclosure in this form must also include the relevant disclosure required to be included in an information circular, as mandated under Policy 5.9.*
- (12) *Whenever disclosure is required to be made of costs paid or to be paid by an issuer, Target Company, or Resulting Issuer, disclose the portion of the costs paid or to be paid to Insiders.*
- (13) *Except as otherwise required by this Form, the information contained must be given for a specified date not more than 30 days before the date on which it is first sent to any securityholder or submitted in final form to the Exchange. If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*
- (14) *If the term "class" is used in any item to describe securities, the term includes a series of a class.*
- (15) *If the issuer is engaged in oil and gas activities (as defined in National Instrument 51-101), disclosure in the filing statement/information circular must be consistent with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*

Item 1: Cover Page Disclosure

15.1 Cover Page Disclosure - State on the cover page the name of the issuer, whether the meeting to be held is an annual general and/or special meeting and the date the meeting is to be held.

15.2 Required Language - State in *italics* at the bottom of the cover page the following:

"Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the [Reverse Takeover or Change of Business, as applicable] described in this filing statement/information circular."

Item 2: Table of Contents

2.1 Table of Contents – Include a table of contents.

Item 3: Glossary

3.1 Glossary – Include a glossary of terms.

INSTRUCTION:

- (1) Where the Glossary includes any of the terms set out in Appendix 1 to this Form, provide the corresponding definition set out in Appendix 1.

Item 4: Summary of Filing Statement/Information Circular

4.1 Cautionary Language - At the beginning of the summary, include a statement in *italics*, in substantially the following form:

"The following is a summary of information relating to the issuer, [Target Company/Target Assets] and Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this filing statement/information circular."

4.2 General - Briefly summarize, near the beginning of the filing statement/information circular, information appearing elsewhere in the filing statement/information circular that, in the opinion of the issuer, would be most likely to influence a securityholder's decision to approve the proposed Transaction. Include:

- (a) a summary of the salient information relating to the holding of the meeting, including the time, place and date of the meeting, as well as each of the specific items of business to be considered at the meeting;
- (b) the principal terms of the Transaction, including the parties to such Transaction, a description of the asset and/or business and/or entity to be acquired, the aggregate consideration to be issued to effect the Transaction, including, as applicable, the aggregate number of securities to be issued to proceed with such Transaction and the deemed issue price per security;

- (c) a summary of the interests of any Insider, promoter or Control Person of the issuer and their respective Associates and Affiliates (before and after giving effect to the Transaction), including any consideration that such individual or party may receive if the Transaction proceeds;
- (d) a statement to the effect that the Transaction is not an Arm's Length Transaction; if the Transaction is not an Arm's Length Transaction, a statement to that effect in **bold print** and provide a brief summary thereof, based on information required by Item 13 of this Form;
- (e) a summary of the estimated funds available to the Resulting Issuer based on information as required by Item 32.1 of the Form and the principal purposes of those funds based on information as required by Item 32.3, after giving effect to the Transaction;
- (f) selected pro forma consolidated financial information;
- (g) details respecting the issuer's listing on the Exchange and, if applicable, whether any public market exists for the securities of the Target Company;
- (h) a statement as to the market price of the securities of the issuer and, if applicable, the Target Company on the date immediately preceding the announcement of the Transaction, and the market price of those securities as of the latest practicable date;
- (i) a summary of any relationship or other arrangement between the issuer and the Target Company or Vendor and any Agent or Sponsor in connection with the Transaction based on information as required under Item 41 of the Form;
- (j) a summary of the details of any conflicts of interest;
- (k) a summary of the interests of experts, if any, based on information as required under Item 42.2 of the Form;
- (l) a summary of risk factors.

INSTRUCTION:

- (1) *Provide appropriate cross-references to additional information respecting these items in the filing statement/information circular.*

4.3 Conditional Listing Approval – If application has been made to the Exchange to accept the Transaction and conditional listing acceptance has been received, include a statement in substantially the following form, with the bracketed information completed:

“The Exchange has conditionally accepted the Transaction subject to [the name of the issuer] fulfilling all of the requirements of the Exchange.”

PROXY RELATED INFORMATION

Item 5: Proxy Related Matters

5.1 General Proxy Information – Provide the disclosure to be included in an information circular as required by applicable securities legislation, including National Instrument 51-102 – *Continuous Disclosure Obligations*.

INSTRUCTION:

- (1) *If the required disclosure is specified elsewhere in this form, a cross reference may be made.*

5.2 Requisite Securityholder Approval(s) – Disclose the level of securityholder approval required in order for the Transaction or any other matter(s) to be approved.

INSTRUCTIONS:

- (1) *In setting forth the applicable securityholder approval(s) take into account the Majority of the Minority Approval required by the Exchange and any applicable corporate laws, securities legislation or securities directions which mandate the appropriate level of securityholder approval required in respect of each matter to be considered at the meeting.*
- (2) *In the event that certain votes are to be excluded in the calculation of votes to determine the required level of securityholder approval, clearly disclose:*
- (a) *the category of parties whose votes are to be excluded in accordance with the Majority of the Minority Approval required by the Exchange or any applicable securities legislation, securities directions, or otherwise; and*
 - (b) *as known to management, the total number of securities anticipated to be excluded from voting in respect of each matter.*

5.3 Dissenting Rights of Securityholders – In the event that securityholders are entitled to exercise rights of dissent under corporate or other applicable legislation in relation to the Transaction or other matter(s), provide a summary of the rights of dissent.

INSTRUCTION:

- (1) *In addition to the summary of dissent rights, a copy of an excerpt from applicable corporate or other legislation describing such rights of dissent may be attached as an appendix to the information circular.*

5.4 Risk Factors – Include a comprehensive description of the risk factors that a reasonable holder of securities in the issuer would consider relevant and in approving the Transaction or that would be material to a holder of securities in the Resulting Issuer after giving effect to the Transaction. Describe factors such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on or to be carried on by the Resulting Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that in the opinion of the issuer would be most likely to influence a securityholder's decision to vote in favour of the Transaction and/or that would be material to a holder of securities in the Resulting Issuer.

INSTRUCTION:

- (1) *Risks should be disclosed in the order of their seriousness.*

INFORMATION CONCERNING THE ISSUER

Item 6: Corporate Structure

6.1 Name and Incorporation

- (1) State the full corporate name of the issuer and the address(es) of the issuer's head and registered office.
- (2) State the statute under which the issuer is incorporated or continued or organized. If material, state whether the articles or other constituting or establishing documents of the issuer have been amended and describe the substance of the material amendments.

Item 7: General Development of the Business

7.1 History – Describe the general development of the business of the issuer since incorporation. Include only major events or conditions that have influenced the general development of the business of the issuer.

7.2 Financing - If the issuer, or any Non-Arm's Length Party to the Transaction, is proceeding with any manner of financing in conjunction with the Transaction, provide details, including, as applicable, the following:

- (a) If securities are being distributed for cash, provide details respecting the issue price per security, any agent fees, agent options or discounts and the proceeds to the issuer or such Non-Arm's Length Party.
- (b) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum subscriptions, if applicable.
- (c) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.
- (d) Disclose commissions paid or payable in cash by the issuer or such Non-Arm's Length Party and discounts granted. Also disclose:
 - (i) Commissions or other consideration paid or payable by persons or companies other than the issuer or such Non-Arm's Length Party;
 - (ii) Consideration other than discounts granted and cash paid or payable by the issuer or such Non-Arm's Length Party, including warrants and options; and
 - (iii) Any finder's fees or similar required payment.

INSTRUCTIONS:

- (1) *The description of the number and type of securities being distributed shall include the restricted security terms, if any, disclosed in accordance with the requirements of applicable securities legislation or applicable securities directions.*
- (2) *Include a description of any other manner of financing being undertaken by or on behalf of the issuer in connection with the proposed Transaction.*

Item 8: Selected Consolidated Financial Information and Management's Discussion and Analysis

8.1 Selected Information - Provide the following financial data for the issuer in summary form for each completed financial year and any period subsequent to the most recent financial year end for which financial statements are included in the filing statement/information circular:

1. Total expenses.
2. Amounts deferred in connection with the Transaction.

8.2 Management's Discussion and Analysis - Provide MD&A for the most recently completed annual financial statements and the most recent subsequently completed interim period of the issuer included in the filing statement/information circular.

INSTRUCTIONS:

- (1) *An issuer may satisfy the MD&A requirements for results of operations by discussing expense items on a cumulative from inception basis if the issuer also presents cumulative from inception information for expenses in the summary data required in Item 8.1 above.*

Item 9: Description of the Securities

9.1 Securities - If securities of the issuer are being distributed in connection with the Transaction, describe all material attributes and characteristics, including:

- (a) dividend rights;
- (b) voting rights;
- (c) rights upon dissolution or winding-up;
- (d) pre-emptive rights;
- (e) conversion or exchange rights;
- (f) redemption, retraction, purchase for cancellation or surrender provisions;
- (g) sinking or purchase fund provisions;
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- (i) provisions requiring a securityholder to contribute additional capital.

INSTRUCTION:

- (1) *If the securities are restricted securities, provide the description of the restricted security terms in accordance with the requirements of applicable securities legislation or applicable securities directions.*

Item 10: Stock Option Plan - If the issuer has an incentive stock option plan:

- (a) provide a summary of the incentive stock option plan, including details respecting vesting and restrictions on the aggregate number of securities which may be issued to an individual;
- (b) state how the option price is determined; and
- (c) disclose the termination provisions attaching to any stock options.

INSTRUCTIONS:

- (1) *Revise the foregoing, as need be to reflect the specific terms of the plan, having regard to the restrictions applicable to stock option plans generally set out in the Policies.*
- (2) *In the event that any matter to be acted upon at the meeting requires securityholder approval for an incentive stock option plan or an amendment to an incentive stock option plan, provide disclosure to reflect the plan or the specific amendments sought to be made to the plan and the reasons or rationale for any such amendments and detail any Policies that must be observed in order to permit approval of the plan or amendments to be made. This disclosure may be made under Item 37.2 of this Form.*

Item 11: Prior Sales – State the dates and the prices at which securities of the issuer have been sold within the 12 months before the date of the filing statement/information circular, and the number of securities of the class sold at each price.

INSTRUCTION:

- (1) *If sales of the securities were made to Non-Arm's Length Parties of the issuer, state this fact and detail the number of securities sold to such parties.*

11.1 Stock Exchange Price

- (1) If shares to be issued in connection with the Transaction are listed on the Exchange, provide the price ranges and volume traded on the Exchange.
- (2) Information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Item 12: Executive Compensation

12.1 Disclosure - Include in the filing statement/information circular the applicable disclosure required by Form 51-102F6 - *Statement of Executive Compensation* under National Instrument 51-102 *Continuous Disclosure Obligations* or its equivalent under applicable securities legislation and describe any intention to make any material changes to that compensation.

12.2 Compensation - In addition to the disclosure required by Item 12.1 above, include:

- (a) executive compensation disclosure for each of the issuer's three most highly compensated executive officers, in addition to the Chief Executive Officer and Chief Financial Officer, regardless of the amount of their compensation; and
- (b) disclosure as to compensation paid to the period ended as of the date of the most recent financial statements included in the filing statement/information circular.

12.3 Management Contracts

- (1) Where management functions of the issuer or any subsidiary are to any substantial degree performed by a person other than the directors or senior officers of the issuer or subsidiary:

- (a) state details of the agreement or arrangement under which the management functions are performed, including the name and address of any person who is a party to the agreement or arrangement or who is responsible for performing the management functions;
 - (b) state:
 - (i) the names in full and the municipality of residence of the insiders of any person with which the issuer or subsidiary has any agreement or arrangement referred to in clause (a); and
 - (ii) if the following information is known to the directors or senior officers of the issuer, the names and municipality of residence of any person that would be an Insider of any person with which the issuer or subsidiary has any such agreement or arrangement if the person were a reporting issuer;
- (2) With respect to any person named in answer to clause 1(a), state the amounts paid or payable by the issuer and its subsidiaries to the person since the commencement of the last financial year and give particulars including the form of compensation paid or payable; and
- (3) With respect to any person named in answer to clause 1(a) or (b) and their associates or affiliates, give particulars of:
 - (a) any indebtedness of the person, associate or affiliate to the issuer or its subsidiaries that was outstanding; and
 - (b) any transaction or arrangement of the person, associate or affiliate with the issuer or subsidiary,

at any time since the commencement of the issuer's last financial year.

INSTRUCTIONS:

- (1) *In giving the information called for by this section, it is not necessary to refer to any matter that in all the circumstances is of relative insignificance.*
- (2) *In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest paid or charged on the indebtedness.*
- (3) *It is not necessary to include as indebtedness amounts due from the particular person for purchases subject to usual trade terms, for ordinary travel and expense advances and for other like transactions.*

Item 13: Non-Arm's Length Party Transactions/Arm's Length Transactions

13.1 Non-Arm's Length Party Transactions

- (1) Describe any acquisition of assets or services or provision of assets or services in any transaction completed within 24 months before the date of the filing statement/information circular, or in any proposed transaction, where the issuer has obtained or proposes to obtain such assets or services from:
 - (a) any director or officer of the issuer;

- (b) a securityholder disclosed in the filing statement/information circular as a principal securityholder, either before or after giving effect to the Transaction; or
 - (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.
- (2) Describe the form and value of the consideration and, if the issuer has acquired any assets, the costs of the assets to the vendor of the same.

INSTRUCTIONS:

- (1) *Information with respect to executive compensation need not be disclosed in this section.*
- (2) *If any proposed transaction is a related party transaction that is subject to Exchange Policy 5.9, include the relevant disclosure required to be included in the information circular as mandated under Policy 5.9.*
- (3) *As an alternative to the disclosure in this section, provide a cross-reference to the items of the filing statement/information circular where the required disclosure is made.*

13.2 Arm's Length Transactions – If applicable, state that the proposed Transaction is an Arm's Length Transaction.

Item 14: Legal Proceedings

14.1 Legal Proceedings - Describe any legal proceedings material to the issuer to which the issuer is a party or of which any of its property is the subject matter and any such proceedings known to the issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

INSTRUCTION:

- (1) *No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the issuer. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings must be included in computing the percentage.*

Item 15: Auditor, Transfer Agents and Registrars

15.1 Auditor – State the name and address of the auditor of the issuer. State if action is to be taken at the meeting with respect to the appointment of a new auditor.

INSTRUCTION:

- (1) *If a change of auditors of the issuer will occur, include the summary of the reporting package as prescribed by section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations or any successor instrument and include a copy of the reporting package as an Appendix to the information circular.*

15.2 Transfer Agent and Registrar – State the names of the issuer's transfer agent(s) and registrar(s) and the location (by municipalities) of each register on which transfers of the securities may be recorded.

Item 16: Material Contracts

- 16.1 Material Contracts** – Give particulars of every material contract, other than contracts entered into in the ordinary course of business, entered into by the issuer and state a reasonable time and place in the applicable jurisdiction(s) where the contracts, or copies of the contracts, may be inspected without charge, until the date of closing of the Transaction/the meeting and for a period of 30 days thereafter.

INSTRUCTIONS:

- (1) *The term “material contract” for this purpose means a contract that can reasonably be regarded as material to a securityholder.*
- (2) *Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in the filing statement/information circular and provide particulars about those material contracts for which particulars are not given elsewhere in the filing statement/information circular.*
- (3) *Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.*

INFORMATION CONCERNING THE TARGET COMPANY AND/OR OTHER TARGET ASSETS

INSTRUCTIONS:

- (1) *Provide the disclosure required below for each Target Company.*
- (2) *If the proposed Transaction involves the acquisition of Target Assets (other than a Target Company), provide the disclosure under this Part, including Items 18, 19 and 20, as applicable.*

Item 17: Corporate Structure

17.1 Name and Incorporation

- (1) State the full corporate name of the Target Company or, if the Target Company is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Target Company’s head and registered office.
- (2) State the statute under which the Target Company is incorporated or continued or organized or, if the Target Company is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Target Company is established and exists. If material, state whether the articles or other constituting or establishing documents of the Target Company have been amended and describe the substance of the material amendments.

17.2 Intercorporate Relationships

- (1) Describe, by way of a diagram or otherwise, the intercorporate relationships among the Target Company and the Target Company’s subsidiaries. For each subsidiary state:
 - (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Target Company;
 - (b) the place of incorporation or continuance; and

- (c) the percentage of each class of restricted securities beneficially owned, or over which control or direction is exercised, by the Target Company.

INSTRUCTIONS:

- (1) *A particular subsidiary may be omitted if*
 - (a) *the total assets of the subsidiary do not constitute more than 10 percent of the consolidated assets of the Target Company at the most recent financial year end;*
 - (b) *the sales and operating revenues of the subsidiary do not exceed 10 percent of the consolidated sales and operating revenues of the Target Company at the most recent financial year end; and*
 - (c) *the conditions in paragraphs (a) and (b) would be satisfied if*
 - (i) *the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and*
 - (ii) *the reference to 10 percent in those paragraphs were changed to 20 percent.*
- (2) The description of the type of restricted security terms must be disclosed in accordance with the requirements of applicable securities legislation or securities directions.

Item 18: General Development of the Business

18.1 History – Describe the general development of the business of the Target Company over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the business of the Target Company. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Target Company that are expected to occur during the current financial year of the Target Company.

INSTRUCTION:

- (1) *Include, as applicable, the history of development of any principal products, including estimated development costs to the date of the most recent financial statements included in the filing statement/information circular.*
- (2) *Include the business of subsidiaries only insofar as is necessary to explain the character and development of the business conducted by the combined enterprise.*

18.2 Significant Acquisitions and Dispositions

- (1) Disclose:
 - (a) any significant acquisition completed by the Target Company(s), for which financial statements would be required under National Instrument 41-101 - *General Prospectus Requirements* if the filing statement/information circular was a prospectus of the Target Company; or

- (b) any significant disposition completed by the Target Company during the most recently completed financial year or the current financial year for which pro forma financial statements would be required under National Instrument 41-101 - *General Prospectus Requirements* if the filing statement/information circular was a prospectus of the Target Company.
- (2) Include particulars of:
- (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;
 - (b) the actual or proposed date of each acquisition or disposition;
 - (c) the consideration, both monetary and non-monetary, paid or to be paid to or by the Target Company, and, in the case of any share compensation, the deemed issue price per share and the aggregate deemed transaction value;
 - (d) any material obligations that must be complied with to keep any acquisition or disposition agreement in good standing;
 - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Target Company;
 - (f) any valuation opinion obtained within the last 12 months required under securities legislation or securities directions of a Canadian securities regulatory authority or a requirement of the Exchange or any other applicable Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Target Company or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
 - (g) whether the transaction is with an insider, associate, or affiliate or any other related party of the Target Company and if so, disclose the identity of the other parties and the relationship of the other parties to the Target Company. If the transaction is a non-arm's length or related party transaction, state the same in **bold print**.

Item 19: Narrative Description of the Business

19.1 General

- (1) Describe the business of the Target Company with reference to the reportable operating segments as defined in the Handbook and the Target Company's business in general. Include the following for each reportable operating segment of the Target Company:
 - 1. **Principal Products or Services** - For principal products or services,
 - (i) the methods of their distribution and their principal markets;
 - (ii) as dollar amounts or as percentages, for each of the last two completed financial years, the revenues for each category of principal products or services that accounted for 15 percent or more of total consolidated revenues for the applicable financial year derived from:
 - A. sales to customers, other than investees, outside the consolidated entity;
 - B. sales or transfers to investees;
 - C. sales or transfers to controlling securityholders; and

- (iii) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage, or if more than 10 percent of the funds available will be used for research and development:
 - A. the timing and stage of research and development programs that management anticipates will be reached using the funds available, as applicable;
 - B. the major components of the proposed programs that will be funded using the funds available, including an estimate and a breakdown of anticipated costs;
 - C. whether the Target Company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods;
 - D. the additional steps required to reach commercial production and an estimate of costs and timing; and
 - E. any material regulatory approvals that are required for the Target Company to achieve its stated business objectives.

2. Operations - Concerning production and sales,

- (i) the actual or proposed method of production of products and, if the Target Company provides services, the actual or proposed method of providing services;
- (ii) whether the Target Company is producing the products itself, is subcontracting out production, is purchasing the products or is using a combination of these methods;
- (iii) the location of existing property, plant and equipment, indicating whether the property, plant or equipment is owned or leased by the Target Company;
- (iv) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is not at arm's length with the Target Company;
- (v) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Target Company;
- (vi) the sources, pricing and availability of raw materials, component parts or finished products;
- (vii) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;
- (viii) the extent to which the business of the segment is cyclical or seasonal;

- (ix) a description of any aspect of the Target Company's business that may be affected in the 12 months following the date of the filing statement/information circular by renegotiation or termination of contracts or sub-contracts and the likely effect;
- (x) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Target Company in the current financial year and the expected effect, on future years;
- (xi) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;
- (xii) environmental regulations or controls on ownership or profit repatriation, or economic or political conditions that may materially affect the Target Company's operations; and
- (xiii) any risks associated with foreign operations of the Target Company and any dependence of the segments upon the foreign operations.

3. Market – Concerning the market for the products,

- (i) describe the market segment and specific geographical area in which the Target Company is selling or expects to sell its products as contemplated by its stated business objectives or intends to sell its products upon completion of its product development;
- (ii) describe material industry trends within the market segments and specific geographical areas described in the preceding subclause (3)(i) that may impact on the Target Company's ability to meet the Target Company's stated business objectives;
- (iii) disclose the extent of market acceptance of the products and the method used to determine whether market acceptance exists (whether based on market testing, surveys or similar research), including the names of the parties who performed the appropriate procedures and, if not at arm's length with the Target Company, their relationship with the Target Company;
- (iv) if applicable, state that obsolescence is a factor in the Target Company's industry and describe how the Target Company intends to maintain its competitive position;
- (v) describe the effect of any material market controls or regulations within the market segment and specific geographical area described in subclause (3)(i) that may effect the marketing of the products (such as marketing boards or export quotas); and
- (vi) describe the effect of any seasonal variation within the market segment and specific geographical area described in subclause (3)(i) that may affect the sales of the products.

4. **Marketing Plans and Strategies** – If the Target Company is currently marketing its products or will be marketing its products in order to achieve its stated business objectives, provide the following information regarding the Target Company's marketing plans and strategies,
- (i) describe when, how and by whom the products are or will be marketed and, if not at arm's length with the Target Company, their relationship with the Target Company;
 - (ii) disclose any marketing programs actual or proposed to meet the Target Company's stated business objectives and the major components of the marketing programs (trade shows, magazines, television or radio advertising);
 - (iii) provide a breakdown of costs for major components of the marketing programs;
 - (iv) disclose the Target Company's pricing policy (at market, discount or premium); and
 - (v) where after sales service, maintenance or warranties are a significant competitive factor, describe the differences between the Target Company's policies and those of its principal competitors.
5. **Competitive Conditions** - The competitive conditions in the principal markets and geographic areas in which the Target Company operates and, to the extent known after reasonable investigation by the Target Company, an assessment of the Target Company's competitive position including,
- (i) the names of the Target Company's principal competitors;
 - (ii) a comparison of the principal aspects of competition (price, service, warranty or product performance) between the Target Company and its principal competitors; and
 - (iii) potential sources of significant new competition.
6. **Future Developments** – If the products are at a commercial stage of development and generating revenue, but require further development or improvement, describe the additional steps required for such development or improvement and provide an estimate of the development costs and time periods, to the extent known, and describe any uncertainties relating to the completion of the steps, the estimate of the costs or the time periods.
7. **Proprietary Protection** – Where proprietary protection is normally obtained for the products describe,
- (i) the proprietary protection of the products including the duration of all material patents, copyrights and trade marks;

- (ii) if no proprietary protection has been obtained, the steps management intends to take to secure proprietary protection and, if known, the time periods for completing these steps, or explain why this proprietary protection has not or will not be obtained; and
- (iii) the steps taken by the Target Company, its subsidiaries and proposed subsidiaries to protect their respective know how, trade secrets and other intellectual property, including physical possession of source codes and any use of confidentiality or non-competition agreements.

8. Lending - With respect to lending operations of an Target Company's business, the investment policies and lending and investment restrictions.

- (2) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Target Company or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Target Company or any of its subsidiaries, within the three most recently completed financial years, or the current financial year.
- (3) Disclose the nature and results of any material reorganization of the Target Company or any of its subsidiaries within the last three completed financial years, or the current financial year.

INSTRUCTIONS:

- (1) *For the purpose of paragraph (1)1(iii) above, identify any material regulatory approvals that are required for the Target Company's products to be in commercial production.*
- (2) *For the purposes of paragraph (1)2(xii) above, only a summary of the potential impact is necessary.*
- (3) *For the purposes of paragraph (1)7 above, where the Target Company is the licensee under any material license agreement, provide the information where known after reasonable investigation, with respect to the licensor.*

19.2 Target Companies With Mineral Projects - For Target Companies that have a mineral project, disclose the following information for each property material to the Target Company:

1. Property Description and Location

- (a) The area (in hectares or other appropriate units) and location of the property. At a minimum, include a property location map and a property plan map. Additional maps that would facilitate a securityholder's evaluation of the mineral properties should also be included. Disclose whether or not the material claims are patented or unpatented, contiguous and legally surveyed.
- (b) The nature and extent of the Target Company's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights. Disclose if a title opinion has been obtained. If so, disclose any material qualifications to the title opinion and the relationship, if any, to the Target Company of the individual providing the title opinion.
- (c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject.

- (d) The commodities being sought, the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements.
- (e) To the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained.
- (f) To the extent known, all legal and environmental legislation and actions to which the properties are subject.

2. Accessibility, Climate, Local Resources, Infrastructure and Physiography

- (a) The means of access to the property.
- (b) The proximity of the property to a population centre and the nature of transport.
- (c) To the extent relevant to the mining project, the climate and length of the operating season.
- (d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.
- (e) The topography, elevation and vegetation.

3. History

- (a) The prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, any previous production on the property and any costs for work done for all prospecting, exploration, development and operations previously carried out on the property, to the extent known.
- (b) If a property was acquired within the three most recently completed financial years of the Target Company or during its current financial year from, or is intended to be acquired by the Target Company from, an insider or promoter of the Target Company or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Target Company and the consideration paid or intended to be paid to the vendor.
- (c) To the extent known, the name of every person or company that has received or is expected to receive a greater than five percent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

4. Geology Setting - The regional, local and property geology.

5. Exploration - The nature and extent of all exploration work conducted by, or on behalf of, the Target Company on the property, including

- (a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;
- (b) an interpretation of the exploration information;

- (c) whether the surveys and investigations have been carried out by the Target Company or a contractor, identifying the contractor;
 - (d) a discussion of the reliability or uncertainty of the data obtained in the program; and
 - (e) a breakdown of costs for the work done for all prospecting, exploration, development and operations previously carried out by the Target Company on the property.
6. **Mineralization** - The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.
7. **Drilling** – The type and extent of drilling including the procedures followed and an interpretation of all results.
8. **Sampling and Analysis** - The sampling and assaying including
- (a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;
 - (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;
 - (c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;
 - (d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval;
 - (e) quality control measures and data verification procedures, including a description of analytical methods used and names of all assay laboratories used, their accreditations and affiliations.
9. **Security of Samples** - The measures taken to ensure the validity and security of samples taken.
10. **Mineral Resources and Mineral Reserves**- The mineral resources and mineral reserves, if any, including
- (a) the quality and grade of each category of mineral resources and mineral reserves;
 - (b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;
 - (c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues; and
 - (d) if the estimate of mineral resources and mineral reserves is different from the estimate given by the writer of the technical report, disclose the name of the person making the estimate, the nature of the person's relationship to the Target Company, the issuer and the property, and the date the estimate was made.

11. **Mining Operations** - For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.
12. **Exploration and Development** - A description of the Target Company's current exploration or development activities, to the extent they are material.

INSTRUCTIONS:

- (1) *Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101- Standards of Disclosure for Mineral Projects, including the use of the appropriate terminology to describe mineral reserves and mineral resources.*
- (2) *Disclosure is required for each property material to the Target Company. Materiality is to be determined in the context of the Target Company's overall business and financial condition, taking into account quantitative and qualitative factors.*
- (3) *The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101. The information may also be derived from material contracts to which the Target Company is a party. Where information is derived from a technical report, identify the report title, author, report date and that the report is available for inspection upon request.*
- (4) *In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.*
- (5) *Sufficient information must be included under this item, so as to provide a securityholder with an opportunity to adequately evaluate the geological merits and/or economic prospects of the mineral properties without having to refer to a Geological Report.*

19.3 Target Companies with Oil and Gas Operations – For Target Companies that have oil and gas exploration projects intended to search for hydrocarbons from either conventional sources in their natural states and original locations or non-conventional sources such as, but not limited to, oil sands, shale and coal and are not reporting reserve estimates, disclose the following:

1. Property Description and Location

- (a) Location and basin/field name, accessibility, climate, local resources, infrastructure and physiography;
- (b) Include property land maps showing interest held, location of wells drilled, if any, and the status of these wells (whether producing, shut-in, disposal, suspended or abandoned, and with oil and gas identified separately);

- (c) Interest held (both gross and net), nature and extent of Target Company's title to, or interest in the property including surface rights, obligations to be met to retain property, expiry dates of leases, and any title issues to be dealt with. Disclose if a title opinion has been obtained. If so, disclose any material qualifications to the title opinion and the relationship, if any, to the Target Company of the individual providing the title opinion;
- (d) Gross area of the property/lease, the assigned petroleum and natural gas rights with all depths, certain depths or formation; and
- (e) To the extent known, all legal and environmental legislation and actions to which the properties are subject.

2. **Geology Description and Resource Estimates**

- (a) Summarize the petroleum geology in the area utilizing available geology, geophysics, and production data, that includes geological name, lithology, brief geological description of target formation, and depth of targeted zones;
- (b) Proximity to production or any analog wells in production;
- (c) Size (range of pool or field sizes expected).

3. **Exploration and Development**

- (a) Information as to results of all exploration activity including procedures and parameters related to surveys and investigations;
- (b) Interpretations, conclusions and recommendations of the author of the Geological Reports including results and interpretations of field, analytical and testing data and other relevant data as well as a discussion of adequacy and reliability of data, and any areas of uncertainty;
- (c) Information as to whether the surveys and investigations have been carried out by the Target Company or a contractor, identifying the contractor; and include a discussion as to the reliability or uncertainty of the data obtained in the program; and
- (d) A breakdown of costs incurred to date on exploration and development on the properties/leases including acquisition costs.

INSTRUCTION:

- (1) *The information required by this section shall be derived from or supported by information obtained from Geological Reports prepared in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook (COGE Handbook) and more particularly in accordance with Sections 10 and 11 of the COGE Handbook, and Parts 5.9 and 5.10 of National Instrument 51-101.*
- (2) *Where information is based on property reports, identify the report title, author, report, date and that they are available for inspection upon request.*

- (3) *If resource estimates are reported and/or fair market values are used under this item, estimation methodology and disclosure must be made in accordance to Section 10 of the COGE Handbook and Part 5.9 and 5.10 of NI 51-101 and supporting material disclosure should include parameters and assumptions used.*
- (4) *Sufficient information must be included in this item, so as to provide a securityholder with an opportunity to evaluate the geological merits and/or economic prospects of the properties without having to refer to a Geological Report.*

19.4 Target Companies with Oil and Gas Activities

This Item applies if the Target Company, engaged in oil and gas activities (as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*) is reporting reserve estimates and indicates in the filing statement/information circular that information disclosed therein is presented in accordance with National Instrument 51-101.

1. Reserves Data and Other Information

- (a) Disclose the information prescribed by Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*:
 - (i) as at the end of, and for, the most recent financial year for which the filing statement/information circular includes an audited balance sheet of the Target Company; or
 - (ii) in the absence of a completed financial year referred to in clause (i), as at the most recent date for which the filing statement/information circular includes an audited balance sheet of the Target Company, and for the greatest portion of the financial year that includes the date of that balance sheet and for which the filing statement/information circular includes an audited income statement of the Target Company.
- (b) To the extent not reflected in the information disclosed in response to paragraph (a), disclose the information contemplated by Part 6 of National Instrument 51-101, in respect of material changes that occurred after the applicable balance sheet date referred to in paragraph (a).
- (c) Disclose the number and status of gross and net wells currently owned, by property, and whether producing, non-producing or shut-in.
- (d) To the extent known, disclose all legal and environmental legislation and actions to which the property is subject.

2. Report of Qualified Reserves Evaluator or Auditor

Include with the information disclosed under section 1 the report of one or more qualified reserves evaluators or qualified reserves auditors, referred to in Item 2 of section 2.1 of National Instrument 51-101, on the reserves data included in the disclosure provided under paragraph 1(a) of this Item.

3. Report of Management and Directors

Include with the information disclosed under section 1 the report of management and directors, referred to in Item 3 of section 2.1 of National Instrument 51-101, relating to that information.

INSTRUCTIONS:

- (1) *A Target Company must make a statement under this item that its reserve estimates have been prepared in accordance with National Instrument 51-101.*
- (2) *The Target Company may require the written consent of a qualified reserves evaluator or qualified reserves auditor to disclose information in this Form, pursuant to section 5.7 of National Instrument 51-101.*

Item 20: Selected Consolidated Financial Information and Management's Discussion and Analysis

20.1 Annual Information - Provide the following financial data for the Target Company in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements are included in the filing statement/information circular accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions, management bonuses and major changes in the direction of the Target Company's business:

1. Net sales or total revenues.
2. Income from continuing operations.
3. Net income or loss, in total.
4. Total assets.
5. Total long term financial liabilities as defined in the Handbook.
6. Cash dividends declared.
7. Such other information as the Target Company believes would enhance an understanding of and would highlight other trends in financial condition and results of operations.

20.2 Quarterly Information

- (1) For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs 1, 2 and 3 of Item 20.1.
- (2) For a Target Company that has not been a reporting issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs 1, 2 and 3 of Item 20.1 for the period that the Target Company was not a reporting issuer only if the Target Company has prepared quarterly financial statements for that period.

20.3 Foreign GAAP or International Financial Reporting Standards - A Target Company may present the selected consolidated financial information required in this Item on the basis of Foreign GAAP or International Financial Reporting Standards if:

- (a) the Target Company's primary financial statements have been prepared using Foreign GAAP or International Financial Reporting Standards; and
- (b) a reconciliation to Canadian GAAP is required, the Target Company provides a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP.

INSTRUCTIONS:

- (1) *If financial information that is included in the summary is derived from financial statements included in the filing statement/information circular, but the financial filing information is neither directly presented in, nor readily determinable from, the financial statements, include a reconciliation to the financial statements in notes.*
- (2) *If financial information that is included in the filing statement/information circular is derived from financial statements that are not included in the filing statement/information circular, indicate in the lead- in to the summary the source from which the information is extracted, the percentage interest that the Target Company has in the person or company, the GAAP principles used, the name of the auditors, the date of the report, and the nature of the opinion expressed.*
- (3) *Disclose the derivation of ratios included in the filing statement/information circular in notes.*
- (4) *Information included in the filing statement/information circular should be presented in a manner that is consistent with the intent of Canadian accounting recommendations and practices (e.g., cash flow data should not be interspersed with amounts from an income statement in a manner which suggests that cash flow data has been or should be presented in an income statement, and cash flow data should not be presented in a manner that appears to give it prominence equal to or greater than earnings data).*

20.4 Management's Discussion and Analysis

- (1) Provide MD&A for the annual financial statements of the Target Company included in the filing statement/information circular prepared in accordance with the requirements of Form 51-102F1 under National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) If the Target Company is incorporated, organized or continued under the laws of Canada or another jurisdiction and has based the discussion in the MD&A on financial statements prepared in accordance with foreign GAAP, provide a restatement of those parts of the MD&A that would read differently if they were based on financial statements of the Target Company prepared in accordance with Canadian GAAP.
- (3) If a Target Company's primary financial statements have been prepared using foreign GAAP and the Target Company is required under securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements, or has otherwise done so at that time, then provide a cross-reference in the MD&A to the notes to the financial statements containing the reconciliation.
- (4) Include MD&A for the interim financial statements of the Target Company included in the filing statement/information circular prepared in accordance with Form 51-102F1.

INSTRUCTION:

- (1) *The two-year comparisons required may be presented as a single three-year comparison.*

20.5 Trends - Discuss any trend, commitment, event or uncertainty that is both presently known to management of the Target Company and reasonably expected to have a material effect on the Target Company's business, financial condition or results of operations, providing forward- looking information based on the Target Company's expectations as of the date of the filing statement/information circular.

INSTRUCTION:

- (1) *Target Companies are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable effect of a known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently known information that is reasonably expected to have a material effect on future operating results, such as known future increases in costs of labour or materials, which information is required to be disclosed.*

Item 21: Description of the Securities

21.1 Securities - If securities of the Target Company are being distributed in connection with the Transaction, describe all material attributes and characteristics, including:

- (a) dividend rights;
- (b) voting rights;
- (c) rights upon dissolution or winding-up;
- (d) pre-emptive rights;
- (e) conversion or exchange rights;
- (f) redemption, retraction, purchase for cancellation or surrender provisions;
- (g) sinking or purchase fund provisions;
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- (i) provisions requiring a securityholder to contribute additional capital.

INSTRUCTION:

- (1) *If the securities are restricted securities provide the description of the restricted security terms in accordance with the requirements of applicable securities legislation or applicable securities directions.*
- (2) *This item requires only a brief summary of the provisions which would be material to securityholders and would be material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the Target Company's discretion, be attached as a schedule to the filing statement/information circular.*
- (3) *No information need be given as to any class of securities that is to be redeemed or otherwise retired if appropriate steps to assure redemption or retirement have been or will be taken before or contemporaneously with the delivery of the securities being distributed pursuant to the Transaction.*

- 21.2 Other Securities** - If debt securities or securities other than shares are being distributed in connection with the Transaction, provide the relevant disclosure required under Item 10.2 of Form 41-101F1 pursuant to National Instrument 41-101.

Item 22: Consolidated Capitalization

22.1 Consolidated Capitalization

- (1) Describe any material change in, and the effect of the material change on, the share and loan capital of the Target Company, on a consolidated basis, since the date of the comparative financial statements for the Target Company's most recently completed financial year contained in the filing statement/information circular. Where applicable, provide the information in accordance with the form of table below.

| Column 1 | Column 2 | Column 3 | Column 4 |
|-------------------------|---------------------------------------|---|--|
| Designation of Security | Amount authorized or to be authorized | Amount outstanding as of the date of the most recent balance sheet contained in the filing statement/information circular | Amount outstanding as of a specific date within 30 days of the filing statement/information circular prior to giving effect to the Transaction |

- (2) Set out in a note the number of securities subject to option and the exercise price(s) and expiry date(s) of the same, as well as any options to be granted under the Target Company's stock option plan, and any other convertible securities outstanding.
- (3) Set out in a note the deficit or retained earnings as at the date of the most recent balance sheet contained in the filing statement/information circular.
- (4) The 30-day period referred to in Column 4 is to be calculated within 30 days of the date of the filing statement/information circular.

Item 23: Prior Sales

- 23.1 Prior Sales** – State the dates and the prices at which securities of the Target Company have been sold within the 12 months before the date of the filing statement/information circular, or are to be sold, by the Target Company and the number of securities of the class sold or to be sold at each price.

INSTRUCTION:

- (1) *If sales of the securities were made to Non-Arm's Length Parties of the Target Company, state this fact and detail the number of securities sold to such parties.*

23.2 Stock Exchange Price

- (1) If securities of the same class as the securities to be distributed or issued in connection with the Transaction are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on a Canadian stock exchanges or markets on which the greatest volume of trading generally occurs.
- (2) If securities of the same class as the securities to be distributed or issued in connection with the Transaction are not listed on the Exchange or another Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs.
- (3) Information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

Item 24: Executive Compensation

24.1 Disclosure - Include in the filing statement/information circular the applicable disclosure required by Form 51-102F6 – *Statement of Executive Compensation* under National Instrument 51-102 *Continuous Disclosure Obligations* or its equivalent under applicable securities legislation and describe any intention to make any material changes to that compensation.

24.2 Compensation - In addition to the disclosure required by Item 24.1 above, include:

- (a) executive compensation disclosure for each of the Target Company's three most highly compensated executive officers, in addition to the Chief Executive Officer and Chief Financial Officer, regardless of the amount of their compensation; and
- (b) disclosure as to compensation paid to the period ended as of the date of the most recent financial statements included in the filing statement/information circular.

24.3 Management Contracts

- (1) Where management functions of the Target Company or any subsidiary are to any substantial degree performed by a person other than the directors or senior officers of the Target Company or subsidiary:
 - (a) state details of the agreement or arrangement under which the management functions are performed, including the name and municipality of residence of any person who is a party to the agreement or arrangement or who is responsible for performing the management functions;
 - (b) state:
 - (i) the names in full and the municipality of residence, of the insiders of any person with which the Target Company or subsidiary has any agreement or arrangement referred to in clause (a); and
 - (ii) if the following information is known to the directors or senior officers of the Target Company, the name and municipality of residence of any person that would be an Insider of any person with which the Target Company or subsidiary has any such agreement or arrangement if the person were a reporting issuer;

- (2) With respect to any person named in answer to clause 1(a), state the amounts paid or payable by the Target Company and its subsidiaries to the person since the commencement of the last financial year and give particulars including the form of compensation paid or payable; and
- (3) With respect to any person named in answer to clause 1(a) or (b) and their associates or affiliates, give particulars of:
 - (a) any indebtedness of the person, associate or affiliate to the Target Company or its subsidiaries that was outstanding; and
 - (b) any transaction or arrangement of the person, associate or affiliate with the Target Company or subsidiary,
 at any time since the commencement of the Target Company's last financial year.

INSTRUCTIONS:

- (4) *In giving the information called for by this section, it is not necessary to refer to any matter that in all the circumstances is of relative insignificance.*
- (5) *In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest paid or charged on the indebtedness.*
- (6) *It is not necessary to include as indebtedness amounts due from the particular person for purchases subject to usual trade terms, for ordinary travel and expense advances and for other like transactions.*

Item 25: Non-Arm's Length Party Transactions

25.1 Non-Arm's Length Party Transactions - Describe any acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of the filing statement/information circular, or in any proposed transaction, where the Target Company or any subsidiary of the Target Company has obtained such assets or services from:

- (a) any director, officer or promoter of the Target Company;
- (b) a securityholder disclosed in the filing statement/information circular as a principal securityholder, either before or after giving effect to the Transaction; or
- (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

Describe the form and value of the consideration and, if the Target Company has acquired any assets, the costs of the assets to the vendor of the same.

INSTRUCTIONS:

- (1) *Information with respect to the executive compensation need not be disclosed in this section.*
- (2) *Any debt settlement made by a Target Company to any of the individuals listed in paragraphs (a), (b) or (c) must be disclosed in this section.*
- (3) *As an alternative to the disclosure in this section, provide a cross-reference to the items of the filing statement/information circular where the required disclosure is made.*

Item 26: Legal Proceedings

- 26.1 Legal Proceedings** – Describe any legal proceedings material to the Target Company to which the Target Company or a subsidiary of the Target Company is a party or of which any of their respective property is the subject matter and any such proceedings known to the Target Company to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

INSTRUCTION:

- (1) *No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the Target Company and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings shall be included in computing the percentage.*

Item 27: Material Contracts

- 27.1 Material Contracts** – Give particulars of every material contract, other than contracts entered into in the ordinary course of business, that was entered into within the two years before the date of the filing statement/information circular, by the Target Company and state a reasonable time and place in the applicable jurisdiction(s) where the contracts, or copies of the contracts, may be inspected without charge, until the date of closing of the transaction/the meeting and for a period of 30 days thereafter.

INSTRUCTIONS:

- (1) *The term “material contract” for this purpose means a contract that can reasonably be regarded as material to a securityholder and/or proposed investor in the securities being distributed and may in some circumstances include contracts with a person or company providing the Target Company with promotional or investor relations services.*
- (2) *Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in the filing statement/information circular and provide particulars about those material contracts for which particulars are not given elsewhere in the information circular.*
- (3) *Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.*

INFORMATION CONCERNING THE RESULTING ISSUER

Item 28: Corporate Structure

28.1 Name and Incorporation

- (1) State the proposed corporate name of the Resulting Issuer and the address(es) of its head and registered office.
- (2) State the statute under which the Resulting Issuer will be incorporated, continued or organized and if material state whether the articles or other constituting documents of the issuer have or will be amended in conjunction with the Transaction and describe the substance of material amendments.

- (3) If material, provide a summary of the differences with respect to securityholder rights and remedies between the laws under which the issuer is governed and the laws which will govern the Resulting Issuer after giving effect to the Transaction.

28.2 Intercorporate Relationships – Describe, by way of a diagram or otherwise, the intercorporate relationships among the Resulting Issuer's subsidiaries after giving effect to the Transaction. For each subsidiary state:

- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Resulting Issuer;
- (b) the place of incorporation or continuance; and
- (c) if applicable, the percentage of each class of restricted securities beneficially owned, or over which control or direction is exercised, by the Resulting Issuer.

INSTRUCTION:

- (1) *The description of the type of restricted security terms must be disclosed in accordance with the requirements of applicable securities legislation or securities directions.*

Item 29: Narrative Description of the Business – Include the following:

- 1. Stated Business Objectives** – State the business objectives that the Resulting Issuer expects to accomplish using the funds available described under Item 32.
- 2. Milestones** – Describe each significant event that must occur for the business objectives described under 1. above to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.
- 3. Exploration and Development for Resulting Issuers with Mineral Projects** – Disclose for each property material to the Resulting Issuer, the contemplated exploration and development activities, to the extent they are material, including:
 - (a) the nature and extent of the proposed exploration and development program that is to be carried out by the Resulting Issuer using the available funds described under Item 32;
 - (b) a timetable for the program, by identifying the planned commencement and completion date of each significant component of the program which should include approximate dates for commencing and completing the planned exploration program, for releasing exploration results, and for obtaining necessary regulatory approvals;
 - (c) a breakdown of costs for the proposed program; and
 - (d) whether any of the properties are without known reserves or resources and whether the proposed program is an exploratory search for commercial quantities of the stated commodities.
- 4. Exploration and Development by Resulting Issuers with Oil and Gas Operations** – Describe the Resulting Issuer's contemplated exploration or development activities, to the extent they are material, including:
 - (a) the nature and extent of the proposed exploration and development program that is to be carried out by the Resulting Issuer using the available funds prescribed under Item 32;

- (b) a timetable for the program by identifying the planned commencement and completion date of each significant component of the program which should include approximate dates for commencing and completing the planned exploration program, for releasing exploration results, and for obtaining the necessary regulatory approvals;
- (c) a breakdown of costs for the proposed program;
- (d) information about expected product types, anticipated product prices, marketing and transportation arrangements;
- (e) if applicable, identifying the operator and its experience in acting as the operator; and
- (f) information about the risks and probability of success.

INSTRUCTIONS:

- (1) *The description of the Resulting Issuer's business objectives provided under paragraph 1 above should be more general than the description of the available funds required by Item 32. Available funds are generally expended in the course of achieving a broader objective.*
- (2) *The Resulting Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from a financial forecast or financial projection prepared in accordance with Parts 4A and 4B of National Instrument 51-102 or any successor instrument and is included in the filing statement/information circular.*
- (3) *Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Resulting Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period following completion of the Transaction.*
- (4) *For the purposes of paragraph 2 above:*
 - (a) *examples of significant events would include hiring of key personnel, establishing technical feasibility testing results, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.*
 - (b) *provide appropriate cross-references to related items to paragraph(s) found elsewhere in the filing statement/information circular.*
- (5) *For the purposes of paragraph 3 above, disclosure regarding mineral exploration and development on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.*
- (6) *For the purposes of paragraph 4 above, disclosure regarding oil and gas exploration on material properties is required to comply with National Instrument 51-101, and the COGE Handbook including the use of the appropriate terminology to describe resources and reserves.*
- (7) *Disclosure is required for each property material to the Resulting Issuer. Materiality is to be determined in the context of overall business and financial condition, taking into account quantitative and qualitative factors. A property will generally not be considered material to the Resulting Issuer if the book value of the property as reflected in the pro forma financial statements for the Resulting Issuer or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 percent of the book value of the total of the Resulting Issuer's mineral properties and related plant and equipment.*
- (8) *Provide a cross reference to the disclosure required by Item 19.*

Item 30: Description of the Securities - Provide the disclosure required by Item 21 of this Form, as if the Resulting Issuer was the Target Company, to describe the securities of the Resulting Issuer after giving effect to the Transaction.

Item 31: Pro Forma Consolidated Capitalization

31.1 Pro Forma Consolidated Capitalization - Describe the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis including dollar amounts, based on the pro forma consolidated financial statements contained in the filing statement/information circular after giving effect to the Transaction. Provide the information in accordance with the table below.

TABLE

| Column 1 Designation of Security | Column 2 Amount authorized or to be authorized | Column 3 Amount outstanding after giving effect to the Transaction |
|--|--|--|
|--|--|--|

INSTRUCTIONS:

- If financing is being effected in conjunction with the Transaction, include in the above table as another column, the amount outstanding as of a specific date within 30 days of the filing statement/information circular after giving effect to the Transaction and assuming minimum and maximum subscriptions pursuant to that financing and provide the appropriate cross-reference to the disclosure relating to such financing or as a note to the table disclose the information required by Item 7.2 of the Form.*
- Set out in a note the number of securities subject to option and include a cross reference to Item 39, as applicable.*
- Set out in a note the deficit or retained earnings on a consolidated basis, based on the pro-forma consolidated balance sheets contained in the filing statement/information circular.*

31.2 Fully Diluted Share Capital – Provide in a table the number and percentage of securities of the Resulting Issuer proposed to be outstanding on a fully diluted basis after giving effect to the Transaction and any other matters.

INSTRUCTIONS:

- The table may be presented separately or included in the table at Item 39 of this Form and should disclose both as a number and as a percentage all separate categories of securities on a fully diluted basis. For example, separate categories may include securities reserved as options to directors, officers and employees, securities reserved as options for agents, securities being issued pursuant to the Transaction etc.*
- If there is a financing being effected in conjunction with the Transaction and if there are minimum and maximum subscription levels, disclose the number of securities offered and the total on both a minimum and maximum basis.*
- A separate table shall be prepared for each class of securities of the Resulting Issuer that will be outstanding after giving effect to the Transaction.*

Item 32: Available Funds and Principal Purposes

32.1 Funds Available - Disclose the total funds available to the Resulting Issuer after giving effect to the Transaction and any concurrent financing and the following breakdown of those funds:

- (a) the estimated consolidated working capital (deficiency) as at the most recent month end prior to the date of the filing statement/information circular;
- (b) the net proceeds from the sale of any securities to be issued in connection with the Transaction and any concurrent financing to be undertaken by the issuer or the Target Company; and
- (c) the total other funds available to be used to achieve the principal purposes in Item 32.2.

32.2 Principal Purposes of Funds - Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available disclosed under Item 32.1 will be used by the Resulting Issuer. If the issuer or the Target Company is proceeding with a financing in conjunction with the completion of the Transaction, which financing is subject to a minimum and maximum subscription, provide disclosure as to the order of priority for the use of funds for the minimum and maximum subscriptions.

32.3 Dividends

- (1) Describe any restrictions that could prevent the Resulting Issuer from paying dividends.
- (2) Disclose the Resulting Issuer's dividend policy and, if a decision has been made to change the dividend policy, disclose the intended change in dividend policy.

INSTRUCTIONS:

- (1) *For the purposes of the disclosure this Item the phrase "for general corporate purposes" will generally not be sufficient.*
- (2) *Include as a footnote to the table set forth under this Item or otherwise, details of any payments made or intended to be made to Non-Arm's Length Parties.*
- (3) *Include disclosure in Item 32.2 as to estimated incidental costs relating to completing the Transaction or any financing.*
- (4) *Statements as to principal purposes for which the funds available are to be used must be cross-referenced to estimated costs to achieve the Resulting Issuer's business objectives, as disclosed pursuant to Item 29.*

Item 33: Principal Securityholders

- (1) Provide in a table the following information as known to the issuer or the Target Company, for each securityholder anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction and any other matter(s):
 - (a) The name and municipality of residence.
 - (b) The number or amount and percentage of securities owned of each class after giving effect to the Transaction and any other matters.

- (c) Whether the securities referred to in paragraph (b) are owned both of record and beneficially, of record only, or beneficially only.
- (2) If, to the knowledge of the issuer or Target Company, more than 10 percent of any class of voting securities of the Resulting Issuer is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and municipalities of residence of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (3) If, to the knowledge of the issuer or Target Company, any principal securityholder of the Resulting Issuer will be an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Resulting Issuer held by the person or company other than the holding of voting securities of the Resulting Issuer.
- (4) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

INSTRUCTIONS:

- (1) *If a company, partnership, trust or other unincorporated entity will be a principal securityholder of the Resulting Issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company or membership in the unincorporated entity, as the case may be, is a principal securityholder of the company or unincorporated entity. Include disclosure as to the percentage of holdings of securities in that company or unincorporated entity.*
- (2) *If the disclosure under this Item has been presented under another Item of this Form, make a cross-reference to that Item.*

Item 34: Directors, Officers and Promoters

34.1 Name, Address, Occupation and Security Holdings

- (1) List the name and municipality of residence of each proposed director and officer of the Resulting Issuer and indicate the positions and offices to be held with the Resulting Issuer and their respective principal occupations within the five preceding years, disclosing the applicable year(s).
- (2) State the period or periods during which each proposed director has served as a director of the issuer or Target Company and when his or her term of office with the Resulting Issuer will expire.
- (3) State the number and percentage of securities of each class of voting securities of the Resulting Issuer or any of its subsidiaries proposed to be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised by each director and officer as well as by all directors and officers of the Resulting Issuer as a group assuming completion of the Transaction.
- (4) Disclose the proposed board committees of the Resulting Issuer and identify the proposed members of each committee.
- (5) If the principal occupation of a director or officer of the Resulting Issuer is acting as an officer of a person or company other than the Resulting Issuer, disclose the fact and state the principal business of the person or company.

INSTRUCTION:

(1) Include by way of a note to the table the name and municipality of residence of each other officer and director of the Target Company not referenced at paragraph (1) above and the positions and offices held with the Target Company within the five preceding years.

34.2 Management - In addition to the above, provide the following information for each proposed member of management:

- (a) state the individual's name, age, position and proposed responsibilities with the Resulting Issuer and relevant educational background,
- (b) state whether the individual will work full time for the Resulting Issuer or what proportion of the individual's time will be devoted to the Resulting Issuer,
- (c) state whether the individual will be an employee or independent contractor of the Resulting Issuer,
- (d) state the individual's principal occupations or employment during the five years prior to the date of the filing statement/information circular, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business;
 - (ii) if applicable, that the organization was an affiliate of the issuer or Target Company;
 - (iii) positions held by the individual; and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Resulting Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Target Company or proposes to enter into such an agreement with the Resulting Issuer.

INSTRUCTIONS:

- (1) For purposes of this Item "management" means all directors, officers, employees, contractors and any other persons whose expertise is critical in providing a reasonable opportunity to achieve the stated business objectives of the Resulting Issuer and proposed subsidiaries.*
- (2) The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.*

34.3 Promoter Consideration – For each person or company that will be a promoter of the Resulting Issuer, or has been within the two years immediately preceding the date of the filing statement/information circular, a promoter of the issuer, Target Company, or a subsidiary of the Target Company, state:

- (a) the person or company's name and municipality of residence;

- (b) the number and percentage of each class of voting securities of the Resulting Issuer to be beneficially owned, directly or indirectly, or over which control or direction will be exercised;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind to be received by the promoter directly or indirectly from the Resulting Issuer or a subsidiary of the Resulting Issuer, and the nature and amount of any assets, services or other consideration therefore to be received by the Resulting Issuer or a subsidiary of the Resulting Issuer; and
- (d) for an asset acquired within the two years before the date of the filing statement/information circular by the issuer or Target Company or a subsidiary of the Target Company, or to be acquired by the Resulting Issuer or by a subsidiary of the Resulting Issuer from a promoter
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in paragraph (i) and the person or company's relationship with the issuer, Target Company, Resulting Issuer, the promoter, or an associate or affiliate of the issuer, Target Company, Resulting Issuer, or of the promoter, and
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

34.4 Corporate Cease Trade Orders or Bankruptcies - If a proposed director, officer or promoter of the Resulting Issuer or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of the filing statement/information circular, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity,

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

34.5 Penalties or Sanctions - Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

INSTRUCTION:

(1) A self-regulatory body means a professional self-regulatory authority that governs the activities of professional persons including barristers and solicitors, accountants, auditors, appraisers, engineers and geologists.

34.6 Personal Bankruptcies - If a proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the filing statement/information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter, state the fact.

34.7 Conflicts of Interest - Disclose particulars of existing or potential material conflicts of interest between the Resulting Issuer or a subsidiary of the Resulting Issuer and a proposed director, officer or promoter of the Resulting Issuer or a subsidiary of the Resulting Issuer.

34.8 Other Reporting Issuer Experience - Where any proposed director, officer or promoter of the Resulting Issuer, is or within the five years prior to the date of the filing statement/information circular has been, a director, officer or promoter of any other reporting issuer, state the name of the individual, the names and jurisdictions of those reporting issuers, any market on which the securities of those reporting issuers were traded and the periods during which the individual has so acted. The following tabular format is recommended, with bracketed information completed.

"The following table sets out the proposed directors, officers and promoters of the [Resulting Issuer] that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| <i>Name</i> | <i>Name and Jurisdiction of Reporting Issuer</i> | <i>Name of Trading Market</i> | <i>Position</i> | <i>From</i> | <i>To</i> |
|-------------|--|-----------------------------------|-----------------|-------------|-----------|
|-------------|--|-----------------------------------|-----------------|-------------|-----------|

Item 35: Executive Compensation

35.1 Executive Compensation – Provide disclosure of anticipated compensation, if known, for each of the Resulting Issuer's three most highly compensated executive officers, in addition to the proposed Chief Executive Officer and Chief Financial Officer, regardless of the anticipated amount of such compensation to be paid to such individuals, for the 12 month period after giving effect to the Transaction.

INSTRUCTION:

- (1) *The disclosure under this Item should include a proposed Statement of Executive Compensation prepared in accordance with the requirements of Form 51-102F6 under National Instrument 51-102 - Continuous Disclosure Obligations or its equivalent under applicable securities legislation.*

Item 36: Indebtedness of Directors and Officers

36.1 Indebtedness of Directors and Officers

- (1) Unless the indebtedness has been repaid on or before the date of the filing statement/information circular, disclose in substantially the following tabular form all indebtedness (other than routine indebtedness), and the other details prescribed in paragraph (2), for each individual who is a director or officer of the issuer or Target Company or is proposed to be a director or officer of the Resulting Issuer, and each other individual who at any time during the most recently completed financial year of the issuer or Target Company was, a director or officer of the issuer or Target Company, and each associate of such individual,
- (a) who is indebted to the issuer or Target Company or a subsidiary of the issuer or the Target Company; or
 - (b) whose indebtedness to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer, the Target Company or a subsidiary of the issuer or the Target Company.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

| Name and Principal Position | Involvement of Issuer/Issuer Subsidiary/Target Company/Target Subsidiary | Largest Amount Outstanding During [Last Completed Financial Year] | Amount Outstanding as at [current date] | Financially Assisted Securities Purchases During [Last Completed Financial Year] | Security for Indebtedness |
|-----------------------------|--|---|---|--|---------------------------|
| (a) | (b) | (\$) (c) | (\$) (d) | (#) (e) | (f) |
| | | | | | |

- (2) Include the following in the table required under paragraph (1):
- The name of the borrower (column (a)).
 - If the borrower is a director or officer of the issuer or Target Company or is a proposed director or officer of the Resulting Issuer, the principal position of the borrower. If the borrower was, during the year, a director or officer of the issuer or Target Company, the principle position of the borrower. If the borrower is included as an associate of any such director or officer, describe briefly the relationship of the borrower to any individual who is a director or officer of the issuer or Target Company or is proposed to be a director or officer of the Resulting Issuer, name that individual and provide the information that would be required under this subparagraph for that individual if he or she was the borrower (column (a)).

3. Whether the issuer or Target Company or a subsidiary of the issuer or the Target Company is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).
 4. The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).
 5. The aggregate amount of the indebtedness outstanding as at a specified date not more than 30 days before the date of the filing statement/information circular (column (d)).
 6. If the indebtedness was incurred to purchase securities of the issuer, Target Company or a subsidiary of the issuer or the Target Company, separately for each class of securities the aggregate number of securities purchased during the last completed financial year with the financial assistance (column (e)).
 7. The security, if any, provided to the issuer, Target Company, a subsidiary of the issuer or the Target Company or the other entity for the indebtedness (column (f)).
- (3) Disclose in the introduction to the table required under paragraph (1) the aggregate indebtedness of (a) all proposed officers, directors and employees of the Resulting Issuer and (b) the aggregate indebtedness of all officers, directors and employees of the issuer and (c) the aggregate indebtedness of officers, directors and employees of the Target Company and any subsidiary of the Target Company outstanding as at a specified date not more than 30 days before the date of the filing statement/information circular that will be owed to
- (a) the Resulting Issuer or a subsidiary of the Resulting Issuer; or
 - (b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or Target Company or any of its subsidiaries.
- (4) Disclose in a footnote to the table required under paragraph (1)
- (a) the material terms of the indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including the term to maturity, rate of interest and any understanding, agreement or intention to limit recourse, and the nature of the transaction in which the indebtedness was incurred;
 - (b) any material adjustment or amendment made to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding; and
 - (c) the class of the securities purchased with financial assistance or held as security for the indebtedness and, if the class of securities is not publicly traded, all material terms of the securities.

INSTRUCTIONS:

(1) *For purposes of this item, the following interpretation applies to the term "routine indebtedness":*

- (a) *A loan, whether or not in the ordinary course of business, is considered as routine indebtedness if made on terms, including terms relating to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the issuer or the Target Company to employees generally unless the amount at any time during the last completed financial year remaining unpaid under the loans to any one director or officer together with his or her associates exceeds \$25,000, in which case the indebtedness is not routine.*
- (b) *A loan made by the issuer, the Target Company or subsidiaries of the issuer or the Target Company to a director or officer, whether or not that entity makes loans in the ordinary course of business, is routine indebtedness if*
 - (i) *the borrower is a full-time employee of the issuer or the Target Company or a subsidiary of the issuer or the Target Company;*
 - (ii) *the loan is fully secured against the residence of the borrower; and*
 - (iii) *the amount of the loan does not exceed the annual aggregate salary of the borrower from the issuer or the Target Company and its subsidiaries.*
- (c) *If the issuer, the Target Company or a subsidiary of the issuer or the Target Company makes loans in the ordinary course of business, a loan to a person or company other than a full-time employee of the issuer or the Target Company or of a subsidiary of the issuer or the Target Company is routine indebtedness, if the loan*
 - (i) *is made on substantially the same terms, including terms relating to interest rate and security, as are available when a loan is made to other customers of the issuer or the Target Company with comparable credit ratings; and*
 - (ii) *involves no greater than usual risks of collectibility.*
- (d) *Indebtedness for purchases made on usual trade terms, for ordinary travel or expense advances or for loans or advances made for similar purposes is routine indebtedness if the repayment arrangements are in accordance with usual commercial practice.*
- (2) *For purposes of this item, "support agreement" includes an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.*

Item 37: Investor Relations Arrangements

37.1 Investor Relations Arrangements – If any written or oral agreement or understanding has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer, disclose the following information regarding such agreement or understanding:

- (a) the date of the agreement and the anticipated date that the services will commence;
- (b) the name, principal business and place of business of the person providing the services;
- (c) the background of the person providing the services;
- (d) whether the person will have:
 - (i) direct or indirect beneficial ownership of,

- (ii) control or direction over, or
- (iii) a combination of direct or indirect beneficial ownership of and of control or direction over,

securities of the Resulting Issuer;

- (e) whether the person has any right to acquire securities of the Resulting Issuer, either in full or partial compensation for services;
- (f) the consideration both monetary and non-monetary to be paid by the Resulting Issuer, including whether any payments will be made in advance of services being provided;
- (g) if the Resulting Issuer does not have sufficient funds to pay for the services, how the Resulting Issuer intends to pay for the services; and
- (h) the nature of the services to be provided, including the period during which the services will be provided.

INSTRUCTIONS:

- (1) *The disclosure in paragraphs (c) and (h) need only summarize the background and nature of services.*
- (2) *If there are no promotional or investor relations arrangement, so state.*

Item 38: Options to Purchase Securities

38.1 Options to Purchase Securities

- (1) State, in tabular form, as at a specified date not more than 30 days before the date of the filing statement/information circular, information as to options to purchase securities of the Resulting Issuer or a subsidiary of the Resulting Issuer that will be held upon completion of the Transaction by:
 - (a) all proposed officers of the Resulting Issuer as a group and all proposed directors of the Resulting Issuer who are not also officers as a group, indicating the aggregate number of officers and the aggregate number of directors to whom the information applies, naming each such individual;
 - (b) all officers of all subsidiaries of the Resulting Issuer as a group and all directors of those subsidiaries who are not also officers of the subsidiary as a group, in each case, naming each such individual and excluding individuals referred to in paragraph (a), indicating the aggregate number of officers and the aggregate number of directors to whom the information applies;
 - (c) all other employees of the Resulting Issuer as a group, without naming them;
 - (d) all consultants of the Resulting Issuer as a group, without naming them; and
 - (e) any other person or company, including any agent or underwriter, naming each person or company.

- (2) Include by way of notes to the table required by this Item, information as to options to purchase securities of the Resulting Issuer or a subsidiary of the Resulting Issuer that will be held upon completion of the Transaction by:
- (a) all officers and past officers of the issuer as a group and all directors and past directors of the issuer who are not also officers as a group, indicating the aggregate number of officers and the aggregate number of directors to whom the information applies, naming each such individual;
 - (b) all other employees and past employees of the issuer as a group, without naming them;
 - (c) all consultants of the issuer as a group, without naming them;
 - (d) all officers and past officers of the Target Company as a group and all directors and past directors of the Target Company who are not also officers as a group, indicating the aggregate number of officers and the aggregate number of directors to whom the information applies, naming each such individual;
 - (e) all officers and past officers of all subsidiaries of the Target Company as a group and all directors and past directors of those subsidiaries who are not also officers of the subsidiary as a group, in each case, naming each such individual and excluding individuals referred to in paragraph (a), indicating the aggregate number of officers and the aggregate number of directors to whom the information applies;
 - (f) all other employees and past employees of the Target Company as a group, without naming them;
 - (g) all other employees and past employees of subsidiaries of the Target Company as a group, without naming them; and
 - (h) all consultants of the Target Company as a group, without naming them.
- (3) Describe the options, stating the material provisions of each class or type of option, including:
- (a) the designation and number of the securities under option;
 - (b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;
 - (c) if reasonably ascertainable, the market value of the securities under option on the date of grant;
 - (d) if reasonably ascertainable, the market value of the securities under option on the specified date; and
 - (e) with respect to options referred to in paragraph (e) of Item 38.1, the particulars of the grant including the consideration for the grant.

INSTRUCTION:

- (1) *For the purpose of paragraph (1)(e), provide the information required for all options except warrants and special warrants.*

38.2 Stock Option Plan – If the Resulting Issuer will have an incentive stock option plan, provide the information required by Item 10 of this Form as if the Resulting Issuer was the issuer.

Item 39: Escrowed Securities

39.1 Escrowed Securities

- (1) State to the knowledge of the issuer and the Target Company as of the date of the filing statement/information circular, in substantially the following tabular form, the name and municipality of residence of the securityholder, the number of securities of each class of securities of the issuer or Target Company held in escrow and, in the case of the Resulting Issuer, anticipated to be held in escrow after giving effect to the Transaction, and the percentage that number represents of the outstanding securities of that class.

ESCROWED SECURITIES

| | | Prior to Giving Effect to the Transaction | | After Giving Effect to the Transaction | |
|--|----------------------|---|---------------------|---|---------------------|
| Name and Municipality of Residence of Securityholder | Designation of class | Number of securities held in escrow | Percentage of class | Number of securities to be held in escrow | Percentage of class |
| | | | | | |

- (2) In a note to the table, or by way of narrative disclosure in this section, disclose the name of the depository or escrow agent, if any, and the date of and conditions governing the release of the securities from escrow.
- (3) If there is a financing being effected in conjunction with the Transaction, include as a note to the table whether the information is being given before or after giving effect that financing and if there are anticipated to be securities subject to escrow, upon completion of such financing, then disclose that fact either in the table or in the notes.

INSTRUCTIONS:

- (1) *For purposes of this Item, escrow includes securities subject to a pooling agreement.*
- (2) *State all material conditions governing the transfer, release and cancellation of the escrowed securities.*
- (3) *Disclose the beneficial owners of the escrowed securities.*

Item 40: Auditor(s), Transfer Agent(s) and Registrar(s)

- 40.1 Auditor(s), Transfer Agent(s) and Registrar(s)** – Provide the information required by Item 15 of this Form as if the Resulting Issuer was the issuer.

GENERAL MATTERS

Item 41: Sponsorship and Agent Relationship

- 41.1 Sponsor** - State the name and address of any Sponsor or agent involved in the Transaction or in a concurrent financing disclosed under Item 7.2. State the nature of any relationship or interest between the Sponsor or agent and the issuer, including any security holdings in the issuer of the Sponsor or agent.
- 41.2 Relationships** - If the issuer or Target Company has entered into any agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future, disclose the following information regarding such services:
- (a) the date of the agreement;
 - (b) the name of the registrant;
 - (c) the consideration, both monetary and non-monetary, paid or to be paid; and
 - (d) a summary of the nature of the services to be provided, including the period during which the services will be provided, activities to be carried out and, where market making services will be provided, whether the registrant will commit its own funds to the purchase of securities of the issuer or the Target Company or the Resulting Issuer or whether the registrant will act as agent for others to do so.

Item 42: Experts

- 42.1 Opinions** - Name all experts responsible for opinions referred to in the filing statement/information circular.
- 42.2 Interest of Experts**
- (1) Disclose all direct or indirect interests in the property of the issuer, the Target Company or the Resulting Issuer or of an associate or affiliate of the issuer, the Target Company or Resulting Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the filing statement/information circular or prepared or certified a report or valuation described or included in the filing statement/information circular.
 - (2) Disclose the beneficial ownership, direct or indirect, by a person or company referred to in paragraph (1) of any securities of the issuer or the Target Company or any associate or affiliate of the issuer or the Target Company.
 - (3) For the purpose of paragraph (2), if the ownership is less than one percent, a general statement to that effect shall be sufficient.
 - (4) If a person, or a director, officer or employee of a person or company referred to in paragraph (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any associate or affiliate of the Resulting Issuer, disclose the fact or expectation.

42.3 Expertised Reports

- (1) In the event that there is any expertised report prepared to support the recommendation(s) of the board of directors of the issuer (i.e. an independent valuation, fairness opinion, appraisal etc.), include a comprehensive summary of the report which provides sufficient detail to allow the securityholders of the issuer to understand the principal judgments and principal underlying reasoning of the expert so as to form a reasoned judgment of the opinion or conclusion set forth in the report.
- (2) In addition to the disclosure referred to in paragraph (1) the issuer shall ensure that the summary:
 - (a) discloses
 - (i) the name of the author;
 - (ii) the date of the report, and
 - (iii) any distinctive material benefit that might accrue to a Non-Arm's Length Party of the issuer as a consequence of the Transaction, including the earlier use of available tax losses, lower income taxes, reduce costs or increase revenues;
 - (b) in the case of a valuation report, if the report differs materially from a prior valuation report obtained within the last 12 months, explain the differences between the two valuations or, if it is not practicable to do so, the reasons why it is not practicable to do so; and
 - (c) indicates an address where and the time period during which, a copy of the report is available for inspection.

INSTRUCTION:

- (1) *If the required disclosure is provided for elsewhere in the filing statement/information circular a cross-reference may be made to the applicable Item(s) in this Form.*

Item 43: Other Material Facts

- 43.1 Other Material Facts** - Give particulars of any material facts about the issuer, the Target Company, the Resulting Issuer or the Transaction that are not disclosed under the preceding items and are necessary in order for the filing statement/information circular to contain full, true and plain disclosure of all material facts relating to the issuer, the Target Company and the Resulting Issuer, assuming completion of the Transaction.

Item 44: Board Approval

- 44.1 Board Approval** – Provide confirmation that the board of directors of the issuer has approved the filing statement/delivery of the information circular to securityholders.

FINANCIAL STATEMENT REQUIREMENTS

Item 45: Financial Statements of the Issuer

45.1 Annual Financial Statements of the Issuer - Subject to Item 45.3, the issuer must include in its filing statement/information circular the following annual financial statements of the issuer:

1. Statements of income, retained earnings and cash flows for each of the three most recently completed financial years ended more than 120 days before the date of the filing statement/information circular.
2. A balance sheet as at:
 - (a) the last day of the most recently completed financial year, if any, ended more than 120 days before the date of the filing statement/information circular;
 - (b) the last day of the immediately preceding financial year, if any; or
 - (c) if the issuer has not completed one financial year, as at a date not more than 120 days before the date of the filing statement/information circular.

45.2 Interim Financial Statements of the Issuer - Subject to paragraph (3) of Item 45.3, the issuer must include in the filing statement/information circular the following interim financial statements of the issuer:

1. Statements of income, retained earnings and cash flows for the most recently completed interim period that ended more than 60 days before the date of the filing statement/information circular and for the comparable period in the immediately preceding financial year; and
2. A balance sheet as at the last day of the most recently completed interim period referred to in paragraph (1).

45.3 Additional Financial Statements or Financial Information of the Issuer Filed or Released

- (1) The issuer must include in the filing statement/information circular annual and interim financial statements of the issuer for a financial period that is more recent than the periods for which financial statements are required under Items 45.1 or 45.2 if, before the date of the filing statement/information circular, the financial statements for the more recent period have been filed on SEDAR.
- (2) If, before the date of the filing statement/information circular, financial information about the issuer for a period more recent than the financial period for which financial statements are required under Item 45.1 or 45.2 is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the issuer must include in the filing statement/information circular the content of the news release or public communication.
- (3) If annual financial statements are included in the filing statement/information circular for a financial year ended 120 days or less before the date of filing statement/information circular, the issuer may omit from the filing statement/information circular the financial statements for the most recently completed interim period of the issuer.

45.4 Audit Requirement for Financial Statements of the Issuer - Financial statements of the issuer included in the filing statement/information circular pursuant to Item 45.1 must be accompanied by an auditor's report without a reservation of opinion.

45.5 Exception to Audit Requirement for Interim Financial Statements of the Issuer - Despite Item 45.4, the issuer may omit from the filing statement/information circular an auditor's report for the issuer's interim financial statements required to be included under Item 45.2 or 45.3.

INSTRUCTIONS:

- (1) *Issuers are strongly encouraged to integrate the financial statements required under Item 45.1 into one set of financial statements covering off all required periods. Issuers integrating their interim and annual financial statements are not required to present both year-to-date and most recently completed interim statements of income, retained earnings and cash flows in accordance with Handbook paragraph 1751.16.*
- (2) *Issuers must ensure that the level of assurances required under NI 41-101 for the audit or review of financial statements accompany, or are included with, financial statements filed under Item 45.*

Item 46: Preparation of Target Company Financial Statements

46.1 Target Company Financial Statements - For the purposes of Items 46 to 49, the term "Target Company" includes any entity or combination of assets that is the subject of the RTO or COB. If the Target Company is a business (as this term is used in any General Prospectus Rules), financial statements of the Target Company are required by this Form.

46.2 Target Company Predecessor Entities and Combined Financial Statements

- (1) The financial statements of the Target Company required under Items 46 and 47 to be included in the filing statement/information circular include the financial statements of predecessor entities that carried on the business of the Target Company, even though the predecessor entities may have been different legal entities, and even though the Target Company has not existed for three years and was incorporated after the predecessor entities commenced operations.
- (2) The financial statements of the Target Company required under Items 46 and 47 must be presented on a combined basis where businesses carried on in different legal entities but under the same beneficial ownership or management are combined to form the Target Company or a predecessor entity to the Target Company.

INSTRUCTIONS:

- (1) *In this Item, General Prospectus Rules means National Instrument 41-101 – General Prospectus Requirements.*
- (2) *If the Target Company is not a business, Target Company financial statements under Items 46 and 47 are not required. In most cases, the Target Company is a business. Issuers concluding a Target Company is not a business should consider a pre-filing consultation with the Exchange on the conclusion.*
- (3) *A business is often carried on by the same beneficial owners but different legal owners. In cases where beneficial ownership or management of a business is unchanged, different legal ownership of the business should not be interpreted as a reason for not including Target Company financial statements in a filing statement/information circular. The period of existence for a Target Company is, for financial reporting purposes, the period when the Target Company has the same beneficial owners.*

- (4) *Financial statements covering periods of continuous beneficial ownership where legal ownership changes are often called "continuity-of-interest" financial statements. Financial statements covering more than one entity under common beneficial ownership are often called "combined" financial statements. There are cases where one set of financial statements will be prepared under both a "continuity-of-interests" and a "combined" basis.*
- (5) *If "continuity-of-interests" or "combined" financial statements cannot be prepared, additional financial statements for stand alone entities will be required to be filed in the filing statement/information circular.*
- (6) *Issuers are encouraged to consult with the Exchange on a pre-filing basis to ascertain what "continuity-of-interest" or "combined" financial statements should be in an filing statement/information circular.*

46.3 Target Company Divisional Financial Statements - The financial statements of the Target Company required under this Item to be included in the filing statement/information circular include stand-alone financial statements of the Target Company while it was a division, unit or component of a larger entity.

INSTRUCTIONS:

- (1) *The terms "divisional" and "carve-out" financial statements are often used interchangeably although a distinction is possible. Some companies maintain separate financial records and prepare financial statements for a business activity or unit which is operated as a division. Financial statements prepared from these financial records are often referred to as "divisional" financial statements. In certain circumstances, no separate financial records for a business activity are maintained; they are simply consolidated with the parent's records. In these cases, if the parent's financial records are sufficiently detailed, it is possible to extract or "carve-out" the information specific to the business activity in order to prepare separate financial statements of that business. Financial statements prepared in this manner are commonly referred to as "carve-out" financial statements. The guidance in Instructions (3), (4) and (5) applies to the preparation of both divisional and carve-out financial statements unless otherwise stated.*
- (2) *For the purposes of this instruction, the term "parent" refers to the vendor from whom the issuer purchased the business.*
- (3) *When complete financial records of the business to be acquired have been maintained, those records should be used for preparing and auditing the financial statements of the business. For the purposes of this section, it is presumed that the parent maintains separate financial records for its divisions.*
- (4) *When complete financial records of the business to be acquired do not exist, carve-out financial statements should generally be prepared in accordance with the following guidelines:*
 - (a) **Allocation of Assets and Liabilities** - *A balance sheet should include all assets and liabilities directly attributable to the business.*
 - (b) **Allocation of Revenues and Expense** - *Income statements should include all revenues and expenses directly attributable to the business. Some fundamental expenditures may be shared by the business and its parent in which case the parent's management must determine a reasonable basis for allocating a share of these common expenses to the business. Examples of such common expenses include salaries, rent, depreciation, professional fees, general and administration.*
 - (c) **Allocation of Income and Capital Taxes** - *Income and capital taxes should be calculated as if the entity had been a separate legal entity and filed a separate tax return for the period presented.*

- (d) **Disclosure of Basis of Preparation** - The financial statements should include a note describing the basis of preparation. If expenses have been allocated as discussed in Instruction 4(b), the financial statements should include a note describing the method of allocation for each significant line item, at a minimum.
 - (e) **Statements of Assets Acquired, Liabilities Assumed, and Statements of Operations** - When it is impracticable to prepare carve-out financial statements of a business, an issuer may be required to include in its prospectus for the business an audited statement of assets acquired and liabilities assumed and a statement of operations. Such a statement of operations should exclude only those indirect operating costs, such as corporate overhead, not directly attributable to the business. If these costs were previously allocated to the business and there is a reasonable basis of allocation, they should not be excluded. Issuers are encouraged to consult with the Exchange on a pre-filing basis when this circumstance arises.
- (5) Issuers are encouraged to consult with the Exchange on a pre-filing basis to ascertain what divisional financial statements should be in the filing statement/information circular.

Item 47: Financial Statements of the Target Company

47.1 Annual Financial Statements of the Target Company - Subject to Items 47.3 and 47.8, the following annual financial statements relating to the Target Company should be included in the filing statement/information circular:

1. Statements of income, retained earnings and cash flows for:
 - (a) each of the three most recently completed financial years ended more than 90 days before the date of the filing statement/information circular; or
 - (b) if the Target Company has not completed three financial years, each completed financial year ended more than 90 days before the date of the filing statement/information circular; or
 - (c) if the Target Company has not completed one financial year, the financial period from the date of formation to a date not more than 90 days before the date of the filing statement/information circular.
2. A balance sheet as at:
 - (a) the last day of the most recently completed financial year, if any, ended more than 90 days before the date of the filing statement/information circular;
 - (b) the last day of the immediately preceding financial year, if any; or
 - (c) if the Target Company has not completed one financial year, as at a date not more than 90 days before the date of the filing statement/information circular.

INSTRUCTIONS:

- (1) Issuers are strongly encouraged to integrate the financial statements required under Item 47.1 into one set of financial statements covering off all required periods.
- (2) Issuers must ensure that the level of assurances required under NI 41-101 for the audit or review of financial statements accompany, or are included with, financial statements filed under Item 47.

- (3) *A Target Company wishing to use either Foreign GAAP or International Financial Reporting Standards should review National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency for information about acceptable GAAP principles and auditing standards and the required reconciliation of different principles or standards.*

47.2 Interim Financial Statements of the Target Company – Subject to paragraph (2) of Item 47.3, a filing statement/information circular must include the following interim financial statements of the Target Company:

1. Statements of income, retained earnings and cash flows for the most recently completed interim period that ended more than 60 days before the date of the filing statement/information circular and for the comparable period in the immediately preceding financial year.
2. A balance sheet as at the last day of the most recently completed interim period referred to in paragraph 1.

INSTRUCTION:

- (1) *Target Companies integrating their interim and annual financial statements are not required to present both year-to-date and most recently completed interim statements of income, retained earnings and cash flows in accordance with Handbook paragraph 1751.16.*

47.3 Additional Financial Statements or Financial Information of the Target Company Filed or Released

- (1) If, before the date of the filing statement/information circular, financial information about the Target Company for a period more recent than the financial period for which financial statements are required under Item 47.1 or Item 47.2 is publicly disseminated by, or on behalf of, the Target Company through news release or otherwise, the filing statement/information circular must include the content of the news release or public communication.
- (2) If the Target Company's annual financial statements are included in the filing statement/information circular for a financial year ended 90 days or less before the date of the filing statement/information circular, the financial statements for the most recently completed interim period of the Target Company may be omitted from the filing statement/information circular.

47.4 Audit Requirement of Financial Statements of the Target Company - Financial statements of a Target Company included in the filing statement/information circular must be accompanied by an auditor's report without a reservation of opinion.

INSTRUCTIONS:

- (1) *Any audit report containing a reservation of opinion is a significant filing deficiency. There are limited cases where the Exchange may permit the inclusion of an audit report containing a reservation of opinion. Issuers should consult on a pre-filing basis with the Exchange in respect of any audit report containing a reservation of opinion.*

- 47.5 Exception to Audit Requirement for Interim Financial Statements of the Target Company -** Despite Item 47.4, an auditor's report for the Target Company's interim financial statements required to be included under Item 47.2 or Item 47.3 may be omitted from the filing statement/information circular.
- 47.6 Exception to Audit Requirement for Financial Statements in Certain Circumstances -** Despite Item 47.7, a Target Company may omit from the filing statement/information circular an auditor's report for its financial statements for the second and third most recently completed financial years for which financial statements are included in the filing statement/information circular if:
- (a) the auditor has not issued an auditor's report on the financial statements;
 - (b) the most recently completed financial year for which audited financial statements are included in the filing statement/information circular is not less than twelve months in length; and
 - (c) the Target Company is a junior issuer (as that term is defined under applicable General Prospectus Rules).
- 47.7 Exception to Annual Statement Requirement if More Recent Annual Financial Statements Included -** The Target Company's financial statements for the earliest financial year otherwise required under Item 47.1 paragraph (a) may be omitted from the filing statement/information circular if audited financial statements of the Target Company are included in the filing statement/information circular for a financial year ended 90 days or less before the date of the filing statement/information circular.
- 47.8 Exception to Annual Financial Statement Requirement if Financial Year End has Changed -** Despite Item 47.1, if a Target Company changed its financial year end once during any of the financial years for which financial statements are required to be included in the filing statement/information circular, the Target Company's financial statements for the transition year may be included in the filing statement/information circular in satisfaction of the financial statements for one of the years under Item 47.1 provided that the transition year is at least nine months.

INSTRUCTION:

- (1) Target companies that changed a financial year-end during the period for which financial statements are included in a filing statement/information circular should review National Instrument 51-102 Continuous Disclosure Obligations for the definition of a transition year and section 4.8 of that instrument for other guidance.*

Item 48: Target Company Acquisitions or Proposed Acquisitions of Other Businesses

- 48.1 Target Company Acquisitions or Proposed Acquisitions of Other Businesses –** If a Target Company made a significant acquisition or a significant disposition (as such terms are used in applicable General Prospectus Rules) during its three most recently completed financial years, or proposes to make an acquisition or disposition of a business (other than the Issuer), provide the disclosure required under National Instrument 41-101 – *General Prospectus Requirements* as applicable, as if the Target Company was the issuer.

INSTRUCTIONS:

- (1) See the instructions to Item 46.2 about what constitutes a business.
- (2) The significance of an acquisition should be measured against the Target Company, not the issuer.

Item 49: Financial Statements of the Resulting Issuer

49.1 Pro Forma Financial Statements for the Resulting Issuer -

- (1) Subject to Item 49.2, the following *pro forma* financial statements of the Issuer should be included in the filing statement/information circular:
 1. A *pro forma* balance sheet of the Issuer prepared as at the date of the Issuer's most recent balance sheet included in the filing statement/information circular to give effect to, as if they had taken place as at the date of the *pro forma* balance sheet, the acquisition of the Target Company.
 2. A *pro forma* income statement of the Issuer prepared to give effect to the acquisition of the Target Company for each of the financial periods referred to in the following paragraphs, as if it had taken place at the beginning of the most recently completed financial year of the Issuer for which audited financial statements are included in the filing statement/information circular:
 - (a) the most recently completed financial year of the Issuer for which audited financial statements are included in the filing statement/information circular; and
 - (b) the most recently completed interim period of the Issuer for which financial statements are included in the filing statement/information circular.
- (2) The Issuer must include in the *pro forma* financial statements a description of the underlying assumptions on which the *pro forma* financial statements are prepared, cross-referenced to each related *pro forma* adjustment.
- (3) If both of the following conditions are satisfied:
 - (a) the *pro forma* income statement is not prepared using the income statement of the business for the pre-acquisition period, and
 - (b) the financial year end of the Target Company differs from the Issuer's year end by more than 93 days,then despite paragraph 2 of subsection (1), for purposes of preparing the *pro forma* income statement, the income statement of the Target Company must be for a period of twelve consecutive months ending no more than 93 days from the Issuer's year end.
- (4) Subject to paragraph (3) above, if the *pro forma* income statement referred to in clause (1)2(a) above includes results of the Target Company which are also included in the *pro forma* income statement referred to in clause (1)2(a), there must be disclosed in a note to the *pro forma* financial statements of the revenue, expenses, gross profit and income from continuing operations included in each *pro forma* income statement for the overlapping period.

49.2 Exception for *Pro Forma* Income Statements – Despite Item 49.1, *pro forma* income statements are not required to be included in a filing statement/information circular where all of the following conditions are met:

- (a) The Issuer has no operations other than interest income and costs of pursuing an RTO or COB;
- (b) The Target Company has not made a significant acquisition or disposition and does not propose to make a significant acquisition or disposition requiring disclosure under Item 49; and
- (c) The Issuer discloses in the notes to its *pro forma* balance sheet,
 - (i) a continuity of its share capital on a *pro forma* basis giving effect to all the transactions recorded on the *pro forma* balance sheet; and
 - (ii) a statement of its *pro forma* effective income tax rate applicable to consolidated operations.

INSTRUCTIONS:

- (1) *In most cases, pro forma income statements combining the results of operations of the Target Company with the Issuer combines the results of a going concern with a shell company have little value.*
- (2) *Issuers should carefully consider the Target Company's history before concluding that pro forma income statements should not be included in the filing statement/information circular. Issuers are encouraged to consult with the Exchange on a pre-filing basis with respect to this exception.*

CERTIFICATES

Item 50: Certificates

- 50.1 Certificate of the Issuer** - The filing statement/information circular must contain a certificate in the following form with bracketed information completed, signed by the chief executive officer, the chief financial officer, and, on behalf of the board of directors, any two directors of the issuer, other than the foregoing, duly authorized to sign:

“The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of issuer] assuming completion of the [describe the Transaction].”

- 50.2 Certificate of Target Company** - Where the proposed Transaction involves the acquisition of a Target Company, the filing statement/information circular must contain a certificate in the following form with bracketed information completed, signed by the chief executive officer, chief financial officer, and, on behalf of the board of directors, any two directors of the Target Company, other than the foregoing, duly authorized to sign:

“The foregoing document as it relates to [name of Target Company] constitutes full, true and plain disclosure of all material facts relating to the securities of the [name of Target Company].”

INSTRUCTIONS:

- (1) *Where a board of directors consists of only three directors, two of whom are the chief executive officer and the chief financial officer, the certificate may be signed by all directors of the board.*
- (2) *Where the Exchange is satisfied upon evidence or on submission that either, or both of, the chief executive officer or chief financial officer of the issuer or Target Company is for adequate cause not available to sign a certificate in the filing statement/information circular, the certificate may, with the consent of the Exchange, be signed by any other responsible officer or officers of the issuer or Target Company in lieu of either, or both of, the chief executive officer or chief financial officer.*
- (3) *The Exchange will generally require the Certificate of the Issuer and the Certificate of the Target Company to be executed by those officers or directors who will be officers or directors of the Resulting Issuer.*

50.3 Certificate of the Sponsor – If:

- (a) the Resulting Issuer will be a mining issuer or an oil and gas issuer, the Principal Properties of which are outside of Canada or the United States, and:
 - (i) the majority of the board of directors will not be:
 - (A) Canadian or U.S. residents; or
 - (B) individuals who have demonstrated positive association as directors or officers with public companies that are subject to a regulatory regime comparable to the companies listed on a Canadian exchange, or
 - (ii) any control person of the Resulting Issuer is not a Canadian or U.S. resident, or
- (b) the Resulting Issuer will be an industrial, technology, real estate, investment or research and development issuer and:
 - (i) a principal component of its business operations will be located outside of Canada or the U.S.; or
 - (ii) the majority of the board of directors will not be Canadian or U.S. residents; or
 - (iii) any control person of the Resulting Issuer is not a Canadian or U.S. resident,

include a certificate in the following form signed on behalf of the Sponsor by an officer of the Sponsor duly authorized to sign:

“To the best of our information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to [insert name of the issuer] assuming completion of [describe the Transaction]

Item 51: Acknowledgement – Personal Information

51.1 Acknowledgement – The following acknowledgement may be included in the filing statement/information circular but must, in any event, be filed with the Exchange on the date of filing of the final filing statement/information circular. The acknowledgement must be signed by at least one director or officer of the issuer, duly authorized to sign.

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of [this Form], as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to [this Form]; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

APPENDIX 1

FORM 3D1 - INFORMATION REQUIRED IN AN INFORMATION CIRCULAR FOR A REVERSE TAKEOVER OR CHANGE OF BUSINESS/FORM 3D2 - INFORMATION REQUIRED IN A FILING STATEMENT FOR A REVERSE TAKEOVER OR CHANGE OF BUSINESS

Definitions

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction.

“Associate” when used to indicate a relationship with a Person, means

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,

- (d) in the case of a Person, who is an individual:
 - (i) that Person's spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

"Change of Business" or "COB" means a transaction or series of transactions which will redirect an Issuer's resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the issuer's market value, assets or operations, or which becomes the principal enterprise of the issuer.

"Change of Control" includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one Person holds a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer, or
- (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer;

where such Person or combination of Persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer.

"Company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Completion Date" means the date of the Final Exchange Bulletin.

"Control Person" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"Exchange" means the TSX Venture Exchange Inc.

"Final Exchange Bulletin" means the bulletin issued by the Exchange following closing of the COB or RTO and the submission of all Post-Approval Documents which evidences the final Exchange acceptance of the COB or RTO.

"Insider" if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;

- (b) a director or senior officer of the Company that is an insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities.

“Non Arm’s Length Party” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“Person” means a Company or individual.

“Post-Approval Documents” mean the documents prescribed as such in Policy 5.2 – *Changes of Business and Reverse Takeovers*.

“Related Party Transaction” has the meaning ascribed to that term Policy 5.9, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arms Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction.

“Resulting Issuer” means the issuer existing on the Completion Date.

“Reverse Takeover or RTO” means a transaction or series of transactions, involving an acquisition by the issuer or of the issuer, and a securities issuance by an issuer that results in:

- (a) new shareholders holding more than 50% of the outstanding voting securities of the issuer, and
- (b) a Change of Control of the issuer. The Exchange may deem a transaction to have resulted in a Change of Control by aggregating the shares of a vendor group and/or incoming management group,

but does not include any transaction or series of transactions whereby the newly issued securities are to be issued to shareholders of an issuer listed on TSX or another senior exchange under a formal takeover bid made pursuant to Securities Laws.

A transaction or series of transactions may include an acquisition of a business or assets, an amalgamation, arrangement or other reorganization.

Any securities issued pursuant to a Private Placement effected concurrently, contingent upon, or otherwise linked to a transaction or series of transactions, may be used in order to determine whether a transaction or series of transactions satisfies (a) and/or (b), above.

“Sponsor” has the meaning specified in Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

“Target Assets” means the assets, business, property or interest therein, being purchased, optioned or otherwise acquired in connection with the COB or RTO.

“Target Company” means a Company to be acquired in connection with the COB or RTO, or the Vendors of the Target Assets.

“Vendors” means the beneficial owner(s) of the Target Assets.

FORM 3B1 - INFORMATION CIRCULAR FOR A REVERSE TAKEOVER OR CHANGE OF BUSINESS
/FORM 3D2 – FILING STATEMENT FOR A REVERSE TAKEOVER OR CHANGE OF BUSINESS
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FORM 3E

Dividend / Distribution Declaration

INSTRUCTIONS:

When To File: As soon as possible after the declaration of the dividend, but in any event, at least 5 trading days prior to the dividend record date.

How To File: Via email to: dividends.venture@tsx.com or via fax to: (416) 947-4547.
Follow-up immediately with a telephone call to: (416) 947-4663.

Questions: Dividend Administrator, Telephone Number (416) 947-4663.

Note: The Issuer must also comply with the requirements of TSX Venture Exchange Policy 3.2 – *Filing Requirements and Continuous Disclosure*, section 10 - Dividends.

An Issuer that is declaring a regular and a special dividend/distribution (the “**Dividend**”) with the same record and payment date should file both Dividends on the same Form 3E. Please ensure that the payment breakdown of the Dividends is fully described in Q. 16. Additional details.

If an Issuer is declaring a regular and a special Dividend, but the record date and/payable date differ, please file a separate Form 3E for each Dividend.

1. Issuer name: _____
2. Declaration date: MM/DD/YYYY _____
3. Security symbol: _____
4. Security type: _____
5. Type of Dividend:
- ☐ a) New Dividend
 - i) Frequency of Dividend: (annual, quarterly, monthly, other) _____
 - ii) Approximate annual dollar amount of Dividend per security: _____
 - ☐ b) Regular Dividend
 - ☐ c) Special Dividend (A special dividend is a one-time Dividend.) _____
-

6. If this Dividend is a change from a previous regular Dividend, please indicate the change:
- ☐ a) Increase
 - ☐ b) Decrease
 - ☐ c) Deferral or Omission (Please provide information, such as the period that the Dividend will be deferred or omitted in Q. 16 Additional details.)
7. Amount per security: \$0.00 _____
- a) Does the value of the Dividend represent 25% or more of the market price of the security on the declaration date?
- ☐ i) Yes
 - ☐ ii) No

The Exchange will normally defer ex-distribution trading by using Due Bills when the Dividend per Listed Share represents 25% or more of the value of the security on the declaration date. For information about Due Bills, please see Policy 3.2 – Filing Requirements and Continuous Disclosure.

8. Form of Dividend payment:

- ☐ a) Cash only
- ☐ b) Combination of cash & security
- ☐ c) Security only

9. Currency of Dividend:

- ☐ a) Canadian Dollar
- ☐ b) U.S. Dollar
- ☐ c) Other (please specify) _____

10. Certainty of Dividend amount:

- ☐ a) The amount per security is a firm/final amount.
- ☐ b) The amount per security is an estimated amount.

Please note that if the amount is an estimated amount, you must refile a Form 3E when the amount is finalized.

11. Payable date (Please provide date that the Dividend will be payable in Canada.):

MM/DD/YYYY _____

12. Certainty of payable date:

- ☐ a) The payable date is a firm/final date.
- ☐ b) The payable date is an estimated date.

Please note that if the payable date is an estimated date, you must refile a Form 3E when the date becomes firm.

13. Record date (Please provide record date that is applicable for Canada.): MM/DD/YYYY

Please note that if an Issuer notifies the Exchange less than five trading days prior to the record date, in accordance with Policy 3.2 – Filing Requirements and Continuous Disclosure, the Issuer will be held liable for Dividend claims made by both buyers and sellers of the securities.

14. Please note if the Security is listed on one of the following markets:

- ☐ a) New York Stock Exchange
- ☐ b) NYSE MKT
- ☐ c) Nasdaq

15. Dividend notification to the market by the Exchange:

- ☐ a) The Exchange can notify the market of the Dividend immediately.
- ☐ b) The Exchange cannot notify the market of the Dividend immediately.

Please provide the following information:

- Reason for delay:
- Date and time when the Exchange can notify the market:

16. Additional details (Please provide any other supporting information, if required.)

17. Contact information of person if the Exchange has questions about this Form 3E:

- a) Name: _____
- b) Telephone number: _____
- c) Email address: _____

Note: Upon receipt of this Form, the TSX Venture Exchange will determine the ex-dividend date.

Filed on behalf of the Issuer by:

(Please enter name and direct phone number)

| | |
|------|-----------------|
| Name | Telephone / Fax |
| | E-mail |

Date



FORM 4A PRICE RESERVATION FORM

Re: _____ (the "Issuer") Trading Symbol: _____

Tier: _____ Number of Issued and Outstanding Securities: _____

Date: _____

1. Proposed Price: _____

(See definition of Market Price and Discounted Market Price in Policy 1.1 - *Interpretation* Note that the exercise price for Warrants and the conversion price for Convertible Securities must not be less than the Market Price – See Policy 4.1 - *Private Placements* for more details)

2. Insider Participation: If Insiders of the Issuer will be subscribing or otherwise obtaining securities under the transaction, disclose, on a fully diluted basis:

| Name of Insider | Number of Securities to be subscribed for/received by the Insider | Percentage of Securities to be issued pursuant to the transaction | Percentage of issued and outstanding Listed Shares on a post transaction basis |
|-----------------|---|---|--|
| | | | |
| | | | |
| | | | |

For purposes of this item include any party that will be considered an Insider post-closing of the transaction on a fully diluted basis.

3. Provide details as to the anticipated size and structure of the transaction, if known.

Issuers are reminded that the Exchange may disallow a price reservation where the Issuer announces a Material Change after reserving a price for the Private Placement using this Form or via news release. See the definition of Market Price in Policy 1.1 - *Interpretation* for further information on pricing.

FORM 4B

NOTICE OF PRIVATE PLACEMENT

Refer to Policy 4.1 – *Private Placements* for the specific procedures and requirements applicable to obtaining Exchange acceptance of a Private Placement. Capitalized terms not defined in this Form are as defined in either Policy 4.1 or Policy 1.1 – *Interpretation*.

Issuers must complete Parts I and II of this Form in order to obtain Conditional Acceptance of the Private Placement. To obtain Final Acceptance, Issuers must complete Parts I to V of this Form.

I. GENERAL

1. Re: _____ (the “Issuer”)

Trading symbol: _____ Tier: _____

Date of this Notice: _____
2. Date Price Reservation Form filed (if applicable): _____
3. Date of news release announcing Private Placement: _____
4. Number of issued and outstanding Listed Shares: _____
5. The Market Price of any Listed Shares (or other securities which are of the same class as those to be issued under the Private Placement) (for greater certainty, provide the last closing price prior to the filing of the Price Reservation Form or, if a Price Reservation Form is not used, the last closing price prior to the issuance of the News Release announcing the Private Placement): _____
6. Is this filing in relation to:
 - a) Conditional Acceptance of a Private Placement?
Yes ☐ No ☐ **(If Yes, please complete Parts I and II of this Notice.)**
 - b) Final Acceptance of a Private Placement?
Yes ☐ No ☐ **(If Yes, please complete Parts I to V of this Notice.)**

Has the Private Placement already closed? (Per Policy 4.1, please note that closing prior to Final Acceptance is only permitted in limited circumstances and is not, in any circumstances, permitted prior to Conditional Acceptance.)
Yes ☐ No ☐ If Yes, provide the date of closing: _____

II. DETAILS OF PRIVATE PLACEMENT

1. (a) Total amount of funds to be raised: _____

(b) Total number of subscribers (when known): ____

2. Proposed use of proceeds:

3. (a) Description of Listed Shares to be issued:

(i) Class: _____

(ii) Number: _____

(iii) Subscription price per security: _____

(b) Description of Warrants to be issued:

(i) Number of Warrants: _____

(ii) Number of Listed Shares eligible to be purchased on exercise of Warrants:

(iii) Exercise price of Warrants: Year 1: _____ Year 2: _____

Year 3: _____ Year 4: _____ Year 5: _____

(iv) Expiry date of Warrants: _____

(v) Other significant terms: _____

(c) Description of Convertible Securities to be issued:

(i) Number/Aggregate principal amount: _____

(ii) Number of Listed Shares to be issued on conversion: _____

(iii) Expiry/Maturity date: _____

(iv) Interest rate: _____

(v) Conversion terms: _____

(vi) Default provisions: _____

- (d) Total potential Listed Shares to be Issued [3 a(ii) + b(ii) + c(ii)]: _____
- (e) Description of any other securities to be issued in the Private Placement which are not Listed Shares, Warrants or Convertible Securities:
- _____
- (f) Voting rights of securities to be issued:
- _____
- (g) Total number of Listed Shares of the Issuer which will be issued and outstanding on closing:
- _____
- (h) Total number of Listed Shares of the Issuer that would be issued and outstanding on closing if, in addition to the number under section 3(g) above, any Warrants and Convertible Securities issued in the Private Placement were converted on closing:
- _____

4. **Placees**

- (a) The following table setting out Placee information must be completed to obtain Final Acceptance of a Private Placement. The table need not be completed in order to obtain Conditional Acceptance, however, per section 1.11(c) of Policy 4.1, this may limit the ability of the Issuer to close on subscriptions by certain Placees until Final Acceptance has been provided.

Please note that information need not be provided for all Placees. Only Placees that fall within any of the following categories must be disclosed in the table:

- (i) Placees that are Insiders of the Issuer prior to closing of the Private Placement;
- (ii) Placees that will become Insiders of the Issuer on closing of the Private Placement;
- (iii) Placees that are members of the Aggregate Pro Group; or
- (iv) Placees who will hold 5% or more of the issued and outstanding Listed Shares on closing of the Private Placement on either an Undiluted or Diluted basis (based on the calculation methods set out in footnote 2 to the table).

In completing the table, Issuers must take into account who the beneficial holder of the acquired securities will be and not just who the registered holder will be (with relevant information being provided in Columns A and B of the table).

| A | B | C | D | E | F |
|----------------------------|--|--|---|--|--------------------------------------|
| Name and address of Placee | Name and residential address of beneficial holder of securities ⁽¹⁾ | # of Listed Shares or other securities purchased | # of Listed Shares held on closing (provide both Undiluted and Diluted # ⁽²⁾) | % of outstanding Listed Shares held on closing (Undiluted and Diluted ⁽²⁾) | Insider or Pro Group? ⁽³⁾ |
| | | | | | |
| | | | | | |
| | | | | | |

- (1) Complete if the named Placee (in column A) is not the beneficial holder of the acquired securities.
- (2) The figures in columns D and E must be calculated on an Undiluted and Diluted basis for each beneficial holder. For the purposes of performing these calculations:
- (I) “Undiluted” means the total number of Listed Shares held by a beneficial holder on closing of the Private Placement (including any Listed Shares purchased under the Private Placement); and
- (II) “Diluted” means the Undiluted figure for a beneficial holder plus any Listed Shares which would be issued to that beneficial holder on closing if all Warrants and Convertible Securities issued to such beneficial holder under the Private Placement were converted on closing.

For column E, the Undiluted and Diluted percentages should be calculated using the applicable figure set out in column D as the numerator with the denominator being: (i) the figure set out in section 3(g) above for the Undiluted calculation; and (ii) the figure set out in section 3(h) above for the Diluted calculation.

- (3) If the Placee is an Insider prior to closing or will be an Insider after closing, please indicate with an “I”. If the Placee is a member of the Aggregate Pro Group, please indicate with a “P”.
- (b) If any Placees disclosed in item 4(a) are not individuals and a Form 4C - *Corporate Placee Registration Form* has not previously been filed or is not current, please attach a completed Corporate Placee Registration Form (Form 4C).
- (c) Placees that become Insiders as a result of the Private Placement must submit a Form 2A – *Personal Information Form* to the Exchange.
- (d) Will a Control Person be created as a result of this Private Placement?
Yes - on a Diluted basis D
Yes - on an Undiluted basis D
Unknown at this time D

- (e) Does the Private Placement (or portion thereof) constitute a Related Party Transaction?

Yes ☐ No ☐ Unknown at this time ☐

If Yes, confirm how the Issuer is complying with, as applicable, the disclosure, valuation and shareholder approval requirements of Policy 5.9 – *Protection of Minority Security Holders in Special Transactions*: _____

5. Is the Private Placement a Brokered Private Placement?

Yes ☐ No ☐ If yes, provide the name(s) of the lead Agent(s): _____

6. Whether the Private Placement is a Brokered Private Placement or a non-Brokered Private Placement, provide the following information in respect of any commission, finder's fee or similar payment (whether in the form of cash, securities or an interest in assets) to be paid in connection with the Private Placement. Refer to Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions* for applicable restrictions and limitations.

- (a) Confirm that the Agent/broker/finder is at arm's length to the Issuer:
Yes ☐ No ☐

If No, provide details regarding the relationship to the Issuer: _____

- (b) Confirm that the Agent/broker/finder is at arm's length to all Placees in respect of which it is being paid a commission, finder's fee or other similar payment:
Yes ☐ No ☐

If No, provide details regarding the relationship to the applicable Placee(s): _____

- (c) Name, address and (if applicable) beneficial owner of each Agent/broker/finder: _____

- (d) Cash payments: _____

- (e) Securities and non-cash payments: _____

- (f) Expiry date of any Agent's Option or similar securities issued to the Agent/broker/finder: _____

(g) Exercise price of any Agent's Option or similar securities issued to the Agent/broker/finder: _____

7. Describe the particulars of any other proposed Material Changes in the affairs of the Issuer:

8. Describe any unusual particulars or significant information regarding the transaction that is not described above (such as tax "flow through" securities):

9. Does the transaction involve or form part of a series of transactions that may result in a Qualifying Transaction, Change of Business or Reverse Takeover?

Yes ☐ No ☐ If Yes, describe all relevant terms:

III. FINAL DOCUMENTATION

Issuers must complete this section in order to receive Final Acceptance of any Private Placement.

1. Has the Issuer filed a previous Notice in respect of this Private Placement (for example, one seeking Conditional Acceptance of the Private Placement)?

Yes ☐ No ☐

If Yes, has any information required in Parts I and II changed since the previously filed Notice?

Yes ☐ No ☐

If Yes, please provide a blackline copy or otherwise highlight the changes so as to facilitate the Exchange's review of this Notice.

2. Where the issuance of Private Placement securities, including securities that would be issued assuming the exercise of the Warrants, will create a Control Person in the Issuer, indicate the following:

- a) the name(s) of the new Control Person(s)

- b) the date on which shareholder approval has or will be obtained for the transaction

- c) If consents were used to obtain shareholder approval, please confirm that the issuer obtained consent from shareholders holding at least 50% +1 of the Issuer's outstanding securities prior to the Private Placement.

Yes ☐ No ☐

IV. DECLARATION

This Declaration accompanies an application to the Exchange for Final Acceptance of the Private Placement summarized in the accompanying Notice of Private Placement (the “Filing”).

The undersigned hereby certifies that:

- a) the undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration;
- b) the Filing is in all respects in accordance with Policy 4.1 – *Private Placements*, in effect as of the date of this Declaration or any deviations are disclosed in the Notice filed by the Issuer;
- c) there are no Material Changes in the affairs of the Issuer which have not been publicly disclosed;
- d) if applicable, any changes to the terms of this Private Placement since the date of original filing and/or Conditional Acceptance of the Private Placement have been disclosed in an attachment to this Declaration;
- e) each purchaser who is subject to any hold period under Securities Laws or to the Exchange Hold Period has been advised and has confirmed compliance with such hold period(s) and any of his, her or its certificates evidencing his, her or its securities bears or will bear a legend indicating the relevant hold period; and
- f) the Issuer has conducted and will complete or has completed the transaction in accordance with the applicable Securities Laws.

Dated: _____

Name of Director and/or
Senior Officer

Signature

Official Capacity

V. ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an individual whose identity is disclosed to the Exchange in the accompanying Form, and includes any information about such individual provided to the Exchange in the accompanying Form or otherwise pursuant to this filing.

The undersigned hereby acknowledges and confirms that the Issuer has obtained the express written consent of each applicable individual to:

- (a) the disclosure of their Personal Information to the Exchange pursuant to this Form or otherwise pursuant to this filing; and
- (b) the collection, use and disclosure of their Personal Information by the Exchange in the manner and for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Dated: _____

Name of Director and/or
Senior Officer

Signature

Official Capacity

FORM 4C

CORPORATE PLACEE REGISTRATION FORM

This Form will remain on file with the Exchange and must be completed if required under section 4(b) of Part II of Form 4B. The corporation, trust, portfolio manager or other entity (the “Placee”) need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:
 - (a) Name: _____
 - (b) Complete Address: _____
 - (c) Jurisdiction of Incorporation or Creation: _____

2.
 - (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? _____
 - (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____

3. If the answer to 2(b) above was “Yes”, the undersigned certifies that:
 - (a) it is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client’s express consent to a transaction;
 - (b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a “portfolio manager” business) in _____[jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

- (c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;
 - (d) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and
 - (e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.
4. If the answer to 2(a). above was “No”, please provide the names and addresses of Control Persons of the Placee:

| Name * | City | Province or State | Country |
|--------|------|-------------------|---------|
| | | | |
| | | | |
| | | | |
| | | | |

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

5. Acknowledgement - Personal Information and Securities Laws

- (a) "Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and
 - (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.
- (b) The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated and certified (if applicable), acknowledged and agreed, at _____
_____ on _____

(Name of Purchaser - please print)

(Authorized Signature)

(Official Capacity - please print)

(Please print name of individual whose signature appears above)

THIS IS NOT A PUBLIC DOCUMENT



FORM 4D

WARRANT AMENDMENT SUMMARY FORM AND CERTIFICATION

Re: _____ (the "Issuer")

Trading Symbol: _____

The following is an application to (please check the appropriate box):

Extend the term of Warrants ☐ D

Amend the price of Warrants ☐ D

The Issuer is a: Tier 1 Issuer ☐ D Tier 2 Issuer ☐ D

1. Terms of Original Private Placement

- (a) Number of Listed Shares issued _____
- (b) Price Listed Shares issued at _____
- (c) Number of Warrants issued _____
- (d) Date of Announcement of Private Placement _____
- (e) Market Price at Date of Announcement of Private Placement _____
- (f) Original Warrant exercise price: Year 1: _____ Year 2: _____
(If applicable) Year 3: _____ Year 4: _____ Year 5: _____
- (g) Original term of Warrants _____
- (h) Original expiry date of Warrants _____
- (i) Percentage of Warrants held by Insiders _____
- (j) Indicate the number of Warrants, if any, which have been exercised, and the date of the exercise _____

2. Requested Amendments to Warrant Terms

Please complete the relevant sections below disclosing the requested amendments.

- (a) Extension of Warrant term applied for:

Amended Warrant expiry date _____

Adjusted Warrant exercise price Year 1: _____ Year 2: _____

Year 3: _____ Year 4: _____ Year 5: _____

- (b) Amendment of Exercise Price applied for:

Amended Warrant exercise price

Year 1: _____ Year 2: _____

Year 3: _____ Year 4: _____ Year 5: _____

Is there a maximum 30 day exercise requirement pursuant to section 4.3(b) of Policy 4.1? Yes ☐ No ☐

If there is a maximum 30 day exercise provision, at what price is the provision triggered? \$ _____

- (c) Have all Warrant holders consented to the repricing and reduced exercise provision? Yes ☐ No ☐

If no, please explain: _____

3. Declaration

This Certification accompanies an application to the Exchange for acceptance of the Amendment of Warrant Terms (the "Filing").

The undersigned hereby certifies that:

- a) the undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration;
- b) the Filing is in all respects in accordance with Policy 4.1 – *Private Placements* in effect as of the date of this Declaration, or any deviations therefrom are disclosed in this Form; and
- c) there are no Material Changes in the affairs of the Issuer which have not been publicly disclosed.

Dated _____

Name of Director or Senior Officer

Signature

Official Capacity

FORM 4E SHARES FOR DEBT FILING FORM

1. Issuer Information

Issuer Name (the "Issuer"):

Trading Symbol:

Tier:

2. Pricing Date: _____

Date of news release announcing Shares for Debt settlement: _____

3. Issued and Outstanding Securities

Current number of issued and outstanding securities: _____

4. Debt and Proposed Securities Issuance

(a) Total amount of debt to be settled: _____

(b) Total number and class of securities proposed to be issued to settle debt: _____

(c) If Warrants are to be issued provide the following information:

(i) Number and class of securities eligible to be purchased on exercise of each Warrant: _____

(ii) Exercise price for each year of the term of the warrants: Year 1: _____ Year 2: _____
Year 3: _____ Year 4: _____ Year 5: _____ and if applicable, disclose
subsequent years: _____

(iii) Expiry date of Warrants: _____

5. Creditors / Settlement Table

Provide in the attached Schedule 1 the details of the creditors being offered settlement.

6. Status of Issuer

Has the Issuer been put on notice to have its listing transferred to NEX, pursuant to Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*?

YES _____ NO _____

If YES, indicate if any other submissions are in preparation or in progress that are part of a reactivation plan for the Issuer.

7. Control

Will the issuance of Shares for Debt result in a new Control Person being created?

YES _____ NO _____

8. Shareholder Approval

Is shareholder approval required pursuant to Exchange Policies?

YES _____ NO _____

If YES to 7 or 8, indicate date on which the shareholders' resolution was passed _____

9. Assignment of Debt

Have any creditors purchased the debt at a discount from other creditors?

YES _____ NO _____

If YES, please disclose the following:

| Name of Original Creditor | Name of Current Creditor | Is the Current Creditor a Non's Arm's Length Party Y/N | Amount of Debt Purchased | Amount Paid for Debt |
|---------------------------|--------------------------|--|--------------------------|----------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

If Non Arm's Length Parties have purchased discounted debt, have such Non Arm's Length Parties, entered into an escrow agreement relating to the debt settlement securities?

YES _____ NO _____

10. Reverse Take Over or Change of Business

Does the transaction form part of a Reverse Takeover or Change of Business?

YES _____ NO _____

If YES, describe all relevant terms: _____

11. Documents

The following documentation may be requested by the Exchange:

- (a) current accounts payable list with summary totals;
- (b) copy of any assignment, buyback or voting trust agreements;
- (c) copy of shareholders' resolutions;
- (d) source documents evidencing the debt, if not previously filed with the Exchange; and
- (e) other documents as may be required by the Exchange.

12. Declaration

The undersigned certifies that:

- (a) the undersigned is a director or senior officer of the Issuer;
- (b) any debts to be settled pursuant to this transaction which are not specifically referred to in the financial statements of the Issuer prepared since the debt was incurred, are valid debts, due and payable by the Issuer to the indicated creditor(s).
- (c) the transaction is in all respects in accordance with Policy 4.3 - *Shares for Debt*, except as disclosed in any attached application for waiver.

Date _____

Name director or senior officer

Signature

Official Capacity

13. Acknowledgement - Personal Information

“Personal Information” means any information about an identifiable individual, and includes information contained in Schedule 1, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Date _____

Name director or senior officer

Signature

Official Capacity

Creditors/Settlement Table

Schedule 1

| Name and Address of Creditor | Amount Owing | Deemed Price per Share | # of Shares | # of Warrants | Nature of Debt (e.g. trade payable, management fees, etc) | Previously Disclosed in Financial Statements (Y/N) | Non Arm's Length Party=NP ProGroup=P Not Applicable=N/A |
|------------------------------|--------------|------------------------|-------------|---------------|---|--|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | N/A | | | N/A | | N/A |

Beneficial Shareholders of any Corporate Creditors Who Will Own or Control 10% or more of the Post-Closing Outstanding Shares

| Creditor | Number of Securities Purchased | Post closing Direct & Indirect Holdings in the Issuer | % of Post Closing Outstanding Shares | Name and Address of any Individuals Having a Greater Than 10% Beneficial Interest in the Creditor |
|----------|--------------------------------|---|--------------------------------------|---|
| | | | | |
| | | | | |
| | | | | |
| TOTAL | | | | |

TSX venture
EXCHANGE



FORM 4F

CERTIFICATION AND UNDERTAKING REQUIRED FROM A COMPANY GRANTED AN INCENTIVE STOCK OPTION

Repealed November 24, 2021

FORM 4G

SUMMARY FORM – SECURITY BASED COMPENSATION

This Form must be filed with the Exchange promptly after the end of each calendar month in which any Security Based Compensation has been granted, issued or amended pursuant to a Security Based Compensation Plan previously accepted by the Exchange. This Form 4G must be accompanied by a Certification and Undertaking in the form set out in Schedule “A” from any named Participant that is a Company and required to do so under section 2(c) of Policy 4.4 – *Security Based Compensation* (“**Policy 4.4**”).

Re: _____ (the “**Issuer**”)

Trading Symbol: _____ Tier: _____

Current number of issued and outstanding Listed Shares: _____

Month/Year in which Security Based Compensation was granted, issued or amended: _____

I. SECURITY BASED COMPENSATION PLAN(S)

| Name of Security Based Compensation Plan | Date of Most Recent Shareholder Approval of the Security Based Compensation Plan | Date of Exchange Approval of the Security Based Compensation Plan | Category of Security Based Compensation Plan ¹ | Types of Security Based Compensation Authorized ² | Maximum Number or Percentage Issuable ² |
|--|--|---|---|--|--|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

- With reference to the terminology used in Policy 4.4, indicate whether the Security Based Compensation Plan is a “rolling up to 10%” plan, a “fixed up to 20%” plan, a “rolling up to 10% and fixed up to 10%” plan, or a “fixed Stock Option Plan up to 10%”.
- With reference to the terminology used in Policy 4.4, list the authorized types of Security Based Compensation, such as DSU, PSU, RSU, SAR, Stock Options and Stock Purchase, and if there is a maximum number or percentage of any type(s) authorized, set out such maximum.

II. SECURITY BASED COMPENSATION

A. New Grants/Issuances:

| Name of Participant | Position of Participant ¹ | Date of Grant/ Issuance | Date of News Release Disclosing Grant/ Issuance, if applicable | Market Price on Date of Grant/ Issuance | Number Granted/ Issued | Type ² Granted/ Issued | Exercise Price, if applicable | Expiry Date, if applicable |
|---------------------|--------------------------------------|-------------------------|--|---|------------------------|-----------------------------------|-------------------------------|----------------------------|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

1. With reference to the terminology in Policy 4.4, specify whether the Participant is a Director, Officer, Employee, Management Company Employee, Consultant or Eligible Charitable Organization. If the Participant is an Investor Relations Service Provider, so state.
2. With reference to the terminology used in Policy 4.4, set out the type of Security Based Compensation, such as DSU, PSU, RSU, SAR, Stock Options and Stock Purchase, and the key terms of any other type of Security Based Compensation.

If the Issuer has exceeded any limit set out in section 5.3(a) of Policy 4.4, provide the date disinterested Shareholder approval was obtained: _____

B. Amendments:

| Name of Participant (If Insider, so state) | Stock Options | | | | | | Other Security Based Compensation | |
|---|-------------------------|-------------------------|---------------------------------------|------------------------|----------------------|------------------------------------|--|--|
| | Number of Stock Options | Original Exercise Price | Amended Exercise Price, if applicable | Original Date of Grant | Original Expiry Date | Amended Expiry Date, if applicable | Number and Type of Other Security Based Compensation Amended | Details of Amendments to Other Security Based Compensation |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

Provide the date Exchange approval of the amendment was obtained: _____

If the Participant is an Insider of the Issuer, provide the date disinterested Shareholder approval of the amendment was, or is to be, obtained: _____

C. Security Based Compensation Outstanding:

| | Number Outstanding on Date of Last Form 4G | Number Granted/ Issued since Date of Last Form 4G | Number Exercised/ Redeemed since Date of Last Form 4G | Number Expired/ Cancelled/ Terminated since Date of Last Form 4G | Number Outstanding on Date of this Form 4G |
|------------------------------------|---|--|--|---|---|
| | (a) | (b) | (c) | (d) | (e)¹ |
| Stock Options^{2,3} | | | | | |
| DSU | | | | | |
| PSU | | | | | |
| RSU | | | | | |
| SAR | | | | | |
| Stock Purchase Plan | | | | | |
| Other⁴ | | | | | |

1. Column (a) + Column (b) – Column (c) – Column (d) = Column (e)
2. Disclose in a footnote the number of Stock Options granted, if any, to each Investor Relations Service Provider.
3. Disclose in a footnote the number of Stock Options, if any, that are Charitable Stock Options.
4. Provide a description in a footnote.

Describe any unusual particulars or significant information that is not described above: _____

III. DECLARATION

The undersigned hereby certifies that:

1. the undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration;
2. the Issuer either: (a) is not currently on notice to have its listing transferred to NEX, pursuant to Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*; or (b) has publicly disclosed that it is on notice to have its listing transferred to NEX;
3. all grants, issuances and amendments to Security Based Compensation disclosed in this filing are in all respects in compliance with the requirements of the Issuer’s Security Based Compensation Plan(s) and Policy 4.4, including section 5.3(a) of Policy 4.4, or any deviations from said requirements are specifically indicated herein; and
4. as of the date of grant, issuance or amendment, as the case may be, there were no Material Changes in the affairs of the Issuer which were not publicly disclosed.

Dated: _____

Name of Director or Senior Officer

Signature

Official Capacity

IV. ACKNOWLEDGEMENT – PERSONAL INFORMATION

“**Personal Information**” means any information about an identifiable individual, and includes the information contained in the tables, as applicable, found in this Form 4G.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A) pursuant to this Form 4G; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Dated: _____

Name of Director or Senior Officer

Signature

Official Capacity

Schedule “A”

CERTIFICATION AND UNDERTAKING REQUIRED FROM A COMPANY GRANTED SECURITY BASED COMPENSATION

Re: _____ (the “Issuer”)

Trading Symbol: _____

_____ (the “Participant”) certifies that all securities of the Participant are owned by _____, a Person eligible to be granted Security Based Compensation of the Issuer, and undertakes, for the duration of the time that the Participant is the holder of Security Based Compensation of the Issuer, that it will not:

1. effect or permit any transfer of ownership or option of securities of the Participant; or
2. allot and issue further securities of any class of shares of the Participant to any other individual or entity.

Acknowledgement - Personal Information

“**Personal Information**” means any information about an identifiable individual, and includes the information contained in the first paragraph of this Certification and Undertaking.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A) pursuant to this Certification and Undertaking; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Dated: _____

[Name of Participant]

Authorized signatory



FORM 4H

SHORT FORM OFFERING DOCUMENT ("OFFERING DOCUMENT")

General Instructions:

1. The answers to the following items should be presented in narrative form, except where a tabular form is specifically required.
2. "Issuer" shall include any subsidiary of the Issuer.
3. "Year", except where the context otherwise requires, means a period of twelve months preceding the date of the certificate of the directors and promoters of the Issuer.
4. When the answer to any item refers to an issuer other than the Issuer whose securities are the subject of the distribution, disclose the name of any individual who is an insider or promoter of both issuers.

Documents Incorporated by Reference:

1. Annual Information Forms (including documents filed as alternatives to Annual Information Forms), the most recent audited annual financial statements, and all quarterly interim financial statements, news releases disclosing Material Changes, Material Change reports, technical reports and consents required under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, that were filed on or after the current AIF, but before the date of the Short Form must be incorporated by reference in the Offering Document. The referenced document must be clearly identified and where applicable, the information incorporated by reference shall be identified by page, caption, paragraph or otherwise. The location of the document in SEDAR or any other publicly accessible database (including the Issuer's web site or TSX Venture Exchange web site) must be provided. This information must precede the certificate of the directors and promoters of the Issuer.

Cover Page:

1. State the name and address of each of the Issuer, the agent or underwriter and the registrar and transfer agent for the Issuer's securities.
2. Set out in tabular form, on the front cover of the Offering Document: the description, designation and number of securities being offered by the Issuer; the price per security; the agent's compensation; and the net proceeds to the Issuer on both a per security and an aggregate basis.
3. Where the securities offered are speculative in nature, the following statement shall be included on the front cover of the Offering Document:

"The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from the agent or an adviser registered under the *Securities Act*."

4. The following statements and information shall be included on the front cover of the Offering Document:

"Neither the TSX Venture Exchange (the "Exchange"), nor any securities regulatory authority has in any way passed upon the merits of the securities offered under this Offering Document.

The information provided in this Offering Document is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this Offering Document. These documents must be read together with the Offering Document in order to provide full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The documents listed below are not contained within, or attached to the Offering Document, and will be provided by the Issuer, at no charge, upon request. Alternatively, the documents may be accessed by the reader of the Offering Document at the following locations:

| Type of Document (e.g. AIF, Material Change Report, Valuation) | Date of Document | Location at which document may be accessed (eg. SEDAR web site, Issuer web site, TSX Venture Exchange web site) (Provide specific web site addresses where applicable) |
|--|------------------|--|
| | | |

Any Subsequently Triggered Report will be deemed to be incorporated by reference into this Offering Document.

Securities offered by this Offering Document are being offered under an exemption from the prospectus requirements. Purchasers may not receive all of the information required by or have all of the rights available to a purchaser under a prospectus."

1. Plan of Distribution

- a) State the manner in which the securities being offered are to be distributed, including the material details of any agency agreements and sub-agency agreements outstanding or proposed to be made, the particulars of any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings.
- b) Give details of any payments in cash or securities or any other consideration made or to be made to a promoter, finder or any other person in connection with the offering.
- c) State the number of securities of the Issuer beneficially owned, directly or indirectly, by the Professional Group as defined in National Instrument 33-105 – *Underwriting Conflicts*.

2. Use of Proceeds

Funds Available

Provide a breakdown of Funds Available as follows:

- a) the net proceeds to be derived by the Issuer from the sale of securities offered under the Offering Document;
- b) the estimated working capital available to the Issuer as of the latest month end prior to the date of the Short Form, or where the date of the Short Form is within ten days of the end of the latest month, the month end prior to the end of that month; and
- c) the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering.

Principal Purposes

- d) Provide, in tabular form, a description of each of the principal purposes, with amounts, for which the Funds Available will be used. Where the closing of the distribution under the Offering Document is subject to a minimum subscription, provide separate columns disclosing the use of the proceeds for the minimum and maximum subscriptions.
- e) Where the proceeds are to be spent on the exploration and development of a natural resource property for which the Issuer has received Exchange acceptance, disclose the nature and extent of the proposed exploration and development program that is to be carried out. Additionally, provide:

- i) an estimated timetable for the program, describing each significant component of the program and identifying the planned commencement and completion dates of each component;
 - ii) factors which may delay or impede the timetable described above; and
 - iii) a breakdown of costs for the proposed program.
- f) In the case of a best efforts offering, include a statement regarding priority usage of the actual proceeds where the entire offering is not sold.
- g) State the particulars of any provisions or arrangements made for holding any part of the net proceeds in trust or subject to the fulfilment of any conditions howsoever imposed.
- h) Give particulars of any of the proceeds of the offering which are to be paid to Non Arm's Length Parties.

3. Business of the Issuer

Describe the business carried on and intended to be carried on by the Issuer, including the products that the Issuer is or will be developing or producing and the stage of development of each of the products. If the Issuer is a mining or oil and gas issuer, state whether the Issuer's properties are primarily in the exploration or in the development or production stage.

4. Risk Factors

List the risks that could be considered to be material to an investor as follows:

- a) risks relating to the nature of the business of the Issuer;
- b) risks relating to the nature of the offering; and
- c) any other risks.

5. Acquisitions

If the Issuer proposes to use the proceeds of this offering to finance a material acquisition of an asset, property or existing business (which must have received Exchange acceptance), provide the following information:

- a) the nature of the assets to be acquired. If the asset is a resource property:
 - i) the name, location, size, and the number of claims and concessions comprising the property; and

- ii) the nature (claim, title, lease, option, or other interest) extent and status (patented versus unpatented) of the interest under which the Issuer has or will have the rights to hold or operate the property, and the expiry date, if applicable;
- b) the actual or proposed date of each acquisition;
- c) the name of the vendor and whether the transaction will be at arm's length;
- d) for an acquisition not at arm's length, the vendor's out of pocket costs;
- e) the consideration, both monetary and non-monetary, to be paid by the Issuer;
- f) any material obligations that must be complied with in order to keep any acquisition agreement or property interest in good standing;
- g) how the consideration was determined (out of pocket costs, valuation report or arm's length negotiations); and
- h) the location (on SEDAR, the Issuer's web site, or any other publicly accessible location) of any valuation opinion or technical report required by a policy of the Exchange or other regulatory authority for the acquisition.

6. Corporate Information

State the authorized and issued share capital of the Issuer and outline briefly any material rights and restrictions attaching to the share capital, such as voting, preference, conversion or redemption rights.

7. Directors, Officers, Promoters and Principal Holders of Voting Securities

- a) List the names and municipality of residence for all directors, officers and promoters of the Issuer, and for each person, disclose:
 - i) the current positions and offices with the Issuer;
 - ii) the principal occupations during the five years prior to the date of the Offering Document, and where the principal occupation is that of an officer of a company other than the Issuer, state the name of the company and the principal business in which it was engaged;
 - iii) as of the conclusion of the offering, the number and percentage of voting shares of the Issuer beneficially owned, directly or indirectly, separated by class into (a) escrowed, (b) pooled and (c) all other shares; and
 - iv) where a director, officer or promoter is an associate of another director, officer or promoter, disclose the relationship.

- b) Where any director, officer or promoter of the Issuer is, or within five years prior to the date of the Offering Document has been, a director, officer or promoter of any other Issuer that while that person was acting in that capacity:
 - i) was the subject of a cease trade or similar order or an order that denied the Issuer access to any statutory exemptions for a period of more than 30 consecutive days, state the fact and describe the reasons and whether the order is still in effect; or
 - ii) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with the creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person, state the fact.
- c) Where any director, officer or promoter of the Issuer has, within ten years prior to the date of the Offering Document, been subject to any penalties, or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded Issuer, or theft or fraud, describe the penalties or sanctions imposed.
- d) Give the full name, and number of voting shares, separated by class into (a) escrowed, (b) pooled and (c) all other voting shares, beneficially owned by each person who is known by the signatories hereto to own beneficially, directly or indirectly, more than 10% of the voting shares of the Issuer, other than those persons disclosed in 7.a). Where the beneficial owner is a privately held corporation, provide the names of the beneficial owners of the corporation.

8. Options to Purchase Securities of the Issuer

- a) Disclose on an individual basis, the exercise price and expiry date of all options, share purchase warrants or other rights to acquire securities granted to insiders or promoters of the Issuer.
- b) Disclose the exercise price and expiry date of all options granted to employees. This disclosure may be shown in the aggregate, without specific identification of the holders of the options.
- c) Disclose the exercise price and expiry date of all remaining options, share purchase warrants or rights not disclosed pursuant to a) or b). This disclosure may be shown in the aggregate without specific identification of the security holders.

9. Securities of the Issuer Held in Escrow

Where the Issuer has performance shares or other escrowed securities state:

- a) the number of performance shares and other escrowed securities divided into each category;
- b) the estimated percentage that the performance and other escrowed securities will represent of the total issued and outstanding voting securities of the Issuer upon completion of the offering;
- c) the names of the beneficial owners of the performance shares and other escrowed securities and the number of such shares owned by each beneficial owner; and
- d) the date of the escrow agreement and the conditions governing the release and cancellation of the performance and other escrowed shares.

10. Particulars of any Other Material Facts

- a) Briefly describe any actual or pending material legal proceedings to which the Issuer is or is likely to be a party or of which any of its business or property is or is likely to be the subject. Where applicable, include the name of the court or agency, the date the proceedings were instituted, the principal parties to the proceedings, the nature of the proceedings, the amount claimed, if any, whether the proceedings are being contested, the present status of the proceedings, and, if a legal opinion is referred to in this Offering Document, the name of the counsel providing that opinion.
- b) Specify any properties proposed to be acquired for which regulatory approval is not presently being sought.
- c) If liabilities (including bonds, debentures, notes or other debt obligations) have significantly increased or altered subsequent to the date of the most recent financial statements filed with the applicable Securities Commission(s), disclose particulars of such increase or alteration.
- d) Briefly state any other material facts not previously disclosed herein.

11. Contractual Rights of Action

This Offering Document must include the following description of the contractual rights of action against the Issuer, its directors and every person except the agent, who signed the Offering Document.

CONTRACTUAL RIGHTS OF ACTION

“If this Short Form Offering Document, together with any Subsequently Triggered Report contains a “misrepresentation” as that term is defined in the Securities Laws of the applicable Participating Jurisdiction(s), and it was a misrepresentation on the date of investment, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action, either for damages against the Issuer and its directors, and every person, except the agent, who signed the Offering Document, (the “Issuer Representatives”) or alternatively for rescission of the agreement of purchase and sale for the securities. In any such action, parties against whom remedies are sought shall have the same defenses as are available in the Securities Laws of the applicable Participating Jurisdiction(s), as if the Short Form Offering Document were a prospectus.

A purchaser is not entitled to commence an action to enforce this right after the limitation periods as set out in the Securities Laws of the applicable Participating Jurisdiction(s) have expired.

The contractual rights provided herein are in addition to and without derogation from any other right the purchaser may have at law.”

12. Contractual Rights of Withdrawal

This Offering Document must include the following description of rights of withdrawal available to the purchasers under the Offering Document:

CONTRACTUAL RIGHT OF WITHDRAWAL

“An order or subscription for the securities offered under this Short Form Offering Document is not binding on a purchaser if the dealer from whom the purchaser purchased the security (or the Issuer if the purchaser did not purchase the security from a dealer), receives, not later than two business days after the receipt by the purchaser of the Short Form Offering Document and any Subsequently Triggered Report, written notice sent by the purchaser evidencing the intention of the purchaser not to be bound by the agreement.

The foregoing right of withdrawal does not apply if the purchaser is a member of a “professional group” as defined under National Instrument 33-105 - *Underwriting Conflicts* or any successor policy or instrument, or if the purchaser disposes of the beneficial ownership of the security (otherwise than to secure indebtedness) before the end of the withdrawal period.

The onus of proving that the time for giving notice of withdrawal has ended is on the dealer from whom the purchaser has agreed to purchase the security, or if the purchaser did not purchase from a dealer, such onus is on the Issuer.”

13. Include the Following Certificates

a) Certificate of the directors and promoters of the Issuer:

“The foregoing, including the documents incorporated by reference constitute full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The standard for full, true and plain disclosure is the same as that required for prospectuses under the Securities Laws of the applicable Participating Jurisdiction(s) as applicable, and the regulations thereunder.”

Date

- i) This certificate must be signed in accordance with the requirements of the Securities Laws of the applicable Participating Jurisdiction(s) as applicable as if the Offering Document was a prospectus.
- ii) Identify each signatory and the signing capacity of the signatory.

b) Certificate of the Agent(s):

The following certificate shall be signed by the agent.

“We have reviewed this Offering Document and the information it incorporates by reference. Our review consisted primarily of enquiry, analysis and discussion related to the information supplied to us by the Issuer and information about the Issuer in the public domain.

We have not carried out a review of the type that would be carried out for a prospectus filed under the Securities Laws of the applicable Participating Jurisdiction(s) as applicable. Therefore, we cannot certify that this document and the information it incorporates by reference constitutes full, true and plain disclosure of all material facts relating to the Issuer and the securities offered by it.

Based on our review, nothing has come to our attention that causes us to believe that this Offering Document and the information that it incorporates by reference: (1) contains an untrue statement of a material fact; or (2) omits to state a material fact necessary to prevent a false statement or misleading interpretation of any other statement.

14. Acknowledgement – Personal Information

The following acknowledgement may be included in the Offering Document but, must, in any event, be filed with the Exchange on the date of the filing of the Offering Document with the Exchange. The acknowledgement must be signed by at least one director or officer of the Issuer duly authorized to sign.

Acknowledgement - Personal Information

“Personal Information” means any information about an identifiable individual, and includes the information contained in any Items in the attached Offering Document that are analogous to Items 5, 7, 8 and 9, as applicable, found in [this Form].

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to [this Form]; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Date

FORM 5B EXPEDITED ACQUISITION FILING FORM

Re: _____ (the "Issuer").

Trading Symbol: _____ Tier _____

I. Background Information

1. The Market Price of the Issuer's securities at the date of the Price Reservation Form or News Release as applicable: \$ _____
2. The number of issued and outstanding securities of the Issuer at the date of signing this Form is: _____
3. The number of securities issued and issuable pursuant to the Expedited Filing System, including this transaction over the last 6 months, as a percentage of the current issued and outstanding securities is:

Acquisitions: _____

Private Placements: _____

II. Information on the Transaction

1. The transaction is fully disclosed in a news release dated _____
2. Describe the asset/property to be acquired by the Issuer, including the location of the asset/property _____
3. Describe the date, parties to and type of agreement (whether sale, or option or other kind of agreement) and provide a copy of the relevant agreements _____

4. Describe:

- (a) The total security and/or cash consideration and required work commitments, as applicable, for the transaction, on a yearly basis:

| | <u>Cash</u> | <u>Securities</u> | <u>Exploration or Other Work Commitments</u> |
|---------------|-------------|-------------------|--|
| <u>Year 1</u> | | | |
| <u>Year 2</u> | | | |
| <u>Etc.</u> | | | |

- (b) Describe any relevant terms of the agreement, such as NSRs and buy back options: _____

5. Show in tabular form, the names of any parties receiving securities of the Issuer pursuant to the transaction and the number of securities to be issued.

| Name of Party (If not an individual, name all Insiders of the Party) | Number and Type of Securities to be Issued | Insider=Y ProGroup=P Not Applicable=N/A |
|---|---|--|
| | | |

6. Provide particulars (including name and address of the finder) of any proposed finder(s)' fee.
7. Include the applicable fee, calculated in accordance with Policy 1.3 - *Schedule of Fees* and Appendix 1A.

III. Eligibility for Expedited Acquisition Filing

1. Is the seller (or optionor) of the asset, property or business a Non Arm's Length Party of the Issuer or its Associates or Affiliates? Yes ☐ No ☐
2. Is the acquisition a Change of Business or Reverse Takeover or is it being conducted in conjunction with or in contemplation of a Change of Business or Reverse Takeover? Yes ☐ No ☐
3. Is the acquisition of the asset or business in an industry which is different from the Issuer's primary business? Yes ☐ No ☐

4. Does the acquisition involve a property or asset which is contiguous with or related to a property or asset which has been acquired from the same vendor within the previous six months and is the acquisition being conducted in conjunction with or in contemplation of an undisclosed Material Change? Yes ☐ No ☐
5. Are there any securities issuable pursuant to the transaction(s) that are not listed securities or Warrants convertible into listed securities? Yes ☐ No ☐
6. Do any securities issued as consideration for the acquisition result in any person who was previously not an Insider becoming an Insider of the Issuer? Yes ☐ No ☐
7. Has the Issuer received notice to have its listing transferred to NEX pursuant to Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*? Yes ☐ No ☐
8. Is the transaction a Fundamental Acquisition? Yes ☐ No ☐
9. Does the aggregate number of securities issued by the Issuer under the Expedited Private Placement or Expedited Acquisition filing procedures within the previous 6 months exceed 50% of the Issuer's issued and outstanding securities? Yes ☐ No ☐

If the undersigned answers "Yes" to any of the questions in this Item III, the Issuer is not entitled to use this Form and the transaction must proceed as a Reviewable Transaction in accordance with the requirements of Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*.

IV. Declaration

The undersigned certifies that:

1. there are no Material Changes in the affairs of the Issuer which have not been publicly disclosed;
2. to the knowledge of the Issuer, at the time that an agreement in principle was reached, no other party to the transaction had knowledge of any undisclosed Material Fact or Material Change relating to the Issuer, other than in relation to this transaction;
3. the transaction has been approved by the directors of the Issuer in accordance with corporate law requirements;
4. the undersigned is a director or senior officer of the Issuer and is duly authorized by the Issuer to make this declaration; and
5. all the information in this Expedited Acquisition Filing Form is true.

Dated _____

Signature of authorized signatory

Print name of Signatory

Official capacity

Acknowledgement - Personal Information

“Personal Information” means any information about an identifiable individual, and includes the information contained in Items 3, 5 and 6 of Part II, as applicable, found in this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Dated _____

Signature of authorized signatory

Print name of Signatory

Official capacity



FORM 5C TRANSACTION SUMMARY FORM

Re: _____ (the "Issuer")

Trading Symbol: _____ Tier: _____

Current issued and outstanding securities: _____

I. The Transaction

1. The transaction is fully disclosed in a news release dated: _____
2. Describe the date, parties to and type of agreement (whether sale or option) and attach a copy of the agreement to this Form: _____

3. Describe the asset/property to be acquired by the Issuer, including the location of the asset/property: _____

4. If applicable, state if the transaction is the acquisition of an interest in a property which is contiguous to or otherwise related to any other asset acquired in the last 12 months. _____

5. Describe:
 - (a) The total security and/or cash consideration and required work commitments as applicable for the transaction, on a yearly basis:

| | <u>Cash</u> | <u>Securities</u> | <u>Exploration Work Commitments</u> |
|--------------------------------|-------------|-------------------|-------------------------------------|
| <u>Year 1</u> | | | |
| <u>Year 2</u> | | | |
| <u>Year 3 or as applicable</u> | | | |

(b) Describe any relevant terms of the agreement, such as NSRs and buy back options: _____

6. Describe, in tabular form, the names of any parties receiving securities of the Issuer pursuant to the transaction and the number of securities to be issued:

| Name of Party (If not an individual, name all Insiders of the Party) | Number and Type of Securities to be Issued | Insider=Y ProGroup=P Not Applicable=N/A |
|---|---|--|
| | | |

7. Provide the particulars of any proposed finder(s) fee, including the name and address of the finder: _____

II. Other Matters

1. If the transaction involves a Non Arm's Length Party, disclose:

- (a) the details of the relationship between the Issuer and the other party: _____

- (b) which directors of the Issuer declared a conflict of interest and abstained from voting at the directors meeting regarding this transaction; and _____

- (c) whether the transaction is subject to Policy 5.9 and how valuation and security holder approval requirements will be met or how exempted. _____

2. If the transaction forms part of a COB or RTO, describe the relevant terms of the COB or RTO: _____

3. The Expedited Acquisitions, as defined in Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*, of the Issuer during the preceding 6 months are as follows: _____

4. Show the calculation of the maximum fees payable to the Exchange as prescribed by Policy 1.3 – *Schedule of Fees* and Appendix 1A – *Notice of Billing Practices*:

III. Declaration

The undersigned certifies that:

1. there are no Material Changes in the affairs of the Issuer which have not been publicly disclosed;
2. to the knowledge of the Issuer, at the time an agreement was reached, no other party to the transaction had knowledge of any undisclosed Material Information relating to the Issuer, other than in relation to this transaction;
3. the transaction has been approved by the directors of the Issuer in accordance with applicable corporate law and Exchange Requirements;
4. all the information in this Transaction Summary Form is true; and
5. the undersigned is a director or senior officer of the Issuer and is authorized by the Issuer to make this filing.

Dated: _____

Signature of authorized signatory

Print name of signatory

Official capacity

Acknowledgement - Personal Information

“Personal Information” means any information about an identifiable individual, and includes the information contained in Items I. 2, 6, and 7, and Item II. 1 and 2, as applicable, in this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Dated: _____

Signature of authorized signatory

Print name of signatory

Official capacity

FORM 5D

ESCROW AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, _____

AMONG:

(the “**Issuer**”)

AND:

(the “**Escrow Agent**”)

AND:

EACH OF THE UNDERSIGNED SECURITYHOLDERS OF THE ISSUER
(a “**Securityholder**” or “**you**”)

(collectively, the “**Parties**”)

This Agreement is being entered into by the Parties under Policy 5.4 – *Capital Structure, Escrow and Resale Restrictions* (the “**Policy**”) of the TSX Venture Exchange (the “**Exchange**”) in connection with a [Reverse Takeover, Change of Business, Qualifying Transaction, or other transaction (please describe)] (the “**Transaction**”).

The Issuer is a [Tier 1/Tier 2 Issuer] as described in Policy 2.1 - *Initial Listing Requirements* of the Exchange.

For good and valuable consideration, the Parties agree as follows:

PART 1 ESCROW

1.1 Appointment of Escrow Agent

The Issuer and the Securityholders appoint the Escrow Agent to act as escrow agent under this Agreement. The Escrow Agent accepts the appointment.

1.2 Deposit of Escrow Securities in Escrow

- (1) You are depositing the securities (**escrow securities**) listed below your name in Schedule A with the Escrow Agent to be held in escrow under this Agreement. You will immediately deliver or cause to be delivered to the Escrow Agent any share certificates or other evidence of these escrow securities which you have or which you may later receive. If you are not an individual, you will also complete, execute and deliver to the Exchange an Undertaking of Holder of Escrow Securities that is Not an Individual in the form attached as Schedule C.
- (2) If you receive any other securities (**additional escrow securities**):
 - (a) as a dividend or other distribution on escrow securities;
 - (b) on the exercise of a right of purchase, conversion or exchange attaching to escrow securities, including securities received on conversion of special warrants;
 - (c) on a subdivision, or compulsory or automatic conversion or exchange of escrow securities;
 - (d) from a successor issuer in a business combination, if Part 6 of this Agreement applies; or
 - (e) issued in connection with the Transaction to which this Agreement relates;

you will deposit them in escrow with the Escrow Agent. You will deliver or cause to be delivered to the Escrow Agent any share certificates or other evidence of those additional escrow securities. When this Agreement refers to **escrow securities**, it includes additional escrow securities.
- (3) You will immediately deliver to the Escrow Agent any replacement share certificates or other evidence of additional escrow securities issued to you.

1.3 Direction to Escrow Agent

The Issuer and the Securityholders direct the Escrow Agent to hold the escrow securities in escrow until they are released from escrow under this Agreement.

PART 2 RELEASE OF ESCROW SECURITIES

2.1 Release Provisions

Subject to the Policy and sections 2.5, 2.6, 2.7 and 3.1 of this Agreement, the escrow securities will be released from escrow in accordance with the release provisions set out in **[for a Tier 1 Issuer, insert “Schedule B(1)” and for a Tier 2 Issuer, insert “Schedule B(2)”]**, which are incorporated into and form part of this Agreement.

2.2 Additional escrow securities

If you acquire additional escrow securities in connection with the Transaction to which this Agreement relates, those securities will be added to the securities already in escrow, to increase the number of remaining escrow securities. After that, all of the escrow securities will be released in accordance with the applicable release schedule.

2.3 Delivery of Share Certificates for Escrow Securities

The Escrow Agent will send to each Securityholder any share certificates or other evidence of that Securityholder’s escrow securities in the possession of the Escrow Agent released from escrow as soon as reasonably practicable after the release.

2.4 Replacement Certificates

If, on the date a Securityholder’s escrow securities are to be released, the Escrow Agent holds a share certificate or other evidence representing more escrow securities than are to be released, the Escrow Agent will deliver the share certificate or other evidence to the Issuer or its transfer agent and request replacement share certificates or other evidence. The Issuer will cause replacement share certificates or other evidence to be prepared and delivered to the Escrow Agent. After the Escrow Agent receives the replacement share certificates or other evidence, the Escrow Agent will send to the Securityholder or at the Securityholder’s direction, the replacement share certificate or other evidence of the escrow securities released. The Escrow Agent and Issuer will act as soon as reasonably practicable.

2.5 Release upon Death

- (1) If a Securityholder dies, the Securityholder’s escrow securities will be released from escrow. The Escrow Agent will deliver any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent to the Securityholder’s legal representative provided that:
 - (a) the legal representative of the deceased Securityholder provides written notice to the Exchange of the intent to release the escrow securities as at a specified date which is at least 10 business days and not more than 30 business days prior to the proposed release; and

- (b) the Exchange provides the Escrow Agent with written notice that it does not object to the release prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to delivery the Escrow Agent must receive:
 - (a) a certified copy of the death certificate; and
 - (b) any evidence of the legal representative's status that the Escrow Agent may reasonably require.

2.6 Exchange Discretion to Terminate

If the Escrow Agent receives a request from the Exchange to halt or terminate the release of escrow securities from escrow, then the Escrow Agent will comply with that request, and will not release any escrow securities from escrow until it receives the written consent of the Exchange.

2.7 Discretionary Applications

The Exchange may consent to the release from escrow of escrow securities in other circumstances and on terms and on conditions it deems appropriate. Escrow securities may be released from escrow provided that the Escrow Agent receives written notice from the Exchange.

PART 3 EARLY RELEASE ON CHANGE OF ISSUER STATUS

3.1 Early Release – Graduation to Tier 1

- (1) When a Tier 2 Issuer becomes a Tier 1 Issuer, the release schedule for its escrow securities changes.
- (2) If the Issuer reasonably believes that it meets the Initial Listing Requirements of a Tier 1 Issuer as described in Policy 2.1 – *Initial Listing Requirements*, the Issuer may make application to the Exchange to be listed as a Tier 1 Issuer. The Issuer must also concurrently provide notice to the Escrow Agent that it is making such an application.
- (3) If the graduation to Tier 1 is accepted by the Exchange, the Exchange will issue an Exchange Bulletin confirming final acceptance for listing of the Issuer on Tier 1. Upon issuance of this Bulletin the Issuer must immediately:
 - (a) issue a news release:
 - (i) disclosing that it has been accepted for graduation to Tier 1; and
 - (ii) disclosing the number of escrow securities to be released and the dates of release under the new schedule; and

- (b) provide the news release, together with a copy of the Exchange Bulletin, to the Escrow Agent.
- (4) Upon completion of the steps in section 3.1(3) above, the Issuer's release Schedule B(2) will be replaced with release Schedule B(1).
- (5) Within 10 days of the Exchange Bulletin confirming the Issuer's listing on Tier 1, the Escrow Agent must release any escrow securities from escrow securities which under the new release schedule would have been releasable at a date prior to the Exchange Bulletin.

PART 4 DEALING WITH ESCROW SECURITIES

4.1 Restriction on Transfer, etc.

Unless it is expressly permitted in this Agreement, you will not sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with your escrow securities or any related share certificates or other evidence of the escrow securities. If a Securityholder is not an individual (a "**holding company**") and is controlled by one or more Principals of the Issuer, the Securityholder may not participate in a transaction that results in a change of its control or a change in the economic exposure of the Principals to the risks of holding escrow securities. Further, if escrow securities are held by a holding company, the Exchange will require that the holding company and the controlling securityholders of that holding company sign and deliver to the Exchange undertakings in the form set out in Schedule C to this Agreement, in which they agree not to permit or authorize any securities of the holding company to be issued or transferred, nor otherwise permit or authorize the holding company to carry out any transaction that could reasonably result in a change of control of the holding company, without the prior written consent of the Exchange.

4.2 Pledge, Mortgage or Charge as Collateral for a Loan

Notwithstanding section 4.1, subject to Exchange acceptance, you may pledge, mortgage or charge your escrow securities to a financial institution as collateral for a loan, provided that no escrow securities or any share certificates or other evidence of escrow securities will be transferred or delivered by the Escrow Agent to the financial institution for this purpose. The loan agreement must provide that the escrow securities will remain in escrow if the lender realizes on the escrow securities to satisfy the loan. In order to obtain Exchange acceptance, you must file a draft loan agreement describing the terms of the loan and the collateral requirements.

4.3 Voting of Escrow Securities

Although you may exercise voting rights attached to your escrow securities, you may not, while your securities are held in escrow, exercise voting rights attached to any securities (whether in escrow or not) in support of one or more arrangements that would result in the repayment of capital being made on the escrow securities prior to a winding up of the Issuer.

4.4 Dividends on Escrow Securities

You may receive a dividend or other distribution on your escrow securities, and elect the manner of payment from the standard options offered by the Issuer. If the Escrow Agent receives a dividend or other distribution on your escrow securities, other than additional escrow securities, the Escrow Agent will pay the dividend or other distribution to you on receipt.

4.5 Exercise of Other Rights Attaching to Escrow Securities

You may exercise your rights to exchange or convert your escrow securities in accordance with this Agreement.

PART 5 PERMITTED TRANSFERS WITHIN ESCROW

5.1 Transfer to Directors and Senior Officers

- (1) If permitted under their terms, you may transfer escrow securities within escrow to existing or, upon their appointment, incoming directors or senior officers of the Issuer or any of its material operating subsidiaries, if the Issuer's board of directors has approved the transfer and provided that:
 - (a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange provides the Escrow Agent with written notice that it does not object to the transfer prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) a certified copy of the resolution of the board of directors of the Issuer approving the transfer;
 - (b) a certificate signed by a director or officer of the Issuer authorized to sign, stating that the transfer is to a director or senior officer of the Issuer or a material operating subsidiary and that any required acceptance from the exchange the Issuer is listed on has been received;
 - (c) an acknowledgment in the form of Form 5E signed by the transferee; and
 - (d) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent.

5.2 Transfer to Other Principals

- (1) If permitted under their terms, you may transfer escrow securities within escrow:
- (a) to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Issuer's outstanding securities; or
 - (b) to a person or company that after the proposed transfer
 - (i) will hold more than 10% of the voting rights attached to the Issuer's outstanding securities, and
 - (ii) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries,

provided that:

- (c) you make an application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (d) the Exchange provides the Escrow Agent with written notice that it does not object to the transfer prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer the Escrow Agent must receive:
- (a) a certificate signed by a director or officer of the Issuer authorized to sign, stating that:
 - (i) the transfer is to a person or company that the officer believes, after reasonable investigation, holds more than 20% of the voting rights attached to the Issuer's outstanding securities before the proposed transfer; or
 - (ii) the transfer is to a person or company that:
 - (A) the officer believes, after reasonable investigation, will hold more than 10% of the voting rights attached to the Issuer's outstanding securities; and
 - (B) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries
- after the proposed transfer; and

- (iii) any required approval from the Exchange or any other exchange on which the Issuer is listed has been received;
- (b) an acknowledgment in the form of Form 5E signed by the transferee; and
- (c) a transfer power of attorney, completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent.

5.3 Transfer upon Bankruptcy

- (1) If permitted under their terms, you may transfer escrow securities within escrow to a trustee in bankruptcy or another person or company entitled to escrow securities on bankruptcy provided that:
 - (a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange provides the Escrow Agent with written notice that it does not object to the transfer prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer, the Escrow Agent must receive:
 - (a) a certified copy of either
 - (i) the assignment in bankruptcy filed with the Superintendent of Bankruptcy, or
 - (ii) the receiving order adjudging the Securityholder bankrupt;
 - (b) a certified copy of a certificate of appointment of the trustee in bankruptcy;
 - (c) a transfer power of attorney, duly completed and executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
 - (d) an acknowledgment in the form of Form 5E signed by
 - (i) the trustee in bankruptcy or
 - (ii) on direction from the trustee, with evidence of that direction attached to the acknowledgement form, another person or company legally entitled to the escrow securities.

5.4 Transfer Upon Realization of Pledged, Mortgaged or Charged Escrow Securities

- (1) If permitted under their terms, you may transfer escrow securities you have pledged, mortgaged or charged under section 4.2 to a financial institution as collateral for a loan within escrow to the lender on realization provided that:
 - (a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange provides the Escrow Agent with written notice that it does not object to the transfer prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) a statutory declaration of an officer of the financial institution that the financial institution is legally entitled to the escrow securities;
 - (b) evidence that the Exchange has accepted the pledge, mortgage or charge of escrow securities to the financial institution;
 - (c) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
 - (d) an acknowledgement in the form of Form 5E signed by the financial institution.

5.5 Transfer to Certain Plans and Funds

- (1) If permitted under their terms, you may transfer escrow securities within escrow to or between a registered retirement savings plan (RRSP), registered retirement income fund (RRIF) or other similar registered plan or fund with a trustee, where the beneficiaries of the plan or fund are limited to you and your spouse, children and parents provided that:
 - (a) you make application to transfer under the Policy at least 10 business days and not more than 30 business days prior to the date of the proposed transfer; and
 - (b) the Exchange provides the Escrow Agent with written notice that it does not object to the transfer prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date.
- (2) Prior to the transfer the Escrow Agent must receive:
 - (a) evidence from the trustee of the transferee plan or fund, or the trustee's agent, stating that, to the best of the trustee's knowledge, the annuitant of the RRSP or RRIF or the beneficiaries of the other registered plan or fund do not include any person or company other than you and your spouse, children and parents;

- (b) a transfer power of attorney, executed by the transferor in accordance with the requirements of the Issuer's transfer agent; and
- (c) an acknowledgement in the form of Form 5E signed by the trustee of the plan or fund.

5.6 Effect of Transfer Within Escrow

After the transfer of escrow securities within escrow, the escrow securities will remain in escrow and released from escrow under this Agreement as if no transfer has occurred, on the same terms that applied before the transfer. The Escrow Agent will not deliver any share certificates or other evidence of the escrow securities to transferees under this Part 5.

5.7 Discretionary Applications

The Exchange may consent to the transfer within escrow of escrow securities in other circumstances and on such terms and conditions as it deems appropriate.

PART 6 BUSINESS COMBINATIONS

6.1 Business Combinations

This Part applies to the following **(business combinations)**:

- (a) a formal take-over bid for all outstanding securities of the Issuer or which, if successful, would result in a change of control of the Issuer
- (b) a formal issuer bid for all outstanding equity securities of the Issuer
- (c) a statutory arrangement
- (d) an amalgamation
- (e) a merger
- (f) a reorganization that has an effect similar to an amalgamation or merger

6.2 Delivery to Escrow Agent

- (1) You may tender your escrow securities to a person or company in a business combination. At least five business days prior to the date the escrow securities must be tendered under the business combination, you must deliver to the Escrow Agent:
 - (a) a written direction signed by you that directs the Escrow Agent to deliver to the depository under the business combination any share certificates or other evidence of the escrow securities and a completed and executed cover letter or similar document and, where required, transfer power of attorney completed and executed for transfer in accordance with the requirements of the Issuer's depository, and any

other documentation specified or provided by you and required to be delivered to the depositary under the business combination;

- (b) written consent of the Exchange; and
- (c) any other information concerning the business combination as the Escrow Agent may reasonably require.

6.3 Delivery to Depositary

- (1) As soon as reasonably practicable, and in any event no later than three business days after the Escrow Agent receives the documents and information required under section 6.2, the Escrow Agent will deliver to the depositary, in accordance with the direction, any share certificates or other evidence of the escrow securities, and a letter addressed to the depositary that
 - (a) identifies the escrow securities that are being tendered;
 - (b) states that the escrow securities are held in escrow;
 - (c) states that the escrow securities are delivered only for the purposes of the business combination and that they will be released from escrow only after the Escrow Agent receives the information described in section 6.4;
 - (d) if any share certificates or other evidence of the escrow securities have been delivered to the depositary, requires the depositary to return to the Escrow Agent, as soon as practicable, the share certificates or other evidence of escrow securities that are not released from escrow into the business combination; and
 - (e) where applicable, requires the depositary to deliver or cause to be delivered to the Escrow Agent, as soon as practicable, share certificates or other evidence of additional escrow securities that you acquire under the business combination.

6.4 Release of Escrow Securities to Depositary

- (1) The Escrow Agent will release from escrow the tendered escrow securities provided that:
 - (a) you or the Issuer make application to release the tendered securities under the Policy on a date at least 10 business days and not more than 30 business days prior to the date of the proposed release date; and
 - (b) the Exchange provides the Escrow Agent with written notice that it does not object to the release prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date;

- (c) the Escrow Agent receives a declaration signed by the depositary or, if the direction identifies the depositary as acting on behalf of another person or company in respect of the business combination, by that other person or company, that
 - (i) the terms and conditions of the business combination have been met or waived; and
 - (ii) the escrow securities have either been taken up and paid for or are subject to an unconditional obligation to be taken up and paid for under the business combination.

6.5 Escrow of New Securities

- (1) Subject to the procedural requirements of this Agreement, if you receive securities (**new securities**) of another issuer (**successor issuer**) in exchange for your escrow securities, the new securities will be subject to escrow on the same terms and conditions (including release dates) in substitution for the tendered escrow securities, unless immediately after completion of the business combination,
 - (a) the successor issuer is an exempt issuer as defined in the National Policy;
 - (b) the escrow holder is not a Principal of the successor issuer; and
 - (c) the escrow holder holds less than 1% of the voting rights attached to the successor issuer's outstanding securities. (In calculating this percentage, include securities that may be issued to the escrow holder under outstanding convertible securities in both the escrow holder's securities and the total securities outstanding.)

6.6 Release from Escrow of New Securities

- (1) The Escrow Agent will send to a Securityholder share certificates or other evidence of the Securityholder's new securities as soon as reasonably practicable after the Escrow Agent receives:
 - (a) a certificate from the successor issuer signed by a director or officer of the successor issuer authorized to sign
 - (i) stating that it is a successor issuer to the Issuer as a result of a business combination;
 - (ii) containing a list of the securityholders whose new securities are subject to escrow under section 6.5;

- (iii) containing a list of the securityholders whose new securities are not subject to escrow under section 6.5;
 - (b) written confirmation from the Exchange that it has accepted the list of Securityholders whose new securities are not subject to escrow under section 6.5.
- (2) The escrow securities of the Securityholders, whose securities are not subject to escrow under section 6.5, will be released, and the Escrow Agent will send any share certificates or other evidence of the escrow securities in the possession of the Escrow Agent in accordance with section 2.3.
- (3) If your new securities are subject to escrow, unless subsection (4) applies, the Escrow Agent will hold your new securities in escrow on the same terms and conditions, including release dates, as applied to the escrow securities that you exchanged.
- (4) If the Issuer is a Tier 2 Issuer and the successor issuer is a Tier 1 Issuer, the release provisions in section 3.1(4) relating to graduation will apply.

PART 7 RESIGNATION OF ESCROW AGENT

7.1 Resignation of Escrow Agent

- (1) If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer and the Exchange.
- (2) If the Issuer wishes to terminate the Escrow Agent as escrow agent, the Issuer will give written notice to the Escrow Agent and the Exchange.
- (3) If the Escrow Agent resigns or is terminated, the Issuer will be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date by another escrow agent that is acceptable to the Exchange and that has accepted such appointment, which appointment will be binding on the Issuer and the Securityholders.
- (4) The resignation or termination of the Escrow Agent will be effective, and the Escrow Agent will cease to be bound by this Agreement, on the date that is 60 days after the date of receipt of the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the “**resignation or termination date**”), provided that the resignation or termination date will not be less than 10 business days before a release date.
- (5) If the Issuer has not appointed a successor escrow agent within 60 days of the resignation or termination date, the Escrow Agent will apply, at the Issuer’s expense, to a court of competent jurisdiction for the appointment of a successor escrow agent, and the duties and responsibilities of the Escrow Agent will cease immediately upon such appointment.

- (6) On any new appointment under this section, the successor Escrow Agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as Escrow Agent, without any further assurance, conveyance, act or deed. The predecessor Escrow Agent, upon receipt of payment for any outstanding account for its services and expenses then unpaid, will transfer, deliver and pay over to the successor Escrow Agent, who will be entitled to receive, all securities, records or other property on deposit with the predecessor Escrow Agent in relation to this Agreement and the predecessor Escrow Agent will thereupon be discharged as Escrow Agent.
- (7) If any changes are made to Part 8 of this Agreement as a result of the appointment of the successor Escrow Agent, those changes must not be inconsistent with the Policy and the terms of this Agreement and the Issuer to this Agreement will file a copy of the new Agreement with the Exchange.

PART 8 OTHER CONTRACTUAL ARRANGEMENTS

[You may insert any other contractual arrangements the Parties to this Agreement wish to provide to govern the responsibilities, remuneration, liabilities, and indemnities for the duties of the Escrow Agent or any other matter which the Parties wish to include in this Agreement provided that the terms are not inconsistent with the applicable Exchange Policies and the terms of this Agreement.]

PART 9 INDEMNIFICATION OF THE EXCHANGE

9.1 Indemnification

- (1) The Issuer and each Securityholder jointly and severally:
- (a) release, indemnify and save harmless the Exchange from all costs (including legal cost, expenses and disbursements), charges, claims, demands, damages, liabilities, losses and expenses incurred by the Exchange;
 - (b) agree not to make or bring a claim or demand, or commence any action, against the Exchange; and
 - (c) agree to indemnify and save harmless the Exchange from all costs (including legal costs) and damages that the Exchange incurs or is required by law to pay as a result of any person's claim, demand or action,
- arising from any and every act or omission committed or omitted by the Exchange, in connection with this Agreement, even if said act or omission was negligent, or constituted a breach of the terms of this Agreement.
- (2) This indemnity survives the release of the escrow securities and the termination of this Agreement.

PART 10 NOTICES

10.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by fax or email, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

[Name, address, contact person, fax number, email address]

10.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by fax or email, the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the following:

[Name, address, contact person, fax number, email address]

10.3 Deliveries to Securityholders

Documents will be considered to have been delivered to a Securityholder on the date of delivery, if delivered by hand or by prepaid courier, or 5 business days after the date of mailing, if delivered by mail, to the address on the Issuer's share register.

Any share certificates or other evidence of a Securityholder's escrow securities will be sent to the Securityholder's address on the Issuer's share register unless the Securityholder has advised the Escrow Agent in writing otherwise at least ten business days before the escrow securities are released from escrow. The Issuer will provide the Escrow Agent with each Securityholder's address as listed on the Issuer's share register.

10.4 Change of Address

- (1) The Escrow Agent may change its address for delivery by delivering notice of the change of address to the Issuer and to each Securityholder.
- (2) The Issuer may change its address for delivery by delivering notice of the change of address to the Escrow Agent and to each Securityholder.
- (3) A Securityholder may change that Securityholder's address for delivery by delivering notice of the change of address to the Issuer and to the Escrow Agent.

10.5 Postal Interruption

A party to this Agreement will not mail a Document if the party is aware of an actual or impending disruption of postal service.

10.6 Delisting

Notwithstanding any other provision in this Agreement, if the Issuer ceases to be listed on the Exchange for any reason, the Issuer will no longer be required to obtain any written notice or confirmation from the Exchange as set out in section 2.5(1)(b), section 5.1(1)(b), section 5.2(1)(d), section 5.3(1)(b), section 5.4(1)(b), section 5.5(1)(b), section 6.2(1)(b), section 6.4(1)(b) and section 6.6(1)(b).

PART 11 GENERAL

11.1 Interpretation – “holding securities”

Unless the context otherwise requires, all capitalized terms that are not otherwise defined in this Agreement, shall have the meanings as defined in Policy 1.1 - *Interpretation* or in Policy 5.4 – *Capital Structure, Escrow and Resale Restrictions*.

When this Agreement refers to securities that a Securityholder “holds”, it means that the Securityholder has direct or indirect beneficial ownership of or control or direction over the securities.

11.2 Enforcement by Third Parties

The Issuer enters this Agreement both on its own behalf and as trustee for the Exchange and the Securityholders of the Issuer, and this Agreement may be enforced by either the Exchange, or the Securityholders of the Issuer, or both.

11.3 Termination, Amendment, and Waiver of Agreement

(1) Subject to subsection 11.3(3), this Agreement shall only terminate:

- (a) with respect to all the Parties:
 - (i) as specifically provided in this Agreement;
 - (ii) subject to subsection 11.3(2), upon the agreement of all Parties; or
 - (iii) when the escrow securities of all Securityholders have been released from escrow pursuant to this Agreement; and
- (b) with respect to a Party:

- (i) as specifically provided in this Agreement; or
 - (ii) if the Party is a Securityholder, when all of the Securityholder's escrow securities have been released from escrow pursuant to this Agreement.
- (2) An agreement to terminate this Agreement pursuant to section 11.3(1)(a)(ii) shall not be effective unless and until the agreement to terminate
 - (a) is evidenced by a memorandum in writing signed by all Parties;
 - (b) if the Issuer is listed on the Exchange, the termination of this Agreement has been consented to in writing by the Exchange; and
 - (c) has been approved by a majority vote of securityholders of the Issuer excluding in each case, Securityholders.
- (3) Notwithstanding any other provision in this Agreement, the obligations set forth in section 9.1 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.
- (4) No amendment or waiver of this Agreement or any part of this Agreement shall be effective unless the amendment or waiver:
 - (a) is evidenced by a memorandum in writing signed by all Parties;
 - (b) if the Issuer is listed on the Exchange, the amendment or waiver of this Agreement has been approved in writing by the Exchange; and
 - (c) has been approved by a majority vote of securityholders of the Issuer excluding in each case, Securityholders.
- (5) No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether similar or not), nor shall any waiver constitute a continuing waiver, unless expressly provided.

11.4 Severance of Illegal Provision

Any provision or part of a provision of this Agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability, and the rest of the Agreement and all other provisions and parts thereof shall remain in full force and effect and be binding upon the parties hereto as though the said illegal and/or unenforceable provision or part thereof had never been included in this Agreement.

11.5 Further Assurances

The Parties will execute and deliver any further documents and perform any further acts reasonably requested by any of the Parties to this Agreement which are necessary to carry out the intent of this Agreement.

11.6 Time

Time is of the essence of this Agreement.

11.7 Consent of Exchange to Amendment

The Exchange must approve any amendment to this Agreement if the Issuer is listed on the Exchange at the time of the proposed amendment.

11.8 Additional Escrow Requirements

A Canadian exchange may impose escrow terms or conditions in addition to those set out in this Agreement.

11.9 Governing Laws

The laws of {insert principal jurisdiction} and the applicable laws of Canada will govern this Agreement.

11.10 Counterparts

The Parties may execute this Agreement by fax and in counterparts, each of which will be considered an original and all of which will be one agreement.

11.11 Singular and Plural

Wherever a singular expression is used in this Agreement, that expression is considered as including the plural or the body corporate where required by the context.

11.12 Language

This Agreement has been drawn up in the [English/French] language at the request of all parties. Cet acte a été rédigé en [anglais/français] à la demande de toutes les parties.

11.13 Benefit and Binding Effect

This Agreement will benefit and bind the Parties and their heirs, executors, administrators, successors and permitted assigns and all persons claiming through them as if they had been a Party to this Agreement.

11.14 Entire Agreement

This is the entire agreement among the Parties concerning the subject matter set out in this Agreement and supersedes any and all prior understandings and agreements.

11.15 Successor to Escrow Agent

Any corporation with which the Escrow Agent may be amalgamated, merged or consolidated, or any corporation succeeding to the business of the Escrow Agent will be the successor of the Escrow Agent under this Agreement without any further act on its part or on the part or any of the Parties, provided that the successor is recognized by the Exchange.

The Parties have executed and delivered this Agreement as of the date set out above.

[Escrow Agent]

Authorized signatory

Authorized signatory

[Issuer]

Authorized signatory

Authorized signatory

If the Securityholder is an individual:

Signature of Securityholder

If the Securityholder is not an individual:

[Securityholder]

Authorized signatory

Authorized signatory

SCHEDULE A
SECURITYHOLDER

Name: _____

Signature: _____

Address for Notice:

Securities:

| <i>Class and Type (i.e. Warrants, Convertible Debentures, Stock Options, RSU, DSU, PSU etc.)</i> | <i>Number</i> | <i>Certificate(s) (if applicable)</i> |
|--|---------------|---------------------------------------|
| | | |
| | | |
| | | |

SCHEDULE B(1)

TIER 1 ISSUER - RELEASE OF SECURITIES

“**Bulletin Date**” means the date of the Exchange Bulletin confirming its final acceptance of the Transaction.

Timed Release

| Release Dates | Percentage of Total Escrow Securities to be Released | Total Number of Escrow Securities to be Released |
|---|--|--|
| [Insert Bulletin Date] | 25% | |
| [Insert date 6 months following the Bulletin Date] | 25% | |
| [Insert date 12 months following the Bulletin Date] | 25% | |
| [Insert date 18 months following the Bulletin Date] | 25% | |
| TOTAL | 100% | |

*In the simplest case where there are no changes to the escrow securities initially deposited and no additional escrow securities, then the release schedule outlined above results in the escrow securities being released in equal tranches of 25%.

SCHEDULE B(2)

TIER 2 ISSUER - RELEASE OF SECURITIES

“**Bulletin Date**” means the date of the Exchange Bulletin confirming its final acceptance of the Transaction.

Timed Release

| Release Dates | Percentage of Total Escrow Securities to be Released | Total Number of Escrow Securities to be Released |
|---|--|--|
| [Insert Bulletin Date] | 10% | |
| [Insert date 6 months following the Bulletin Date] | 15% | |
| [Insert date 12 months following the Bulletin Date] | 15% | |
| [Insert date 18 months following the Bulletin Date] | 15% | |
| [Insert date 24 months following the Bulletin Date] | 15% | |
| [Insert date 30 months following the Bulletin Date] | 15% | |
| [Insert date 36 months following the Bulletin Date] | 15% | |
| TOTAL | 100% | |

*In the simplest case where there are no changes to the escrow securities initially deposited and no additional escrow securities, the release schedule outlined above results in the escrow securities being released in equal tranches of 15% after completion of the release on the Bulletin Date.

SCHEDULE C

UNDERTAKING OF HOLDER OF ESCROW SECURITIES THAT IS NOT AN INDIVIDUAL

TO: TSX Venture Exchange

RE: ● (the “**Issuer**”)

● (the “**Securityholder**”) has subscribed for and agreed to purchase, or holds, as principal, ● Common Shares of the Issuer (the “**Escrow Securities**”). The Escrow Securities will be held in escrow as detailed in the escrow agreement entered into between the Issuer, ● (the “**Escrow Agent**”) and the Securityholder.

The undersigned Securityholder undertakes that, so long as any Escrow Securities remain held or are required to be held in escrow, to the extent reasonably possible, it will not permit or authorize any of its securities to be issued or transferred, nor will it otherwise permit or authorize or carry out any transaction that could reasonably result in a change of its control, without the prior written consent of the TSX Venture Exchange.

DATED ●

(Name of Securityholder – please print)

(Authorized Signature)

(Title/Official Capacity e.g. Director, CEO, CFO...)

(Name of individual whose signature appears above – please print)

The Securityholder is controlled by the undersigned (the “**Controlling Securityholder**”) who undertakes that, so long as any Escrow Securities remain held or are required to be held in escrow, to the extent reasonably possible, he will not permit or authorize any securities of the Securityholder to be issued or transferred, nor otherwise permit or authorize the Securityholder to carry out any transaction that could reasonably result in a change of control of the Securityholder, without the prior written consent of the TSX Venture Exchange.

DATED ●

(Signature)

(Name of Controlling Securityholder – please print)

(Signature)

(Name of Controlling Securityholder – please print)



FORM 5E

AGREEMENT BY ESCROW TRANSFEREE TO BE BOUND BY ESCROW AGREEMENT

To: the TSX Venture Exchange

The undersigned acknowledges that the securities ("Securities") listed in Schedule A attached, have been or will be transferred to the undersigned and that such securities are subject to an escrow agreement dated _____ (the "Escrow Agreement").

For other good and valuable consideration, the undersigned agrees to be bound by the Escrow Agreement in respect of the Securities, as if the undersigned was an original signatory to the Escrow Agreement.

Dated at: _____ on _____.

Where the Security Holder is an Individual:

[Signature of transferee/purchaser]

Signed, sealed and delivered by _____ [print name of
transferee/purchaser]

in the presence of _____ [print name of witness]

[Signature of witness]

[Occupation of witness]

[Address of witness]

Where the Security Holder is a Company:

[Signature of authorized representative of transferee/purchaser]

[Signature of authorized representative of transferee/purchaser]

Schedule A

| Name of Security Holder (Transferor) | Name of Security Holder (Transferee) | Beneficial Owner | Number of Securities | Certificate Numbers |
|--------------------------------------|--------------------------------------|------------------|----------------------|---------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |



FORM 5F

ESCROW AGREEMENT INDEMNITY

This Indemnity made as of the _____ day of _____, _____.

To: the TSX Venture Exchange (the "Exchange")

WHEREAS:

- A. ♦, (the "Issuer"), ♦ and ♦ (the "Security Holders") and ♦ (the "Escrow Agent") entered into an escrow agreement (the "Current Escrow Agreement") dated ♦, whereby the Escrow Agent agreed to hold ♦ common shares (the "Escrowed Shares") of the Issuer owned by the Security Holder in escrow subject to the provisions of the Current Escrow Agreement;
- B. The release of the Escrowed Shares are subject to requirements previously imposed by the Vancouver Stock Exchange / TSX Venture Exchange / British Columbia Securities Commission / Alberta Stock Exchange / Alberta Securities Commission;
- C. The Issuer and the Security Holder have made application to the Exchange to terminate the Current Escrow Agreement in consideration for depositing all of the Escrowed Shares into escrow pursuant to escrow agreement in Exchange Form [2F/5D] (the "Exchange Escrow Agreement");
- D. The disinterested shareholders of the Issuer have been asked to approve the termination of the Current Escrow Agreement and the deposit of the Escrowed Shares into escrow pursuant to an Exchange Escrow Agreement which will provide for release of the Escrowed Shares in accordance with Exchange policies;
- E. The Exchange has consented to the foregoing, subject to issuance of a comprehensive press release in respect of the foregoing, receipt of an indemnity from the Issuer and the Security Holders, receipt of evidence of disinterested shareholder approval and receipt of evidence of consent of each of the Security Holders; and
- F. The board of directors of the Issuer and each of the corporate Security Holders has authorized the execution and delivery of this Indemnity.

NOW THEREFORE this agreement witnesses that, for good and valuable consideration as outlined above, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby jointly and severally agree and covenant to the Exchange as follows:

1. The Recitals hereto are true and complete.
2. Each of the Issuer and the Security Holders jointly and severally agree to and do hereby release and indemnify the Exchange, its governors, officers, directors, employees and each of their successors and assigns from and against all claims, suits, damages, expenses, costs, demands, fees and expenses (including legal costs on a solicitor and his own client basis) which may be occasioned by or which might result or arise from the consent of the Exchange to the termination of the Current Escrow Agreement, the execution of an Exchange Escrow Agreement and/or the resulting release of any and all of the Escrowed Shares from escrow.
3. Each of the Issuer and the Security Holders agree and acknowledge that this Indemnity shall be binding upon and shall enure to the benefit of the successors, assigns and transferees of each of the parties hereto.
4. The parties agree that this Indemnity may be executed in counterpart by any one or more of the parties hereto and that the execution in that manner shall not effect the form, substance or enforceability of the Indemnity.

IN WITNESS WHEREOF the parties have executed this Indemnity in counterpart as of the date and year first above written.

[Issuer]

[Signature of Authorized Officer or Director]

[Print name and title of signatory]

[Signature of Authorized Officer or Director]

[Print name and title of signatory]

[Corporate Security Holders]

[Signature of Authorized Officer or Director]

[Print name and title of signatory]

[Signature of Authorized Officer or Director]

[Print name and title of signatory]

[Individual Security Holders]

[Signature of Security Holder]

[Print name and address of Security Holder]



FORM 5G

NOTICE OF INTENTION TO MAKE A NORMAL COURSE ISSUER BID

Note: Statements that are not applicable should be indicated as such.

1. Name of Issuer

2. SEDAR Profile Number

3. Securities Sought

State the class and maximum number and percentage of securities, which may be acquired. A Notice may relate to the acquisition of more than one class of securities of an Issuer provided the bid for each class of securities qualifies as a normal course issuer bid. For example, an Issuer with common shares and convertible preferred shares outstanding may wish to purchase up to 5% of each class over a 12-month period.

4. Duration

State the dates on which the normal course issuer bid will commence and terminate. The normal course issuer bid may not extend for a period of more than one year from the date on which purchases may commence.

5. Method of Acquisition

Indicate clearly that purchases will be effected through the facilities of the Exchange and identify any other exchange on which purchases will be made. State that purchase and payment for the securities will be made by the Issuer in accordance with Exchange Requirements and that the price which the Issuer will pay for any securities acquired by it will be the market price of the securities at the time of acquisition.

6. Member and Broker

Indicate the name of the Member and the individual broker through which the Bid will be conducted. Include the address and phone number of the Member.

7. Consideration Offered

Indicate any restrictions on the price the offeror is prepared to pay and any other restrictions relating to the issuer bid, such as specific funds available, method of purchasing, etc.

8. Reasons for the Normal Course Issuer Bid

State the purpose and the business reasons for the normal course issuer bid.

9. Persons Acting Jointly or in Concert with the Issuer

Disclose the identity of any party acting jointly or in concert with the Issuer.

10. Valuation

Include a summary of any appraisal or valuation of the Issuer known to the directors or officers of the Issuer, regarding the Issuer, its material assets or securities prepared within the two years preceding the date of the Notice, together with a statement of a reasonable time and place at which such appraisal or valuation, or a copy thereof, may be inspected. For the purpose of this Item 10, the phrase “appraisal or valuation” means an independent appraisal or valuation and a material non-independent appraisal or valuation.

11. Previous Purchases

Where the Issuer has purchased securities that are the subject of the normal course issuer bid within the past 12 months, state the method of acquisition, the number of securities purchased and the average price paid.

12. Acceptance by Insiders, Affiliates and Associates

Where known, state the name of every person or company who proposes to sell securities of the Issuer during the course of the normal course issuer bid and who is:

- (a) a director, senior officer or other Insider of the Issuer;
- (b) an Associate of an Insider; or
- (c) an Associate or Affiliate of the Issuer.

13. Benefits from the Normal Course Issuer Bid

State the direct or indirect benefits to any of the persons or companies named in Item 12 of selling or not selling securities of the Issuer during the course of the normal course issuer bid. An answer to this item is not required where the benefits to such person or company of selling or not selling securities are the same as the benefits to any other securityholder who sells or does not sell.

14. Material Changes in the Affairs of the Issuer Company

Disclose the particulars of any plans or proposals for Material Changes in the affairs of the Issuer, including any contract or agreement under negotiation, any proposal to liquidate the Issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate with any other business organization, or to make any Material Changes in its business, corporate structure (debt or equity), management or personnel, or any other change which might reasonably be expected to have a significant effect on the price or value of the securities.

Certificate and Undertaking

All the information in this Notice of Intention to make a Normal Course Issuer Bid together with other documents forming part hereof constitutes full, true and plain disclosure of the Issuer's Bid and there is no further material information not herein disclosed.

The Issuer hereby undertakes to advise of the purchases of the above noted securities.

The undersigned hereby certifies that this Normal Course Issuer Bid:

- (a) will not, after making all the purchases stated in the Notice, cause the Issuer not to meet the Exchange's Tier Maintenance Requirements; and
- (b) is, in all other respects, in compliance with Policy 5.6 – *Normal Course Issuer Bids*.

Acknowledgement - Personal Information

"Personal Information" means any information about an identifiable individual, and includes the information contained in Items 6, 9, 12, 13 and 14, as applicable, in this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time.

Officer/Director of the Issuer (*signature*)

Date

FORM 5H NAME CHANGE WITHOUT CONSOLIDATION OR SPLIT FILING FORM

Current Name _____

New Name _____ (the "Issuer")

Current Trading Symbol: _____

1. General Information

Date of special resolution approving name change: _____

Authorized capital: _____

Issued shares: _____

Escrowed shares: _____

Transfer Agent: _____

New ISIN or CUSIP Number: _____

- New symbol and security number to be provided by the Exchange

Is this application being completed in connection with a Reactivation, RTO or COB?

Yes ☐ No ☐

If Yes, please provide details.

2. Required Documents/Information

Enclose the following documentation/information (or indicate if not applicable):

- a) Specimen of new share certificate with new ISIN or CUSIP number imprinted thereon. In the case of a generic certificate, the specimen certificate must be accompanied by a letter from the transfer agent confirming that the generic certificate complies with the requirements of the Security Transfer Association of Canada.

If new ISIN or CUSIP not yet received, confirm date applied to CDS for ISIN or CUSIP.

- b) Date of Exchange acceptance of proposed name.
- c) Proof of name reservation with the applicable corporate registry.
- d) Proposed or actual transmittal letter to shareholders.
- e) Letter from transfer agent with confirmation that transfer agent has enough new share certificates for distribution.

Date _____ Prepared by _____
(a director or officer of the Issuer)



FORM 5I SHARE CONSOLIDATION/SPLIT FILING FORM

Current Issuer Name: _____

New Issuer Name (where applicable): _____

Current Trading Symbol: _____ Tier: _____

Current issued and outstanding securities: _____

1. General Information

Date of resolution approving the consolidation or split: _____

Proposed consolidation/split ratio: _____

If the transaction is a stock split, whether push out or call in: _____

| | Pre-Consolidation/Split | Post-Consolidation/Split |
|---|-------------------------|--------------------------|
| Issued and Outstanding Listed Shares (including escrowed securities) | | |
| Escrowed Securities | | |
| Authorized Securities | | |

New ISIN or CUSIP Number: _____

Symbol and security number request made to the Exchange: Yes ☐ No ☐

2. Distribution and Policy Compliance

If the answer to the following question is NO please submit a request for a special policy waiver or explain what action is being taken to conform to the policy.

The Issuer will meet, on a post consolidation basis, the Tier Maintenance Requirements in respect of distribution:

Yes ☐ No ☐

3. Other Submissions

Indicate if this application is part of a Reverse Take-Over, Change of Business, a Reactivation, Qualifying Transaction or if any other submission is in preparation or under review by the Exchange.

4. Required Documents/Information

Enclose the following documentation (or indicate if not applicable).

- a) specimen of new security certificate with new ISIN or CUSIP number imprinted thereon. In the case of a generic certificate, a letter from the transfer agent confirming that the generic certificate complies with the requirements of the Security Transfer Association of Canada will suffice;

(if new ISIN or CUSIP has not yet been received, indicate date applied to CDS for ISIN or CUSIP)
- b) proof of name reservation with the applicable corporate registry;
- c) confirmation that the transmittal letter was sent to shareholders;
- d) written notice from CDS disclosing CUSIP or ISIN number(s) assigned to the issuer's Listed Shares after giving effect to the transaction(s);
- e) confirmation from transfer agent of sufficient security certificates for post consolidation or split distribution where applicable; and
- f) record date for split if conducted by push-out.

Date _____

Prepared by _____
(a director or officer of the Issuer)



FORM 5J

LETTER TO INTERMEDIARIES RE: SHARE DISTRIBUTION

(ISSUER'S LETTERHEAD)

(Address to intermediaries)

Re: Shareholder Distribution of [issuer] (the "Issuer")

The Issuer wishes to obtain information on the number of public shareholders holding in excess of [number of shares] free trading shares. This information is required for a submission being made to the TSX Venture Exchange. Please provide the information as at DATE or as closely to that date as possible.

The following individuals and corporations are insiders of the Issuer, and therefore are not considered to be public for the purpose of this request.

[list names]

Multiple accounts beneficially owned or directed by an individual should be aggregated for purposes of this request.

Please return the original in the enclosed envelope and forward the copy directly to the TSX Venture Exchange, Attn: Listed Issuer Services.

[ISSUER]

Authorized Signatory

We confirm that as at _____ we hold [aggregate number of shares of Issuer held by intermediary on behalf of number of shareholders] on behalf of [number] shareholders each holding beneficially or controlling in excess of [number of free trading shares from page 1] shares. This information excludes the holdings of any insiders (whether individuals or corporations) that we are aware of.

Signed on behalf of [Intermediary] by

[Authorized Signatory]

[Title]



FORM 6A

SEED SHARE RESALE RESTRICTIONS POOLING AGREEMENT

THIS AGREEMENT is dated for reference _____, 20____ and made

AMONG:

(the "Escrow Agent");

AND:

(the "Issuer");

AND: each shareholder, as defined in this Agreement

(collectively, the "Parties").

WHEREAS:

- a) The Shareholder has acquired or is about to acquire common shares of the Issuer;
- b) As a condition of the listing of these shares on the TSX Venture Exchange, the Shareholder is required to comply with the Exchange's Seed Share Resale Restrictions;
and
- c) The Escrow Agent has agreed to act as escrow agent in respect of the shares of the Shareholder;

NOW THEREFORE in consideration of the covenants contained in this agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1. Interpretation

In this agreement:

- a) **"Exchange"** means the TSX Venture Exchange;
- b) **"Seed Share Resale Restrictions"** means section 10 of Policy 5.4 of the Exchange's Corporate Finance Manual, as amended from time to time;
- c) **"Shareholder"** means a holder of shares of the Issuer who executes this agreement; and
- d) **"Shares"** means the shares of the Shareholder described in Schedule A to this agreement, as amended from time to time in accordance with section 7(3) and 9.

2. Placement of Shares in Escrow

The Shareholder places the Shares in pool (legally, in escrow) with the Escrow Agent and the Issuer and the Shareholder shall deliver the certificates representing the Shares to the Escrow Agent as soon as practicable.

3. Voting of Shares in Escrow

The Shareholder may exercise all voting rights attached to the Shares.

4. Waiver of Shareholder's Rights

The Shareholder waives no rights attached to the Shares, except the right to sell the Shares while they are pooled.

5. Abstention From Voting as a Director

A Shareholder that is or becomes a director of the Issuer must abstain from voting on a directors' resolution to cancel any of the Shares.

6. Transfer Within Escrow

- 1) The Shareholder must not assign, deal in, pledge, sell, trade or transfer in any manner whatsoever, or agree to do so in the future, any of the Shares or any beneficial interest in them, except:
 - a) a transfer of Shares from the Shareholder to a registered retirement savings plan the sole beneficiary of which is the Shareholder; or
 - b) with the written consent of the Exchange.

- 2) Subject to the exceptions set out in section 6(1)(a) and (b) above, the Escrow Agent must not effect or acknowledge any transfer, trade, pledge, hypothecation, assignment, declaration of trust or any other documents evidencing a change in the legal or beneficial ownership of or interest in the Shares.
- 3) Upon the death or bankruptcy of a Shareholder, the Escrow Agent must hold the Shares subject to this agreement for the person that is legally entitled to become the registered owner of the Shares.

7. Release From Escrow

- 1) The Shareholder irrevocably directs the Escrow Agent to retain the Shares until the Shares are released from escrow pursuant to subsection (2).
- 2) The Escrow Agent must not release the Shares from escrow while the Issuer is listed on the Exchange, except in accordance with the Seed Share Resale Restrictions or with the express consent of the Exchange. The Issuer represents and warrants that a true copy of the shareholders' list in the form required by the Seed Share Resale Restrictions and filed with the Exchange is attached to this agreement as Schedule B.
- 3) The release from escrow of any of the Shares will terminate this agreement only in respect of the Shares so released.
- 4) If the Issuer is listed on the Exchange, upon receiving the written consent of the Exchange, the Escrow Agent must release the applicable Shares from escrow which have not been previously released. If the Issuer is no longer listed on the Exchange, Exchange consent is not required to release shares from escrow.

8. No Surrender for Cancellation

The Shareholder shall not be required to surrender the Shares for cancellation pursuant to this Agreement.

9. Undertakings to the Exchange

If a Securityholder is not an individual, the beneficial holders of the securities of that Securityholder and the directors and senior officers of that Securityholders must sign an undertaking to the Exchange in the form of Schedule C attached to this Agreement, and the Issuer must file a copy of the executed Schedule C with the Exchange in respect of each non-individual Securityholder, as soon as practicable following execution of this Agreement, or within such time period as may be prescribed by the Exchange.

10. Amendment of Agreement

- 1) Subject to subsection (2), this agreement may be amended only by a written agreement among the Parties and with the written consent of the Exchange while the Issuer is listed on the Exchange.
- 2) Schedule A to this agreement shall be amended upon
 - a) a transfer of Shares pursuant to section 6, or
 - b) a release of Shares from escrow pursuant to section 7; andthe Escrow Agent shall note the amendment on the Schedule A in its possession.

11. Indemnification

The Issuer will release, indemnify and save harmless the Escrow Agent and the Exchange from all costs, charges, claims, demands, damages, losses and expenses resulting from administering this agreement and compliance in good faith with this agreement.

11. Resignation of Escrow Agent

- 1) If the Escrow Agent wishes to resign as escrow agent in respect of the Shares, the Escrow Agent must give notice to the Issuer.
- 2) If the Issuer wishes the Escrow Agent to resign as escrow agent in respect of the Shares, the Issuer must give notice to the Escrow Agent.
- 3) A notice referred to in subsection (1) or (2) must be in writing and delivered to the party at the address set out above, and the notice will be deemed to have been received on the date of delivery. The Issuer or the Escrow Agent may change its address for notice by giving notice to the other party in accordance with this subsection.
- 4) A copy of a notice referred to in subsection (1) or (2) must concurrently be delivered to the Exchange.
- 5) The resignation of the Escrow Agent will be effective and the Escrow Agent will cease to be bound by this agreement on the date that is 60 days after the date of receipt of the notice referred to in subsection (1) or (2) or on such other date as the Escrow Agent and the Issuer may agree upon (the "Resignation Date").
- 6) The Issuer must, before the resignation date and with the written consent of the Exchange, appoint another escrow agent and that appointment will be binding on the Issuer and the Shareholders.

12. Further Assurance

The Parties must execute and deliver any documents and perform any acts necessary to carry out the intent of this agreement.

13. Time

Time is of the essence of this agreement.

14. Governing Laws

This agreement will be construed in accordance with and governed by the laws of Alberta and the laws of Canada applicable in Alberta.

15. Counterparts

This agreement may be executed in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement.

16. Language

Wherever a singular expression is used in this agreement, that expression is deemed to include the plural or the body corporate where required by the context.

17. Enurement

This agreement enures to the benefit of and is binding on the Parties and their heirs, executors, administrators, successors and permitted assigns.

The Parties have executed and delivered this agreement as of the date of reference of this agreement.

The Corporate/Common Seal of)
[Escrow Agent] was affixed)
in the presence of:)
)
_____) c/s
Authorized signatory)
)
_____))
Authorized signatory)

The Corporate/Common Seal of)
[Issuer] was affixed)
in the presence of:)
)
_____) c/s
Authorized signatory)
)
_____))
Authorized signatory)

Where the Shareholder is an individual:

Signed, sealed and delivered by)
[Shareholder] in the presence of:)
)
_____))
Name)
)
_____))
Address)
)
_____))
)
_____))
Occupation)

_____) [Shareholder]
_____) number of Shares

Where the Shareholder is a company:

The Corporate/Common Seal of
[Shareholder] was affixed
in the presence of:

Authorized signatory

Assigned Signatory

)
)
)
)
) c/s
)
)
)
)

number of Shares

SCHEDULE "A"

| Name of Shareholder | Number of Shares |
|----------------------------|-------------------------|
| | |
| | |
| | |
| | |
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| | |
| | |
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| | |

SCHEDULE "B"

Attach the annotated shareholders' list - see section 7

SCHEDULE "C"

Undertaking

To: TSX Venture Exchange Inc. (the "Exchange")

The undersigned is:

- a) a beneficial owner of the securities of [Insert name of non-individual Securityholder] (the "Corporation") and undertakes to the Exchange not to transfer securities of the Corporation without the written consent of the Exchange;
or
- b) a director or senior officer of the Corporation and undertakes not to permit or authorize an issuance of securities that could reasonably result in a change of control of the Corporation.

Dated the _____ day of _____, 20 _____

TSX VENTURE EXCHANGE TABLE OF APPENDICES

| Appendix | Title |
|----------|---|
| 1A | There is currently no Appendix 1A (Repealed January 1, 2023) |
| 2A | Review Procedure Guidelines |
| 3A | Acceptable Transfer Agents, Registrars and Escrow Agents |
| 3B | Guidelines – Disclosure, Confidentiality and Employee Trading |
| 3D | Non-Fire Assay Results |
| 3E | News Release Guidelines |
| 3F | Mining Standards Guidelines |
| 3G | Valuation Standards and Guidelines for Mineral Properties |
| 4A | Due Diligence Report |
| 5A | There is currently no Appendix 5A |
| 5B | There is currently no Appendix 5B |
| 5C | There is currently no Appendix 5C |
| 5D | Transfer, Release and Cancellation of Performance Shares Issued by Former VSE Issuers |
| 5E | Transfer, Release and Cancellation of Performance Shares Issued by Former ASE Issuers |
| 6A | Acknowledgement – Personal Information |
| 6B | Acknowledgement – Personal Information |



APPENDIX 1A NOTICE OF BILLING PRACTICES

Repealed January 1, 2023

APPENDIX 2A

REVIEW PROCEDURE GUIDELINES

The following procedures are expected to be used as guidelines by a Sponsor in order to complete the Review Procedures set forth at Policy 2.2 – *Sponsorship and Sponsorship Requirements* prior to execution of a Sponsor Report:

(a) Directors, Insiders, Promoters and Management

A review of the past conduct of existing and proposed directors, senior officers, other Insiders and Promoters of the Issuer for purposes of assessing their general experience and integrity, including a review, of whether the director, senior officers, other Insiders and Promoters have demonstrated a history of regulatory compliance and corporate and financial success. This review may include the following:

- (i) inquiries through appropriate data base searches;
- (ii) determination as to whether inquiries and discussions with references, former and present business associates and with other offices of the Sponsor are required;
- (iii) searches of the usual public registries, such as court house and bankruptcy searches, in the jurisdictions where the business is located or the directors, senior officers, other Insiders and Promoters are resident;
- (iv) review of Personal Information Forms and, if applicable, Declarations;
- (v) confirmation of educational and professional qualifications of individuals the Sponsor determines are key to the business of the Issuer where the educational or professional qualifications are material to the business of the Issuer;

- (vi) review of financial statements of other material public and private Issuers in respect of which such key directors or management are, or have been, involved either in the capacity of a director or member of senior management and which the Sponsor determines are material to its assessment of the track record of the proposed directors and management of the Issuer, including an assessment of the operational expenditures versus the general and administrative and management compensation expenditures and a determination of the involvement of the key directors and management with any NEX, shell, suspended or delisted Companies.
- (vii) where the key directors and management of an Issuer have an involvement in more than two NEX, shell, delisted or suspended Companies, review of the status of these Companies and the current plans to reactivate these Companies and provide information to the Exchange in this regard. The Sponsor shall discuss with these persons the role of these individuals with those NEX, shell, delisted or suspended Companies and, if applicable, why one of the existing NEX, shell, suspended or delisted Companies could not be reactivated instead of forming a new public Company;
- (viii) assess the capacity and ability of the Issuer's directors and officers to fulfil the continuous disclosure obligations pursuant to Securities Laws and Exchange Requirements; and
- (ix) where the board of directors and management of an Issuer do not have an apparent positive track record or have been involved with NEX, shell, suspended, or delisted Companies, assessment as to the reasons why it wishes to support the management of, and sponsor the Issuer.

(b) Initial Listing Requirements and Exchange Requirements

An assessment of whether the Issuer at the time of listing or completion of the proposed transaction will meet Initial Listing Requirements, as applicable, which assessment may include whether:

- (i) the Issuer, upon completion of any New Listing will meet the applicable Initial Listing Requirements of the Exchange as described in Exchange Policy 2.1 – *Initial Listing Requirements* (except as to distribution requirements on Reverse Takeovers, Change of Business and Qualifying Transactions in respect of Capital Pool Companies, in regard to which the Issuer need only comply with applicable Tier Maintenance Requirements under Exchange Pooling Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*);
- (ii) the Issuer and its directors and officers are in compliance with the applicable provisions of Exchange Policy. 3.1 - *Directors, Officers Other Insiders & Personnel and Corporate Governance*;

- (iii) the share consideration in the transaction is reasonable and that the Resulting Issuer's capital structure is appropriate. Where Surplus Securities are issued, a review the rationale for the issuance of such securities. In making this determination, consideration by the Sponsor and the Issuer of whether any additional pooling agreement is required on Principal shares or whether any additional performance criteria are necessary.

(c) Business of the Issuer

A general overall assessment and review of the business of the Issuer, which provides the basis for a conclusion that the Issuer is suitable for listing. The assessment and review may include the following:

- (i) an assessment of the reasonableness of the Issuer's business plan, marketing plan, budgets, projections, pro forma financial statements and their underlying assumptions, Working Capital requirements, verification of the Issuer's ability to produce its products at current and projected levels, any key relationships, material sales contracts, material partnerships and relationships with key suppliers and customers;
- (ii) obtaining and where advisable, undertaking procedures to verify the authenticity of a certificate of qualification and independence from each Expert (including engineers, geologists, management consultants, authors of valuations, technical assessments or feasibility studies and authors of non-Canadian legal or title opinions). The certificate shall include details of the education and credentials of such Experts and whether the Exchange or any Securities Commission in Canada has accepted similar reports from them;
- (iii) a physical inspection of the material assets, whether owned or leased, including property, plant, equipment and inventory used, or to be used, in connection with the Issuer's stated business objectives, or full particulars as to why a physical inspection was not considered necessary;
- (iv) confirmation that it has had discussions with the Issuer's auditor, the chief financial officers of the Issuer and any other parties as the Sponsor may determine to be necessary, relating to the existence and effectiveness of the Issuer's internal financial controls and whether the Issuer needs to implement or adjust those controls;
- (v) a review of any title opinions on the assets, property or technology considered necessary or advisable;
- (vi) a review of all material contracts of the Issuer to ensure adequacy and accuracy of the disclosure of such material contracts in any public disclosure document;

- (vii) for any legal proceedings determined by the Sponsor to be material, a review of the publicly available material documents in such legal proceedings, and proceedings known to be contemplated, involving the Issuer or the Insiders, and a determination of whether disclosure of such proceeding is required;
- (viii) if determined appropriate by the Sponsor, investigation and confirmation of the existence of any proprietary interests, intellectual property rights and licensing arrangements material to the Issuer's business; and
- (ix) an assessment, by an employee of the Sponsor or by an Expert retained by the Sponsor, of the material provided by the Issuer regarding the technical feasibility of any new product or technology developed, under development or proposed to be developed which the Sponsor determines is material to the business of the Issuer.

(d) Corporate Information

An assessment of the integrity of the corporate information produced by the Issuer indicating:

- (i) a review the minute books of the Issuer to ensure adequacy and accuracy of corporate information;
- (ii) a review publicly available filings of the Issuer to assess the adequacy and accuracy of the continuous disclosure record.

(e) Information Circular

In the case of a Qualifying Transaction, Reverse Takeover or Change of Business, a review of the draft Information Circular and the disclosure items therein, as set forth in Form 3B or Form 3D as applicable, in connection with its preliminary Due Diligence, as required by section 12.3(b) of Policy 2.4 – *Capital Pool Companies* or section 5.2(d) of Policy 5.2 – *Changes of Business and Reverse Takeovers*, as applicable.

APPENDIX 3A

ACCEPTABLE TRANSFER AGENTS, REGISTRARS AND ESCROW AGENTS

Subject to further notice, the following are considered acceptable transfer agents, registrars, and escrow agents:

- Alliance Trust Company
- AST Trust Company (Canada)
- The Canada Trust Company
- CIBC Mellon Trust Company
- Computershare Investor Services Inc.
- Computershare Trust Company of Canada
- Eastern Trust (2007) Co. Ltd.
- Endeavor Trust Corporation
- Fiducie Desjardins
- Mancal Trust Company
- Marrelli Trust Company Limited
- Natcan Trust Company
- National Bank Trust Inc.
- Odyssey Trust Company
- Olympia Trust Company
- TSX Trust Company



APPENDIX 3B

GUIDELINES – DISCLOSURE, CONFIDENTIALITY AND EMPLOYEE TRADING

Disclosure

1. Issuers listed on the Exchange must comply with two sets of rules (the “Disclosure Rules”):
 - Securities Laws governing corporate disclosure, confidentiality and employee trading
 - the Exchange’s policy on timely disclosure which expands upon the requirements of Securities Laws.
2. Each Issuer should establish a clear written policy to help it comply with the Disclosure Rules. The guidelines below are intended to help Issuers establish their policies. They should be viewed as a means to an end (compliance with the Disclosure Rules) and not as an end in themselves.
3. Every Issuer’s policy, however, should:
 - (a) describe the procedures to be followed and spell out the consequences of violations;
 - (b) be updated regularly;
 - (c) be brought to the attention of employees regularly;
 - (d) give specific guidance in the following areas:
 - (i) disclosing Material Information;
 - (ii) maintaining the confidentiality of information;
 - (iii) restricting employee trading.
4. The Issuer’s policy on disclosure of Material Information should include provisions to assist management in determining:
 - (a) if the information is material and must therefore be disclosed;
 - (b) when and how the material is to be disclosed;

- (c) the content of any news release disclosing the information.
- 5. Specific corporate officers should be made responsible for disclosing Material Information. Different corporate officers may be designated for different circumstances. For example, a specific employee might be designated as a corporate spokesperson for a particular area of operations or a particular news release. At the same time investor relations personnel might be designated as the contact for shareholders, the media and analysts, but not have the authority to issue a particular news release.
- 6. Avoid situations where delays occur because the Person responsible for disclosure is unavailable or cannot be located or employees other than designated spokespersons comment on material corporate developments.

Confidentiality

- 1. The Disclosure Rules allow that if the early disclosure of Material Information would be unduly detrimental to the Issuer, that information may be kept confidential for a limited period of time. To keep Material Information completely confidential, Issuers should:
 - (a) limit the number of people with access to confidential information;
 - (b) require confidential documents to be locked up and code names to be used if necessary;
 - (c) make sure that confidential documents cannot be accessed through technology such as shared servers;
 - (d) educate all staff about the need to keep certain information confidential, not to discuss confidential information when they may be overheard, and not to discuss investment in the Issuer, for example, in an investment club, when participants are aware of confidential information (so that they don't influence the investments of other people, when they themselves are not allowed to trade).

Restrictions on Employee Trading

- 1. The Disclosure Rules require that employees with access to Material Information be prohibited from trading until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. This period may vary, depending on how closely the Issuer is followed by analysts and institutional investors.
- 2. This prohibition applies not only to trading in the Issuer's securities, but also to trading in other securities whose value might be affected by changes in the price of the Issuer's securities. For example, trading in listed options or securities of other Issuers that can be exchanged for the Issuer's securities is also prohibited.
- 3. In addition, if employees become aware of undisclosed Material Information about another public Company such as a subsidiary, they may not trade in the securities of that other Company.

4. In the case of pending transactions, the circumstances of each case should be considered in determining when to prohibit trading. In some cases, prohibition may be appropriate as soon as discussions about the transaction begin. The definition of materiality helps determine when trading should be prohibited in the case of pending transactions. Trading must be prohibited once the negotiations have progressed to a point where it reasonably could be expected that the market price of the Issuer's securities would materially change if the status of the transaction were publicly disclosed. As the transaction becomes more concrete, it is more likely that the market will react. This prohibition on trading will often come into effect before the point in time when it must be disclosed publicly. In all situations, it is a judgment call as to when employee trading should be restricted.
5. An Issuer's policy should address trading blackouts. Trading blackouts are periods of time during which designated employees cannot trade the Issuer's securities or other securities whose price may be affected by a pending corporate announcement. A trading blackout:
 - (a) prohibits trading before a scheduled material announcement is made (such as the release of financial statements);
 - (b) may prohibit trading before an unscheduled material announcement is made, even if the employee affected doesn't know that the announcement will be made;
 - (c) prohibits trading for a specific period of time after a material announcement has been made.



APPENDIX 3C

COMMERCIAL NEWS DISSEMINATORS

This list of services is provided for information purposes only. The Exchange does not approve or disapprove of any of the following services.

Note: These services transmit, by wire or other electronic imaging means, news releases on a commercial basis to a network of securities regulatory bodies, brokerage firms, news media, financial publications, and investor/business media outlets.

a) Business Wire 144 (416) 593-0208
Front Street W Fax: (416) 593-8434
Suite 340
Toronto, ON M5J 2L7

b) Canada NewsWire Limited (604) 669-7764
#1003 - 750 West Pender Street Fax: (604) 669-3395
Vancouver, BC V6C 2T8

Canada NewsWire Limited (403) 269-7605
#835, 401 - 9th Avenue S.W. Fax: (403) 263-7888
Calgary, AB T2P 3C5

c) Canada Stockwatch * (604) 687-1500
Courier drop-off: Fax: (604) 687-2304
1550 - 609 Granville Street
Vancouver, BC V7Y 1J6
P.O. Box 10371 Pacific Centre
Mailing address:
700 West Georgia Street
Vancouver, BC V7Y 1J6

*May edit release unless a fee is paid.

d) CCNMatthews (604) 683-1066
#1505 - 700 West Pender Street Fax: (604) 683-0885
Vancouver, BC V6C 1G8

CCNMatthews (403) 266-2443
Suite 1220 Fax: (403) 263-7210
700 – 4th Avenue SW
Calgary, AB T2P 3J4

- e) Filing Services Canada (403) 717-3898
Suite 219 Fax: (403) 717-3896
204, 1440 – 52 Street N.E.
Calgary, AB T2A 4T8

- f) GlobeNewswire, Inc. (310) 642-6930
A NASDAQ OMX Company Toll Free: 1-800-307-6627
5200 W. Century Blvd. Fax: (310) 642-6933
Suite 890
Los Angeles, CA 90045

- g) Market News (604) 689-5676
500 - 789 West Pender Street Fax: (604) 689-1106
Vancouver, BC V6C 1H2

- h) Market Wire Incorporated (310) 846-3600
200 North Sepulveda Blvd Toll Free: 1-800-774-9473
Suite 1050 Fax: (310) 846-3700
El Segundo, CA
USA 90245

News Agencies

Note: These are financial or economic news suppliers which transmit to major organizations in the financial community and to most major newspapers. There is no cost but transmission is entirely discretionary, may be prioritized, and may be in summarized or editorialized form.

- a) Bloomberg 499 (212) 318-2200
Park Avenue Fax: (212) 893-5000
New York, NY
10022

- b) Bridge Information Systems Canada Inc. (604) 669-6033
Suite 200, 625 Howe Street Fax: (604) 689-8689
Vancouver, BC V6C 2T7

- Bridge Information Systems Canada Inc. (416) 365-7171
Suite 900, 145 King Street West Fax: (416) 364-8006
Toronto, ON M5H 4C4

- c) The Canadian Press/Broadcast News (604) 687-1662
#250 - 840 Howe Street Fax: (604) 687-5040
Vancouver, BC V6Z 2L2

The Canadian Press/Broadcast News
#504, 10109 - 106th Street
Edmonton, AB T5J 3L7

(780) 428-6107
Fax: (780) 428-0663

- d) Reuters News Agency
#610 - 1040 West Georgia Street
Vancouver, BC V6E 4H1

(604) 664-7314
Fax: (604) 681-0491

National Media

- a) The Globe and Mail
1210 - 1140 West Pender Street
Vancouver, BC V6E 4G1

(604) 687-4435
Fax: (604) 685-7549

- b) The National Post/Financial Post
#300 - 1450 Don Mills Road
Don Mills, ON M3B 3R5

Editorial: (416) 383-2300
Editorial Fax: (416) 383-2443

- c) The National Post
#900 - 1130 West Pender Street
Vancouver, BC V6E 4A4

(604) 683-8254
Fax: (604) 683-1729

- d) The Northern Miner
Suite 206 - 1200 West Pender Street
Vancouver, BC V6E 2S9

(604) 688-9908
Fax: (604) 669-4322

- e) The Prospector
#101 - 211 East Georgia Street
Vancouver, BC V6A 1Z6

(604) 688-2271
Fax: (604) 688-2038

APPENDIX 3D

NON-FIRE ASSAY RESULTS

1. The veracity of precious metal assay results obtained by Issuers from foreign laboratories is a significant concern of the Exchange. The concern arises primarily due to the unreliable results produced by relatively unknown laboratories outside Canada incorrectly applying accepted industry techniques, using secret (“proprietary”) or unverified techniques, or employing unqualified staff.
2. Most analytic techniques for gold, silver and platinum group metals (“precious metals”) utilize the fire assay method to separate the metal from its enclosing rock. The final precious metal determinations are made by electronic balances or other instrument techniques. These analytical methods have proven to be accurate, reliable and reproducible.
3. Other analytic techniques are available for determining precious metal content of samples. These methods, if conducted accurately and within technical limitations, can be confirmed by the fire assay method and vice versa. Examples of such methods are atomic absorption, cyanide leaching and neutron activation. A key element of any analysis is that it be conducted by thoroughly trained personnel in a well-organized laboratory utilizing adequate controls.
4. Certain Canadian provinces ensure high analytical standards by way of certification of assayers. Minimum education and experience levels are required to obtain certification. Similar requirements are not prevalent outside Canada. The Exchange is aware that most American states do not have assayer certification while some states providing certification do not impose requirements comparable to those of the Canadian provinces.
5. A few Issuers have used certain non-Canadian laboratories and reported significant precious metal values from their exploration programs. In most instances, it has been claimed that the samples are mineralogically complex and not susceptible to fire assay. In each situation of this nature, analysis of the allegedly complex samples at other laboratories using fire assay and other industry accepted techniques have failed to confirm significant precious metal content. In other instances, some laboratories using industry accepted analytical techniques have yielded erroneous results because of faulty procedures and unqualified analysts.

6. In view of the problems with non-fire assay techniques and non-Canadian laboratories, the Exchange requires that each news release, shareholder report or other public communication which includes precious metal results from an analysis by a non-Canadian laboratory, or from an analysis using any technique other than fire assay, contain the following information:
 - (a) the analytical method used to obtain the reported results;
 - (b) the name of the laboratory at which the analyses were conducted; and
 - (c) the results of any fire assay check program or the intention to conduct a fire assay check program at an independent laboratory. All results of a fire assay check program are to be published in a timely manner.
7. An Issuer issuing a news release without the foregoing minimum information can be subject to a halt in trading pending clarification in another news release.
8. The Exchange can require an Issuer to undertake a fire assay check program at a Canadian laboratory if the reported results are, in the Exchange's opinion, inconsistent with historic results from the property, the geological environment or other pertinent factors.

See Appendix 3F for Mining Standards Guidelines.

APPENDIX 3E

NEWS RELEASE GUIDELINES

Consider the problems and concerns raised by the following hypothetical news releases:

Natural Resource Company

“The Company has recently optioned a large and exciting gold property near the “XXX” gold discovery area. In describing the property, the Company’s independent consultant has said: “The favourable location of, and some of the results of prior work done on the property give the Company a worthwhile mineral exploration opportunity....” The Company proposes to expeditiously conduct a sizeable exploration program on the property as soon as the appropriate financing has been arranged.”

Non-Resource Company

“Based on discussions with several European countries, the Company anticipates that it will have orders to ship over 200,000 crates of widgets to those European countries over the next two years. These orders, which considerably exceed the Company’s forecasts for the first year, represent a projected profit to the Company in excess of \$1,000,000 over the next five year period.”

Guidelines

Timely disclosure news releases are intended to provide, to both existing shareholders and potential investors, factual information on which a reasoned investment decision can be made. National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* provides requirements for disclosure of a scientific or technical nature for a mineral resource company.

The examples do not provide sufficient detail and are misleading because material information is omitted. The following guidelines should be observed when preparing a news release:

1. **State specific facts.** A news release should convey specific and accurate facts about the matter in question.

In the natural resource Company example, many questions are unanswered, including: When did the Company acquire the property? What is the size of the property being acquired? What makes the property a “gold” property? Where precisely is the property? When does the Company propose to commence its exploration program?

Avoid relative or subjective terms such as “large”, “exciting”, “favourable”, etc. In addition, the date of the option agreement should be stated and the size of the property should be given in terms of the actual number of claims involved and the acreage covered by the claims. Its location, both in terms of distance and general compass direction from the discovery area, should also be specified. The phrase “gold property” should be avoided (unless unequivocal geological evidence, such as anomalous assays, has been received) and a much more specific time frame for the commencement of the Issuer’s exploration program should be set out.

In the non-natural resource Company example, the following questions should be addressed: What government departments were involved? Which European countries? How many countries does the word “several” refer to? What were the Company’s sales forecasts for the first year? What exactly makes the Company anticipate that it will have orders to ship over 200,000 crates of widgets over the next two years? Is the projected profit of \$1,000,000 gross profits or net profits and can it be reasonably supported?

2. **State all the facts.** A news release should state all the material information about the matter being described.

In the natural resource Company example, it is apparent that prior work was done on the property, but the general nature and results of that work are not stated. The cost of the acquisition by the Company is not stated, the proposed type of funding is not specified and the general character of the proposed exploration program is not detailed. These matters are collectively of considerable importance to investors and, depending on what the facts are, may well be determinative of an investment decision. These should be specified in the news release.

The quote from the Company's consultant suggests that an independent consultant has rendered an expert opinion on the property and has recommended its acquisition to the Company. When quoting from reports, you should name the author and give the date of the report. Also, do not quote a consultant's report out of context or omit relevant passages in that report which may be crucial to the overall description of the property or an accurate understanding of its geological setting.

In the non-resource Company example, the news release suggests that the Company has orders to ship widgets. However, there are substantial differences between expressions of interest, orders and binding contracts and the news release should state which of these the Company has. An order may or may not be revocable by the customer until a particular time and this should be clarified. The news release is probably misleading about the Company's future performance since it is unclear whether or not the Company has actually received any orders for the delivery of the widgets.

Failure to state material information necessary to make a statement not misleading is just as serious as stating a false material fact.

3. **Make a balanced presentation of the facts.** A news release must be balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. This means that all available facts must be reported, and the news release should give a fair presentation of those facts.

In the natural resource Company example, it is clear that “some” of the prior results were favourable, but the context suggests that the balance of those results were not favourable. Those latter results have not been stated and have, by implication, been under-emphasized. Good or bad, all material information must be disclosed.

Similarly, the tone of the disclosure suggests that there is a positive relationship between the location of the property being acquired and the chance of a discovery being made on the Company’s property. While the future may bear out that relationship, unless there is unequivocal geological evidence, a news release should generally not imply such a conclusion.

In the non-resource Company example, the Company should disclose what its sales have been to date and its manufacturing capability. If it has no sales and has no idea of its cost of sales or gross profit, then net profit cannot be estimated. Further, a statement that orders are anticipated based on discussions, with no binding agreements or arrangements, is premature issuance of news.

Issuers often avoid disclosing unfavourable matters and try to divert attention to favourable matters. However, the Issuer must make full disclosure to enable the investing public to base their investment decisions on all the available information, whether good or bad. The requirement to make a balanced presentation is not limited to specific releases but applies to disclosure generally. For example, if the Company in the natural resource Company example has decided not to proceed with the exploration of another of its properties, or has decided to postpone that exploration, it must disclose that fact. More importantly, if it made that decision before it acquired the new property, it must not delay public disclosure of that decision until it reaches an acquisition agreement on the new property. If it is material to announce the acquisition of a new property, then (except in very rare cases) the abandonment of that same property is also material because of its impact on the potential future earnings of the Issuer involved.

4. **Projections and forecasts.** The Issuer must disclose that a forecast has been prepared using assumptions (all of which are supportable and reflect the Issuer's planned courses of action for the period covered) as to the *most probable* set of economic conditions. A projection includes one or more hypotheses - specify what they are and that they are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement. Any future-oriented financial information should be clearly labelled as either a forecast or a projection.

In the non-resource Company example, it is not clear whether the projected profit of \$1,000,000 is a forecast or a projection. It appears to be an estimate that cannot be relied upon and, therefore, should not be presented in a news release.

Projections and forecasts must be prepared in accordance with the Canadian Institute of Chartered Accountants Handbook and National Instrument 51-102 (or any successor instrument).

The time period covered by the projection or forecast should not extend beyond the time for which the information can be reasonably estimated. This depends on factors such as the needs of the users, the ability to make appropriate assumptions, the nature of the industry and the operating cycle of the Company. In the case of a Tier 2 Issuer, a reasonably foreseeable period would be one year.

APPENDIX 3F

MINING STANDARDS GUIDELINES

1. Introduction

1.1 General

- (a) This Appendix establishes standards and guidelines for scientific and technical disclosure by Issuers on mineral properties. These standards and guidelines should be applied prudently and with common sense by those Issuers in conjunction with the applicable requirements of section 1.2.
- (b) This Appendix incorporates and expands upon the minimum standards prescribed by Securities Laws and applies to all oral statements and written disclosure made by an Issuer or on behalf of an Issuer involving mineral properties.
- (c) This Appendix is not intended to be exhaustive or all-encompassing and greater detail may be appropriate and required in certain situations. Issuers are encouraged to contact Exchange technical staff where they are not certain about the requirement for disclosure on mineral properties.

1.2 Applicable Requirements

An Issuer must disclose the results of exploration and development activity on mineral properties in compliance with applicable Securities Laws, Exchange Requirements and the applicable requirements of:

- (a) National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and Companion Policy 43-101CP and Form 43-101F1 – *Technical Report* (collectively, “NI 43-101”);
- (b) Policy 3.3 - *Timely Disclosure*;
- (c) the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) Exploration Best Practices Guidelines;
- (d) Guidelines for the Reporting of Diamond Exploration Results, adopted by CIM Council March 2003; and
- (e) Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines, adopted by CIM Council on November 23, 2003.

2. Directors' Responsibilities

Each director, regardless of geological experience is responsible to ensure that scientific and technical information collected and reported to the public is timely, balanced, accurate and complies with the requirements of this Appendix.

3. Geological Reports

3.1 Requirements and Public Access

- (a) A Geological Report must comply with the requirements of NI 43-101 and must be filed with the Exchange in the circumstances outlined in Table 1, attached to this Appendix.
- (b) All Geological Reports referred to in a news release or submitted as part of an Exchange filing should be directly available from the Issuer or posted on the Issuer's website.

3.2 Qualified Persons and Independence

- (a) In the context of a filing the Exchange will only consider Geological Reports that are prepared by, or the preparation is supervised by, a qualified person (a "QP").
- (b) A QP who prepares a Geological Report must be independent of the property and the property vendor. Generally the Exchange does not consider a QP independent if that QP is living at the same address as a family member holding an interest in the property or property vendor
- (c) The Exchange may not require that a QP be independent of the Issuer acquiring the property for certain transactions outlined in Table 1.

4. Verification Programs

4.1 Recognition of CIM Best Practices

The Exchange recognizes the CIM Exploration Best Practices Guidelines for quality assurance programs, check programs, assay laboratories, assay results, non-fire assay results, field procedures, and the application of conventional mining techniques. The Exchange encourages an Issuer conducting mineral exploration to follow the CIM Exploration Best Practices Guidelines.

4.2 Check Programs

The Exchange may require an Issuer to undertake certain check programs if reported results are, in the Exchange's opinion, inconsistent with historic results from the property, the geological environment or other pertinent factors.

5. Disclosure

5.1 General

- (a) An Issuer must disclose material scientific and technical information, both positive and negative, on a timely basis, even if the results of exploration may not be at a stage where definitive conclusions can be drawn.
- (b) An Issuer must report and disclose exploration information and opinions on mineral properties in accordance with NI 43-101 and this Appendix.

5.2 Qualified Person

When disclosing scientific and technical information on mineral properties, an Issuer must identify the QP responsible for the reported information. A QP must read and approve the scientific and technical disclosure. If this information is based on a Geological Report, the report date and author's name, including the author's relationship to the Issuer, must be disclosed.

5.3 Reporting of Exploration Results

An Issuer must comply with the following requirements for reporting and disclosing exploration results:

- (a) the Issuer must state the source of the scientific and technical information on its properties, especially when that information was not obtained as a result of the Issuer's work.
- (b) if early exploration activity results such as geophysical surveys or soil and outcrop sampling, is disclosed, it must not be reported as conclusive evidence of the likelihood of the occurrence of a mineral deposit.
- (c) sample or assay results, whether of drilling, trenching, underground or preliminary surface sampling must be disclosed together with the following details where applicable:

(i) *Geological Description*

A general description of the geological environment, including any known problems, such as erratic sample results or potential metallurgical extraction difficulties.

(ii) *Sampling*

Details as to the type, nature, density, and size of samples collected. For example, relevant information must be included with respect to:

- (A) preliminary geochemical surveys including number and type of samples collected, sample spacing or density, horizon or material sampled, and the area covered;
- (B) trench or outcrop sampling including information on sample type (select, grab, chip, channel, etc.), sample interval/length, sample continuity, material sampled, spatial relationship of such sampling to other known and/or previously reported samples, or mineralized structures;
- (C) drill sample results including information on the type of drilling (such as core or reverse circulation), size (such as BQ, or NQ), sample interval, and spatial relationship with other nearby drill holes or mineralized structures. Reporting of aggregate intervals must be done on an interval-weighted average basis. Details must be given of any structural controls or cut-off grades used to establish the reporting interval. Significantly higher-grade intervals within lower grade intersections must also be reported separately.

In many situations, it will be necessary for the Issuer to include plans and/or sections that provide appropriate details.

In all cases, an Issuer must disclose any drilling, sampling or recovery problems that could materially impact the accuracy and reliability of results. The Issuer must provide estimated true widths whenever possible or state that the true width is not known.

(iii) *Analytical Results*

An Issuer must report analytical results in a timely manner and include relevant details such as:

- (A) analytical process, including analytical method (ICP, AA, fire assay, etc.), and sample size analyzed;
- (B) name and location of assay laboratory together with its relationship to the Issuer, if any; and
- (C) certification of each laboratory used, or lack thereof.

Disclosure of analytical results by an Issuer in the form of “values up to...” may be misleading and irrelevant, particularly if such samples are selectively collected. Such disclosure should be supported with appropriate sample descriptions and relevant statistical details such as range and distribution of sample values.

Disclosure by an Issuer of metal equivalents is only acceptable when disclosed in accordance with Item 19(m) of Form 43-101F1.

Analytical results must be reported by individual metal-element-compound. Reporting aggregated grades of different metals/element/compound alone is not acceptable.

- (d) specific details of any unusual or non-standard sampling, preparation or analytical procedures must be made by the Issuer and must include results of a duplicate set of samples processed by industry standard procedures for comparative purposes.
- (e) the disclosure must clearly distinguish between new and previously issued information. Complete disclosure of check assay results is not required. The Issuer must, however, disclose the nature of the check assay program and whether the results are confirmatory.
- (f) the disclosure of selective results is prohibited. If, for example, six holes are drilled and three return mineralization of interest, details of all six holes must be released, including location, direction, geological formations encountered, etc., so as to provide the reader with as complete a picture as possible as to the nature of the prospect.
- (g) the reporting of gross metal value is not acceptable.
- (h) estimates of quantity and grade, or quality of mineralization must not be reported unless supported by assay results.
- (i) an announcement of a planned work program must briefly describe the proposed program, the estimated cost and timetable of the program, and whether the Issuer has funds available to complete the program.

5.4 Reporting and Estimation of Mineral Resources and Mineral Reserves

An Issuer must comply with the following requirements for reporting and disclosing mineral resources/reserves:

- (a) the reporting and disclosure of resources/reserves must include and conform to the definitions prescribed by NI 43-101, which adopts definitions published by the CIM. Resource and reserve estimation should follow the CIM's Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines dated May 30, 2003 and adopted November 23, 2003. Foreign reporting codes acceptable to NI 43-101 must be reconciled to the CIM categories.
- (b) reported resources/reserves estimates must be supported by a Geological Report prepared by a QP in accordance with NI 43-101. Notwithstanding the filing requirement prescribed by NI 43-101, the Exchange may require that an Issuer submit a copy of the Geological Report when disclosure is made.
- (c) appropriate details of tonnage and grade for each category of mineral resource and mineral reserve must be included as part of the disclosure. The disclosure by an Issuer of an estimate of contained metal only or unclassified or non-segregated tonnage is unacceptable.
- (d) first time disclosure of mineral resources/reserves estimate, revised mineral resources/reserves estimate or a historical mineral resources/reserves estimate must be pre-filed by the Issuer with Market Regulation Services Inc. ("RS") and must include:
 - (i) a summary of the number, type and spacing of drill holes used to prepare the estimate, and
 - (ii) a description of other key assumptions, parameters and methodologies used, as required by NI 43-101.
- (e) subsequently disclosed mineral resource/reserve estimate must include details of tonnage and grade for each category and reference to either:
 - (i) the news release filed on SEDAR containing first time disclosure of the mineral resource/reserve estimate, or
 - (ii) the technical report filed on SEDAR.
- (f) historical estimates require certain additional statements about relevance and reliability, which must be made every time the historical mineral resource estimate is presented by the Issuer, all in accordance with section 2.4 of NI 43-101.

5.5 Economic Analyses

- (a) There are three types of studies that include economic analyses:
 - (i) a preliminary assessment which is at a scoping study level and is defined in NI 43-101. If the study uses inferred resources in the economic analysis, certain proximate statements must be made every time the Issuer discloses the results of the preliminary assessment;
 - (ii) a preliminary feasibility study, commonly referred to as a pre-feasibility study, as defined in NI 43-101; and
 - (iii) a feasibility study, as defined in NI 43-101.
- (b) An Issuer must ensure that the appropriate term is applied to the study, which should not overstate the stage of the study. For example, it is not acceptable for an Issuer to state that a feasibility study has been commissioned when the scope of the work would be considered, based on industry standards, to be at the level of a pre-feasibility study.
- (c) An Issuer must comply with the following requirements for any disclosure of an economic analysis of mineral properties made by the Issuer:
 - (i) The economic analysis must be based on current mineral resources or reserves;
 - (ii) The economic analysis must be prepared by an independent QP;
 - (iii) Initial disclosure of project economic analyses must be pre-filed by the Issuer with RS and must include:
 - (A) the purpose, scope of the study, effective date and conclusions;
 - (B) the identity and qualifications of the firm or individuals that prepared the Geological Report as well as their relationship to the Issuer; and
 - (C) key assumptions and parameters including details regarding operating costs, mine and metallurgical recoveries, discount rates applied to net present value, mine life, production rate, capital costs, environmental costs, closure and rehabilitation costs and metal price and how each was determined.

- (iv) The economic analysis for a project should not lead investors to conclude prematurely that a mine is in production or is about to be placed in production or that the project will definitely be put into production. For an Issuer that is also a producer, care should be taken to distinguish between current and planned production rates.

5.6 Production

An Issuer must comply with Appendix B of the Toronto Stock Exchange Company Manual pertaining to disclosure about mine production, including costs of production,

6. News Releases

6.1 An Issuer must ensure that its news release complies with applicable Securities Laws, Exchange Requirements and the following requirements:

- (a) A news release must be a stand alone document to the greatest extent possible. However, the prescribed information in a news release may be cross referenced by the Issuer to previous news releases or other documents, as long as they are readily obtainable on SEDAR or from the Issuer by fax, mail or on a Web site, but not to the point where the information contained in the news release is cryptic. For instance, when an Issuer initially announces exploration information from a property, the news release must describe the geological environment of the property. However, it may not be necessary to repeat that information in every subsequent news release regarding the same property.
- (b) When an Issuer is reporting exploration information, it must state the interest that it holds in the property, particularly if its interest is less than 100%.
- (c) If an Issuer releases partial exploration results, (e.g., the first two holes of a six hole program), it must ensure that the balance of the results are disclosed in a timely manner in a subsequent news release whether the results are positive or negative.
- (d) A news release concerning mineral properties must identify the QP that is responsible for the work conducted on the property. The Issuer must ensure that prior to the issuance of the news release; a QP has reviewed and approved of the disclosure of the exploration information in that news release.
- (e) If a news release makes reference to plans or sections, these must be included with the news release when it is filed on SEDAR.

- (f) Upon acquisition of a material mineral property, the Issuer must disclose, to the extent known, the basic granting of rights for exploration and exploitation of minerals in the jurisdiction where the property is located. This typically includes a brief description of the permitting process, required environmental assessments and the progress made during the course of an exploration or development program.
- (g) An Issuer should also disclose successive stages of property development and any significant constraints or obligations, including:
 - (i) cash payments or securities issuances, work commitments and production royalties;
 - (ii) any adverse claims or disputes as to title or rights to the property including what steps the Issuer must take to resolve the dispute and how long it may take to reach a resolution, any agreements made with respect to dispute resolution or with local governments or organizations; and
 - (iii) in the case of properties located in foreign jurisdictions a more complete disclosure of tenure and permitting issues. The disclosure must address any constraints on access to the property including whether or not the Issuer owns the surface rights to the property and what impact this may have on the Issuer's ability to explore and develop a mine on the property.

6.2 If an Issuer issues a news release that does not comply with the disclosure requirements of section 6.1, the Exchange may halt trading in the Issuer's securities pending clarification in another news release.

6.3 An example of a hypothetical news release for a natural resource Issuer is included in Appendix 3E.

7. Issuer Web Site Disclosure

An Issuer must ensure that the disclosure of its mineral properties on its website, complies with the following requirements:

- (a) Scientific and technical information must conform to Exchange Requirements and NI 43-101.
- (b) The name of the QP(s) responsible for preparing scientific and technical information that is posted on the website must be included on the website.

- (c) If an Issuer has information on its website pertaining to its mineral properties, it must promptly update that information, whenever it issues a news release containing revised material information about that mineral property. The Issuer must continue to make updates until it no longer has an interest in the mineral property.

8. Disclosure in Investor Relation Materials

An Issuer must ensure that any Investor Relations Activities pertaining to the Issuer comply with the following requirements:

- (a) The Issuer is responsible for ensuring that any disclosure made on its behalf in the context of Investor Relations Activities complies with Exchange Requirements and NI 43-101
- (b) All investor relation materials that may be distributed by or on behalf of an Issuer, including through emails, brochures, pamphlets, other materials and presentations must comply with Exchange Requirements and NI 43-101.
- (c) Any material information that is included in investor relation materials must have been previously disclosed by the Issuer in a news release or other disclosure document filed on SEDAR.

9. Valuation of Mineral Properties

- 9.1** The Exchange may require valuation reports in certain circumstances. The standards and guidelines for such reports are found in Appendix 3G - *Valuation Standards and Guidelines for Mineral Properties* which supplements the CIM Standards and Guidelines for Valuation of Mineral Properties (“CIMVal”).

TABLE 1

| | Exchange Requirement |
|---|--|
| Reverse Takeover* | Report by independent QP to support an Information Circular / Filing Statement if securities are issuable |
| Change of Business* | Report by independent QP to support an Information Circular / Filing Statement if securities are issuable |
| Qualifying Transaction* | Report by independent QP to support an Information Circular / Filing Statement if securities are issuable |
| Listing Application* | Report by independent QP to support an initial application for listing or in conjunction with the filing of a prospectus respecting an IPO |
| Reviewable Transaction deemed to be a Fundamental Acquisition or Non-Arm's Length Party transaction | Report by independent QP |
| Reviewable Transaction | Report by non-independent QP acceptable, however, QP must be independent of vendor*** |
| Tier Movement and Continued Listing* | Report by non-independent QP acceptable, however, QP must be independent of the vendor*** |
| Short Form Offering Document | Report by non-independent QP acceptable, however, QP must be independent of the vendor*** |
| Reporting Mineral Reserves and Resources** | Report by independent QP as required under NI 43-101 |
| Completion of Preliminary Assessment, Preliminary or Feasibility Study** | Report by independent QP |

* For certain transactions when ILR/CLR must be met, the Issuer must demonstrate Approved Expenditures.

** Notwithstanding the filing requirement prescribed by NI 43-101, the Exchange may require a copy of the Geological Report when disclosure is made.

*** In certain circumstances the Exchange may require that the Geological Report be prepared by an independent QP.

APPENDIX 3G

VALUATION STANDARDS AND GUIDELINES FOR MINERALS PROPERTIES

1. Introduction

This Appendix sets out the Exchange's expectations and requirements for a valuation of mineral properties and outlines:

- (a) the general purpose of valuation reports;
- (b) guidelines respecting circumstances where the Exchange will require a valuation report; and
- (c) valuation standards, guidelines and methods that are generally acceptable to the Exchange.

Mining industry standards and guidelines for valuations and valuation reports can be found in the Canadian Institute of Mining, Metallurgy and Petroleum Standards and Guidelines for Valuation of Mineral Properties ("CIMVal") published in February, 2003 (www.cim.org). CIMVal consists of two parts, Standards and Guidelines. The Standards are mandatory and must be followed in order for a valuation to be CIMVal compliant. The Guidelines in CIMVal are not mandatory, but are strongly recommended.

The Exchange requires that CIMVal Standards be used by Issuers and their professional advisors when preparing valuations and valuation reports on mineral properties. The CIMVal Guidelines should be followed by Issuers and their professional advisors in preparing valuation reports on mineral properties, with the exception that the valuation methods and guidelines under Section 4 Acceptable Valuation Methods and Guidelines below, must be followed.

2. General Purpose of a Valuation Report

Policy 5.4 – Escrow, Vendor Consideration and Resale Restrictions ("Policy 5.4") differentiates between Value Securities and Surplus Securities that may be issued pursuant to a transaction. Generally, securities are deemed to be Value Securities if the supportable value of the asset or property for which the securities are being issued, equals or exceeds the deemed value of the securities to be issued. Generally, Surplus Securities are securities issued pursuant to a transaction which are not supported by a valuation method acceptable to the Exchange or for which the value of the asset is less than the deemed value of securities.

The distinction between Surplus Securities and Value Securities is important due to the difference in escrow terms applicable to Principal securities. Value Securities are subject to a shorter time period for the release of escrowed securities than are Surplus Securities.

Section 4.2 of Policy 5.4 provides for various methods that an Issuer may use to assign value for the purpose of calculating the number of Value Securities that can be issued pursuant to a transaction. In the case of mineral properties, section 4.2(d)(ii) of Policy 5.4 provides that this calculation may be made on the basis of a valuation report.

It should be noted that a valuation report for mineral properties will generally not be required in the event that an Issuer proposes to issue Surplus Securities in accordance with Policy 5.4. Surplus Securities may be reclassified as Value Securities and subject to an accelerated release schedule based on a valuation report that takes into account subsequent developments.

Whether an Issuer proposes to issue Value Securities or Surplus Securities, a Geological Report will always be required.

3. Where a Valuation Report is Required

A valuation report will generally be required to support the issuance of Value Securities in the following circumstances:

- an acquisition or disposition that involves Non Arm's Length Parties;
- a transaction that results in a Change of Control;
- a Reverse Take Over, as contemplated by *Policy 5.2 – Changes of Business and Reverse Take-Overs*; or
- a Reviewable Transaction or Fundamental Acquisition, as contemplated by *Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets*.

In general, where a transaction involves Non Arm's Length Parties or a Related Party Transaction without a current acceptable valuation report, the deemed value of any mineral properties will be restricted to out of pocket costs.

4. Acceptable Valuation Methods and Guidelines

Valuation Methods

Most valuation methods of mineral properties are highly subjective, and often arbitrary in their application, making it difficult to obtain reproducible valuations. It is the Exchange's view that valuation methods utilized must be appropriate to the subject and be prudently applied in order to maintain fairness and consistency, and avoid misuse, bias and misapplication of valuation methods.

Based on the foregoing, the Exchange accepts the use of the following primary valuation methods for mineral properties:

- (a) For properties with mineral reserves:
 - Discounted cash flow/net present value, supported by at least a current and relevant prefeasibility study. The use of mineral resources in the discounted cash flow method is not generally accepted by the Exchange.
- (b) For properties without mineral reserves:
 - Comparable transactions whereby properties similar in all aspects are incorporated into the analysis, whereby fair market value can be determined.
 - Modified appraised value method whereby only the retained past expenditures (also known as “historical costs” or “replacement costs”) are included. The Exchange does not generally accept the inclusion of warranted future expenditures for the purposes of the appraised value method. Associated administrative costs will generally not be accepted.

In addition, section 4.2(i) of Policy 5.4 provides that the Exchange may also accept evidence of value based on an Arm’s Length Private Placement or public financing where the purchasers have been advised of the transaction and the financing represents 20% of the issuer’s issued and outstanding Listed Shares after the completion of the transaction and financing.

Valuation Guidelines

As a supplement to the CIMVal Guidelines, the Exchange requires that the following guidelines be complied with in respect of any valuation reports respecting mineral properties that are filed with the Exchange:

1. an applicant filing an application with the Exchange in respect of a transaction, must be commissioning the valuation;
2. in all cases, the valuator must have no direct or indirect interest in the mineral property or any nearby property, and must be independent of the participants in the transaction as well as independent of any person or company with an interest in the mineral property, or nearby property (A nearby property will generally be viewed as such, if it is located within two kilometers of the subject mineral property); and
3. as part of the valuation, the vendor’s acquisition costs and any recent transactions on the subject mineral property must be incorporated into the analysis.

5. Discretion

The Exchange may, in appropriate circumstances, exercise its discretion to waive a valuation report or impose a valuation requirement.

APPENDIX 4A

DUE DILIGENCE REPORT

1. Requirement for Due Diligence Report

1.1 Undertaking with final Short Form

In accordance with *Policy 4.6 - Public Offering by Short Form Offering Document*, the Exchange requires an Agent to file with the final Short Form an undertaking addressed to the Exchange to file the certificate and undertaking referred to in section 1.3 by the earlier of the offering date or 10 days after the date of the final Short Form.

1.2 Notarization of Due Diligence Report

The Due Diligence Report must be notarized as at the date no earlier than the date of the certificate and undertaking referred to in section 1.3.

1.3 Filing of certificate and undertaking

Within the time period specified in section 1.1, the Agent must file a certificate and undertaking addressed to the Exchange. The certificate and undertaking must state that:

- (a) the Agent has prepared and executed the Due Diligence Report;
- (b) the Due Diligence Report has been notarized; and
- (c) the Agent undertakes to file the notarized copy of the Due Diligence Report when requested by the Exchange.

1.4 Retention of Due Diligence Report

The Agent must retain the notarized copy of the Due Diligence Report and all supporting documentation for a period of six years after the distribution contemplated by the Short Form.

1.5 Exchange's request for Due Diligence Report

The Exchange may require the Agent to produce the notarized copy of the Due Diligence Report in circumstances it deems appropriate.

2. Content of Due Diligence Report

2.1 Due Diligence procedures

The Due Diligence Report must reflect the due diligence process undertaken by the Agent up to the date of the report. At a minimum, the Due Diligence Report must identify the individual(s) who participated in the due diligence process and describe the procedures performed to complete the process.

2.2 Consideration of technical and specialist's reports

If a technical report or specialist's report is obtained, the Due Diligence Report must state that the Agent has fully considered the findings of the consultant and, where applicable, the specialist contained in their report(s).

2.3 Reasons for distribution

The Due Diligence Report must include a brief description of the reasons why the Agent considers that it is appropriate to proceed with the distribution.

2.4 Signature of Due Diligence Report

The Due Diligence Report must be signed by a director of the Agent.

APPENDIX 5D

TRANSFER, RELEASE AND CANCELLATION OF PERFORMANCE SHARES ISSUED BY FORMER VSE ISSUERS

This Policy applies to applications for transfer, release and cancellation of performance shares pursuant to agreements made under former Local Policy 3-07 and former VSE policies.

1. **Defined Terms**

- (1) The following terms have the specified meanings in this Policy:
- (a) **"cash flow"** means net income or loss before tax, adjusted to add back the following expenses:
 - (i) depreciation,
 - (ii) amortization of goodwill and deferred research and development costs, excluding general and administrative costs,
 - (iii) expensed research and development costs, excluding general and administrative costs, and
 - (iv) any other amounts permitted or required by the Exchange;
 - (b) **"cumulative cash flow"** means, at any time, the aggregate **cash flow** of an Issuer up to that time from a date no earlier than the Issuer's financial year-end immediately preceding, and no later than the Issuer's financial year-end immediately following, the date the issuance of the performance shares is accepted by the Exchange, net of any negative **cash flow**;
 - (c) **"earn out factor"** means the number obtained by squaring the **performance share percentage**, expressed as a decimal, and multiplying by four;

- (d) **"earn out price"** means in relation to an IPO, the **IPO price** multiplied by the **earnout factor**; in relation to a Reorganization or other acquisition, the Market Price multiplied by the **earnout factor**; and, in relation to a Reverse Takeover, the average closing price of the Issuer's shares for ten trading days immediately following the date of reinstatement in an Issuer's shares after a trading halt, less the applicable discounts stated in the definition of market price or the price of a **public financing**, (as defined below) undertaken in conjunction with a Reverse Takeover, multiplied by the **earnout factor**;
- (e) **"escrow arrangement"** means any agreement pertaining to shares required to be escrowed pursuant to any policy or requirement of the BC Securities Commission, the Exchange or equivalent regulatory authority having jurisdiction over the Issuer;
- (f) **"IPO price"** means the price per share paid by the public on an Issuer's IPO;
- (g) **"market price"** for the purpose of calculating the **earn out price**, means, in relation to a Reorganization or other acquisition, the closing price of the Issuer's shares on the trading day immediately before an announcement of a Reorganization or acquisition was disseminated (in the event that an Issuer was suspended from trading, the Exchange will have made a determination at the time of the announcement as to the market price that was to be used for the purpose of this Policy) and, in relation to a Reverse Takeover, the weighted average closing price of the Issuer's shares for the ten trading days immediately following the date of the reinstatement of trading in an Issuer's shares after a trading halt less the applicable discounts stated in the definition of Discounted Market Price or the price of a **public financing** undertaken in conjunction with the Reverse Takeover;
- (h) **"percentage determination date"** means the date on which the **performance share percentage** is determined. Ordinarily it is the day the Issuer's shares commence trading on the Exchange. In the case of a Reverse Takeover, it is the date of the reinstatement of trading in an Issuer's shares after a trading halt pending the completion of a Reverse Takeover. Where a **public financing** is done concurrently with the Reverse Takeover then the date is on the completion or termination of the **public financing**;
- (i) **"performance share percentage"** means the percentage, determined as of the **percentage determination date**, that the performance shares of the Issuer plus any other shares subject to an **escrow arrangement**, are of the total issued and outstanding voting securities of the Issuer;
- (j) **"public financing"** means an offering of securities from the Issuer's treasury to the public for cash pursuant to an EOP or a Prospectus; and

- (k) **"valuation opinion"** means, in respect of
 - (i) a natural resource Issuer, a written opinion prepared by a qualified expert as to the fair market value of a resource property, determined either through the computation of present value or some other recognized method of valuation acceptable to the Exchange, supported by a Geological Report, feasibility study, or both, and
 - (ii) another Issuer, a written opinion acceptable to the Exchange.

2. *Transfer of Performance Shares within Escrow*

(1) Permitted Transferees

Performance shares may only be transferred to:

- (a) other Principals, including incoming Principals;
- (b) the Issuer that issued the performance shares; or
- (c) an offeror under a formal bid (as defined in section 92 of the Securities Act [British Columbia]).

2.1 *Request for Consent to Transfer*

- (1) In order to transfer performance shares, the holder of performance shares must deliver to the Exchange a written request for consent to the transfer. The request for consent to the transfer must include:
 - (a) the name of the escrow agent and the reference date of the escrow agreement;
 - (b) an explanation of the reason for the transfer;
 - (c) a description of the consideration to be paid for the performance shares;
 - (d) where the performance shares are to be transferred to a Principal, confirmation that the transferee is a Principal or will become a Principal on or before the date of the proposed transfer; and
 - (e) a description of the registration, Prospectus, and Takeover bid exemptions in the Securities Act or the Securities Rules being relied upon to make the transfer.
- (2) Prior to applying to transfer, the escrow agreement should be reviewed to determine if the Issuer has an obligation to cancel the shares or to request the Exchange to consider cancelling the escrowed shares (pre-1990 property share escrow agreements).

2.2 Documents to be filed with Consent to Transfer

- (1) The request for consent to the transfer must be accompanied by the following documents:
 - (a) a copy of the escrow agreement;
 - (b) a copy of the transfer agreement;
 - (c) an acknowledgement and agreement to be bound in the form attached as Schedule A to the escrow agreement, executed by the transferee;
 - (d) where the performance shares are to be transferred to a non-reporting or closely held Issuer, wherever situate, rather than to an individual, an undertaking by the Issuer not to permit the transfer of ownership in the Issuer or allot and issue any further shares of the Issuer without written consent of the Exchange;
 - (e) where applicable, evidence that the proposed Change of Control has been approved by the Shareholders of the Issuer; and
 - (f) the appropriate fee.

2.3 Letter of Consent or Objection

Upon receiving a request for consent to a transfer and accompanying documents that comply with the above paragraphs, the Exchange will issue to the applicant a letter that either consents or objects to the transfer. A letter consenting to the transfer will be copied to the escrow agent.

2.4 No Transfer within One Year of Listing

The Exchange will not consent to a transfer of any of an Issuer's escrowed or performance shares, except in the case of a bona fide transfer of a portion of such shares to a new Principal, within a period of one year after its securities have been fully listed on the Exchange unless all of the specifically allocated amounts disclosed in the Issuer's Prospectus have been expended in the manner disclosed in the Prospectus. The ability to elect to be treated as a Principal is only available in situations where a transfer is proposed to occur as part of a Reverse Takeover or Reorganization.

3. *Release of Performance Shares From Escrow*

(1) Release of Shares of Natural Resource Companies

- (a) Holders of performance shares of a natural resource Issuer will be entitled to the pro-rata release of those performance shares on the basis of 15% of the original number of performance shares for every \$100,000 expended on exploration and development of a resource property calculated proportionately after the first \$100,000 expenditure (e.g. A \$150,000 expenditure would result in a release of 22.5% of the original number of performance shares). The expenditures must be undertaken by:
 - (i) the Issuer; or
 - (ii) a Person other than the Issuer in order to earn an interest in the resource property, but only in respect of that proportion of the expenditure equal to the Issuer's remaining proportionate interest in the resource property after the Person's interest has been earned;provided that
 - (iii) no more than 50% of the original number of performance shares may be released in any 12 month period; and
 - (iv) no expenditure on exploration and development made prior to the date of the receipt for the Issuer's Prospectus for its IPO may be included.
- (b) Resource property option payments cannot be included as expenditures on exploration and development of a resource property for the purpose of calculating the allowable escrow release.

3.1 *Reduction in Release for a Natural Resource Issuer*

Where administrative expenses exceed 33% of total expenditures during the period on which the calculation in paragraph 3(1) is based:

- (a) the pro-rata release factor of 15% will be reduced to 7.5%; and
- (b) the percentage of the original number of performance shares available for release in any 12-month period will be reduced to 25%.

3.2 Release of Shares of a Non Natural Resource Issuer

Holders of performance shares of an Issuer other than a natural resource Issuer will be entitled to the pro-rata release of a number of performance shares equal to the amount of **cumulative cash flow**, not previously applied towards release, divided by the earn out price.

3.3 Adjustment of Release Calculation

On a consolidation, subdivision, amalgamation or reclassification of the Issuer's shares, the release calculation must be adjusted so that the proportion of the outstanding performance shares available for release is unaffected by the consolidation, subdivision, amalgamation or reclassification.

3.4 Requirements for Release

No performance shares may be released from escrow unless, at the time of the application for release:

- (a) the Issuer is meeting its current obligations in the ordinary course of business as they generally become due, as evidenced by a statutory declaration of the president or chief financial officer of the Issuer;
- (b) the Issuer's shares are listed and trading on all stock exchanges having jurisdiction over it, as evidenced by letters from those stock exchanges, if requested by the Exchange;
- (c) the Issuer is not in default of the financial statement and related requirements of the Securities Act (British Columbia), as evidenced by a certificate issued by the BCSC, or a copy of chapter 4 (Issuers in Default) of a recent BCSC Weekly Summary;
- (d) the Issuer is in good standing with respect to its filing of returns with the Registrar of Companies under the Company Act or, if the Issuer is incorporated, organized or continued in a jurisdiction other than British Columbia, with the Registrar of Companies or similar authority in that jurisdiction, as evidenced by a certificate issued by the Registrar of Companies or by that similar authority, or by a recent "company search" of the Registrar of Companies;
- (e) any conditions precedent to release in the escrow agreement are fulfilled. For instance, for some pre-1990 property share escrow agreements, one or more of the escrow Shareholders must satisfy the Exchange that the Issuer is a success and that he or she has contributed to that success. There are a number of decisions of the BCSC regarding the meaning of these words; and

- (f) the Issuer has used its best efforts to determine if any Issuer holding escrowed shares is currently a valid Issuer. If the Issuer has been dissolved, the Issuer or the applicant must make reasonable efforts to obtain consents of the Shareholders for release of the escrowed shares.

3.5 Annual Release based on Annual Audited Financial Statements

Performance shares may be released only once during an Issuer's financial year. The release calculation must be based on the Issuer's annual audited financial statements for the year or years during which the release requirements were met in respect of the performance shares to be released.

3.6 Request for Consent to Release

In order to obtain a release of performance shares, the Issuer must deliver to the Exchange a written request for consent to the release. The request for consent to the release must include the name of the escrow agent and the reference date of the escrow agreement.

3.7 Documents to be filed with Request for Consent to Release

The request for consent to the release must be accompanied by:

- (a) written evidence of compliance with the requirements of paragraph 3.5;
- (b) annual audited financial statements of the Issuer for the financial year or years during which the release requirements were met in respect of the performance shares to be released;
- (c) where expenditures on a resource property were made by a person other than the Issuer, an audited statement of costs;
- (d) a calculation, prepared by the Issuer's auditor of the number of performance shares to be released;
- (e) where the release of escrowed shares is based on the achievement of milestones, evidence that the applicable milestones have been achieved; and
- (f) the prescribed fee.

3.8 Letter of Consent or Objection

Upon receiving a request for consent to a release and accompanying documents that comply with paragraphs 3.6 and 3.7, the Exchange will issue to the Issuer a letter that either consents or objects to the release. A letter consenting to the release will be copied to the escrow agent.

3.9 Request by Holder of Performance Shares for Consent to Release

A holder of performance shares may apply to the Exchange for release where the Issuer is unable or unwilling to do so. If the president or chief financial officer of the Issuer refuses to provide the statutory declaration referred to in sub-paragraph 3.4(a), the Exchange may waive that requirement.

3.10 Conflicting Release Provisions

- (1) In cases where shares are held under an old form of escrow agreement, the following principles will be applied:
 - (a) In the case of an Issuer that has previously issued shares subject to an **escrow arrangement** where the release from escrow is subject to Exchange discretion, the Exchange will apply Part 3 of this Policy.
 - (b) In the case of an Issuer that may have issued shares under more than one form of escrow agreement and one or more of the agreements specify that the release from escrow is to be based on the earning of **cash flow**, then the release of shares must be apportioned between the shares subject to the various forms of escrow agreement on a basis satisfactory to the Exchange. At the time of applying for issuance of performance shares, the manner in which any given amount of **cash flow** is apportioned between escrow agreements must be clearly outlined for review and acceptance by the Exchange.
- (2) Prior to applying for release, the escrow agreement should be reviewed to determine if the Issuer has an obligation to cancel the shares or to request the Exchange to consider cancelling the escrowed shares (pre-1990 property share escrow agreements).

4. Amendments to Escrow Agreements

- (1) The Exchange will only consider amendments to provisions in an escrow agreement in accordance with Exchange Policy 5.4.
- (2) All amendments to an escrow agreement require approval by the majority of the minority Shareholders.

- (3) All applications for amendments must be made such that there is sufficient notice to the market in general by the Issuer and such notice be sufficient to allow any party affected by an amendment to appeal the decision of the Exchange to the BCSC by way of a hearing and review.
- (4) Applications to extend the time period for release from escrow must be made prior to expiry of any term of escrow.

5. Surrender of Performance Shares for Cancellation

5.1 Cancellation

- (1) Performance shares must be surrendered by the Shareholders to an Issuer for cancellation:
 - (a) at the time of a major Reorganization of the Issuer, if required as a condition of the consent to the Reorganization by the Exchange;
 - (b) where the Issuer's shares have been subject to a Cease Trade Order for a period of two consecutive years; and
 - (c) 10 years from the latter of the date of issue of the performance shares and the date of the receipt for the Issuer's Prospectus for its IPO.
- (2) Performance shares must be cancelled by the Issuer:
 - (a) when surrendered by the Shareholder for cancellation;
 - (b) if issued pursuant to a Reorganization and not released before the expiration of ten years from the date the Exchange accepts the escrow agreement governing the performance shares for filing; or
 - (c) where required by the terms of the escrow agreement.
- (3) Cancellation will generally involve a directors' resolution, a reduction in the issued capital, and an instruction to the escrow agent to cancel the share certificates. The Issuer should:
 - (a) request the escrow agent to notify the Exchange of the change(s) to the Issuer's issued share capital so that the Exchange may amend its records; and
 - (b) issue a news release regarding the change(s).
- (4) Section 8 (c) of the escrow agreement attached to former Local Policy Statement 3-07 must specify a 10-year term and must also identify the date of commencement of the term.

5.2 Cancellation of Escrowed Shares Not Issued Pursuant to VSE Policy 19 or Local Policy 3-07

Section 5.1 details circumstances where escrowed performance shares must be surrendered for cancellation. However, there are in existence escrowed shares which do not come within the operation of Section 5.1 because they are not performance shares, as they are held in escrow pursuant to an escrow agreement other than the form prescribed by former Local Policy Statement 3-07 or former VSE Policy 19. This Policy applies to all escrowed shares of Exchange listed Companies which do not come within the operation or ambit of Section 5.1.

5.3 Procedure for Requesting Cancellation

The Exchange derives its authority to cancel escrowed shares from the escrow agreement. Therefore, the terms of the escrow agreement must be reviewed. Generally only pre-1990 "property shares" escrow agreements give the Exchange the authority to cancel escrowed shares in certain circumstances. There are reasons for decisions on such cases and these should be reviewed carefully by the Filing Solicitor prior to commencing the cancellation process.

5.4 Directors' Resolution

The directors must pass a resolution declaring the relevant facts to exist and requesting the Exchange to direct cancellation if the Exchange is so authorized under the terms of the escrow agreement.

5.5 Shareholder Consent

Unanimous

- (1) Where unanimous consent to a cancellation of shares has been obtained from the escrow Shareholders, the directors must, by letter to the Corporate Finance Department, prove the unanimous consent with letters signed by the escrow Shareholders and request the Exchange to proceed with a determination of the shares to be cancelled. The letter should also be accompanied by a certified copy of the directors' resolution, and the applicable fee.
- (2) Any request for a release of escrow shares concurrently with the cancellation must be clearly stated.

Not Unanimous

- (3) Where there is not unanimous consent of the escrow Shareholders, the Issuer or its filing solicitor must forward a letter requesting cancellation to the Corporate Finance Department and all non-consenting escrow Shareholders which must include:
 - (a) a list of the documentation enclosed;

- (b) a certified copy of the directors' resolution and evidence of the facts on which it is based;
 - (c) a description of the escrow agreement (date, parties, etc.);
 - (d) a summary of the numbers of escrowed shares originally issued and the subsequent disposition thereof;
 - (e) a current list of escrow shares held and escrow Shareholders in a letter by the escrow agent;
 - (f) certification that a notice of cancellation complying with the requirements outlined below was sent to all escrow Shareholders. In the event the Issuer is unable to contact any of the escrow Shareholders it shall identify them and explain what efforts have been made to locate those Shareholders and the results thereof. Where an Issuer is holding escrowed shares the Issuer must use its best efforts to determine if the Issuer is currently valid, and has not been dissolved. If the Issuer has been dissolved, the Issuer must make reasonable efforts to obtain consent of the Shareholders of the dissolved Issuer for the cancellation;
 - (g) a copy of the notice of cancellation sent to the escrow Shareholders; and
 - (h) the applicable fee.
- (4) All correspondence to or from the Exchange, Issuer, or escrow Shareholders not consenting to cancellation must be copied to the affected Shareholders and the Issuer throughout the process.

5.6 Notice to Escrow Shareholders

Where unanimous consent of escrow Shareholders has not been obtained, the Issuer must by registered mail send a notice to each escrow Shareholder including a copy of its cancellation application sent to the Exchange and such other material as may be necessary to advise the escrow Shareholders advising:

- (a) of the reason for the notice of cancellation, including reference to the specific provision in the escrow agreement which permits the cancellation;
- (b) that a directors' resolution has been delivered to the Exchange;
- (c) that the shares remaining in escrow must be tendered to the Issuer by way of gift for cancellation;
- (d) if such is the case, that the Exchange required the Issuer to determine the number of shares which shall be subject to cancellation and the number, if any, to be released;

- (e) that the Shareholder has the opportunity to make representations to the Exchange if he or she so desires; and
- (f) that if the Shareholder wishes to make representations he or she should do so by mailing same directly to the Exchange's Corporate Finance Department within 14 days from the date of the mailing of the notice, and copying the Issuer.

5.7 *Shareholder Objections to Cancellation*

- (1) The Exchange will inform the Issuer of any objections received to the escrow share cancellation by providing a copy of each objection.
 - (2) The Issuer and the Shareholders may file such material as each desires in support of their respective positions, but they must ensure that each other party receives a carbon copy of their submissions.
 - (3) The Exchange will advise the parties of the date of its meeting to consider the matter.
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APPENDIX 5E

TRANSFER, RELEASE AND CANCELLATION OF PERFORMANCE SHARES ISSUED BY FORMER ASE ISSUERS

This Policy applies to applications for transfer, release and cancellation of performance shares pursuant to agreements made under former ASE policies.

1. Release of Escrowed Shares

1.1 Requirements for Release

No performance shares may be released from escrow unless, at the time of the application for release:

- (a) the Issuer is meeting its current obligations in the ordinary course of business as they generally become due, as evidenced by a statutory declaration of the president or chief financial officer of the Issuer;
- (b) the Issuer's shares are listed and trading on all stock exchanges having jurisdiction over it, as evidenced by letters from those stock exchanges, if requested by the Exchange;
- (c) the Issuer is not in default of the financial statement and related requirements of the applicable Securities Laws, as evidenced by a certificate issued by the ASC, or a copy of the Issuers in Default section of a recent ASC Weekly Summary;
- (d) the Issuer is in good standing with respect to its filing of returns with the Registrar of Corporations or similar authority in the jurisdiction of its incorporation organization or continuance, as evidenced by a certificate issued by the Registrar of Corporations or by that similar authority, or by a recent "company search" of the Registrar of Corporations;
- (e) any conditions precedent to release in the escrow agreement are fulfilled; and
- (f) the Issuer has used its best efforts to determine if any Issuer holding escrowed shares is currently a valid Issuer. If the Issuer has been dissolved, the Issuer or the applicant must make reasonable efforts to obtain consents of the Shareholders for release of the escrowed shares.

1.2 Documents to be filed with Request for Consent to Release

The request for consent to the release must be accompanied by:

- (a) written evidence of compliance with the requirements of paragraph 1.1;
- (b) annual audited financial statements of the Issuer for the financial year or years during which the release requirements were met in respect of the performance shares to be released;
- (c) where expenditures on a resource property were made by a person other than the Issuer, an audited statement of costs;
- (d) a calculation, prepared by the Issuer's auditor of the number of performance shares to be released;
- (e) where the release of escrowed shares is based on the achievement of milestones, evidence that the applicable milestones have been achieved; and
- (f) the prescribed fee.

1.3 Letter of Consent or Objection

Upon receiving a request for consent to a release and accompanying documents that comply with paragraphs 1.1 and 1.2, the Exchange will issue to the Issuer a letter that either consents or objects to the release. A letter consenting to the release will be copied to the escrow agent.

1.4 Request by Holder of Performance Shares for Consent to Release

A holder of performance shares may apply to the Exchange for release where the Issuer is unable or unwilling to do so. If the president or chief financial officer of the Issuer refuses to provide the statutory declaration referred to in sub-paragraph 1.1(a), the Exchange may waive that requirement.

1.5 Release Criteria

- (1) Applications for release of performance shares may only be made once per year and may only relate to Cash Flow received or Deferred Expenditures, as defined in ASE *Form 10B – Escrow Agreement*, incurred in the preceding fiscal year or the fiscal years of the Issuer since the last release from escrow pursuant to the escrow agreement, whichever is greater.
- (2) All shares released from escrow shall be distributed pro rata to all securityholders.
- (3) Generally, the maximum number of shares which may be released from escrow in any one calendar year shall be one third of the original number of shares held in escrow.

- (4) Any securities that have not been released from escrow in accordance with the criteria prescribed in this policy and the escrow agreement within five years following the date of the escrow agreement shall be cancelled.

1.6 Adjustment of Release Calculation

On a consolidation, subdivision, amalgamation or reclassification of the Issuer's shares, the release calculation must be adjusted so that the proportion of the outstanding performance shares available for release is unaffected by the consolidation, subdivision, amalgamation or reclassification.

2. Transfers of Escrowed Shares

- (1) Performance shares may only be transferred to:
 - (a) other Principals, including incoming Principals;
 - (b) the Issuer that issued the performance shares; or
 - (c) an offeror under a formal bid (as defined in section 158(I)(h) of the Securities Act (Alberta)).
- (2) In order to transfer performance shares, the holder of performance shares must deliver to the Exchange a written request for consent to the transfer. The request for consent to the transfer must include:
 - (a) the name of the escrow agent and the reference date of the escrow agreement;
 - (b) an explanation of the reason for the transfer;
 - (c) a description of the consideration to be paid for the performance shares;
 - (d) where the performance shares are to be transferred to a Principal, confirmation that the transferee is a Principal or will become a Principal on or before the date of the proposed transfer; and
 - (e) a description of the registration, Prospectus, and take-over bid exemptions in the Securities Laws being relied upon to make the transfer.

2.1 Filing Requirements

The request for consent to the transfer must be accompanied by the following documents:

- (a) a copy of the escrow agreement;
- (b) a copy of the transfer agreement;

- (c) an acknowledgement and agreement to be bound by the terms of the escrow agreement, executed by the transferee;
- (d) where the performance shares are to be transferred to a non-reporting or closely held Issuer, wherever situate, rather than to an individual, an undertaking by the Issuer not to permit the transfer of ownership in the Issuer or allot and issue any further shares of the Issuer without written consent of the Exchange;
- (e) where applicable, evidence that the proposed Change of Control has been approved by the Shareholders of the Issuer; and
- (f) the appropriate fee.

3. Amendments to Escrow Agreements

- (1) The Exchange will only consider amendments to provisions in an escrow agreement in accordance with Exchange Policy 5.4.
- (2) All amendments to an escrow agreement require approval by the majority of the minority Shareholders.
- (3) All applications for amendments must be made such that there is sufficient notice to the market in general by the Issuer and such notice be sufficient to allow any party affected by an amendment to appeal the decision of the Exchange.
- (4) The amount of shares available for release per year are governed by section 1.5(3) of this policy.
- (5) Applications to extend the time period for release from escrow must be made prior to expiry of any term of escrow.

4. Cancellation of Escrowed Shares

- (1) The directors of the Issuer must pass a resolution declaring the relevant facts to exist pursuant to section 14 of the ASE Escrow Agreement (Form 10B) and request the Exchange to direct cancellation if the Exchange is so authorized under the terms of the escrow agreement.
- (2) Where the cancellation is not effected pursuant to section 14 of the ASE Escrow Agreement, unanimous consent to a cancellation of shares must be obtained from the escrow Shareholders, and the directors must, by letter to the Corporate Finance Department, evidence the unanimous consent with letters signed by the escrow Shareholders and request the Exchange to proceed with a determination of the shares to be cancelled. The letter should also be accompanied by a certified copy of the directors' resolution, and the applicable fee.

- (3) Any request for a release of escrow shares concurrently with the cancellation must be clearly stated.
- (4) Where there is not unanimous consent of the escrow Shareholders, the Issuer or its filing solicitor must forward a letter requesting cancellation to the Corporate Finance Department and all non-consenting escrow Shareholders which must include:
 - (a) a list of the documentation enclosed;
 - (b) a certified copy of the directors' resolution and evidence of the facts on which it is based;
 - (c) a description of the escrow agreement (date, parties, etc.);
 - (d) a summary of the numbers of escrowed shares originally issued and the subsequent disposition thereof;
 - (e) a current list of escrow shares held and escrow Shareholders in a letter by the escrow agent;
 - (f) certification that a notice of cancellation complying with the requirements outlined below was sent to all escrow Shareholders. In the event the Issuer is unable to contact any of the escrow Shareholders it shall identify them and explain what efforts have been made to locate those Shareholders and the results thereof. Where an Issuer is holding escrowed shares the Issuer must use its best efforts to determine if the Issuer is currently valid, and has not been dissolved. If the Issuer has been dissolved, the Issuer must make reasonable efforts to obtain consent of the Shareholders of the dissolved Issuer for the cancellation;
 - (g) a copy of the notice of cancellation sent to the escrow Shareholders; and
 - (h) the applicable fee.
- (5) All correspondence to or from the Exchange, Issuer, or escrow Shareholders not consenting to cancellation must be copied to the affected Shareholders and the Issuer throughout the process.
- (6) Where unanimous consent of escrow Shareholders has not been obtained, the Issuer must by registered mail send a notice to each escrow Shareholder including a copy of its cancellation application sent to the Exchange and such other material as may be necessary to advise the escrow Shareholders advising:
 - (a) of the reason for the notice of cancellation, including reference to the specific provision in the escrow agreement which permits the cancellation;
 - (b) that a directors' resolution has been delivered to the Exchange;

- (c) that the shares remaining in escrow must be tendered to the Issuer by way of gift for cancellation;
 - (d) if such is the case, that the Exchange required the Issuer to determine the number of shares which shall be subject to cancellation and the number, if any, to be released;
 - (e) that the Shareholder has the opportunity to make representations to the Exchange if he or she so desires; and
 - (f) that if the Shareholder wishes to make representations he or she should do so by mailing same directly to the Exchange's Corporate Finance Department within 14 days from the date of the mailing of the notice, and copying the Issuer.
- (7) The Exchange will inform the Issuer of any objections received to the escrow share cancellation by providing a copy of each objection.
 - (8) The Issuer and the Shareholders may file such material as each desires in support of their respective positions, but they must ensure that each other party receives a carbon copy of their submissions.
 - (9) The Exchange will advise the parties of the date of its meeting to consider the matter.
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APPENDIX 6A

ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as “the Exchange”) collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

APPENDIX 6B

ACKNOWLEDGEMENT - PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as “the Exchange”) collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates, and includes information as to such individual’s involvement with any other reporting issuers, issuers subject to a cease trade order or bankruptcy, as well as information respecting penalties, sanctions or personal bankruptcies, to which such individual has been subject, as well as any conflicts of interest that the individual may have with the Issuer,
- to detect and prevent fraud,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.



NEX POLICY

MARKET STATEMENT

NEX is a separate board of the TSX Venture Exchange. NEX is designed for Companies previously listed on TSX Venture Exchange or Toronto Stock Exchange that have failed to comply with the ongoing financial listing standards of those markets. NEX provides a trading forum for publicly listed shell Companies while they seek and undertake transactions which will result in the Company carrying on an active business.

DISCRETION

NEX reserves the right to exercise its discretion in applying its policies. NEX can waive or modify its existing requirements or impose additional requirements. Listing on NEX is a privilege, not a right, and NEX may refuse to list any Company.

1. INTERPRETATION

Definitions

1.1 In these Policies:

“Business Days” means full days on which business is normally conducted and does not include statutory holidays and weekends. In the case of a filing, Business Days do not include the day on which the filing is made.

“Company” and **“Companies”** include any form of legal entity previously listed on TSX Venture Exchange or Toronto Stock Exchange.

“Listed Company” and **“Listed Companies”** refer to companies listed on NEX.

“NEX” refers to the board of TSX Venture known as “NEX” and governed by these policies.

“NEX Requirements” means and includes the policies, rules (including UMIR), orders, notices, rulings, forms, decisions and regulations of NEX, and any instructions, decisions and directions of a Regulation Services Provider or NEX, and all applicable provisions of the Securities Laws of any applicable jurisdiction.

“TSX Venture” means TSX Venture Exchange Inc.

References to TSX Venture Policies

- 1.2 Unless otherwise noted, all other capitalized terms have the same meanings as defined in the policies of TSX Venture, except that references to the Exchange are substituted with references to NEX.
- 1.3 Where Listed Companies are required to comply with TSX Venture policies, references to the Exchange in those policies will be read so as to refer to NEX as applicable.

2. LISTING

Eligibility/Qualification for Listing

- 2.1 The following Companies are eligible for listing on NEX:
- (a) Companies that have failed to comply with TSX Venture's Continued Listing Requirements for Tier 2 Issuers or Toronto Stock Exchange's continued listing requirements; and
 - (b) TSX Venture Capital Pool Companies ("CPCs") which have not completed a Qualifying Transaction within the time permitted under the former TSX Venture Policy 2.4 – *Capital Pool Companies* (as at June 14, 2010) that was in effect on December 31, 2020 (the "**Former CPC Policy**") and have obtained the requisite shareholder approval to list on NEX.
- 2.2 In order to qualify to trade on NEX, a Company must:
- (a) be in good standing with TSX Venture or Toronto Stock Exchange (other than the failure to comply with TSX Venture's Continued Listing Requirements for Tier 2 Issuers or Toronto Stock Exchange's continued listing requirements);
 - (b) be a reporting issuer in good standing with all relevant securities regulatory authorities and under corporate law; and
 - (c) have a minimum of 150 Public Shareholders, each holding at least one Board Lot of freely tradable securities.
- 2.3 Companies that are eligible for listing, but not qualified to trade on NEX will be listed on NEX, but have trading in their securities halted or suspended until such time that they meet the above noted criteria.
- 2.4 Where the Company is a CPC that was originally listed on TSX Venture under the Former CPC Policy and that has not completed a Qualifying Transaction within the time permitted under the Former CPC Policy and has not obtained the Shareholder approval set out in section 15.2(b)(i) of TSX Venture Policy 2.4 – *Capital Pool Companies*, it must:

- (a) obtain majority Shareholder approval for the transfer to NEX exclusive of the votes of Non-Arm's Length Parties of the CPC; and
- (b) either
 - (i) cancel all Seed Shares purchased by Non-Arm's Length Parties to the CPC at a discount from the IPO price, in accordance with section 11.2(a) of the Former CPC Policy; or
 - (ii) subject to majority Shareholder approval, cancel an amount of Seed Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Seed Shares is at least equal to the IPO price.

Refusal of Listing

2.5 NEX may refuse to list any Company where it determines in its discretion that such refusal to list is in the best interests of NEX. Circumstances where NEX may refuse to list a Company may include:

- (a) where the capital structure, float or distribution of the Company's securities are not acceptable to NEX; or
- (b) where the identity of Insiders and/or other Shareholders cannot be identified to the satisfaction of NEX.

Filing Requirements

2.6 Companies transferring their listing to NEX must submit the following documents:

- (a) Listing Notification (Form A – *Listing Notification*); and
- (b) any other document that may be required by NEX.

3. MANAGEMENT AND CORPORATE GOVERNANCE

Directors, Officers and Insiders

3.1 A Listed Company must have at least 3 directors:

- (a) at least one of whom must not be an employee, senior officer, Control Person or management consultant of the Company, its Associates or Affiliates;
- (b) at least one of whom must have public company experience satisfactory to NEX;
- (c) all of whom must meet the requirements of section 5.1 and section 5.2 of TSX Venture Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*; and

- (d) none of who may be of the classes of persons enumerated by section 5.14 of TSX Venture Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.
- 3.2 NEX will review the suitability of all directors, officers and Insiders of a Listed Company and may, in its discretion:
 - (a) refuse to list; or
 - (b) delist;any Listed Company with management or Insiders that are unacceptable to NEX.
- 3.3 A Listed Company must immediately inform NEX of any proposed change in the directors, officers and Insiders of the Company by filing:
 - (a) Form E – *Notice of Change of Management* including a completed Personal Information Form (TSX Venture Form 2A) or, if applicable, a Declaration (TSX Venture Form 2C1), for each new director and officer; and
 - (b) a Personal Information Form or, if applicable, a Declaration, for each new Insider.
- 3.4 The board of directors of each NEX Company must adopt procedures to ensure that all employment, consulting or other compensation arrangements between the Company and any director or senior officer of the Company or between any subsidiary of the Company and any director or senior officer are considered and approved by its independent director(s).

4. DISCLOSURE/FILING

Disclosure

- 4.1 Listed Companies must comply with all disclosure provisions of all applicable Securities Laws.
- 4.2 Listed Companies must comply with TSX Venture Policy 3.3 – *Timely Disclosure*.

4.3 Disclosure of Management Compensation

- (a) The Issuer must include the following disclosure in its interim MD&A unless it is included in its financial statements. The Issuer must also make this disclosure in its annual MD&A unless such disclosure is made in its financial statements, Annual Information Form or Information Circular:
 - (i) any standard compensation arrangements made directly or indirectly with directors and officers of the Listed Company for their services as directors or officers, or in any other capacity, from the Listed Company and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable under the arrangements and must include any additional amounts payable for committee participation or special assignments;
 - (ii) any other arrangements under which directors and officers were directly or indirectly compensated for their services as directors and officers, or in any other capacity, from the Listed Company and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable and the name of the director or officer; and
 - (iii) any arrangement relating to severance payments to be paid to directors and officers of the Listed Company and its subsidiaries, entered into during the most recently completed financial quarter.

General Filing Requirements

4.4 Listed Companies must file all materials required by NEX Policies with NEX which is located at:

#2700 – 650 West Georgia Street

P.O. Box 11633

Vancouver, B.C.

V6B 4N9

Phone: (604) 689-3334

Email: tsxvdocs@tmx.com

LINX: <https://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tmx-linx-exchange-submission-portal>

4.5 Listed Companies must ensure NEX is provided with a current address, telephone number, email address, and contact person's name to which NEX communication, as well as shareholder and public inquiries, can be directed.

5. SHARE ISSUANCES / FINANCING TRANSACTIONS / MATERIAL TRANSACTIONS

Pricing

- 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 – *Price Reservation Form*.

Limitations

- 5.2 A Listed Company must obtain Shareholder approval if:
- (a) it proposes to issue more than 100% of its outstanding shares in any 12 month period; and
 - (b) a new Control Person is created.

For the purposes of this calculation, agent compensation is excluded, and the numerator is comprised of the proposed securities to be issued, including securities reserved for issuance, and the denominator is comprised of issued and outstanding securities, also including securities reserved for issuance.

- 5.3 A Listed Company may not raise more than \$500,000 in aggregate through the issuance of securities in any 12 month period. Debt settled pursuant to a shares for debt arrangement are not included in this calculation.
- 5.4 Notwithstanding section 5.3, a Listed Company may undertake a one-time financing of up to \$1,000,000 in addition to the yearly \$500,000 allowance, where the proceeds will be used to settle debt with cash, bring the Listed Company's continuous disclosure record up to date and leave the Listed Company with up to \$500,000 in working capital.
- 5.5 A Listed Company may not enter into contracts or arrangements for the provision of Investor Relations Activities.
- 5.6 See TSX Venture Policy 5.1 – *Loans, Loan Bonuses, Finder's Fees and Commissions* for the finders' fees, commissions or similar compensation that may be paid, including restrictions on payments to Non-Arm's Length Parties.
- 5.7 A Listed Company that is a CPC must continue to comply with the all of the requirements and restrictions in TSX Venture Policy 2.4 – *Capital Pool Companies*.

Related Party Transactions

- 5.8** Listed Companies undertaking Related Party Transactions (as defined in TSX Venture Policy 1.1 – *Interpretation*) or other transactions contemplated by TSX Venture Policy 5.9 – *Protection of Minority Security Holders in Special Transactions* must comply with the provisions of that Policy.

Filing

- 5.9** Listed Companies undertaking any issuance of securities must submit Form C – *Notice of Proposed Share Issuance/Financing* and obtain NEX acceptance in advance of the issuance.
- 5.10** Listed Companies must advise NEX of transactions that are material but do not involve the issuance of equity securities. These transactions include material acquisitions, dispositions, option agreements, joint venture agreements, license agreements and loans or any other material contracts and obligations.
- 5.11** Listed Companies undertaking transactions as set out in 5.10 above must submit Form F – *Notice of Proposed Material Transaction* and obtain NEX acceptance in advance of the closing of such transaction.
- 5.12** Listed Companies must issue a news release upon closing of all transactions filed pursuant to section 5 of NEX Policy.
- 5.13** If NEX has any objections to the proposed transactions required to be filed by a Listed Company, it will notify the Listed Company.
- 5.14** Non-disapproval of transactions pursuant to section 5.13 above should not and does not imply that NEX has reviewed the transaction(s) in respect of the Company's continuing eligibility for listing pursuant to section 8.1.

NEX Hold Period and Share Legends

- 5.15** Listed Companies must comply with the hold periods and legending requirements as required by section 5.3 of TSX Venture Policy 3.2 – *Filing Requirements and Continuous Disclosure*.

6. WARRANTS

- 6.1** The exercise price of Warrants must be not less than the greatest of:
- (a) the offering price of the securities to which they are attached;
 - (b) Market Price of the Issuer's shares; and
 - (c) \$0.05.
- 6.2** The maximum term for a Warrant is 12 months from the date of issue.

- 6.3 The number of shares issued pursuant to the exercise of Warrants cannot exceed the number of issued securities to which they are attached.
- 6.4 Subject to section 6.2 and NEX acceptance, where properly authorized by the board of directors of a Listed Company, the Listed Company may amend the terms of a class of Warrants provided that none of the Warrants of that class have been exercised or traded and that the amendment otherwise complies with Part 3 of TSX Venture Policy 4.1 – *Private Placements*.

7. INCENTIVE STOCK OPTIONS

- 7.1 Listed Companies must maintain compliance with TSX Venture Policy 4.4 – *Security Based Compensation* regarding the pricing and terms of incentive stock options and specifically, Listed Companies are not permitted to grant or issue any Security Based Compensation other than Stock Options.
- 7.2 Listed Companies undertaking option transactions (including grant and amendment of options) must submit Form D – *Notice of Proposed Stock Option Grant or Amendment* promptly after the end of each calendar month in which any Stock Option is granted or amended.
- 7.3 If NEX has any objections to the proposed option transaction, it will notify the Listed Company.

8. SIGNIFICANT TRANSACTIONS

- 8.1 Any Listed Company which undertakes a Change of Business or Reverse Takeover as defined in the TSX Venture policies or undertakes:
- (a) a transaction or transactions that exceed any of the limits in section 5.2; or
 - (b) a transaction or combination of transactions that result in the Listed Company satisfying TSX Venture Tier 2 Minimum Listing Requirements on a sustainable basis,
- will no longer be eligible for listing on NEX and must graduate to TSX Venture or be delisted upon closing of that transaction.
- 8.2 NEX has discretion in determining whether a transaction meets the definition of Change of Business or Reverse Takeover and otherwise applying the provisions in section 8.1(a) for the purposes of this policy.
- 8.3 A Listed Company that announces a Change of Business or Reverse Takeover will be subject to the TSX Venture policies governing those transactions including those relating to trading halts, except that upon resumption of trading after the initial halt, the Company will continue trading on NEX until the date of the closing of the transaction. Where the transaction fails to close, the Listed Company may remain eligible for listing on NEX. See TSX Venture Policy 5.2 – *Changes of Business and Reverse Takeovers*.

9. SIGNIFICANT CONNECTION TO ONTARIO

- 9.1** Listed Companies must comply with the policies relating to the Assessment of a Significant Connection to Ontario in Part 18 of TSX Venture Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

10. NAME CHANGES, SHARE CONSOLIDATIONS AND SPLITS

- 10.1** Listed Companies must comply with TSX Venture Policy 5.8 – *Issuer Names, Issuer Name Changes, Share Consolidations and Splits*, provided that NEX Form G – *Notice of Name Change, and/or Consolidation/Split* must be used rather than TSX Venture Form 5I – *Name Change and Consolidation/Split Filing Form*.

11. TRADING HALTS AND SUSPENSIONS

- 11.1** Sections 1 and 2, and the applicable portions of section 3 of TSX Venture Policy 2.9 – *Trading Halts, Suspensions and Delisting* apply to Companies listed on NEX.

12. DELISTING

- 12.1** NEX may in its discretion, delist the securities of any Listed Company:
- (a) if the Listed Company fails to comply with:
 - (i) the policies of NEX;
 - (ii) applicable Securities Laws;
 - (iii) any other laws, rules or policies of any applicable regulatory authority;
 - (b) if the capital structure, Public Float, or distribution of the Listed Company is not acceptable to NEX;
 - (c) if the Listed Company becomes ineligible for listing based on the policies of NEX; or
 - (d) if NEX otherwise determines it is in the best interests of NEX to do so.
- 12.2** Companies delisting from NEX must comply with the procedures in TSX Venture Policy 2.9 – *Trading Halts, Suspensions and Delisting*.
- ## **13. TRANSFER AGENT, REGISTRAR AND SECURITY CERTIFICATES**
- 13.1** Listed Companies must comply with Parts 7 and 8 of TSX Venture Policy 3.1 – *Directors, Officers, Other Insiders & Personnel and Corporate Governance*.

14. TRADING

- 14.1** Firms with trading privileges in good standing on TSX Venture or Toronto Stock Exchange are entitled to trade on NEX.
- 14.2** The trading rules applicable to NEX are the same as the trading rules applicable to TSX Venture.
- 14.3** NEX has the same trading hours as TSX Venture.

15. FEES

- 15.1** Companies on NEX for any part of a quarter must pay a quarterly Listing Maintenance Fee of \$1,250, payable on the first Business Day of each quarter. For Companies transferring to NEX during the quarter, the due date of the fee will be indicated on their invoice. The Listing Maintenance Fee is non-refundable for Companies graduating to TSX Venture or delisting.
- 15.2** Failure to pay fees within 30 days after payment is due will result in the securities of these Companies being halted and/or suspended from trading without notice followed by delisting from NEX.
- 15.3** Companies whose securities have been halted or suspended from trading must pay the fees owing, plus a processing fee in order to have their securities brought back to trade. The processing fee is \$250 for Companies whose securities have been halted for failure to pay fees, and \$500, if they have been suspended. The fee for suspended issuers includes the required reinstatement review.
- 15.4** If Listing Maintenance Fees are outstanding at the end of the first month in a quarter in which those fees are due, then in respect of that month and each month thereafter, the Listed Company will be subject to an additional monthly Listing Maintenance Fee of 5% of the quarterly Listing Maintenance Fee.
- 15.5** Any out-of-pocket costs to be incurred by NEX on behalf of a Company will be payable upon request.
- 15.6** NEX reserves the right to charge additional fees in circumstances where an inordinate amount of time is required to process or review Companies' activities.

FORMS

| | | |
|---------------|---|--|
| Form A | - | Listing Notification |
| Form B | - | Price Reservation Form |
| Form C | - | Notice of Proposed Share Issuance / Financing |
| Form D | - | Notice of Proposed Stock Option Grant or Amendment |
| Form E | - | Notice of Change of Management |
| Form F | - | Notice of Proposed Material Transaction |
| Form G | - | Notice of Name Change, and/or Consolidation / Split |

APPENDIX

| | |
|-------------------|---|
| Appendix 1 | Acknowledgement – Personal Information |
|-------------------|---|



FORM A

LISTING NOTIFICATION

Name of Company: _____ (the “Company”).

Class of Securities to be listed: _____ (the “Securities”)

1. The Company is applying to list the Securities on the basis of the certificate in paragraph 2 of this Form.
2. The undersigned hereby certifies that:
 - (a) The undersigned is a director and/or senior officer of the Company and has been duly authorized by a resolution of the board of directors of the Company to make this certificate.
 - (b) The Company is in good standing under applicable corporate law and is in good standing as a reporting issuer under applicable Securities Laws.
 - (c) As of the date of this Form there is no Material Information concerning the Company which has not been publicly disclosed.
 - (d) To the best of the undersigned’s knowledge, neither the Company nor its directors officers or insiders is subject to any review, investigation or proceedings instituted by any judicial, securities regulatory or other authority in respect of fraud or securities related matters.

(e) All of the information in this Form A– Listing Notification is true.

Dated_____.

Name of Director or Senior Officer

Signature

Official Capacity



FORM B

PRICE RESERVATION FORM

Re: _____ (the "Company").

Trading Symbol: _____.

Date: _____.

1. Proposed Price: _____.
(Note that the exercise price for Warrants and the conversion price for convertible securities must not be less than the Market Price – See section 1.1 of the TSX Venture Policies for the definition of Market Price)
2. Insiders must provide the following information:

| Name of Purchaser | Number of Securities |
|-------------------|----------------------|
| | |
| | |
| | |
| | |
| | |
| TOTAL | |

For purposes of this form include any purchaser that will be considered an Insider post-closing of the transaction involving the securities issuance.

Companies are advised that NEX may disallow a price reservation where the Company announces a Material Change after reserving a price for the share issuance using this Form or via news release.

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in Item 2 of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to NEX (as defined in Appendix 1) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by NEX for the purposes described in Appendix 1 or as otherwise identified by NEX, from time to time.

Dated: _____

Name of Director and/or
Senior Officer

Signature

Official Capacity



FORM C

NOTICE OF PROPOSED SHARE ISSUANCE/FINANCING

I. GENERAL

1. Name of Company: _____ (the "Company").

Trading Symbol: _____.
2. Date of News Release/ Price Reservation Form announcing proposed share issuance/financing: _____
3. Market Price on day preceding issuance of news release/ Price Reservation Form: _____
4. Issued and outstanding Listed Shares at the date of news release/ Price Reservation Form: _____
5. Is this filing an updated or amended notice?
 - a) Yes ☐ No ☐
 - b) If yes, date of last Notice of Proposed Share Issuance/Financing: _____
6. Upon completion of this transaction, will the Company have issued more than 100% of its issued and outstanding securities in the past 12 months? For the purposes of this calculation, the numerator is comprised of the proposed securities to be issued, including securities reserved for issuance, and the denominator is comprised of issued and outstanding securities, also including securities reserved for issuance. The percentage must be calculated based on the issued and outstanding securities at the commencement of the 12 month period.
 - a) Yes ☐ No ☐
7. Will there be a new Control Position created as a result of this transaction?
 - a) Yes ☐ No ☐

8. If the response to both 6. and 7. above is yes, provide the date that disinterested shareholder approval for this transaction has been or will be obtained.

II. FINANCING

Note: If the securities issuance is being undertaken in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part III of this Form. If the securities issuance is being undertaken in connection with a shares for debt transaction, proceed to Part IV of this Form.

1. Total amount of funds to be raised: _____

2. Proposed use of proceeds:

3. (a) Description of shares to be issued:

(i) Class: _____

(ii) Number: _____

(iii) Price per security: _____

- (b) Description of Warrants or other convertible securities to be issued:

(i) Number: _____

(ii) Number of Listed Shares eligible to be purchased on exercise of all Warrants or other convertible securities:

(iii) Exercise price: _____

(iv) Expiry date: _____

- (c) Description of debt securities to be issued:

(i) Aggregate principal amount: _____

(ii) Maturity date: _____

(iii) Interest rate: _____

- (iv) Conversion terms: _____
- (v) Default provisions: _____
- (d) Total Shares to be Issued [a(ii) + b(ii)]: _____

III. ACQUISITIONS

1. Provide details of the assets to be acquired by the Company (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

2. Provide details of the acquisition including the date, parties to and type of agreement (such as sale, option, license or other) and relationship to the Company. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material:

3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:
 - (a) Total aggregate consideration in Canadian dollars: _____
 - (b) Cash: _____
 - (c) Securities (including options, warrants or other convertible securities) and dollar value: _____
 - (d) Other: _____
 - (e) Expiry date of options, warrants or other convertible securities if any:

 - (f) Exercise price of options, warrants or other convertible securities if any:

 - (g) Work commitments: _____

4. State how the purchase or sale price was determined (whether by arm's-length negotiation, independent committee of the Board, third party valuation, etc.)
-

IV. SHARES FOR DEBT TRANSACTION

1. Total amount of debt to be settled: _____
2. Total number of Listed Shares to be issued: _____
3. If Warrants or other convertible securities are to be issued provide the following information:
- (a) Number of shares eligible to be purchased on exercise of Warrants or other convertible securities: _____
 - (b) Exercise price: _____
 - (c) Expiry date: _____
4. Did any creditors refuse the settlement?
- Yes ☐ No ☐
5. Identify all creditors of the Company that were not offered the settlement and explain why.
-
6. If there are plans to settle the balance of the debt, if any, please attach details.
7. Will there be a new Control Person of the Company created as a result of the issuance of shares for debt?
- Yes ☐ No ☐
8. If YES:
- (a) provide the name of the new Control Person(s) and attach the Personal Information Form or, if applicable, the Declaration (TSX Venture Form 2C1) of that new Control Person(s),

- (b) if the new Control Person is a corporation, then provide the name and address of all persons owning voting control over 20% of the voting securities, if known, and attach the Personal Information Form or, if applicable, the Declaration (TSX Venture Form 2C1) of such person(s) to this Form.
9. Upon completion of the Shares for Debt transaction, will the Company have issued more than 100% of its issued and outstanding securities in the past 12 months? For the purposes of this calculation, the numerator is comprised of the proposed securities to be issued, including securities reserved for issuance, and the denominator is comprised of issued and outstanding securities, also including securities reserved for issuance. The percentage must be calculated based on the issued and outstanding securities at the commencement of the 12 month period.
- a) Yes ☐ No ☐
10. If the response to both 7. and 9. above is yes, provide the date that disinterested shareholder approval for this transaction has been or will be obtained.
-

V. PARTIES ACQUIRING SECURITIES

1. The table attached as Schedule 1 must disclose the identities of all parties, both of record as well as beneficial holders, acquiring securities pursuant to a share issuance or financing referred to at Parts II or III above other than a shares for debt transaction referred to at Part IV. Where such purchaser is of record only, the identity of the beneficial holder must also be disclosed.
2. The table attached as Schedule 2 must be completed where the share issuance involves a shares for debt transaction referred to at Part IV:
3. If any party in this item V is not an individual then disclose below or as a separate attachment the name(s) of that party(ies) together with the names of all persons owning voting control over 20% of the voting securities of that corporation, if known.
-
-

VI. AGENT'S FEE, COMMISSION, BONUS

1. If this transaction is effected through an agent, Member or any other person who is paid or will be paid compensation in connection with the transaction, provide: name and address and if a corporation, identify persons owning voting control over 20% of the voting securities, if known:

2. Provide the following information for any bonus, finder's fee, commission or option to be paid in connection with the transaction:
 - (a) State that the sales agent/Member, finder or such other person is arm's length to the Company.

 - (b) Cash _____
 - (c) Securities _____
 - (d) Expiry date of any option _____
 - (e) Exercise price of any option _____

VII. RELATED PARTY TRANSACTIONS

1. State whether the financing or share issuance referred to in Parts II, III or IV of this Form is a related party transaction or another transaction governed by TSX Venture Policy 5.9.

Yes ☐ No ☐
2. If Yes, state either:
 - (a) the exemption being relied upon to effect the transaction, _____

or
 - (b) how compliance is being made with TSX Venture Policy 5.9.

VIII. SHARE ISSUANCE/FINANCING RESTRICTION

1. The transaction does not and will not:
 - (a) involve or form part of a series of transactions that may result in a Change of Business or a Reverse Takeover (as defined in Policy 5.2 - *Changes of Business and Reverse Takeovers*);
 - (b) together with any transaction(s) effected within the 12-month period prior to the date of this Form, result in more than \$500,000 being raised pursuant to the financing transaction, calculated since the commencement of the 12-month period, except as provided for in the one-time exemption described in section 5.4 of the NEX Policy.

IX. DECLARATION

The undersigned hereby certifies that:

1. the undersigned is a director and/or senior officer of the Company and has been duly authorized by a resolution of the board of directors of the Company to make this Declaration;
2. if there is a shares for debt transaction, any debts to be settled pursuant to the transaction, which are not specifically referred to in the financial statements of the Company prepared since the debt was incurred, are valid debts due and payable by the Company to the indicated creditor(s);
3. as of the date of this Declaration there is no Material Information concerning the Company which has not been publicly disclosed;
4. the Company has completed the transaction(s) in accordance with the applicable Securities Laws and NEX Requirements; and
5. all the information contained in this Form C Notice of Proposed Share Issuance/Financing is true.

X. ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in Part III Items 1 and 2, Part IV Items 3, 5 and 8, Part V, Part VI Item 1 and Schedules 1 and 2, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to NEX (as defined in Appendix 1) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by NEX for the purposes described in Appendix 1 or as otherwise identified by NEX, from time to time.

Dated: _____

Name of Director and/or
Senior Officer

Signature

Official Capacity

Schedule 1

| Name & Residential Address of Party Acquiring Securities | *Name and Address of Beneficial Holder (1) | # of Shares Acquired | **Post- closing Direct & Indirect Holdings in the Company (2) | **% of Post-Closing Outstanding Shares (2) | Prospectus Exemption Utilized | ***Insider=I Pro Group =P (3) |
|--|--|----------------------|---|--|-------------------------------|-------------------------------|
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| TOTAL | | | | | | |

- (1) If the party is/will not be the beneficial holder, complete this information.
- (2) Assuming exercise of Warrants or other convertible securities issued pursuant to the share issuance.
- (3) If the party acquiring securities is an Insider prior to closing or will be an Insider post-closing, please indicate with an "I". If the party acquiring securities is a member of the Pro Group, please indicate with a "P".
- (4) If party unknown at time of filing, please indicate. **However, information respecting Insiders must be disclosed.**

Schedule 2

| Name and Address of Creditor | *Name and Address of Beneficial Holder (1) | Amount Owing | Deemed Price per Share | # of Shares | # of Warrants | **% of Post-Closing Outstanding Shares (2) | Nature of Debt. (E.g. trade payable, management fees, etc.) | Prospectus Exemption Utilized | Insider = I Pro Group=P Not Applicable = N/A |
|------------------------------|--|--------------|------------------------|-------------|---------------|--|---|-------------------------------|--|
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| TOTAL | | | | | | | | | |

- (1) If the party is/will not be the beneficial holder, complete this information.
- (2) Assuming exercise of Warrants or other convertible securities issued pursuant to the share issuance.



FORM D

**NOTICE OF PROPOSED STOCK OPTION GRANT OR
AMENDMENT**

Name of Company: _____ (the
“Company”).

Trading Symbol: _____

Dated: _____

1. News Release

- (a) Date(s) of news release(s) announcing grant of new stock options or amendment to stock options, as applicable: _____
- (b) Number of outstanding Listed Shares as at the date of news release: _____

2. New Options Granted

- (a) Provide the following information:

| Name of Optionee | Position of Employee Director/ Officer/ Consultant | Date of Grant | No. of Optioned Shares | Exercise Price | Expiry Date |
|-----------------------------|---|--------------------------|---------------------------------------|---------------------------|------------------------|
| | | | | | |
| | | | | | |
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(b) Total number of optioned shares proposed for acceptance: _____

(c) Total number of optioned shares granted in the last 12 months:

(d) Total number of outstanding options (including options to be granted pursuant to this application:

3. Amended Options:

(a) If outstanding options are being amended, provide the following information:

| Name of Optionee | No. of Optioned Shares | Amended Exercise Price | Original Date of Grant | [New/Current] Expiry Date |
|------------------|------------------------------|------------------------------|---------------------------|------------------------------|
| | | | | |
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4. Option Restriction

The Company confirms that the maximum number of Listed Shares that are reserved for issuance and issuable in any 12 month period, including Listed Shares reserved for issuance pursuant to this Form and whether or not granted pursuant to a stock option plan, do not exceed 10% of the Company's issued and outstanding Listed Shares.

DECLARATION

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Company and has been duly authorized by a resolution of the board of directors of the Company to make this Declaration.
2. As of the date of this Form there is no Material Information concerning the Company which has not been publicly disclosed.
3. The Company is in compliance with applicable Securities Laws and NEX Requirements.
4. All of the information in this Form D – Notice of Proposed Stock Option Grant or Amendment is true.

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in Items 2 and 3, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to NEX (as defined in Appendix 1) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by NEX for the purposes described in Appendix 1 or as otherwise identified by NEX, from time to time.

Dated _____

Name of Director or Senior Officer

Signature

Official Capacity



FORM E

NOTICE OF CHANGE OF MANAGEMENT

Name of Company: _____ (the
“Company”)

Trading Symbol: _____

Name of New Director(s) and/or Officer(s):

Date of Appointment or Election or
Proposed Appointment or Election of
New Director(s) and/or Officer(s):

Date of News Release(s) Announcing
Appointment or Election or Proposed
Appointment or Election of New
Director(s) and/or Officer(s):

Attached to this form is either:

- (a) the Personal Information Form (“PIF”) for each new director or officer referred to in this Form; or
- (b) a Declaration (TSX Venture Form 2C1) for each new director or officer referred to in this Form, who has filed a PIF with either the Toronto Stock Exchange or the TSX Venture Exchange, within the 12-month period preceding the date of this Form.

Declaration:

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Company and has been duly authorized by a resolution of the board of directors of the Company to sign this Declaration.
2. As of the date hereof there is no Material Information concerning the Company which has not been publicly disclosed.
3. The Company is in compliance with applicable Securities Laws and all NEX Requirements.
4. All of the information in this Form E - Notice of Change of Management is true.

Acknowledgement – Personal Information

“Personal Information” means any information about an identifiable individual, and includes information as to new director(s) and/or officer(s), as applicable, as required by this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to NEX (as defined in Appendix 1) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by NEX for the purposes described in Appendix 1 or as otherwise identified by NEX, from time to time.

Dated: _____

Name of Director or Senior Officer

Signature

Official Capacity



FORM F

NOTICE OF PROPOSED MATERIAL TRANSACTION (Not involving an issuance or potential issuance of Listed Shares)

Instructions:

1. This Form is to be used where the Company undertakes any material transaction, not involving an issuance or potential issuance of Listed Shares. See TSX Venture Policy 3.3 – *Timely Disclosure* for various examples of Material Information, including material transactions
2. If the transaction involves the issuance of securities, other than debt securities, that are not convertible into Listed Shares, use Form C.

Name of Company: _____ (the
“Company”)

Trading Symbol: _____

Date of News Release Fully Disclosing the Transaction: _____

I. Transaction

1. Provide details of the transaction including the date, description, and location of assets, if applicable, parties to and type of agreement (such as sale, option, license, contract for Investor Relations Activities etc.) and relationship to the Company. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

2. Provide the following information in relation to the total consideration for the transaction (including details of all cash, non-convertible debt securities or other consideration) and any required work commitments:
- (a) Total aggregate consideration in Canadian dollars: _____
 - (b) Cash: _____
 - (c) Other: _____
 - (d) Work commitments: _____
3. State how the purchase or sale price and the terms of any agreement were determined (such as arm's-length negotiation, independent committee of the Board or third party valuation).
- _____
4. Provide details of any appraisal or valuation of the subject of the transaction known to management of the Company or attach a copy of the appraisal or valuation to this form:
- _____
5. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid to or to be paid in connection with the transaction:
- (a) Details of any dealer, agent, Member or other person receiving compensation in connection with the transaction (name, address. If a corporation, identify persons owning or exercising voting control over at least 20% of the voting shares, if known to the Company):

 - (b) Cash: _____
 - (c) Other: _____
6. State whether the vendor, sales agent, Member or other person receiving compensation in connection with the transaction is a Non-Arm's Length Party or has any other relationship with the Company and provide details of the relationship:
- _____

7. State whether the transaction is a related party transaction or other transaction governed by TSX Venture Policy 5.9.

Yes ☐ No ☐

8. If Yes, state either:

(a) the exemption being relied upon to effect the transaction, _____

or

(b) how compliance is being made with TSX Venture Policy 5.9.

II. Development

Provide details of any internal corporate development that constitutes material information respecting the Company. A development may include developments relating to agreements, such as the Company completing or failing to complete a milestone provided by an agreement or breaching the terms of an agreement. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

III. No Change of Business or Reverse Take Over

The transaction does not and will not involve or form part of a series of transactions that may result in a Change of Business or Reverse Takeover (as defined in TSX Venture Policy 5.2 – *Changes of Business and Reverse Takeovers*).

IV. Declaration

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Company and has been duly authorized by a resolution of the board of directors of the Company to sign this Declaration.

2. To the knowledge of the Company, at the time an agreement in principle was reached, no party to the transaction had knowledge of any undisclosed Material Information relating to the Company, other than in relation to the transaction.
3. As of the date hereof there is no Material Information concerning the Company which has not been publicly disclosed.
4. The Company is in compliance with the requirements of applicable Securities Laws and all NEX Requirements.
5. All of the information in this Form F Notice of Proposed Material Transaction is true.

V. Acknowledgement – Personal Information

“Personal Information” means any information about an identifiable individual, and includes information contained in Items 1 and 5, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to NEX (as defined in Appendix 1) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by NEX for the purposes described in Appendix 1 or as otherwise identified by NEX, from time to time.

Dated: _____

Name of Director or Senior Officer

Signature

Official Capacity



FORM G
NOTICE OF NAME CHANGE, AND /OR
CONSOLIDATION/SPLIT

Current Name: _____ (the
“Company”)

New Name: _____

Current Trading Symbol: _____

1. General Information

Date of special resolution approving name change and, if applicable, consolidation or split:

If applicable, proposed consolidation/split ratio: _____

Where there is a proposed consolidation or split, provide the following information:

| | Pre-Consolidation/Split | Post-Consolidation/Split |
|--|-------------------------|--------------------------|
| Issued Shares (including escrowed shares) | | |
| Escrowed Shares | | |
| Authorized Shares | | |

Where there is no proposed consolidation or split, provide the following information:

Authorized Shares: _____

Issued Shares: _____

Transfer Agent: _____

New ISIN or CUSIP Number: _____

- New Symbol and Security number to be provided by NEX.

2. Other Submissions

Indicate if this application is part of a Reverse Takeover, Change of Business, or a Reactivation, or if any other submission is in preparation or under review by NEX or the TSX Venture Exchange.

3. Required Documents/Information For a Share Consolidation or Split

Enclose the following documentation (or indicate if not applicable) where the name change is being effected in conjunction with a share consolidation or split:

- a) the information required under section 7.3 of TSX Venture Exchange Policy 5.8;
- b) proposed or actual transmittal letter to shareholders;
- c) letter from transfer agent with confirmation that transfer agent has enough new share certificates for post-consolidation or split distribution;
- d) list of Insiders and their pre-consolidated/split shareholdings;
- e) record date for share split if conducted by push-out;
- f) confirmation that on a post-consolidated basis, the company will have a minimum of 150 public shareholders holding at least one board lot of freely tradable securities; and
- g) three preferred choices for new stock symbol.

4. Required Documents/Information Where There Is No Share Consolidation or Split

Enclose the following documentation/information (or indicate if not applicable) where the name change is not being effected in conjunction with a share consolidation/split:

- a) the information required under section 7.3 of TSX Venture Exchange Policy 5.8;
 - b) date of NEX letter accepting and reserving the proposed name;
-

- c) proposed or actual transmittal letter to shareholders;
- _____
- d) letter from transfer agent with confirmation that transfer agent has enough new share certificates for distribution; and
- e) three preferred choices for new stock symbol.

DECLARATION

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Company and has been duly authorized by a resolution of the board of directors of the Company to make this Declaration.
2. As of the date of this Form there is no Material Information concerning the Company which has not been publicly disclosed.
3. The Company is in compliance with applicable Securities Laws and NEX Requirements.
4. All of the information in this Form G – *Name Change With or Without Consolidation/ Split Form* is true.

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in Item 3(e), if applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to NEX (as defined in Appendix 1) pursuant to this Form; and
- (b) the collection, use and disclosure of Personal Information by NEX for the purposes described in Appendix 1 or as otherwise identified by NEX, from time to time.

Date

Name of Director or Senior Officer

Signature

Official Capacity



APPENDIX 1

ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including NEX (collectively referred to as “NEX”) collect Personal Information in certain Forms that are submitted by the individual and/or by a Company or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Company or Applicant,
- to consider the eligibility of the Company or Applicant to list on NEX,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Company, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of NEX, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, NEX also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information NEX collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on NEX’s website or through printed materials published by or pursuant to the directions of NEX.

NEX may from time to time use third parties to process information and/or provide other administrative services. In this regard, NEX may share the information with such third party service providers.