POLICY 1

INTERPRETATION AND GENERAL PROVISIONS

1.1 Philosophy

(1) CSE believes that the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality, timely and continuous disclosure by issuers, (b) trading rules designed to ensure integrity and a fair and orderly market, and (c) comprehensive and independent market regulation to administer and enforce the trading rules and timely and continuous disclosure requirements.

(2) Listed Issuers, irrespective of size, are required to provide an enhanced standard of disclosure to secondary market investors.

(3) Fundamental to CSE is the establishment by Listed Issuers of a comprehensive, publicly-available disclosure base, providing enhanced quality and timeliness of information. The Exchange's issuer disclosure obligations aim to ensure that investors may trade informed by current full, true and plain disclosure concerning Listed Issuers.

(4) Issuer disclosure commences with the Listing Statement, a Listed Issuer-prepared document intended to provide prospectus level disclosure. The Listing Statement is accompanied by the Listing Summary which provides a high- level summary of the Listing Statement. A Listed Issuer must certify and Post (a) a Quarterly Listing Statement including quarterly financial statements, management's discussion and analysis, (b) a Monthly Progress Report, reporting activity (or lack of activity) by the Listed Issuer in the preceding calendar month, and (c) a Certificate of Compliance. Listed Issuers must also Post Notices of any distribution or proposed distribution of securities, transactions or Developments. Listed Issuer disclosure obligations are in addition to or supplementary to the continuous disclosure obligations under applicable securities law.

1.2 CNSX Discretion

(1) The Policies of the Exchange include requirements and guidelines for Listed Issuers, issuers applying to list securities, and their professional advisers. However, the Exchange reserves the right to exercise its discretion in applying the policies in all respects. The Exchange can waive or modify an existing requirement or impose additional requirements. Any such waiver, modification or imposition of additional requirements may be general or particular in its application, as determined by the Exchange. In exercising its discretion, the Exchange will take into consideration facts or situations unique to a particular party. Listing of securities on the Exchange is a privilege, not a right, and the Exchange may grant or deny an application, including an application for the qualification for Listing, notwithstanding the published Policies of the Exchange.

1.3 Definitions

(1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Policies that is:

(a) defined in the applicable Securities Act has the meaning as ascribed therein;

(b) defined in the applicable Regulation has the meaning as ascribed therein;

(c) defined in subsection 1.1(3) of National Instrument 14-101 *Definitions* has the meaning ascribed to it in that subsection;

(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14- 501 *Definitions* has the meaning ascribed to it in that subsection;

(e) defined or interpreted in Part 1 of National Instrument 21-101 *Marketplace Operation* has the meaning ascribed to it in that Part;

(f) defined in section 1.1 of National Instrument 44-101 *Short Form Prospectus Distributions* has the meaning ascribed to it in that section;

(g) defined in section 1.1 of UMIR (Universal Market Integrity Rules) has the meaning ascribed to it in that section; and

(h) a reference to a requirement of the Exchange shall have the meaning ascribed to it in the applicable CSE By-law, Rule or Policy of CNSX Markets Inc.

(2) In all Policies, unless the subject matter or context otherwise requires:

"**Amendment of Warrant Terms**" means Form 13.

"**Annual Listing Statement**" means Form 5A - Annual Listing Summary or Form 51-102F2 *Annual Information Form*.

"Application Letter" means Form 1A or a letter in a format acceptable to the Exchange.

"Average Daily Trading Volume" means, with respect to a Normal Course Issuer Bid, the trading volume for a listed security on all marketplaces for the six months preceding the date of Posting of an initial Notice of Normal Course Issuer Bid, excluding any purchases made under a Normal Course Issuer Bid, all marketplace purchases by the issuer of the listed security or a Person acting jointly or in concert with the issuer, and all purchases made under section 6.10(3)(a)(ii), divided by the number of Trading Days during that period. If the securities have traded for less than six months, the trading volume on all marketplaces since the first day on which the security traded, which must be at least four weeks prior to the date of Posting of the initial Notice of Normal Course Issuer Bid.

"Award" or "Grant" means an award issued pursuant to a Security Based Compensation Arrangement

"**Beneficial Holders**" means those security holders of an issuer that are included in either:

(a) a Demographic Summary Report available from the International Investors Communications Corporation; or

(b) a non-objecting beneficial owner list for the issuer under National Instrument

54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"Board" means Board of Directors.

"BCSC" means British Columbia Securities Commission.

"CSE Board" means the CSE Board of Directors and includes any committee of the CSE Board to which powers have been delegated in accordance with the By-laws, Policies or Rules.

"Board Lot" means a standard trading unit as defined in UMIR.

"Builder Shares" means, except in the case of a SPAC, any security issued or issuable upon conversion of another security to:

(a) any Person for less than $0.02 per security;

(b) a Related Person to the Listed Issuer for the purchase of an asset with no acceptable supporting valuation;

(c) a Related Person to settle a debt or obligation for less than the last issued price per security; or

(d) a Related Person for the primary purpose of increasing that principal's interest in the Listed Issuer without a corresponding tangible benefit to the Listed Issuer.

"Bulletin" means an electronic communication from the Exchange to Dealers.

"Business Day" means any day from Monday to Friday inclusive, excluding Statutory Holidays.

"By-laws" means any By-law of the Exchange as amended and supplemented from time to time.

"Clearing Corporation" means CDS Clearing and Depository Services Inc. or such other Person as recognized as a clearing agency and which has been designated by the Exchange as an acceptable clearing agency.

"Certificate of Compliance" means the certificate of compliance which each Listed Issuer must complete and Post in Form 6.

"Change of Business" is a redeployment of the Listed Issuer's assets or resources that results in a change to the principal business without a Major Acquisition or Change of Control.

"**Change of Control**" means, for the purpose of a Fundamental Change, a transaction or series of transactions involving the issue or potential issue of that number of securities of a Listed Issuer that:

(a) is equal to or greater than 100% of the number of Equity Securities of the Listed Issuer outstanding prior to the transaction or series of transactions (commonly referred to as a "reverse take-over"), or

(b) results in new shareholders holding greater than 50% of the voting securities of the Listed Issuer, or

(c) otherwise results in a change in voting control of the Listed Issuer or a substantial change of management or the Board of the Listed Issuer.

"Circular Bid" means a non-exempt Take-Over Bid or a non-exempt issuer bid made in compliance with the requirements of the applicable *Securities Act.*

"Closed End Fund" or **"CEF"** means a "non-redeemable investment fund" within the meaning of the applicable Securities Act.

"Common Shares" are Equity Securities with voting rights exercisable in all circumstances that are not, on a per share basis, less than the voting rights attached to any other class of securities of the issuer.

"Control Block Holder" or "Control Person" means any Person or combination of Persons holding a sufficient number of any securities of a Listed Issuer or a Dealer to affect materially the control of that Listed Issuer or Dealer, but any holding of any Person or combination of Persons holding more than 20% of the voting rights attached to all outstanding voting securities of a Listed Issuer or Dealer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that Listed Issuer or Dealer.

"CSE", "Canadian Securities Exchange", "CNSX" and "**Exchange**" each mean CNSX Markets Inc.

"Dealer" means a participant which has applied to the Exchange for, and has been permitted by Exchange to access the Trading System, provided such access has not been terminated or suspended.

"Decision" means any decision, direction, order, ruling, guideline or other determination of the Exchange or the Market Regulator made in the administration or application of these Policies or any Rule.

"**Developments**" means any internal corporate development that constitutes Material Information concerning the Listed Issuer and may include changes to a Listed Issuer's product(s), the creation of a new product, and agreements (such as the Listed Issuer completing or failing to complete a milestone provided for in an agreement or breaching the terms of an agreement).

"Disqualify", **"Disqualification"** and **"Disqualified"** where used in relation to the Listing of an Issuer's securities means termination of the qualification of a Listed Issuer for Listing of its securities on the Exchange.

"EMI" means Listed Issuers whose directing management is largely outside Canada and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.

"Equity Security" means a security that carries a residual right to participate in the earnings of the issuer and in its assets upon dissolution or liquidation.

"ETF" or "Exchange Traded Fund means a "mutual fund" within the meaning of the applicable *Securities Act,* the units of which are listed and are in continuous distribution.

"Exchange Requirements" means collectively:

(a) the Rules;

(b) these Policies;

(c) UMIR; and

(d) any Decision,

as amended, supplemented and in effect from time to time. The electronic version of the Rules and the Policies, as published on the CSE's website, shall be the definitive version of such if the website so indicates.

"**Financial Institution**" means a financial institution regulated by the Office of the Superintendent of Financial Institutions ("OFSI"), if a foreign financial institution, regulated by a regulatory body with equivalency to OSFI and having not less than $150 million market capitalization.

"Founding Security Holders" means, with respect to a SPAC, insiders and Equity Security holders of the Listed Issuer prior to the completion of the IPO who continue to be insiders or Equity Security holders, as the case may be, immediately after the IPO.

"Freely Tradeable" in respect of securities means securities that have no restriction on resale or transfer, including restrictions imposed by pooling or other arrangements or in a shareholder agreement.

"Fundamental Change" means a Major Acquisition accompanied or preceded by a Change of Control, or a transaction or series of transactions determined to be such by the CSE.

"Handbook" means the handbook of the Chartered Professional Accountants of Canada, as amended from time to time.

"Inactive Issuer" means a Listed Issuer that has been designated by the Exchange as having not met the continued Listing requirements as set out in Policy 2.

"Independent Director" means a director of a Board that is considered independent in accordance with National Instrument 52-110 *Audit Committees*.

"IIROC" means the Investment Industry Regulatory Organization of Canada.

"Investor Relations Activities" means any activities or oral or written communications, by or on behalf of a Listed Issuer or shareholder of a Listed Issuer that promote or reasonably could be expected to promote the purchase, or sale of securities of the Listed Issuer, but does not include:

(a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Listed Issuer

(i) to promote the sale of its products or services, or

(ii) to raise public awareness of the Listed Issuer,

that cannot reasonably be considered to promote the purchase, or sale of securities of the Listed Issuer;

(b) activities or communications necessary to comply with

(i) applicable securities law, or

(ii) Exchange Requirements or the requirements of any other regulatory body having jurisdiction over the Listed Issuer;

(c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation 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) such other activities or communications that may be specified by the Exchange.

"IPO" means an initial public offering.

"Issuer" and "Listed Issuer" both mean an issuer which has any of its securities qualified for Listing on the Exchange and, as the context requires, an issuer which has applied to have its securities qualified for Listing on the Exchange.

"Listing" means the grant of a Listing and quotation of, and permission to deal in, securities on the Exchange and "listed" and "quoted" shall be construed accordingly.

"Listing Agreement" means Form 4.

"Listing Application" means Form 1B.

"Listing Statement" means Form 2A, or a current prospectus for which a final receipt has been issued, together with all required supporting documents.

"Listing Summary" means Form 2B.

"Major Acquisition" means, with respect to Policy 8, an asset purchase (whether for cash or securities), take-over (either a formal or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12-month period at least 50% of the Listed Issuer's

(a) assets or resources are expected to be comprised of,

(b) anticipated revenues are expected to be derived from, or

(c) expenditures and management time and effort will be devoted to the assets, properties businesses or other interests that are the subject of the Major Acquisition.

"Market Regulator" means IIROC or such other Person recognized by the applicable Securities Regulatory Authority as a regulation services provider for the purposes of securities laws and which has been designated by the Exchange as an acceptable regulation services provider.

"Material Information" means 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 securities and includes a material fact or a material change.

"Materially Affect Control" means the ability of any security holder or combination

of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such an ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances outlined above.

"Maximum Permitted Discount" means the discount as set out in s. 6.2(2)(a).

"Monthly Progress Report" means Form 7.

"MR Policy" means a Policy as defined in UMIR, being a policy statement adopted by the Market Regulator in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

"Non-voting Securities" mean Restricted Securities that do not carry a right to vote or carry a right to vote only in certain circumstances as required by applicable corporate or securities law.

"Normal Course Issuer Bid" or "NCIB" means an issuer bid by a Listed Issuer for its own listed securities to be made over a 12-month period and subject to certain volume and price restrictions, specifically where the purchases over a 12-month period by the Listed Issuer or Persons acting jointly and in concert with the Listed Issuer, commencing on the date specified in the Notice of Normal Course Issuer bid, do not exceed the greater of

(a) 10% of the Public Float on the date of filing of the initial Notice of Normal Course Issuer Bid with the Exchange, or

(b) 5% of such class of securities issued and outstanding on the date of filing of the initial Notice of Normal course issuer Bid with the Exchange,

excluding purchases made under a Circular Bid.

"Notice of ETF Creation or Redemption" means Form 15.

"Notice of Formal Issuer Bid" means Form 16.

"Notice of Normal Course Issuer Bid" means Form 17A.

"Notice of Proposed Consolidation or Reclassification" means Form 12.

"Notice of Prospectus Offering" means Form 8.

"Notice of Proposed Issuance of Listed Securities" means Form 9.

"Notice of Proposed Stock Options" means Form 11.

"Notice of Proposed Transaction" means Form 10.

"Notice of Shareholder Rights Plan" means Form 14.

“Notice of Take-Over Bid” means Form 18.

“NV Issuer” means a Listed Issuer that has met the additional qualifications set out in Appendix 2A and has been identified as such by the Exchange.

“OSC” means Ontario Securities Commission.

“OSC EMI Guide” means OSC Staff Notice 51-720 - Issuer Guide for Companies Operating in Emerging Markets.

“Outside Director” means a director who is not an officer or employee of a Listed Issuer or any of its affiliates, and may or may not be an Unrelated Director.

"Permitted Investments" means, with respect to a SPAC, investments in the following: cash or in book-based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America; (ii) demand deposits, term deposits or certificates of deposit of banks listed Schedule I or Schedule III of the Bank Act (Canada), which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - *Prospectus Exemptions*); (iii) commercial paper directly issued by Schedule I or Schedule III Banks which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - *Prospectus Exemptions*); or (iv) call loans to and notes or bankers' acceptances issued or accepted by any depository institution described in (ii) above;

“Person” includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership, trust, and individual.

“Personal Information Form” or **“PIF”** means Form 3.

“Policy” means any Decision of the CSE Board in connection with the administration or application of these Policies.

“Post” means submitting a document in prescribed electronic format to the Exchange website and, in the case of a requirement to Post a share certificate, means filing a definitive specimen with the Exchange and Posting an electronic version of the certificate on the Exchange website in PDF format.

“Preferred Shares” or “Preference Shares” are securities that have a preference or right over any class of Equity Securities.

"Principal Security Holder" means a person or company who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding securities of any class of voting securities or Equity Securities of the Listed Issuer.

“Promoter” means “Promoter” within the meaning of the applicable Securities Act.

“Promotional Activity” means promotional activity as defined in the *Securities Act* (British Columbia).

"Public Float" means the number of securities of the class which are issued and outstanding, less the number of securities that are pooled, escrowed or non-

transferable, and less the number of securities of the class, known to the Listed Issuer after reasonable inquiry, beneficially owned, or over which control or direction is exercised by:

(a) the Listed Issuer;

(b) every senior officer or director of the Listed Issuer; and

(c) every Principal Security Holder of the Listed Issuer.

"**Qualifying Acquisition**" means, with respect to a SPAC, the acquisition of assets or one or more businesses by the corporation which result in the corporation meeting the Exchange's original Listing requirements set out in Policy 2. A Qualifying Acquisition may include a merger or other reorganization or an acquisition of the Listed Issuer by a third party.

"Quarterly Listing Statement" means Form 5Q.

"Record Date" means the date fixed as the record date for the purpose of determining shareholders of a Listed Issuer eligible for a distribution or other entitlement.

"Registered Holders" means the registered security holders of an issuer that are beneficial owners of the Equity Securities of that issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered security holder, the registered security holder shall be deemed to be the beneficial owner.

"Regulation" means a general regulation made under the applicable Securities Act.

"Related Person" means, in respect of a Listed Issuer, means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the Listed Issuer or a director or senior officer of the Listed Issuer to be:

(a) a Control Person of the Listed Issuer;

(b) a person of which a person referred to in paragraph (a) is a Control Person;

(c) a person of which the Listed Issuer is a Control Person;

(d) 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 Listed Issuer carrying more than 10% of the voting rights attached to all the Listed Issuer's outstanding voting securities,

(e) a director or senior officer of

(i) the Listed Issuer, or

(ii) a person described in any other paragraph of this definition,

(f) a person that manages or directs, to any substantial degree, the affairs or operations of the Listed Issuer under an agreement, arrangement or understanding between the person and the Listed Issuer, including the general

partner of a Listed Issuer that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,

(g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of securities,

(h) an affiliated entity of any person described in any other paragraph of this definition,

(i) a Promoter of the Listed Issuer, or, where the Promoter is not an individual, an officer, director or Control Person of the Promoter; or

(j) if the Listed Issuer is an investment fund, a "related party" to the investment fund determined with reference to section 2.5(1) National Instrument 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance*; and

(k) such other Person as may be designated from time to time by the Exchange.

"Report of Purchase Normal Course Issuer Bid" means Form 17B.

"Restricted Securities" means Equity Securities with voting rights inferior to another class of securities and includes Non-Voting Securities, Subordinate Voting Securities and Restricted Voting Securities, but does not include Common Shares.

"Restricted Voting Securities" means Restricted Securities that carry a vote subject to a restriction on the number or percentage that may be voted by a shareholder or combination of shareholders (unless the voting restriction applies only to Persons that are non-residents or non-citizens of Canada).

"Rules" means the CSE trading rules adopted by CSE.

"Security Based Compensation Arrangement" means a compensation or incentive plan that includes:

(a) Stock Option plan or individual option grants for employees, insiders, consultants or service providers;

(b) share purchase plans;

(c) stock appreciation rights;

(d) any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Listed Issuer,

and for clarity, includes evergreen plans.

Arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Listed Issuer are not Security Based Compensation Arrangements.

"Securities Act" means the *Securities Act* (Ontario) and the *Securities Act* (British Columbia).

"Securities Regulatory Authorities" means one or more of the members of the Canadian Securities Administrators.

"SEDAR" means SEDAR as defined in National Instrument 13-101 *System for*

Electronic Document Analysis and Retrieval (SEDAR) or any replacement filing system to SEDAR under a successor instrument.

"SEDI" means SEDI as defined in National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI) or any replacement filing system to SEDI under a successor instrument.

"Senior Tier" means the senior tier of the Exchange consisting of all NV Issuers.

"Significant Connection to Alberta" means, with respect to a Listed Issuer, that the issuer has:

(a) Registered Holders and Beneficial Holders resident in Alberta who beneficially own more than 20% of the total number of equity securities beneficially owned by the Registered Holders and Beneficial Holders of the issuer; or

(b) mind and management principally located in Alberta and has Registered Holders and Beneficial Holders resident in Alberta who beneficially own more than 10% of the total number of equity securities beneficially owned by the Registered Holders and Beneficial Holders of the issuer.

For the purposes of item (b), the residence of the majority of the directors in Alberta or the residence of the president or chief executive officer in Alberta may be considered determinative in assessing whether the mind and management of the issuer is principally located in Alberta.

"Significant Transaction" means any corporate transaction not involving Equity Securities that constitutes Material Information concerning the Listed Issuer, including:

(a) acquisitions,

(b) dispositions,

(c) option and joint venture agreements,

(d) license agreements,

(e) transactions or a series of transactions with a Related Person with an aggregate value greater than:

(i) $100,000,

(ii) 10% of the Listed Issuer's market capitalization, or

(iii) 25% of an NV Issuer's market capitalization;

(f) any loan to a Listed Issuer other than a loan made by a Financial Institution;

(g) any payment of bonuses, finders' fees, commissions or other similar payment by a Listed Issuer; and

(h) the entering into a contract (whether written or oral) for Investor Relations Activities relating to the Listed Issuer by the Listed Issuer or by any other Person of which the Listed Issuer has knowledge.

"SPAC" means a special purpose acquisition corporation.

"SPAC Builder Shares" means shares issued to the founding holders, excluding those purchased under the IPO or on the same or similar terms as the IPO at

essentially the same time, on the secondary market, or by way of a rights offering of a listed SPAC.

"Statutory Holiday" means such day or days as may be designated by the CSE Board or established by law applicable in Ontario.

"Stock Option" means an option to purchase shares from treasury granted to an employee, director, officer, consultant or service provider of a Listed Issuer.

"Structured Products" mean securities generally issued by a Financial Institution under a base shelf prospectus and pricing supplement where an investor's return is contingent on, or highly sensitive to, changes in the value of underlying assets, indices, interest rates or cash flows. Structured Products include securities such as non-convertible notes, principal or capital protected notes, index or equity linked notes, tracker certificates and barrier certificates. CSE, in its discretion, shall determine if the securities will be considered a Structured Product.

"Subordinate Voting Securities" means Restricted Securities that carry a right to vote where there is another class of securities outstanding that carry a greater right to vote on a per-security basis.

"Superior Voting Securities" means any class of securities with greater voting rights on a per-security basis than another class of securities.

"Take-Over Bid" means an offer to purchase securities which, under applicable securities law or Exchange Requirements, must be made to all or substantially all holders of the securities.

"Trading Day" means a Business Day during which trades are executed on the Exchange.

"Trading System" means the electronic system operated by the Exchange for trading and quoting securities.

"Trading and Access Systems" includes all facilities and services provided by the Exchange to facilitate quotation and trading, including, but not limited to: the Trading System, data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operated or maintained by a Dealer, another market or other Person approved by the Exchange, a communications network linking authorized Persons to quotation dissemination, trade reporting and order execution systems and the content entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through the Exchange.

"Unrelated Director" means an Outside Director who has no other relationship with the Listed Issuer, in any capacity (e.g., as lawyer, accountant, banker, supplier or customer), other than as a shareholder of the Listed Issuer and who is not a Control Block Holder.

"Volume-weighted-average-price" or "**VWAP**" is calculated as the total value of all trades in a given period, divided by the total number of shares traded in the period.

1.4 Rules of Construction

(1) The division of Exchange Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of Exchange Requirements.

(2) The use of the words “hereof”, “herein”, “hereby”, “hereunder” and similar expressions indicated the whole of the Policies and not only the particular Policy in which the expression is used, unless the context clearly indicates otherwise.

(3) 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.

(4) Any reference to a statute, unless otherwise specified, is a reference to that statute and 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.

(5) 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.

(6) Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

(7) All times mentioned in Exchange Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.

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

(9) Failure by the Exchange to exercise any of its rights, powers or remedies under the Exchange Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its subsequent exercise or the exercise of any other right, power or remedy. The Exchange will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the Person to whom such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by the Exchange.

1.5 Appeals of Decisions

(1) A Listed Issuer or any Person directly affected by a Decision under these Policies, other than a Decision of the Market Regulator, may appeal such Decision to the CSE Board.

(2) At the request of either the appellant or Exchange management, the matter may first

be considered by the Listing Committee for an advisory opinion, but the Listing Committee shall not have the power to make a final determination of the matter.

(3) A Decision of the Market Regulator or a Market Integrity Official made pursuant to these Policies may be appealed pursuant to the provisions of Rule 11.3 of UMIR.

POLICY 2
QUALIFICATIONS FOR LISTING

2.1 This Policy sets out the minimum requirements that must be met as a pre- requisite to the Listing of securities on the Exchange, irrespective of Listing method.

(1) These minimum requirements are not exhaustive. The Exchange may impose additional requirements as it determines appropriate, including those taking into consideration the public interest.

The Exchange has discretion to accept or reject applications for Listing. Satisfaction of the applicable requirements may not result in approval of the Listing application.

(2) Where an application is made to list a security that is convertible into another security or backed by another security or asset, the Exchange must be satisfied that investors will be able to obtain the necessary information to form a reasoned opinion regarding the value of the underlying security or asset. This requirement may be met where the underlying security is listed on a stock exchange.

An issuer is eligible for Listing if is not in default of any requirements of securities law in any jurisdiction in Canada and:

(a) has filed and received a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada;

(b) will only list debt securities issued or guaranteed by

(i) a government in Canada that are exempt from the prospectus requirements under paragraph 2.34(2)(a) of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or clause 73(1)(a) of the *Securities Act* (Ontario), or

(ii) a Financial Institution that are exempt from the prospectus requirements under paragraph 2.34(2)(c) of NI 45-106 or clause 73(1)(b) of the *Securities Act* (Ontario); or

(c) is a reporting issuer or the equivalent in a jurisdiction in Canada other than:

(i) solely as a result of Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* or any similar rule that may be made by a Securities Regulatory Authority,

(ii) as a company with only a capital pool through the filing of a prospectus and has not completed a qualifying transaction as defined in the prospectus,

(iii) as a result of a business combination with a reporting issuer that was created, by way of a statutory plan of arrangement or other means, for the purpose of providing security holder distribution or reporting issuer status to the applicant, or

(iv) having a controlling interest of its principal assets or operations through

one or more special purpose entities or variable interest entities.

(3) Each Issuer submitting a Listing application must:

(a) prepare and file with the Exchange a Listing Statement and prescribed documentation;

(b) execute a Listing Agreement; and

(c) remit the applicable Listing fees, based on the type of securities to be listed, in accordance with the Exchange's fee schedule.

The Listing of the Issuer's securities will not be completed until the Listing fees in full have been received by the Exchange.

2.2 Eligibility for Listing

(1) An issuer must meet the eligibility requirements set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

(a) Equity Securities – Appendix 2A: Part A;

(b) debt securities - Appendix 2B: Part A; and

(c) SPACs – Appendix 2C: Part A.

(2) In addition, if the Listed Issuer's securities are held out as being in compliance with specific, non-exchange-mandated requirements, the Listed Issuer must also comply with the requirements of Policy 10.

(3) Eligibility of a particular issuer can usually be confirmed through discussions with the Exchange prior to an application. An issuer intending to apply for Listing concurrently with or immediately following the filing of a preliminary prospectus with a Securities Regulatory Authority must first receive confirmation from the Exchange that the eligibility requirements have been met by providing the information described in s. 2.3(1).

2.3 Required Documentation

(1) For the purpose of obtaining written confirmation of eligibility an issuer must submit a document with sufficient detail to determine that the eligibility requirements of the Exchange have been met or will be met prior to Listing. A draft prospectus will be accepted, provided the required information is included. For natural resource issuers, the relevant technical report is required. The Exchange will conduct a review ("Eligibility Review") and provide a confirmation of eligibility or identify any conditions to be met prior to Listing. The Eligibility Review is subject to a fee, which will be applied to the non-refundable portion of the Listing fee.

(2) In connection with an initial application for Listing, an issuer must file with the Exchange the documents set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

(a) Equity Securities - Appendix 2A: Part B;

(b) debt securities - Appendix 2B: Part B; and

(c) SPACs – Appendix 2C: Part B

2.4 Limited Liability

All securities to be listed must be fully paid and non-assessable.

2.5 Responses and Additional Information and Documentation

The Listed Issuer must submit any additional information, documents or agreements requested by the Exchange.

2.6 Final Documentation

(1) The Exchange must receive the following documents prior to qualification for Listing:

(a) one executed original of the Listing Statement dated within three Business Days of the date it is submitted to the Exchange, together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;

(b) one original Listing Summary dated within three Business Days of the date it is submitted to the Exchange and all documents set out in the Listing Summary;

(c) two executed originals of the applicable Listing Agreement;

(d) three choices for a stock symbol;

(e) a legal opinion that the Listed Issuer:

(i) is in good standing under and not in default of applicable corporate law or other applicable laws of establishment,

(ii) has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder, and

(iii) has taken all necessary corporate action to authorize the execution, delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Listed Issuer, enforceable against the Listed Issuer in accordance with its terms;

(iv) is a reporting issuer or equivalent under the securities law of [state applicable jurisdictions] and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent; or

(v) if it is not a reporting issuer and is proposing to list debt securities that qualify under section 1.1 of this Policy, that the securities so qualify; and

(f) a legal opinion that all securities previously issued of the class of securities to

be listed or that may be issued upon conversion, exercise or exchange of other previously issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities.

2.7 Postings

(1) The Listed Issuer must Post the following:

(a) the Listing Statement, which must also be concurrently filed on SEDAR as a filing statement, including all reports and material contracts required to be filed therewith;

(b) the Listing Summary;

(c) the Listing Agreement;

(d) an executed Certificate of Compliance;

(e) an unqualified letter from the Clearing Corporation confirming the ISIN assigned to the securities;

(f) a letter from its duly appointed transfer agent indicating the date of appointment and stating that the transfer agent is ready to record security transfers and make prompt delivery of shares; and

(g) If the issuer completed a financing concurrently with Listing, or to qualify for Listing, a completed Notice of Proposed Issuance of Listed Securities.

(2) All documents must be Posted in the format prescribed by the Exchange from time to time.

2.8 Posting Officer

(1) A Listed Issuer must designate at least two individuals to act as the Issuer's Posting officers (“Posting Officers”). The Posting Officers will be responsible for Posting or arranging for the Posting of all of the documents required to be Posted by the Issuer.

(2) A Listed Issuer may Post documents through the facilities of a third-party service provider.

2.9 Continuing to Qualify for Listing

(1) A Listed Issuer must meet all of the following requirements, failing which the Listed Issuer may be subject to suspension, delisting, or such other action as the Exchange may determine appropriate for the situation:

(a) the Listed Issuer must be in good standing under and not in default of applicable corporate law or other applicable laws of establishment;

(b) in each jurisdiction in which the Listed Issuer is a reporting issuer or equivalent, it must remain in good standing and not be in default of any requirement of any such jurisdiction;

(c) the Listed Issuer must be in compliance with Exchange Requirements, and the terms of the Listing Agreement;

(d) the Listed Issuer must Post all required documents and information required under the Policies of the Exchange;

(e) the Listed Issuer must concurrently Post all public documents submitted to SEDAR (unless identical disclosure has not already been Posted in an Exchange-specific Form);

(f) if the Issuer is required to submit PIFs for each Related Person at the time of Listing then the Listed Issuer must submit a PIF for any new Related Person of the Listed Issuer (and if any of these Persons is not an individual, a PIF for each director, officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual);

(g) the Listed Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to the Exchange or Posted by the Listed Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information.

(h) a Listed Issuer with Equity Securities listed must meet the continued Listing requirements described in section 2A.6 of Appendix 2A of this Policy.

(2) Each Listed Issuer that is not a reporting issuer in Alberta must:

(a) assess whether it has a Significant Connection to Alberta;

(b) upon becoming aware that it has a Significant Connection to Alberta, immediately notify the Exchange and promptly make a *bona fide* application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a Listed Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a Significant Connection to Alberta);

(c) assess, on an annual basis, in connection with the delivery of its annual financial statements to security holders, whether it has a Significant Connection to Alberta;

(d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their Registered Holders and Beneficial Holders; and

(e) if requested, provide to the Exchange evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*).

(3) Where it appears to the Exchange that a Listed Issuer making an application for Listing has a Significant Connection to Alberta, the Exchange will, as a condition of its acceptance or approval of the Listing application, require the Listed Issuer to provide evidence that it has made a *bona fide* application to the Alberta Securities Commission to become a reporting issuer in Alberta.

2.10 Suspensions

The Exchange may suspend from trading the securities of a Listed Issuer if the Exchange or the Market Regulator determines that the Listed Issuer fails to meet any requirement, or it is otherwise in the public interest to suspend trading of the securities of the Listed Issuer.

2.11 Listing in US Dollars

Securities may be traded and quoted in US dollars.

2.12 Transfer and Registration of Securities

(1) The Listed Issuer must maintain transfer and registration facilities in good standing where the securities of the Listed Issuer are directly transferable. Where certificates are issued, they must name the cities where they are transferable and must be interchangeably transferable and identical in colour and form with each other.

(2) **Treasury Orders**

(a) Every Listed 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 Listed 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 securities of the Listed 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 Exchange acceptance, if applicable, of the issuance of such securities;

(viii) 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 s. 6.1(4) of Policy 6 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) a legend describing the hold period required by s 6.1(4) of Policy 6.

(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.

2.13 Share Certificates

(1) Certificates must bear a valid ISIN number.

(2) Certificates must conform with the requirements of the corporate and securities law applicable to the Listed Issuer.

(3) The foregoing requirements, except for a valid ISIN, do not apply to a completely uncertificated issue that complies with the requirements of the Clearing Corporation.

2.14 Book-Based System

The securities to be listed must be eligible for and deposited into the book- based system maintained by the Clearing Corporation.

2.15 Full, True & Plain Disclosure

As an overriding principle, the Listing Statement must contain full, true and plain disclosure of all material facts regarding the securities issued or proposed to be issued by the Listed Issuer. Disclosure must include such particulars and information which, according to the particular nature of the Listed Issuer and the securities for which Listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Listed Issuer and of its profits and losses (and of any guarantee) and of the rights attaching to such securities and must set out such information accurately and in plain language.

2.16 Prior Violations

The Exchange will not approve a Listed Issuer for Listing if any Related Persons, or investor relations Persons associated with the Listed Issuer have been convicted of fraud, been found liable of a breach of fiduciary duty, been sanctioned pursuant to violations of securities laws (other than a minor violation that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Listed Issuer severs relations with such Person(s) to the satisfaction of the Exchange.

2.17 The Exchange may not approve a Listed Issuer for Listing if any Related Persons, or investor relations Person(s) associated with the Listed Issuer:

(a) have entered into a settlement agreement with a Securities Regulatory Authority or other authority;

(b) are known to be associated with other offenders depending on the nature and

extent of the relationship and the seriousness of the offence committed; or

(c) have a consistent record of business failures, particularly failures involving public companies,

unless the Listed Issuer first severs relations with such Person(s) to the satisfaction of the Exchange.

2.18 The Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns, could bring the Exchange into disrepute, or it is in the public interest to do so.

2.19 ISIN Eligibility

A Listed Issuer must confirm in writing to the Exchange that its securities to be listed have been made eligible in the Clearing Corporation prior to the start of trading of such securities.

APPENDIX 2A: Equity Securities

For the purposes of this Appendix, Equity Securities include any securities that are convertible into Equity Securities. Appendix 2A does not apply to Special Purpose Acquisition Corporations

PART A: Eligibility for Listing

2A.1 GENERAL

In addition to meeting the minimum Listing requirements at the time of Listing, an issuer meeting the NV Issuer requirements set out in this Appendix 2A may be considered by the Exchange to be an NV Issuer.

(1) **Business Development Prior to Listing**

The qualifications for Listing are intended to allow for early-stage businesses that are well managed and are adequately financed with clearly stated objectives. An issuer that appears to be a shell company or a blind pool company with little or no operating history, a limited history of financing, or minimal expenditures to develop the business or proposed business in which it operates or intends to operate may be considered ineligible for Listing. In such cases the Exchange will also consider the relevant experience of the Board and senior management of the issuer. Listing expenses or fees for professional services associated with Listing do not qualify as business development expenditures.

(2) **Pursuit of Objectives and Milestones**

The comprehensive disclosure provided in a Listing Statement describes the business objectives and milestones of a Listed Issuer and how available funds and management effort will be spent to achieve those objectives or reach those milestones. An issuer that has applied and been granted a Listing based on the disclosure in a Listing Statement should diligently pursue those objectives or engage in the business activities described in that disclosure.

2A.2 Float and Distribution

For the purposes of Policy 2, a “Public Holder” is any security holder other than: a Related Person, an employee of a Related Person of a Listed Issuer or any Person or group of Persons acting jointly or in concert holding:

(a) more than 10% of the issued and outstanding securities of the class to be listed; or

(b) securities convertible or exchangeable into the listed Equity Security and would, on conversion or exchange, hold more than 10% of the issued and

outstanding securities of the class to be listed.

(1) Minimum Float

(a) An issuer of Equity Securities must have a Public Float of at least 1,000,000 Freely Tradeable shares and consisting of at least 150 Public Holders holding at least a Board Lot each of the security. The Public Float must constitute at least 20% of the total issued and outstanding of that security.

(b) NV Issuer - A Listed Issuer must have: (i) a Public Float of at least 1,000,000 Freely Tradeable securities and (ii) at least 300 Public Holders each holding at least a Board Lot.

(c) Closed End Funds, ETFs and Structured Products must meet the minimum float requirements for an NV Issuer.

(2) The Exchange may not consider as part of the Public Float any shares that were obtained in a distribution that was primarily effected as a gift or through an arrangement primarily designed for the purpose of meeting the minimum float distribution requirement. The minimum float distribution requirement will not be met if a significant number of the public security holders:

(a) did not purchase the shares directly or received or will receive the shares in exchange for previously purchased shares of another issuer; or
(b) hold the minimum number of shares described in s. 2A.2(1) above.

2A.3 Restricted Securities

This section is applicable to Listed Issuers with outstanding listed Restricted Securities or those intending to list Restricted Securities. Restricted share structures may not be appropriate for all Listed Issuers. Details of a proposed issuance of Superior Voting Securities should be provided to the Exchange in advance of the Listed Issuer seeking security-holder approval.

(1) Restricted Securities

(a) A Listed Issuer's constating documents must clearly designate and identify any securities that are Restricted Securities. Such securities will be identified by the Exchange as Restricted Securities in market data displays prepared for the financial media.

(b) A class of shares may not be designated or identified in any Listed Issuer's constating documents or other communication as 'common' unless the shares are Common Shares and there are no Superior Voting Securities.

(c) A class of shares may not be designated or identified in any Listed Issuer's constating documents or other communication as 'preference' or 'preferred' securities unless the shares are Preference Shares.

(d) A Listed Issuer's constating documents must provide Restricted Security holders the same right to receive notice of, attend and speak at all shareholder meetings as holders of any Superior Voting Securities and to receive all disclosure documents and other information sent to holders of any Superior Voting Securities.

(e) A Listed Issuer with outstanding listed Restricted Securities or those intending to list Restricted Securities must include in its Listing Statement the disclosure required by Part 2 of OSC Rule 56-501 *Restricted Shares*.

(2) Coattail Provisions

(a) Coattail provisions are intended to ensure that holders of Restricted Securities are able to participate in a Take-Over Bid together with holders of Superior Voting Securities, proportionate to their equity interests in the Listed Issuer. The Exchange may intervene in a transaction that has been structured to circumvent the coattail provisions.

(b) Subject to s. 2A.3(2)(c), the Exchange will not list Restricted Securities unless the Listed Issuer's constating documents or an agreement provide that if a Take-Over Bid is made for Superior Voting Securities, whether or not the Superior Voting Securities are listed, all Restricted Securities will automatically convert to Superior Voting Securities unless an identical offer (in terms of price per share, percentage of shares to be taken up exclusive of shares already owned by the offeror and its associates and all other material terms) is concurrently made to Restricted Security holders.

(c) If the class or classes of Superior Voting Securities are not publicly traded, the Exchange may accept a coattail agreement executed by all holders of those shares that stipulates that they will not tender to a Take-Over Bid unless an identical offer as described in s. 2A.3(2)(b) is also made to the holders of the Restricted Securities.

(d) The conversion right or identical offer described in subsection s. 2A.3(2)(b) and (c) may contain appropriate modifications to account for any material difference between the equity interests of the Restricted Securities and Superior Voting Securities.

(3) Issuance of Restricted and Superior Voting Securities

(a) A Listed Issuer may not distribute any Superior Voting Securities unless the distribution has been approved by the holders, that do not or would not have an interest in the Superior Voting Securities, of the Restricted Securities.

(b) For the purpose of the approval described in 2A.3(3)(a), security holders that have or would have an interest in the Superior Voting Shares after the distribution may not vote.

(c) The Exchange will consider an exemption from the security holder approval requirement in 2A.3(3)(a) where the Listed Issuer demonstrates that the proposed distribution of Superior Voting Securities would not reduce the voting power of the holders of Restricted Securities.

(d) Notwithstanding the security holder approval requirements, the Exchange will generally object to the distribution of Superior Voting Securities of a Listed Issuer that is not an NV Issuer.

2A.4 Basic Qualifications

(1) To qualify for Listing an issuer must be:

(a) an operating company with revenue from the sale of goods or services;

(b) a non-operating company with financial resources to carry out a proposed work plan or achieve stated objectives for 12 months following Listing, subject to a minimum of $200,000 in working capital at the time of Listing, and have advanced to a stage of development at which additional financing is typically available to the companies in the industry;

(c) a company that is listed on an exchange in Canada and is not proposing a transaction or change that would be considered a Fundamental Change or Change of Business, provided that the Company has the financial resources to achieve stated objectives for 12 months following Listing. This qualification will not be met by an issuer that is only listed on a board or tier of a stock exchange that is designated for issuers that do not meet the ongoing requirements of that exchange or

(d) an ETF or CEF

(2) An NV Issuer must also meet at least one of the four standards set out in this section. The Exchange may, in its sole discretion, designate a Listed Issuer as a NV Issuer if the Listed Issuer is sufficiently advanced in capitalization or operations that it is near the thresholds of at least two of the four tests or the Exchange determines it would be in the public interest to do so. The standards are as follows, with market value being based on the number of outstanding securities and the IPO price or concurrent financing price:

(a) Equity Standard:

(i) Shareholders' equity of at least $5,000,000, and

(ii) Expected market value of Public Float of at least $10,000,000; or

(b) Net Income Standard:

(i) Net income of at least $400,000 from continuing operations in the most recent fiscal year or in two of three of the most recent fiscal years,

(ii) Shareholders' equity of at least $2,500,000, and

(iii) Expected market value of Public Float of at least $5,000,000; or

(c) Market Value Standard:

(i) Market value of all securities, including the class(es) to be listed and any class convertible into the class(es) to be listed, but excluding warrants and options, of at least $50,000,000,

(ii) Shareholders' equity of at least $2,500,000 including the value of any offering concurrent with Listing, and

(iii) Expected market value of Public Float of at least $10,000,000; or

(d) Assets and Revenue Standard:

(i) Total assets and total revenues of at least $50,000,000 each in the most recent fiscal year or in two of three of the most recent fiscal years, and

(ii) Expected market value of Public Float of at least $5,000,000.

(3) **Closed End Funds and ETFs**

(a) Closed End Funds must have a Minimum Net Asset Value of $10,000,000;

(b) ETFs must have a Minimum Net Asset Value of $1,000,000;

(c) An ETF or CEF must confirm to the Exchange that the net asset value will be published each Trading Day.

(4) An operating company must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements or on an interim financial statement supported by a comfort letter from the company's auditor. Such companies must have financial resources and a business plan that demonstrate a reasonable likelihood that the company can sustain its operations and achieve its objectives for 12 months following Listing.

(5) A non-operating company must have

(a) a significant interest in its primary business or asset,

(b) a history of development of the business or asset, and

(c) specific objectives and milestones and the financial resources necessary to achieve them.

In determining whether the company has met requirements (b) and (c) above, the Exchange will consider the capital invested in the development of the business or asset and evidence of testing, development or manufacturing of the product or service, including prototypes, clinical trials or sponsorships.

(6) **Industry-specific Requirements for Natural Resource Companies**

The following industry criteria apply:

(a) A mineral exploration company:

(i) must have title to a property that is prospective for minerals and on which there has been exploration previously conducted including qualifying expenditures of at least $150,000 by the Listed Issuer during the most recent 36 months (if the company does not have title to the property, it must have the means and ability to acquire an interest in the property upon completion of specific objectives or milestones within a defined period);

(ii) must have obtained an independent report that meets the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and that recommends further exploration on the property, with a budget for the first phase of at least $250,000; and,

(iii) if meeting the minimum Listing requirements with a single exploration project, include disclosure of its objectives to pursue additional exploration projects or opportunities or to otherwise remain in the mineral exploration business.

Qualifying expenditures include exploration expenditures related to geological and scientific surveys to advance mineral project but do not include general and administrative, land maintenance, property acquisition or payments, staking, investor or public relations, non-domestic flight expenditures or taxes.

(b) Additional Considerations for Mineral Exploration

Notwithstanding the minimum requirements set out in 2A.4(6)(a), an issuer may be approved for listing with:

(i) qualifying exploration expenditures as described in 2A.4(6)(a)(i) of at least $75,000; and

(ii) A first phase budget as described in 2A.4(6)(a)(ii) of at least $100,000; and

(iii) An escrow agreement as described in 2A.5(8)(e).

(c) An energy resource company must have:

(i) title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to acquire an interest in the property upon meeting specific objectives or milestones within a defined period; or

(ii) title to an unproven property with prospects or the means and ability to acquire a significant interest in the property upon completion of a fully financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

(7) Industry Specific Requirements for Investment or Real Estate Companies

An investment or real estate company must have an appropriate balance between income and activity depending on the nature of its investments. A holding company that is not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the shareholders through distributions, or have prospects for growth through the reinvestment of earnings. Such companies must have:

(a) minimum net assets of:

(i) $2 million, at least 50% of which has been allocated to at least 2 specific investments; or

(ii) $4 million; and

(b) management with a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting

an active business.

(c) a clearly defined investment policy disclosed in the Listing Statement.

2A.5 CAPITAL STRUCTURE, BUILDER SHARES AND ESCROW

(1) Capital Structure

A Listed Issuer's capital structure must be acceptable to the Exchange.

(2) Builder Shares & Low-Priced Shares

Notwithstanding the specific restrictions set out in 2A.5(4), the Exchange may determine that the number of Builder Shares combined with shares issued at or near the Builder Share threshold price appears to be excessively dilutive or imbalanced. In such cases the Exchange may object unless adjustments are made.

(3) Pricing

A Listed Issuer may not sell securities pursuant to an IPO for less than

(a) $0.10 per share or unit; or

(b) For an NV Issuer, $2.00 per share or unit.

For Listed Issuers not yet generating revenue from business activity, the Exchange will not consider an application where Builder Shares have been issued for less than $0.005 in the previous 24-month period.

(4) Specific Restrictions

At the time of Listing, or re-qualifying following a Fundamental Change:

(a) The ratio of shares in the post-offering or reverse takeover capital structure must not exceed one Builder Share for every three non-Builder Shares.

(b) Where there is no concurrent financing, the minimum permitted price at which securities can be exercisable or convertible into the listed security and not be subject to escrow is $0.10.

(c) The Exchange will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed until the security has been granted or issued to a particular Person.

(5) Substantial Float

The Exchange may consider exercising discretion to amend or waive the requirements of paragraphs (3) and (4) of section 2A.5 if a Listed Issuer has a "Substantial Float". The Exchange will generally consider a Listed Issuer that meets all the following

criteria to have a Substantial Float:

(a) $2,000,000 in capital raised, excluding funds from Related Persons;

(b) 2,000,000 Free Trading shares;

(c) 200 public shareholders with a minimum of one Board Lot each with no resale restrictions

(6) Acceptance of an alternative proposed structure is contingent upon an evaluation by the Exchange using the following criteria:

(a) track record, quality and experience of management and Board;

(b) percentage of time devoted by management to the Listed Issuer;

(c) capital contribution (cash paid in, reasonable value of assets and reasonable value of services performed, less any cash payments) by Related Persons;

(d) relationship of capital contribution to ownership by Related Persons; and

(e) relationship of share price in pre-IPO financing rounds to the IPO price.

(7) All issuances prior to Listing will be reviewed *seriatim* to determine suitability taking into account management activity, significant Developments, and elapsed time as well as arm's-length party participation.

(8) **Escrow**

Prior to Listing, all securities issued to Related Persons are generally required to be subject to an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings* ("NP 46-201").

(a) In addition, where convertible securities (such as Stock Options, common share purchase warrants, special warrants, convertible debentures or notes) are issued less than 18 months before Listing and are exercisable or convertible into listed securities at a price that is less than the issuance price per security under a prospectus offering or other financing or acquisition made contemporaneously with the Listing application, then the underlying security will be subject to escrow with releases scheduled at periods specified under NP 46-201.

(b) A Listed Issuer that has, within the six months prior to applying to list on the Exchange, completed a transaction that would have been considered a Fundamental Change, must enter into escrow agreements with the Related Persons as if the Listed Issuer were subject to the requirements of NP 46-201 and the provisions of section 8.8 of Policy 8 shall apply in all respects to the Listed Issuer.

(c) Related Persons with securities that have been previously subject to a required escrow agreement will not generally be required to enter a new escrow agreement.

(d) The Exchange, in its sole discretion, may impose escrow arrangements that are in addition to those required by NP 46-201, or consider different proposals

such as an “earn-out” escrow, on a case-by-case basis.

(e) For a Listed Issuer approved pursuant to 2A.4(6)(b) *Additional Considerations for Mineral Exploration* the following additional escrow requirements apply:

(i) All Builder Shares are subject to escrow, regardless of the holder of such shares

(ii) The initial release from escrow is subject to Exchange approval and must be no earlier than 10 days following public announcement of the results of the first phase program described in the Listing Statement.

(iii) Transfer of shares within escrow as described in NP46-201 s. 6.3(1)(a), (b), or (c) is not permitted without Exchange approval. The Exchange will generally not approve transfers associated with incoming or outgoing officers or directors of a Listed Issuer

(iv) The terms of the escrow agreement must irrevocably authorize and direct the escrow agent to immediately cancel all remaining escrowed securities upon delisting from the Exchange or the announcement of a change of business or a definitive agreement for a transaction that would constitute a Fundamental Change.

2A.6 Continued Listing Requirements

(1) Minimum

In addition to the general requirements in section 2.9, a Listed Issuer with Equity Securities listed must meet the specific criteria set out below on an annual basis:

(a) Public distribution

(i) minimum of 250,000 shares in the Public Float;

(ii) 10% or more of listed shares in the Public Float;

(iii) at least 150 public security holders each holding one Board Lot of freely trading shares, subject to the exemption provided in Policy 9 that would permit no less than 100 public security holders immediately following a consolidation;

(b) Financial resources

Adequate working capital or financial resources to maintain operations for a period of 6 months.

(c) Assets

No specific value, however, the Exchange may determine that a Listed Issuer no longer meets the continued Listing requirements if the Listed Issuer:

(i) reduces or impairs its principal operating assets; or

(ii) ceases or substantively reduces its business operations.

(d) Activity for a mining or oil and gas Listed Issuer, either:

(i) For the most recent fiscal year, positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures; or

(ii) For the three most recent fiscal years, an aggregate of $100,000 in exploration or development expenditures.

(e) Activity for industry segments other than mining or oil & gas, either:

(i) For the most recent fiscal year, positive cash flow, or $100,000 in revenue from operations or $100,000 in development expenditures; or

(ii) For the three most recent fiscal years, either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business.

(2) NV Issuers

In addition to the general requirements in section 2.9, an NV Issuer with Equity Securities listed must meet the specific criteria set out below on an annual basis:

(a) Public Distribution

(i) 500,000 shares in the Public Float; and

(ii) Public Float value of $2,000,000.

(b) Standards

(i) Net income from continuing operations of $100,000; or

(ii) Market value of listed securities of at least $3,000,000.

In determining whether the standards of 2A.6(2)(b) have been met, the Exchange may exercise discretion in consideration of general economic conditions and the economic conditions affecting the industry of the Issuer.

(3) Closed End Funds

In addition to the general requirements in s. 2.9 a Closed End Fund must continue to meet the following criteria:

(a) Public Distribution

(i) 500,000 securities in the Public Float;

(ii) Net asset value of $3,000,000;

(iii) 150 public holders holding at least one Board Lot;

(b) The net asset value is published each Trading Day.

(4) Exchange Traded Funds

In addition to the general requirements in section 2.9 an Exchange Traded Fund must

continue to meet the following criteria:

(a) Net Asset Value of $500,000;

(b) The net asset value is published each Trading Day.

(5) Structured Products

In addition to the general requirements in section 2.9 a Structured Product must continue to meet the following criteria:

(a) Net Asset Value of $500,000.

PART B: Documents required with application

2A.7 Application

(1) The application for Listing must include the following:

(a) an Application Letter for Listing one or more specific classes of Equity Securities of the Listed Issuer, indicating the number and class of the Listed Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;

(b) a completed Listing Application together with the supporting documentation set out in Appendix A to the Listing Application;

(c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit committee;

(d) a duly executed PIF from

(i) each Related Person of the Listed Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;

(ii) each Person performing Investor Relations Activities for the Listed Issuer;

(e) current insider reports from each Person required to file a PIF, as filed with the applicable Securities Regulatory Authority; or confirmation that a SEDI profile has been created or an undertaking to create such profile;

(f) if applicable, the escrow agreement required under s. 2A.5(8); and

(g) the relevant portion of the listing fees, plus applicable taxes.

APPENDIX 2B: Debt Securities

For the purposes of this Appendix, “debt securities” includes bonds, debentures, notes, Eurobonds, medium term notes, Sukuk (Islamic bonds) and any other fixed income security that the Exchange deems to be a debt security.

PART A: Eligibility for Listing

2B.1 General

(1) A Listed Issuer must have net assets of at least $1 million or where the Listed Issuer is a special purpose vehicle, or a holding company that does not meet this requirement itself, the Exchange may consider the assets of an underlying entity.

(2) In the case of asset-backed securities, a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Listed Issuer or the holder of the asset-backed securities.

(3) In the case of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.

(4) In the case of asset-backed securities that are secured by Equity Securities, the Equity Securities must represent minority interests in, and must not carry legal or management control of, the underlying entities and must be listed on the Exchange or listed on another exchange recognized for this purpose by the Exchange.

(5) The Listed Issuer must appoint and maintain a payment agent acceptable to the Exchange.

PART B: Documents required with application

2B.2 Application

(1) The application for Listing must include the following:

(a) an Application Letter for Listing one or more specific classes of securities of the Listed Issuer;

(b) a completed Listing Application together with the supporting documentation set out below;

(c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit committee;

(d) a duly executed PIF from

(i) each Related Person of the Listed Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;

(ii) each Person performing Investor Relations Activities for the Listed Issuer;

(e) current insider reports from each Person required to file a PIF, as filed with the Securities Regulatory Authority; and

(f) the relevant portion of the Listing fees, plus applicable taxes.

The Exchange may, at its sole discretion, determine that items (d) and (e) do not apply to an application to list a debt security that is exempt from prospectus requirements under appliable securities law.

(2) **Listing Statement**

The Listing Statement is required to be submitted to the Exchange or in the case of a tranche issued pursuant to a programme, a term sheet shall be submitted.

(3) **Supporting Documents**

In addition to the Listing Application the Issuer must submit:

(a) the participation agreement; and

(b) the declaration of trust or other document constituting the securities.

The Exchange may also require a legal opinion that confirms that the debt securities have been duly constituted.

(4) **Pre-approval of Issuance Programmes**

(a) Where a Listed Issuer issues debt securities of the same class on a regular basis under an issuance programme a Listed Issuer may make an application

for the pre-approval of the Listing of a specified number of securities which may be issued in a particular case.

(b) Where debt securities are to be issued under an issuance programme, the initial application must cover the maximum number of securities that may be in issue at any one time under the programme. If the Exchange approves the application, it will grant pre-approval for the Listing of all the securities that may be issued under the programme within twelve (12) months after the approval, subject to the Exchange receiving:

(i) advice of the final terms of each issue,

(ii) copies of any supplementary document or pricing supplement issued in support of the tranche or series,

(d) confirmation that the Issuer is still in full compliance with Exchange Policy and that the issue falls within the terms and conditions of the issuance programme, and

(iv) confirmation that the securities in question have been issued.

(c) The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (i.e., they can be different series), the term of the securities (i.e., the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (e.g., the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

(5) The final terms of each issue which is intended to be listed must be submitted in writing to the Exchange as soon as possible after they have been agreed and, in any event, no later than two (2) Business Days before the Listing is required to become effective. The Exchange reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.

APPENDIX 2C: Special Purpose Acquisition Corporations

All securities are subject to the requirements of the "General" section of Policy 2

In this Appendix:

PART A: Eligibility for Listing

2C.1 General Listing Matters

Securities to be Listed

(d) A SPAC must submit a Listing Application sufficient to demonstrate that it is able to meet the Exchange's original Listing requirements for SPACs, as detailed in Policy 2.

Exchange Discretion

(2) Pursuant to Section 2.1(1), the Exchange may grant or deny the application notwithstanding the prescribed original Listing requirements. In exercising its discretion, the Exchange must be satisfied that public interest considerations are satisfied. In addition, the Exchange will consider:

(a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation; and

(c) The extent of the Founding Security Holders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution.

2C.2 Original Listing Requirements

IPO

(1) A SPAC must raise a minimum of $30,000,000 through the sale of shares or units by way of a prospectus offering. A unit may contain no more than one share, and no more than two warrants.

(2) Builder Shares and Resale Restrictions

(a) The terms of purchase of SPAC Builder Shares must be disclosed in the IPO prospectus.

(b) The founding shareholders must agree not to transfer any of their SPAC Builder Shares prior to the completion of a Qualifying Acquisition and that in the event of liquidation and delisting, SPAC Builder Shares will not participate in the

liquidation distribution.

(3) The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the Listed Issuer's principal regulator.

No Operating Business

(4) An issuer is not eligible for Listing as a SPAC if it is carrying on an active business, or if has entered into a binding acquisition agreement for a Qualifying Acquisition. A statement that the issuer has not entered into such an agreement must be included in the IPO prospectus. The SPAC may have identified a target business sector or geographic area in which to make a Qualifying Acquisition, provided that it discloses this information in its IPO prospectus.

Jurisdiction of Incorporation

(5) The jurisdiction of incorporation must be acceptable to the Exchange. Where the Listed Issuer is incorporated in a jurisdiction outside of Canada, the Listed Issuer should first consult with the Exchange to determine acceptability.

(6) Capital Structure

The capital structure of a SPAC must be acceptable to the Exchange.

(a) Except for the SPAC Builder Shares, listed securities must have:

(i) A redemption feature or similar feature that will permit holders, in the event that a Qualifying Acquisition is completed within the permitted time as set out in section 2C.4(1), to elect that each share held be redeemed for an amount at least equal to the aggregate amount remaining in the escrow account (net of applicable taxes and expenses related to redemption) divided by the number of shares outstanding, excluding SPAC Builder Shares; and

(ii) A liquidation distribution or similar feature that will provide holders, for each share held, if the qualifying transaction is not completed within the permitted time as set out in section 2C.4(1), an amount equal to the aggregate amount remaining in the escrow account (net of applicable taxes and expenses related to liquidation distribution) divided by the number of shares outstanding, excluding SPAC Builder Shares.

A Listed Issuer may establish a maximum number of shares to which an individual, with affiliates or Persons acting jointly or in concert, may exercise a redemption right, provided that such limit is not lower than 15% of the shares sold in the IPO and the limit is disclosed in the prospectus.

Exchange discretion with respect to the requirements of this subsection may only be exercised after discussions with, and the concurrence of, the OSC and BCSC.

(b) In addition to Section 2C.2(6)(a), if share purchase warrants are issued in the IPO:

(i) the share purchase warrants must not be exercisable prior to the completion of the Qualifying Acquisition;

(ii) the share purchase warrants must expire on the earlier of: a date specified in the IPO prospectus, and the date on which the SPAC fails to complete a Qualifying Acquisition within the permitted time set out in s. 2C.4; and

(d) share purchase warrants will not have an entitlement to the escrowed funds upon liquidation of the SPAC.

Prohibition of Debt Financing

(7) A SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its Qualifying Acquisition. A credit facility may be entered into prior to completion of a Qualifying Acquisition, but may only be drawn down contemporaneous with, or after, completion of a Qualifying Acquisition. The Listed Issuer must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 2C.2(7).

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from Founding Security Holders or their affiliates, up to a maximum aggregate principal amount no greater than 10% of the funds escrowed under Section 2C.2(8) ,repayable in cash no earlier than the closing of the Qualifying Acquisition, provided that (1) such limit is disclosed in the IPO prospectus and the prospectus of the resulting issuer; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Use of Proceeds Raised in the IPO and Escrow Requirements

(8) Concurrent with Listing, 90% of the gross proceeds raised in the IPO, and the underwriter's deferred commissions (in accordance with Section 2C.2(11)), must be placed in escrow with an escrow agent acceptable to the Exchange.

(9) The escrow agent must invest the escrowed funds in Permitted Investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the Permitted Investments.

(10) The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with

Section 2C.2(6)(a)(i) and the remaining escrowed funds to the Listed Issuer if the Listed Issuer completes a Qualifying Acquisition within the permitted time set out in Section 2C.4(1); and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than for SPAC Builder Shares) in accordance with s. 2C.2(6)(a)(ii) and the terms of s. 2C.5 if the Listed Issuer fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1).

(11) The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a Qualifying Acquisition within the permitted time set out in Section 2C.4(1). If the SPAC fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

(12) The proceeds from the IPO that are not placed in escrow, if any, and interest or other proceeds earned on the escrowed funds from Permitted Investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a Qualifying Acquisition.

Float and Distribution

(13) The Listed Issuer must satisfy all of the criteria below:

(a) at least 1,000,000 Freely Tradeable securities are held by public holders;

(b) the aggregate market value of the securities held by public holders is at least $30,000,000; and

(c) at least 150 public holders of securities, holding at least one Board Lot each.

Pricing

(14) The minimum IPO price is $2.00 per share or unit.

Other Requirements

(15) A SPAC will not be permitted to adopt a Security Based Compensation Arrangement prior to the completion of a Qualifying Acquisition.

2C.3 Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

Additional Equity by way of Rights Offering Only

(1) Prior to completion of a Qualifying Acquisition,–a SPAC may only raise additional capital by way of a rights offering in accordance with the requirements in Policy 6 and at least 90% of the funds raised must be placed in escrow in accordance with the provisions of Sections 2C.2(8) to (12) Contemporaneous with or following completion of a Qualifying Acquisition, the Listed Issuer may raise additional funds in accordance with Policy 6 of the Policies.

(2) A SPAC may only raise additional funds pursuant to the issuance or potential issuance of Equity Securities from treasury pursuant to Section 2C.3(1) of this Appendix to fund a Qualifying Acquisition and/or administrative expenses of the Listed Issuer.

Other Requirements

(3) Prior to completion of its Qualifying Acquisition, in addition to this Appendix, the Listed Issuer will be subject to the following CSE Policies:

(a) Sections 2.6 to 2.18 of Policy 2;

(b) Policy 3;

(c) Policy 4;

(d) Policy 5;

l Policy 6;

(f) Policy 9; and

(g) Applicable listing fees and forms.

Until completion of a Qualifying Acquisition, a SPAC may only issue and make Equity Securities issuable in accordance with Sections 2C.3(1) and (2) of this Appendix.

2C.4 Completion of a Qualifying Acquisition

Permitted Time for Completion of a Qualifying Acquisition

(d) A SPAC must complete a Qualifying Acquisition within 36 months of the date of closing of the distribution under its IPO prospectus or complete a liquidation distribution pursuant to 2C.5. Where the Qualifying Acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the Qualifying Acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 2C.4(2).

Value of a Qualifying Acquisition

(2) The businesses or assets forming the Qualifying Acquisition must have an aggregate

fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the Qualifying Acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a Qualifying Acquisition, these acquisitions must close concurrently and within the time frame in Section 2C.4(1).

Approvals

(3) The Qualifying Acquisition must be approved by:

(a) a majority of directors unrelated to the Qualifying Acquisition; and

(b) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose.

Shareholder approval of the Qualifying Acquisition is not required where the Listed Issuer has placed 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 2C.3(1) in escrow in accordance with Section 2C.2(8). The shareholder approval requirements set out in Sections 8.6 and 8.9 of Policy 8 will not apply to transactions concurrently effected with the Qualifying Acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the Qualifying Acquisition. Where the Qualifying Acquisition is comprised of more than one acquisition, each acquisition must be approved.

(4) The IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the Qualifying Acquisition and the shareholders entitled to vote upon the matter. If a Qualifying Acquisition is subject to shareholder approval, the Listed Issuer must prepare an information circular containing disclosure of the resulting issuer assuming completion of the Qualifying Acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

(5) The Listed Issuer may impose additional conditions on the completion of a Qualifying Acquisition, provided that the conditions are described in the prospectus or information circular describing the Qualifying Acquisition. For example, a SPAC may impose a condition not to proceed with a proposed Qualifying Acquisition if more than a pre-determined percentage of public shareholders exercise their redemption rights.

(6) In accordance with Section C2.6, holders of shares other than SPAC Builder Shares must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the Qualifying Acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the Qualifying Acquisition and such redeemed shares shall be cancelled.

Prospectus Requirement for Qualifying Acquisition

(7) A prospectus must be filed containing disclosure regarding the SPAC and its proposed Qualifying Acquisition with the Securities Regulatory Authority in each jurisdiction in which the SPAC and the resulting issuer is, and will be, a reporting issuer assuming completion of the Qualifying Acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the Qualifying Acquisition is located in Canada. Completion of the Qualifying Acquisition without a receipt for the final prospectus will result in the delisting from the Exchange.

If a Qualifying Acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable Securities Regulatory Authorities prior to mailing the information circular described in Section 2C.4(4).

If a Qualifying Acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise physically deliver the prospectus to shareholders no later than midnight (Toronto time) on the second Business Day prior to the deadline for redemption. The notice of redemption must be pre-cleared by CSE prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC and BCSC.

Exchange Approval

(8) The Listed Issuer resulting from the completion of the Qualifying Acquisition by the SPAC must meet the Exchange's original Listing requirements for an NV Issuer set out in Policy 2. The Exchange will provide the Listed Issuer with up to 90 days from the completion of the Qualifying Acquisition to provide evidence that it meets the requirements set out in s. 2A.1(1), failing which the Listed Issuer will generally be subject to Policy 3.

Failure to obtain the Exchange's approval of the Listing of the resulting Listed Issuer prior to the completion of the Qualifying Acquisition will result in delisting. For greater certainty, a Qualifying Acquisition may include a merger or other reorganization or an acquisition of the Listed Issuer by a third party.

Escrow Requirements

(9) Upon completion of the Qualifying Acquisition, the resulting Listed Issuer shall be subject to the Exchange's escrow requirements outlined in s. 2A.5(8) and s. 8.8.

2C.5 Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

(1) If a SPAC fails to complete a Qualifying Acquisition within the permitted time set out

in Section 2C.4(1), subject to applicable laws, it must complete a liquidation distribution within 30 calendar days of the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares other than SPAC Builder Shares on a pro rata basis, and in accordance with Section 2C.5(2).

(2) In accordance with Section 2C.2(2), the Founding Security Holders may not participate in any liquidation (or redemption) distribution with respect to any of their SPAC Builder Shares. In addition, in accordance with Section 2C.2(11), all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the Listed Issuer's IPO, as required under Section 2C.2(8) and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through Permitted Investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

(3) If the Listed Issuer fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), the Exchange will delist the securities on or about the date on which the liquidation distribution is completed.

2C.6 Continued Listing Requirements Following Completion of a Qualifying Acquisition

Upon completion of a Qualifying Acquisition pursuant to these requirements, the resulting Listed Issuer will be subject to all continued listing requirements in the Policies except where otherwise provided in Section 2C.4(8).

PART B: Documents required with application

2C.7 Application

(1) The application for Listing must include the following:

(a) an Application Letter for Listing one or more specific classes of Equity Securities of the Listed Issuer and indicating the number and class of the Listed Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;

(b) a completed Listing Application together with the supporting documentation set out in Appendix A to the Listing Application;

(c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit committee;

(d) a duly executed PIF from
(i) each Related Person of the Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
(ii) each Person performing Investor Relations Activities for the Listed Issuer;

(e) current insider reports from each Person required to file a PIF, as filed on SEDI; or confirmation that a SEDI profile has been created; or an undertaking to create such profile;

(f) if applicable, the escrow agreement required under paragraph 2.8 of Part A of this Appendix; and

(g) the relevant portion of the Listing Fees, plus applicable taxes.

POLICY 3
SUSPENSIONS AND INACTIVE ISSUERS

3.1 Listing Agreement

The Listing Agreement authorizes the Exchange or the Market Regulator to halt, and authorizes the Exchange to suspend, trading in a Listed Issuer's securities without notice and at any time, or the Exchange to delist the securities of a Listed Issuer, if the Exchange or the Market Regulator, as the case may be, has determined it is in the public interest to do so.

3.2 Halts

The Exchange or the Market Regulator can halt trading to allow for public dissemination of material news pursuant to Policy 5.

3.3 Suspensions

(1) The Exchange may without any prior notice suspend trading in a Listed Issuer's securities if, at any time, the Listed Issuer fails to meet any of the requirements as set out in CSE Policies.

(2) **Reinstatement and Extension of Suspension**

(a) Subject to section 3.5(3) for Inactive Issuers, if a Listed Issuer which has had its securities suspended pursuant to this Policy 3 or otherwise has, within 90 days from the date of such suspension,

(i) cured the default or breach that gave rise to the suspension, and

(ii) paid the reinstatement fee set out in fee schedule of the Exchange,

the Listed Issuer's securities may resume trading.

(b) The Exchange will extend the period of suspension for an additional 90 days if the Exchange is satisfied that the Listed Issuer has made progress towards curing the default or breach that gave rise to the suspension.

(3) Throughout the period during which a Listed Issuer's securities are suspended, the Exchange will not allow quotation or trading by Dealers in the securities of the Listed Issuer and the Exchange website will indicate that the Issuer's securities have been suspended. Dealers may quote or trade the securities of the Listed Issuer on other marketplaces or over-the-counter unless prohibited under securities law or UMIR.

(4) Throughout the period during which a Listed Issuer's securities are suspended, the Listed Issuer must continue to comply with all applicable Exchange Requirements.

3.4 Delisting

(1) Following a 90 -day suspension the Exchange will, without any prior notice, delist a Listed Issuer's securities unless the period of suspension has been extended in

accordance with Section 3.3(2)(b) of this Policy.

(2) A Listed Issuer may at any time request that all or any class of its securities be delisted. Any such request must be made in writing and must identify the securities that will be the subject of the delisting. Pursuant to Policy 1 Section 1.2(1), the Exchange may, in its sole discretion, deny such request for any of the following reasons:

(a) outstanding fees are owed to the Exchange;

(b) the request is made in order to proceed with a transaction that is unacceptable to the Exchange or that the Exchange finds objectionable;

(c) the Exchange has determined it is in the public interest to deny such a request.

3.5 Application of Continued Listing Requirements

For the purpose of this section, "applicable continued listing requirements" means, for all Listed Issuers the requirements set out in 2A.6(1) "Minimum" and for NV issuers, the requirements set out in 2A.6(2) "NV Issuer".

A Listed Issuer must meet the applicable continued listing requirements to remain listed in good standing. The Exchange may remove the NV designation, designate a Listed Issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet applicable continued listing requirements.

(1) Notification

A Listed Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will:

(a) for an NV Issuer, remove the NV designation;

(b) suspend the Listed Issuer pending delisting in 90 days;

(c) assign the Listed Issuer to a different industry classification; or

(d) designate the Listed Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the Listed Issuer.

The policy intent of the 9-month period is to permit the Listed Issuer time to demonstrate that it is pursuing the business objectives as described in its Listing Statement and that its failure to meet a continued listing requirement is temporary. An Issuer that discloses, directly or indirectly, that it is not pursuing its stated business objectives or actively operating its described business acknowledges that it is inactive, and therefore the rationale for the 9-month period is not applicable. In such cases, the inactive designation may be applied by Exchange immediately, or at any time following the Exchange becoming aware of the disclosure.

(2) Restrictions

The following restrictions apply to any Listed Issuer that has been designated inactive and received such notice from the Exchange:

(a) an Inactive Issuer may not enter into a contract or agreement with any person for the provision of investor relations services.

(b) an Inactive Issuer is not eligible for confidential price protection as per Policy 6 section 6.2(4). An Inactive Issuer with an intention to complete a private placement must issue a news release.

(c) in addition to the procedures set out in Policy 6, any private placement proposed by an Inactive Issuer must be approved by the Exchange prior to closing.

(d) any additional requirements or restrictions as the Exchange determines appropriate.

(3) **Suspensions – Inactive Issuers**

Section 3.3(2) does not apply for suspended Inactive issuers or Listed Issuers suspended pursuant to section 3.5(1)(a). Such Listed Issuers will be delisted in 90 days unless an application is made to requalify for Listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. If the Listed Issuer's requalification application is approved, the Listed Issuer will not be delisted and for Inactive Issuers, the inactive designation will be removed upon the approval. If the Listed Issuer's requalification application is not approved, the Listed Issuer will be delisted at the later of the expiry of the 90-day suspension or the date of disapproval.

(4) **Removal of the Inactive Designation**

A Listed Issuer that has, pursuant to section 3.5(1), received notice or been designated as inactive, will be considered inactive until:

(a) there is evidence in the Listed Issuer's interim or audited financial statements, updated Listing Statement or other continuous disclosure document that confirms the Listed Issuer meets the continued listing requirements;

(b) the Listed Issuer requalifies for Listing pursuant to Policy 2 or Policy 8; or

(c) the Exchange is otherwise satisfied that the Listed issuer has met the continued Listing requirements.

POLICY 4

CORPORATE GOVERNANCE, SECURITY HOLDER APPROVALS AND MISCELLANEOUS PROVISIONS

4.1 Introduction

(1) Boards should be structured and their proceedings conducted in a way to encourage, reinforce, and demonstrate the Board's role as an independent and informed monitor of the conduct of the corporation's affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a Board is likely to exercise is powers and discharge its obligations in a manner that effectively advances corporate objectives.

(2) No single governance structure fits all publicly-held corporations, and there is considerable diversity of organizational styles. Each Listed Issuer should develop a governance structure that is appropriate to its nature and circumstances.

4.2 Corporate Governance

(1) The Board of every Listed Issuer is responsible for, among other things, the following matters:

(a) strategic planning;

(b) principal business risks and risk management;

(c) appointing, training and monitoring senior management;

(d) executive compensation;

(e) succession planning;

(f) communications policy; and

(g) internal control and management information systems.

(2) Canadian corporate law generally prescribes requirements related to the number or percentage of Outside Directors. Both Outside Directors and Unrelated Directors can bring a fresh perspective to issuers in addition to acting as an independent discipline on management. The Exchange considers that a requirement to have a specified number or percentage of Outside Directors or a specified number or percentage of Unrelated Directors may not be suitable for all Listed Issuers.

Smaller corporations frequently do not have the resources or the ability to attract talented individuals to serve as Outside Directors or Unrelated Directors. It may also be more important for small issuers to have on their Board individuals who have a prior familiarity with the issuer's business rather than those who can bring an independent perspective or discipline. For this reason the Exchange does not prescribe requirements dealing with Outside Directors or Unrelated Directors; however Listed Issuers must comply with applicable law. However, Listed Issuers are

encouraged to examine the appropriateness of including either or both Outside Directors or Unrelated Directors, on their Boards.

(3) Every Listed Issuer, as an integral element of the process for appointing new directors, should provide an orientation and education program or manual for new recruits to the Board.

(4) Every Board should examine its size and undertake where appropriate, to reduce or increase the number of directors to a number which facilitates more effective decision-making.

(5) The Board, together with the senior management, such as the chief executive officer or president, should develop written position descriptions for the Board chair, chairs of the Board's committees and for each member of senior management, involving the definition of the limits to management's responsibilities. In addition, the Board should approve or develop the corporate objectives which the senior management is responsible for achieving. The Board and the Board committees should have written charters that have been approved by the Board.

(6) Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the Board that must be Outside Directors.

(7) National Instrument 52-110 *Audit Committees* ("NI 52-110") establishes audit committee standards. Companion Policy to NI 52-110 ("52-110CP") provides additional guidelines to Listed Issuers.

(a) Part 2 of 52-110CP provides that the roles of an audit committee include:

(i) helping directors meet their responsibilities;

(ii) providing better communication between directors and external auditors;

(iii) enhancing the external auditor's independence;

(iv) increasing the credibility and objectivity of financial reports; and

(v) strengthening the role of the directors by facilitating in-depth discussions between directors, management and external auditors.

(b) NI 52-110 requires that the audit committee also be responsible for managing, on behalf of the shareholders, the relationship between the issuer and the external auditors. In particular, it provides that an audit committee must have responsibility for:

(i) overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or related work; and

(ii) recommending to the board of directors the nomination and compensation of the external auditors.

(8) Boards of Listed Issuers should adapt the responsibilities of their audit committees to their particular circumstances. No published set of practices can substitute for the active commitment to high standards by every party having responsibility for the corporate disclosure system.

(9) The Exchange strongly encourages Boards of Listed Issuers to select Independent Directors as members of audit committees, to limit membership to such directors whenever possible and that the chair of the audit committee should be an Independent Director.

(10) For reasons similar to those expressed in paragraph 4.2(2), the Exchange does not consider that it is appropriate to prescribe a higher threshold for Listed Issuers than that prescribed by corporate law or NI 52-110. However, the Exchange endorses the recommendations and guidelines of 52-110CP. Listed Issuers should consider that placing a greater number or higher percentage of Outside Directors or Unrelated Directors on the audit committee may function as an effective protection of shareholder interests.

(11) The Board should implement a system which enables an individual director to engage an outside adviser at the expense of the Listed Issuer in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.

(12) Although the Exchange does not prescribe corporate governance requirements, investors will expect that all Listed Issuers are subject to the requirements that generally apply to Canadian corporations unless informed otherwise. Therefore, non-corporate Listed Issuers and Listed Issuers incorporated in jurisdictions outside of Canada must state in their Listing Statement the nature and extent to which their governing law or constating documents differ materially from Canadian law with respect to the aspects of corporate governance described in this Policy.

(13) At each annual meeting of shareholders, the Board must:

(a) present the audited annual financial statements to the shareholders for review;

(b) permit the shareholders entitled to do so to vote on the appointment of an auditor; and

(c) permit the shareholders entitled to do so to vote on the election of directors.

(14) Each director of an NV Issuer must be individually elected by a majority (at least 50% +1 vote) of the votes cast with respect to their election other than at contested meetings ("Majority Voting Requirement"). An NV Issuer must adopt a majority voting policy (a "MV Policy"), unless it otherwise satisfies the Majority Voting Requirement in a manner acceptable to the Exchange, for example, by applicable statutes, articles, by-laws or other similar instruments.

The MV Policy must provide that:

(a) any director must immediately tender their resignation to the Board if they are not elected by at least a majority of the votes cast with respect to their election;

(b) the Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant meeting and the Board shall accept the resignation absent exceptional circumstances;

(c) the resignation will be effective when accepted by the Board;

(d) a director who tenders a resignation pursuant to the MV Policy will not participate in any meeting of the Board or any sub-committee of the Board at

which the resignation is considered; and

(e) the NV Issuer shall promptly issue a news release with the Board's decision. If the Board determines not to accept a resignation, the news release must fully state the reasons for that decision.

(15) If a Listed Issuer adopts a MV Policy to satisfy the Majority Voting Requirement, it must be described fully in materials sent to security holders in connection with a meeting at which directors are being elected and it must be made available on the Listed Issuer's website.

(16) NV Issuers that are majority controlled are exempted from the Majority Voting Requirement. NV Issuers with more than one class of listed voting securities may only rely on this exemption with respect to the majority-controlled class or classes of securities that vote together for the election of directors. An NV Issuer relying on this exemption must disclose, on an annual basis in its materials sent to holders of listed securities in connection with a meeting at which directors are being elected, its reliance on this exemption and its reasons for not adopting majority voting.

4.3 Directors and Officers

(1) The identity, history and experience of management, including officers and directors, is important information concerning a Listed Issuer.

(2) Every officer and director of a Listed Issuer is required to complete a PIF upon their appointment or election as an officer or director of a Listed Issuer.

(3) The Exchange may collect personal information about the current or proposed directors and officers of a Listed Issuer as the Exchange may require and, notwithstanding the qualification for Listing of its securities, a Listed Issuer may not appoint, and must remove or cause the resignation of, any director or officer which the Exchange determines is not suitable for the purpose of acting as a director or officer of a Listed Issuer, failing which the Exchange may immediately Disqualify the Listed Issuer's securities.

(4) Where a Listed Issuer has a Significant Connection to Alberta, the Exchange may refuse to accept any director, officer or insider, or revoke, amend or impose conditions in connection with acceptance of any such application until such time as the Listed Issuer has complied with a direction from the Exchange or the Exchange requirement to make application to the Alberta Securities Commission and to become a reporting issuer in Alberta.

(5) Management

(a) A Listed Issuer must have:

(i) a chief executive officer ("CEO");

(ii) a chief financial officer ("CFO"); and

(iii) a corporate secretary

(b) The CFO must be financially literate, as defined in NI 52-110, and have experience or knowledge of Canadian corporate governance laws and

reporting requirements.

(c) The CEO or CFO may also act as corporate secretary. No individual, except in unusual and temporary circumstances, may act as both CEO and CFO of a Listed Issuer.

(6) Collectively, a Listed Issuer's directors, officers and management must have adequate reporting issuer experience (including experience with and knowledge of Canadian corporate governance laws and reporting requirements), and experience and expertise relevant to the Listed Issuer's industry and the languages, customs and laws relevant to the Listed Issuer's operations in each of the jurisdictions in which the Listed Issuer operates.

(7) Duties of Officers and Directors

(a) Officers and directors of a Listed Issuer are responsible for ensuring that the Listed Issuer complies with applicable Exchange Requirements, corporate and securities laws.

(b) Each officer and director must act honestly and in good faith in the best interests of the Listed Issuer.

(c) Officers and directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(8) Further to 2A.1(2) Pursuit of Objectives and Milestones, a history of involvement with Listed Issuers that fail to pursue the business objectives disclosed in the Listing disclosure documents may lead the Exchange to object to a person acting as an officer or director of a Listed Issuer.

4.4 Guidance for Listed Issuers with Principal Business Operations or Operating Assets in Emerging Markets

A primary focus of the initial and continued Listing requirements of the Exchange is appropriate level of disclosure. While relevant to all Listed Issuers, the guidance contained in this section is primarily intended for EMIs.

(1) **Areas of Concern**

A Listed Issuer with a governance structure that is appropriate to its circumstances should have identified and addressed the areas of concern listed in the OSC EMI Guide. Listed Issuers are encouraged to review the OSC EMI Guide and assess their approach to specific risks and tailor both their governance practices and disclosure to address the OSC EMI Guide areas of concern that are pertinent to them.

(a) **Business and operating environment**

A Listed Issuer is required by securities law to describe its business and operations. Additionally, the Listing Statement must include, among other things, disclosure about the Listed Issuer's principal markets, competitive conditions in the principal markets and geographic areas in which it operates, and economic dependence on significant contracts.

(b) **Language and cultural differences**

In considering its responsibilities as described in s. 4.2(1), an EMI's Board should include members that have appropriate experience in each market in which the Listed Issuer conducts business. This will enable the Board to identify specific risks associated with each market so its governance oversight responsibilities will be met. It is noted that reliance on local management may not be appropriate without the provision for additional input from independent sources.

(c) **Corporate structure**

A corporate structure that addresses differing political, legal and cultural realities may be complex and difficult for investors to understand. The complexity of a corporate structure also creates additional risks associated with effective decision making and accurate reporting across the organization.

Disclosure about a Listed Issuer's corporate structure should:

(i) be clear and understandable;

(ii) explain why the structure is necessary; and

(iii) describe the risks associated with the structure and how those risks are managed.

Policy 2 – Qualifications for Listing specifically disqualifies special purpose entities and variable interest entities.

(d) **Related parties**

Disclosure requirements for related party transactions are prescribed in both accounting standards and securities law. Business, cultural and legal differences may result in increased risks, especially in cases where the interests of the controlling shareholders do not necessarily align with the interests or expectations of the minority shareholders. The Board should have appropriate policies and procedures for the evaluation of related party transactions.

(e) **Risk management and disclosure**

Risk disclosure is an important element of investor protection, and the Board should ensure that adequate disclosure is provided of the specific risks of operating in each market in which the Issuer operates. The Listing Statement requires full risk disclosure, as well as reasonable detail and a discussion of any trend, commitment, event or uncertainty that is both presently known and reasonably expected to have a material effect on the Issuer's business, financial condition, or results of operations.

(f) **Internal controls**

Appropriate internal controls will provide checks and balances to reduce the risks of inaccurate financial reporting. If there are concerns about the effectiveness of internal controls, or if material weaknesses have been identified, audit committee members should apply greater scrutiny in their

reviews. It is also advisable for Listed Issuers to disclose known material weaknesses in their risk disclosure if the weakness creates a risk for the company. Disclosure should be adequate for investors to assess the nature and implications of those weaknesses.

(g) **Use of and reliance on experts**

Industry professionals in emerging markets are not necessarily subject to rules of conduct equivalent to those in Canada. The Board should evaluate an expert's credentials and knowledge in the context of what would be acceptable in Canada. If an expert is retained to perform a service or function that could expose the listed company to a disruption in operations or significant liability, the Board should determine whether the level of diligence exercised by the expert is adequate. As part of the oversight role, the Board should ensure adequate disclosure of an expert's interests in the Listed Issuer.

(h) **Oversight of the external auditor**

The external auditor's competence, experience and qualifications in the foreign market should be considered by the audit committee. The audit committee should also evaluate the external auditor's approach in the areas that present risks specific to the Listed Issuer**.**

(2) The Role of the Exchange

The Exchange considers the guidance in this section to be consistent with existing disclosure requirements for all Listed Issuers. Each Listed Issuer is encouraged to closely adhere to the principles set out in the OSC EMI Guide to assist them in meeting their disclosure obligations under securities law and Exchange Requirements.

(3) Application of the Guidance

(a) **Original Listing**

The Listing Statement includes specific disclosure requirements concerning risk issues and specifically requires any risk factors material to the Listed Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described. For Listed Issuers with their principal business operations or operating assets in emerging markets, the OSC EMI Guide areas of concern should be addressed in the context of the guidance provided by OSC Staff.

(b) **Continued Listing**

All Listed Issuers are reminded that the OSC EMI Guide provides an excellent reference for any questions regarding continuous disclosure requirements, including disclosure in CSE filings. Notice of Proposed Issuance of Listed Securities, and Notice of Proposed Transaction, for example, each include questions that relate to one or more of the OSC EMI Guide areas of concern. A change related to any of these areas could be Material Information that requires immediate disclosure by news release.

4.5 Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets

(1) A Listed Issuer must demonstrate clear title or right to its assets or operations, and the receipt of the relevant licence or permit required to operate. At the time of Listing where applicable, the Listed Issuer must provide a title opinion or appropriate confirmation, and a legal opinion that the Listed Issuer has the required permits, licences or approvals to carry out its operations in each relevant jurisdiction.

(2) **Audit Committee**

In addition to the guidance in section 2.7 and requirements of NI 52-110, the majority of the members of a Listed Issuer's audit committee must be financially literate as defined in NI 52-110, subject to a minimum of three financially literate members.

Disclosure in the Listing Statement must include a summary of the steps taken in selecting an external auditor and the procedures in place to ensure the audit committee can effectively evaluate the audit process.

(3) **Risk Disclosure and Mitigation**

Disclosure in the Listing Statement must address and adequately explain the risks and the reasonable steps taken, consistent with the OSC EMI Guide, to mitigate these risks.

4.6 Security holder Approvals

(1) **General Requirements**

(a) Any Related Party of a Listed Issuer that has a material interest in a transaction that:

(i) differs from the interests of security holders generally, and

(ii) would Materially Affect Control of the Listed Issuer,

may not vote on any resolution to approve that transaction.

(b) Subject to 4.6(1)(a), any Exchange Requirement for securityholder approval may be satisfied by a written resolution signed by security holders of more than 50% of the securities having voting rights.

(c) Listed Issuers relying on s. 4.6(2)(b) will be required to issue a press release at least seven Trading Days in advance of the closing of the transaction, which shall disclose the material terms of the transaction and that the Listed Issuer has relied upon this provision.

(d) The securityholder approval requirements apply to transactions involving the issuance or potential issuance of listed Non-Voting Securities.

(e) Where a transaction will affect the rights of holders of different classes of securities, the securityholder approval requirements will apply on a class-by-class basis, provided that the Exchange may permit voting together as if a single class or series provided this complies with all applicable corporate and securities law and the issuer's constating documents.

(f) Where a transaction involves the issuance of Restricted Securities or Super-Voting Securities, the provisions of 2A.3(1) shall apply.

(g) Materials sent to security holders in connection with a vote for approval must contain information in sufficient detail to allow a security holder to make an informed decision. The Listed Issuer must file a draft of the information circular for Exchange review before it sends the information circular to security holders in respect of a transaction that requires Exchange review or approval.

(h) In addition to any specific requirement for security holder approval, the Exchange will generally require security holder approval if in the opinion of the Exchange the transaction would Materially Affect Control of the Listed Issuer.

(i) CSE may, in its discretion, require that security holder approval be given at a meeting at which holders of Restricted Securities are entitled to vote with the holders of any class of securities of the Listed Issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the Listed Issuer.

(2) **Sale of Securities**

(a) Subject to subsection 4.6(2)(b), security holders must approve a proposed securities offering (by way of prospectus or by private placement) if:

(i) the number of securities issuable in the offering (calculated on a fully diluted basis) is more than

1) 25% of the total number of securities or votes outstanding (calculated on a non-diluted basis) for an NV Issuer, or

2) for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) accompanied by a new Control Person or 100% of the total number of securities or votes outstanding;

(ii) the price is lower than the market price less the Maximum Permitted Discount, regardless of the number of shares to be issued;

(iii) the number of securities issuable to Related Persons of an NV Issuer in the offering, when added to the number of securities issued to such Related Persons of the NV Issuer in private placements or acquisitions in the preceding twelve months (in each case, calculated on a fully diluted basis), is more than 10% of the total number of securities or votes outstanding (calculated on a non-diluted basis), regardless of the price of the offering, or

(iv) the Listed Issuer or the Exchange otherwise determine that the transaction will Materially Affect Control of the Listed Issuer.

(b) Security holder approval of an offering may not be required if:

(i) the Listed Issuer is in serious financial difficulty;

(ii) the Listed Issuer has reached an agreement to complete the offering;

(iii) no Related Person of a Listed Issuer is participating in the offering; and

(iv) the

(1) audit committee, if comprised solely of Independent Directors, or

(2) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate,

have determined that the offering is in the best interests of the Listed Issuer, is reasonable in the circumstances and that it is not feasible to obtain security holder approval or complete a rights offering to existing security holders on the same terms.

(c) A Listed Issuer relying on the exception in subsection 4.6(2)(b) must issue a news release five days in advance of the security offering stating it will not hold a security holder vote and fully explaining how it qualifies for the exception.

(3) **Acquisitions and Dispositions**

(a) Securityholders must approve an acquisition if:

(i) a Related Person of an NV Issuer or a group of Related Persons of an NV Issuer has a 10% or greater interest in the assets to be acquired and the total number of securities issuable (calculated on a fully diluted basis) are more than 5% of the total number of securities or votes of the NV Issuer outstanding (calculated on a non-diluted basis); or

(ii) for Listed Issuers that are not investment funds, the total number of securities issuable, calculated on a fully diluted basis

(1) is more than 25% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) for an NV Issuer; or

(2) is more than 50% of the total number of securities or votes outstanding (calculated on a non-diluted basis) accompanied by a new Control Person or 100% of the total number of securities or votes outstanding for a Listed Issuer that is not an NV Issuer, or

(3) would, as determined by the Listed Issuer or the Exchange, Materially Affect Control of the Listed Issuer.

where,

(iii) the term "total number of securities issuable" includes securities issuable pursuant to:

1) the acquisition agreement;

2) any Security Based Compensation Arrangement of the target Entity assumed by the Listed Issuer, Awards issued by the Listed Issuer as a replacement for Awards issued by the target Entity, and Security Based Compensation Arrangements created for

employees of the target Entity as a result of the acquisition; and

(3) any concurrent private placement upon which the acquisition is contingent or otherwise linked.

(b) Security holders must approve a disposition of all or substantially all of the assets, business or undertaking of the Listed Issuer.

(c) A Listed Issuer that is an investment fund must comply with applicable securities law requirements.

(4) **Security Based Compensation Arrangements**

Security holders must approve the adoption of, or amendments to, a plan as described in Policy 6, s. 6.5.

(5) **Rights Offering**

(a) Subject to section 4.6(5)(b), security holder approval is required where securities offered by way of rights offering are offered at a price greater than the Maximum Permitted Discount to the market price.

(b) Security holder approval for a rights offering is not required where:

(i) the audit committee, if comprised solely of Independent Directors has, or

(ii) a majority of the Independent Directors in a vote in which only Independent Directors participate have,

determined that the rights offering, including the pricing thereof, is in the best interests of the Listed Issuer, and is reasonable in the circumstances.

(c) A Listed Issuer taking advantage of the exemption in s. 4.6(5)(b) must forthwith issue a news release stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

(6) **Shareholder Rights Plan**

Security holders must approve the adoption of or amendments to a plan as described in Policy 6, s. 6.9.

(7) **Related Party Transactions**

Any transaction subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) must comply with any requirements for formal valuations and minority security holder approval.

(8) **Consolidations**

Security holders must approve a consolidation of a listed security if

(a) the consolidation ratio is greater than 10 to 1; or

(b) when combined with any other consolidation in the previous 24 months that was not approved by shareholders, the consolidation ratio is greater than 10 to 1.

POLICY 5

TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS

5.1 Introduction

(1) The Exchange believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by Listed Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to Material Information about a Listed Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.

(2) Information dissemination sources such as SEDAR facilitate immediate, widespread and economical dissemination of Listed Issuer information. For this reason, the Exchange requires Listed Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Listed Issuer's size. The establishment of a comprehensive, publicly available disclosure base for every Listed Issuer is fundamental.

(3) To continue to qualify for Listing, every Listed Issuer must make high quality, timely and continuous disclosure of Material Information.

(4) This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. Listed Issuers must comply with all applicable requirements of securities law. In particular, mining Issuers must comply with the additional disclosure requirements of National Instrument 43-101- *Standards of Disclosure for Mineral Projects*. Oil and gas Issuers must comply with the additional disclosure requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. All Listed Issuers must comply with National Policy 51-201 – *Disclosure* Standards.

5.2 Disclosable Events

(1) Listed Issuers are required to make public disclosure of all Material Information.

(2) Listed Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, Listed Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material

way, an announcement should be made. A reasonable investor's investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the Listed Issuer's business and affairs. For example, changes in a Listed Issuer's issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor's investment decision.

(3) Actual or proposed Developments that require immediate disclosure include:

(a) changes in share ownership that may affect control of the Listed Issuer;

(b) changes in corporate structure, such as reorganizations, amalgamations, etc.;

(c) Take-Over Bids or issuer bids;

(d) major corporate acquisitions or dispositions;

(e) changes in capital structure;

(f) borrowing of a significant amount of funds;

(g) public or private sale of additional securities;

(h) development of new products and developments affecting the Listed Issuer's resources, technology, products or market;

(i) significant discoveries or exploration results, both positive and negative, by resource companies;

(j) entering into or loss of significant contracts;

(k) firm evidence of significant increases or decreases in near-term earnings prospects;

(l) changes in capital investment plans or corporate objectives;

(m) significant changes in management;

(n) significant litigation;

(o) major labour disputes or disputes with major contractors or suppliers;

(p) events of default under financing or other agreements; and

(q) any other Developments relating to the business and affairs of the Listed Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

(4) Disclosure is only required where a development is within the scope of Material Information. Announcements of a transaction or activity should be made when the decision to proceed by the Listed Issuer's Board, or by senior management (with the expectation of concurrence from the Board) has been made. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.

(5) Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this must be disclosed. Forecasts should not be provided on a selective basis to investors or others not involved in the management of the affairs

of the Listed Issuer. If disclosed, they should be publicly disclosed.

5.3 Consultation with the Market Regulator

(1) It is the responsibility of each Listed Issuer to determine what information is material in the context of the Listed Issuer's own affairs. The materiality of information varies from one Listed Issuer to another, and will be influenced by factors such as the Listed Issuer's profitability, assets, capitalization, and the nature of its operations. An event that is "significant" or major" in the context of a smaller Listed Issuer's business and affairs may not be material to a larger Listed Issuer.

(2) Given the element of judgment involved, Listed Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to Material Information.

Proposed transactions or events may be subject to additional requirements. Listed Issuers should review the Policies, and communicate with the Exchange regarding any questions.

5.4 Rumours and Unusual Trading Activity

(1) Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor or the trading price of the Listed Issuer's securities. It is impractical to expect a Listed Issuer's management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the Listed Issuer make a clarifying statement. A trading halt may be imposed pending release of a "no corporate developments" statement from the Listed Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed Material Information, the Market Regulator will require the Listed Issuer to make immediate disclosure of the relevant Material Information, and a trading halt may be imposed pending release and dissemination of that information.

5.5 Timing of Disclosure and Pre-Notification of the Market Regulator

(1) Subject to pre-notification of the Market Regulator, a Listed Issuer is required to disclose Material Information forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk that Persons with access to that information will act upon undisclosed information.

(2) The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the Listed Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading in the Listed Issuer's securities should be temporarily halted.

5.6 Dissemination

(1) A news release must be transmitted to the media by the quickest and widest disseminating method possible. To ensure that the entire financial community is aware of the news at the same time, a wire service (or combination of services) must be used that provides national and simultaneous coverage.

(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 Dealers; and

(c) dissemination to all relevant regulatory bodies.

(3) Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the Listed 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 suspension or Disqualification from Listing. In particular, The Exchange will not consider relieving a Listed Issuer from its obligation to disseminate news properly because of cost factors.

Listed Issuers must Post to the Exchange website all news releases immediately following dissemination.

5.7 No Selective Disclosure

(1) Disclosure of Material Information must not be made on a selective basis. The disclosure of Material Information should not occur except by means that ensure that all investors have equal access to the information. The Exchange recognizes that good governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the entity's business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than by widely disseminated press releases in accordance with this Policy, Listed Issuers may not, under any circumstances, communicate Material Information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the Listed Issuer's securities or funds that hold such securities.

(2) The Board of a Listed Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, investment dealers, analysts, and other external parties are aware of their and the Listed Issuer's obligations with respect to the disclosure of Material Information.

(3) Should Material Information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with this Policy, the Listed Issuer must immediately communicate with the Market Regulator and request a trading halt pending the widespread dissemination of the information.

5.8 Content of News Releases

(1) Announcements of Material Information must be factual and balanced. Unfavourable news must be disclosed as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow for informed investment decisions. Listed Issuers must communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

(2) All news releases must include the name of an officer or director of the Listed Issuer who is responsible for the announcement, together with the Issuer's telephone number. The Issuer may include additional contact information.

(3) Any Listed Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice.

5.9 Confidential Disclosure - When Information May be Kept Confidential

(1) Section 7 of National Instrument 51-102 *Continuous Disclosure Obligations* provides that where a reporting issuer reasonably believes that the public disclosure of a material change would be unduly detrimental to its interests or the material change consists of a decision to implement a change made by the reporting issuer's senior management who believe that confirmation of the decision by the Board is probable (and senior management has no reason to believe that any Person with knowledge of the material change has purchased or sold the reporting issuer's securities or traded a related derivative), the reporting issuer may file a report with the Securities Regulatory Authority disclosing a material change on a confidential basis.

(2) When a Listed issuer requests that information be kept confidential, the Listed Issuer must advise the Securities Regulatory Authority in writing within 10 days of filing if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the Material Change is generally disclosed. The Securities Regulatory Authority can require the Listed Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the reporting issuer resulting from disclosure.

(3) Listed Issuers should be guided by applicable securities law in determining whether a Material Change can be filed on a confidential basis with the Securities Regulatory Authority. Where a decision is made to file a confidential report with the Securities Regulatory Authority, the Market Regulator must be immediately notified of the Listed Issuer's decision to do so. The Market Regulator must be provided with a copy of all submissions to the Securities Regulatory Authority relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the Listed Issuer and the Securities Regulatory Authority relevant thereto, and any decision of the Securities Regulatory Authority with respect to the ability of the Issuer to make or continue confidential disclosure, or requiring the Issuer to make general disclosure.

5.10 Maintaining Confidentiality

(1) Where disclosure of Material Information is delayed, the Listed Issuer must maintain complete confidentiality. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the necessary course of business), the Listed Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before Material Information is disclosed, market activity in the Listed Issuer's securities should be closely monitored by the Listed Issuer. Any unusual market activity probably means that news of the matter is being disclosed and that certain Persons are taking advantage of it. In such case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the Issuer has made disclosure of the Material Information.

(2) At any time when Material Information is being withheld from the public, the Listed Issuer is under a duty to take precautions to keep such information completely confidential. Such information must not be disclosed to any of the Listed Issuer's officers, employees or advisers, except to those with a need to know in the normal course of business. The directors, officers and employees of a Listed Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

5.11 Insider Trading

(1) Listed Issuers should make Persons who have access to Material Information about the Listed Issuer aware that trading in securities of the Issuer or securities ultimately impacted by the Material Information with knowledge of Material Information that has not been generally disclosed or tipping such information is prohibited under applicable securities law, and may give rise to administrative, civil and criminal liability.

(2) In any situation where Material Information is being kept confidential, a Listed Issuer shall take every possible precaution to prevent trading by Persons in which use is made of such Material Information before it is generally disclosed.

(3) In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before Material Information has been generally disclosed, the Market Regulator may require that an immediate announcement be made disclosing such Material Information. The Market Regulator refers matters for enforcement to the appropriate Securities Regulatory Authority for enforcement action.

5.12 Trading Halts

(1) The Market Regulator will normally halt trading if:

(a) the Listed Issuer requests a halt, during trading hours, to allow for the dissemination of Material Information - the Market Regulator must be advised of the Material Information and halt request as soon as possible by phone so that the Market Regulator may determine whether a trading halt is warranted pending the filing and dissemination of the news release;

(b) rumours are circulating in the marketplace that might influence or change a reasonable investor's investment decision;

(c) unusual trading activity suggests that Material Information is selectively available - the Market Regulator may require that the Listed Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;

(d) the Listed Issuer is not in compliance with the terms of its Listing Agreement or any Exchange Requirement or applicable securities law;

(e) the Listed Issuer has issued an inaccurate, inadequate or misleading news release or the Issuer has issued a news release but has not requested a halt pending public dissemination of the news, and the market reacts sharply; or

(f) circumstances exist which, in the opinion of the Exchange or the Market Regulator, could adversely affect the public interest or the integrity of the market.

(2) Where rumours or unusual trading activity are not based on undisclosed Material Information, the Market Regulator may halt quotation and trading pending the release and dissemination of a "no corporate developments" statement. When the rumours or unusual trading activity are based on whole or in part on undisclosed Material Information, the Market Regulator may halt trading and quotation pending the release of the Material Information.

(3) The Market Regulator, upon consultation with the Listed Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.

(4) A Listed Issuer may request a halt in quotation and trading of its securities pending public disclosure of Material Information concerning the Issuer.

(5) In the event a Listed Issuer requests a halt in quotation and trading of its securities, the Listed Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:

(a) disclosing the Material Information; or

(b) advising that the halt is at the request of the Listed Issuer and that public disclosure is pending.

In the case of (a), the halt shall be lifted after dissemination of the news release.

In the case of (b), the halt shall continue unless the Exchange or the Market Regulator determines resumption of quotation and trading is in the public interest.

(6) It is not appropriate for a Listed Issuer to request a halt if an announcement of Material Information is not going to be made forthwith.

(7) A Listed Issuer may request a halt if Material Information is to be kept confidential and disclosure delayed temporarily.

(8) Throughout the period during which a Listed Issuer's securities are halted, Dealers shall not quote or trade the securities of the Issuer on any marketplace or over-the-counter as principal or agent.

5.13 Documents Required to be Posted

(1) Subject to section 5.13(2), every Listed Issuer must Post the following documents (unless the disclosure contained therein is Posted in a CNSX Form):

(a) every document required by the Policies;

(b) every document required to be:

(i) filed with any Securities Regulatory Authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or

(ii) delivered to security holders; or

(iii) filed on SEDAR,

and such documents must be Posted concurrently or as soon as practicable following the filing or the delivery;

(c) an annually-updated management discussion and analysis to be Posted concurrently with the audited financial statements for Listed Issuers that are not exempt from the requirement to provide management discussion and analysis;

(d) a Quarterly Listing Statement (current as of the last day of the relevant quarter, to be Posted concurrently with a Listed Issuer's unaudited interim financial statement required under applicable securities law, and for an NV Issuer no later than 45 days from the last day of the relevant quarter;

(e) if the Listed Issuer is not an NV Issuer, a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be Posted before the opening of trading on the fifth Trading Day of the following month; and

(f) an Annual Listing Statement completed to reflect all changes to information appearing in the previously Posted Listing Statement or Annual Listing Statement to be Posted concurrently with the Listed Issuer's audited annual financial statements, or for an NV Issuer, a Form 51-102F2 *Annual Information Form* no later than 90 days from the NV Issuer's financial year end.

(2) In respect of every debt security listed on the Exchange, the Listed Issuer must Post the following documents (unless the disclosure contained therein is Posted in an Exchange-specific Form):

(a) every document required to be:

(i) filed with any Securities Regulatory Authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or

(ii) delivered to security holders of the Issuer; or

(iii) filed on SEDAR,

and such documents must be Posted concurrently or as soon as practicable following the filing or the delivery; and

(b) an Annual Listing Statement completed to reflect all changes to information

appearing in the previously Posted Listing Statement or Annual Listing Statement to be Posted concurrently with the Listed Issuer's audited annual financial statements, or for an NV Issuer, a Form 51-102F2 *Annual Information Form* no later than 90 days from the NV Issuer's financial year end.

5.14 Continuous Disclosure Obligations

(1) General:

(a) a Listed Issuer shall disclose to the public as soon as reasonably practicable any information relating to the Listed Issuer or any of its subsidiaries that has come to the knowledge of the Listed Issuer, if the information

(i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,

(ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or

(iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.

(b) paragraph (a) does not apply to information that

(i) affects the market or a sector of the market generally, and

(ii) has already been made available to the investing public.

POLICY 6

DISTRIBUTIONS & CORPORATE FINANCE

6.1 General

(1) Listed Issuers must comply with this Policy for any distribution of listed securities or any distribution of a security that is exchangeable, exercisable or convertible into a listed security. The specific requirements that apply depend on the nature of the agreement giving rise to the distribution.

(2) Policy 5 recognizes that certain circumstances exist where a Listed Issuer may keep Material Information confidential for a limited period of time if general disclosure would be unduly detrimental to the company.

Listed Issuers must not set option exercise prices or prices at which shares may be issued that do not reflect information known to management that has not been disclosed. Exceptions are where the share option or issuance relates directly to the undisclosed event and the grantee or recipient of the shares is not an employee or insider of the Listed Issuer at the time of grant or issue (e.g., an issuance of shares in payment for an acquisition, or a grant of options to an employee of the company to be acquired as an incentive to continue employment with the Listed Issuer).

(3) Requirements for stock splits and consolidations are detailed in Policy 9. Distributions that result in or could result in a Change of Business or a Change of Control may be subject to Policy 8. Non-arm's length distributions may also be subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* in addition to the requirements of this Policy.

(4) Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) for exempt distributions including rights offerings and National Instrument 45-102 *Resale of Securities* (45-102) for restrictions on resale of securities.

(a) In addition to any applicable resale restrictions under securities law, securities issued under the prospectus exemption in section 2.24 of NI 45-106 (Employee, executive officer, director and consultant) must be subject to a hold period of 4 months commencing on the date of distribution of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.

(b) In determining whether the hold period will be required, the Exchange will consider such things as the relationship between the Listed Issuer and the Person receiving securities, the price per security, number of securities to be issued, the value of the transaction, and any other factors the Exchange considers relevant to the decision.

(c) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, or lack thereof, on the securities to be

issued.

(5) As an issuance or potential issuance of securities constitutes Material Information, the Listed Issuer must comply with Policy 5 in addition to the requirements of this Policy.

(6) All treasury and reservation orders must contain the information set out in Policy 2 s. 2.12, and copies must be provided to the Exchange within 5 business days of each issuance of shares.

6.2 Private Placements

(1) The Exchange defines "private placement" as a prospectus-exempt distribution of securities for cash or in consideration for forgiveness of *bona fide* debt. Private placements are subject to the securityholder approval requirements in Policy 4.

(2) Price

(a) Listed Issuers may not make a private placement at a price per security lower than the greater of $0.05, and the closing market price of the security on the Exchange on the Trading Day prior to the earlier of: (i) the dissemination of a news release disclosing the private placement and Posting of a notice of the proposed private placement, or (ii) a request for confidential price protection pursuant to 6.2(4), less a discount which shall not exceed the Maximum Permitted Discount set forth below:

Closing Price	Maximum Permitted Discount
Up to $0.50	25% (subject to a minimum price of $0.05)
$0.51 to $2.00	20%
Above $2.00	15%

(b) The closing price is to be adjusted to reflect stock splits or consolidations and may not be influenced by the Listed Issuer, any officer or director of the issuer or any Person with knowledge of the private placement.

(c) Notwithstanding s. 6.2(2)(a), a Listed Issuer may complete a private placement at a price lower than $0.05 provided that:

(i) The price must not be lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange, which for the purposes of shareholder approval in 4.6(2)(a)(ii) will be considered to be the Market Price less the Maximum Permitted Discount); and

(ii) The proceeds are to be used for working capital or *bona fide* debt settlement, excluding accrued salaries to officers or directors of the Listed Issuer and payment for Investor Relations Activities; and

(iii) The information required by 6.2(4) is provided to the Exchange and the price is approved by the Exchange in advance of closing.

(d) The Exchange, at its discretion, may accept or require an alternate price such

as a multi-day volume-weighted-average-price in place of a closing price.

(e) An Issuer relying on a closing price established pursuant to 6.2(2)(ii) may rely on that price for a period of no longer than 45 days.

(3) If debt is to be exchanged for shares, the purchase price is to be determined by the face amount of the debt divided by the number of shares to be issued. If the private placement consists of special warrants, the price per share is to be determined based on the total number of shares that may be issued under the private placement assuming any penalty provisions are triggered. If the private placement involves securities exercisable or convertible into a listed security, also refer to section 7 in addition to this section.

(4) Other than an Inactive Issuer, a Listed Issuer with a *bona fide* intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange unless securityholder or Exchange approval is required, or the Exchange has otherwise consented to an extension. An Inactive Issuer may not close a financing without prior Exchange approval. The request must be submitted via email to PriceProtection@thecse.com and must include the following:

(a) Listed Issuer name and trading symbol;

(b) the level of intended or anticipated insider participation, including whether the proposed issuance will result in a new insider or control position, or Materially Affect Control, and the basis of the issuer's determination including the information upon which it is based;

(c) any undisclosed Material Information about the Listed Issuer, other than the transaction or transactions for which price protection has been requested

(d) the intended total value and use of proceeds;

(e) the structure of the financing, including type and issue price of securities and the exercise price of any securities convertible into listed securities.

(f) any significant information not included above that may be relevant, including but not limited to, any upcoming shareholders meeting for which a Record Date has been or is shortly expected to be determined, any pending mergers, acquisitions, Take-Over Bids, changes to capital structure or other significant transactions, and any details regarding potential dissident shareholders and/or proxy contests.

(5) Subject to the Timely Disclosure requirements of Policy 5, a Listed Issuer, including a Listed Issuer that has requested price protection pursuant to section 6.2(4), must announce an intention to complete a private placement at least 5 Business Days prior to closing, and immediately following the announcement Post notice of the proposed private placement (Notice of Proposed Issuance of Listed Securities).

(6) Upon closing of the proposed private placement the Listed Issuer must Post:

(a) an amended Notice of Proposed Issuance of Listed Securities, if applicable,

and

(b) a signed Certificate of Compliance.

(7) Forthwith upon closing, the Listed Issuer must submit:

(a) a letter from the Listed Issuer confirming receipt of proceeds;

(b) an opinion of counsel that the securities issued in connection with the private placement (including any underlying securities, if applicable) have been duly issued and are outstanding as fully paid and non-assessable (as applicable); and

(c) a copy of final Notice of Proposed Issuance of Listed Securities, with an appendix containing the information set out in Table 1B of the Notice of Proposed Issuance of Listed Securities for all placees in the financing.

6.3 Acquisitions

(1) Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately Post notice of the proposed acquisition (Notice of Proposed Issuance of Listed Securities). Management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request. Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.

(a) Shares must be issued at a price that does not exceed the Maximum Permitted Discount under section 6.2(1).

(b) Where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply.

(c) Acquisitions are subject to the security holder approval requirements in Policy 4.

(d) A Listed Issuer must, at least 5 Business Days prior to closing,

(i) announce the intention to complete the acquisition.

(ii) provide notice to the Exchange and Post a Notice of Proposed Issuance of Listed Securities.

(e) If the Exchange has not objected to the acquisition within the five business day period, the Listed Issuer may proceed to close the acquisition

(2) Forthwith upon closing, a Listed Issuer must Post the following documents:

(a) an amended Notice of Proposed Issuance of Listed Securities, if applicable.

(b) a signed Certificate of Compliance

(3) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with:

(a) a letter from the Listed Issuer confirming closing of the acquisition and receipt of the assets, transfer of title to the assets or other evidence of receipt of consideration for the issuance of the securities, and

(b) an opinion of counsel that the securities issued in connection with the acquisition (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

(c) a copy of final Notice of Proposed Issuance of Listed Securities, with an appendix containing the information set out in Table 1B of the Notice of Proposed Issuance of Listed Securities.

6.4 Prospectus Offerings

(1) A Listed Issuer proposing to issue securities pursuant to a prospectus must disseminate a press release and file Notice of Prospectus Offering forthwith upon filing the preliminary prospectus or earlier for a bought deal.

(2) The Listed Issuer must Post the following documents concurrently with their filing on SEDAR:

(a) a copy of the preliminary prospectus;

(b) a copy of the receipt for the preliminary prospectus issued by the applicable Securities Regulatory Authority;

(c) a copy of the final prospectus; and

(d) a copy of the receipt for the final prospectus issued by the Securities Regulatory Authority.

The Listed Issuer may Post any other information or documentation relating to the proposed prospectus offering that the Listed Issuer considers relevant or of interest to investors.

(3) Prior to closing of the prospectus offering and the issuance of any securities pursuant thereto the Listed Issuer must Post the following documents:

(a) an amended Notice of Prospectus Offering, if applicable;

(b) a copy of the final prospectus (if not already Posted);

(c) a copy of the receipt for the final prospectus issued by the applicable Securities Regulatory Authority (if not already Posted); and

(d) a signed Certificate of Compliance

(4) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the offering (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

6.5 Security Based Compensation Arrangements

(1) This section sets out the Exchange Requirements respecting Security Based Compensation Arrangements, including Stock Options (other than overallotment options to an underwriter in a prospectus offering or options to increase the size of the distribution prior to closing) which are used as incentives or compensation mechanisms for employees, directors, officers, consultants and other Persons who provide services for Listed Issuers.

(2) A Security Based Compensation Arrangement must state a maximum number of securities issuable as a fixed number or percentage of the issued and outstanding shares of the same class of securities.

(3) A Listed Issuer must not grant Stock Options or Awards with an exercise price lower than the greater of $0.05, and the closing market prices of the underlying securities on

(a) the Trading Day prior to the date of grant of the Stock Options; and

(b) the date of grant of the Stock Options.

(4) Within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards. Evergreen plans contain provisions so that the Awards replenish upon the exercise of options or other entitlements, and such provisions must be properly disclosed and approved by security holders. Security holders must pass a resolution specifically approving unallocated entitlements under the evergreen plan. Security holder approval relating to other types of amendments to an evergreen plan must not be accepted as implicit approval to continue granting Awards under an evergreen plan. In addition, the resolution should include the next date by which the Listed Issuer must seek security holder approval, such date being no later than three years from the date such resolution was approved. If security holder approval is not obtained within three years of either the institution of an evergreen plan or subsequent approval, as the case may be, all unallocated entitlements must be cancelled and the Listed Issuer must not be permitted to grant further entitlements under the evergreen plan, until such time as security holder approval is obtained. However, all allocated Awards under an evergreen plan, such as options that have been granted but not yet exercised, can continue unaffected. If security holders fail to approve the resolution for the renewal of a plan, the Listed Issuer must forthwith stop granting Awards under such plan, even if such renewal approval was sought prior to the end of the three-year period.

(5) A Listed Issuer must Post the notice of a Grant or Award in a Notice of Proposed Stock Options, amended to reflect the type of Grant or Award, immediately following each Grant or Award by the Listed Issuer.

(6) Upon the first Grant under a Security Based Compensation Arrangement, or following an amendment to a Security Based Compensation Arrangement, the Listed Issuer must provide the Exchange with:

(a) an opinion of counsel that all the securities issuable under the Security Based Compensation Arrangement will be duly issued and be outstanding as fully paid and non- assessable shares (“Opinion”). For Grants outside of a plan, the Opinion must be provided with each Grant;

(i) a copy of the Security Based Compensation Arrangement; and

(ii) if the Security Based Compensation Arrangement provides for the issuance of greater than 5% of the issued and outstanding shares at the time of adoption as applying to an individual, or 10% in total in the next 12 months, evidence of shareholder approval of the Security Based Compensation Arrangement and confirmation that it was adopted by the majority of shareholders other than those excluded by law, Exchange Requirements, or the Listed Issuer constating documents.

(7) The terms of a Stock Option or Award may not be amended once issued. If a Stock Option or Award is cancelled prior to its expiry date, the Listed Issuer shall not grant new Stock Options or Awards to the same Person until 30 days have elapsed from the date of cancellation.

(8) The Listed Issuer must include notice of exercise or cancellation during any month in the Monthly Progress Report.

6.6 Rights Offerings

(1) **General Requirements**

A Listed Issuer intending to complete a rights offering must inform the Exchange in advance and provide the following documents (in addition to any other documents that may be required by applicable securities law):

(a) a copy of the final version of the rights offering circular in Form 45-106F15 *Rights Offering Circular for Reporting Issuers; and*;

(b) a written statement as to the intended mailing date for the rights offering notice and rights certificates to the shareholders. The mailing date should be as soon as possible after the Record Date.

(2) Prior to the Record Date, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the rights offering (including any underlying securities, if applicable) will be duly issued and outstanding as fully paid and non-assessable shares.

(3) **Listing of Rights**

(a) Rights may be qualified for Listing if the rights entitle the holders to purchase securities that are qualified for Listing. Rights which do not fall into this category will normally not be listed unless such other issuer and its securities are qualified for Listing on the Exchange.

(b) Rights are listed on the first Trading Day preceding the Record Date. At the same time, the shares of the Listed Issuer commence trading on an ex-rights basis, which means that purchasers of the Listed Issuer's securities are not entitled to receive the rights.

(c) Quotation and trading in rights for normal settlement ceases prior to the opening on the second Trading Day preceding the expiry date. Quotation and trading of

rights ceases at 12:00 noon on the expiry date.

(4) **Other Requirements Respecting Rights**

(a) Rights must be transferable.

(b) Once the rights have been listed on the Exchange, the essential terms of the rights offering, such as the exercise price or the expiry date, may not be amended.

(c) Shareholders must receive at least one right for each share held.

(d) The rights offering must be unconditional.

(5) **Report of Results of Rights Offering**

As soon as possible after the expiry of the rights offering, the Listed Issuer must do the following:

(a) Post a letter stating the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement; and

(b) disseminate a news release setting out the results of the rights offering and confirming the closing of the offering.

6.7 Options, Warrants and Convertible Securities Other Than Incentive Options or Rights

(1) **Issue Price and Exercise Price**

(a) Subject to a minimum of $0.05, listed securities issuable on conversion of an option, warrant or other convertible security other than an incentive option or right (collectively, "convertible securities") may not be issued at a price (including the purchase price of the convertible) lower than the closing market price of the listed security on the Exchange on the Trading Day prior to the earlier of dissemination of a news release disclosing the issuance of the convertible security or the Posting of notice of the proposed issuance of the convertible security. For example, if the closing price of the Common Shares of a Listed Issuer was $0.50 and a warrant was sold at $0.05, the exercise price of the warrant could not be less than $0.45. If a convertible preferred share were issued at $1.00, it could not be convertible into more than 2 Common Shares.

(b) Warrants may be attached to or issued concurrently with other securities as a bonus or additional incentive. Warrants may not otherwise be issued for nil. For warrants issued with a purchase price less than $0.05, that warrant purchase price plus the exercise price:

(i) must be no lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange; and

(ii) be paid in cash.

(c) The conversion price for convertible debentures may be established at the time of issuance as a fixed price in accordance with s6.7(1)(a), or at the market price at the time of conversion, determined by the most recent closing price of the underlying security on the day of conversion.

(2) **Restrictions**

(a) If warrants are issued in connection with a private placement of the listed securities, the total number of listed securities issuable under the terms of the warrants cannot be greater than the number of listed securities initially purchased in the private placement.

(b) In all other respects, the provisions of this Policy apply to the issuance of convertibles. Please refer to section 6.2 for further requirements for private placements of convertibles, section 3 for issuances of convertibles in connection with an acquisition and section 4 for prospectus offerings.

(c) The maximum term permitted for warrants and convertible securities is 5 years from the date of issuance.

(3) **Amendments**

Except as provided for in this section 6.7(3), Listed Issuers must not change, modify or amend the characteristics of outstanding warrants or other convertible securities other than pursuant to standard anti-dilution terms. For greater certainty, the fact that a convertible security will expire out of the money is not an "exceptional circumstance."

A Listed Issuer may amend the terms of private placement warrants (not including warrants issued to an agent as compensation) if:

(a) the warrants are not listed for trading;

(b) the exercise price is higher than the current market price of the underlying security;

(c) no warrants have been exercised in the last six months; and

(d) at least 10 Trading Days remain before the expiry date.

(4) The amendment of warrant terms must be disclosed in a press release no later than one day prior to the effective date of the amendment, and a notice Posted to the Exchange website immediately thereafter (Amendment to Warrant Terms). For any amendment, the press release must disclose the old warrant term and the new warrant term so that investors can fully understand the change.

(5) **Warrant Extension**

The term of a warrant may not be extended more than 5 years from the date of issuance.

(6) **Warrant Repricing**

A Listed Issuer may amend the exercise price of warrants if:

(a) the warrants were priced above the market price of the underlying security at the time of issuance and the amended price is also at or above that price;

(b) the amended price is at or above the average closing price, or the midpoint between the closing bid and ask on days with no trades, of the underlying shares for the most recent 20 Trading Days;

(c) the price has not previously been amended; and,

(d) the amended exercise price is higher than the exercise price at the time of issuance and all Warrant holders consent to the amended price.

(7) A Listed Issuer may amend the exercise price to a price below the market price of the underlying security at the time of issuance provided that:

(a) if, following the amendment, for any 10 consecutive Trading Days the closing price of the listed shares exceeds the amended exercise price by the applicable private placement discount, the term of the warrants must also be amended to 30 days. The amended term must be announced by press release and Amendment to Warrant Terms and the 30-day period will commence 7 days from the end of the 10-day period;

(b) consent is obtained from all holders of the warrants; and

(c) the price has not previously been amended.

(8) For any repricing of warrants permitted by section 6.7, a maximum of 10% of the total number of warrants being repriced may be repriced for insiders holding warrants. If insiders hold more than 10%, then the 10% allowed will be allocated *pro rata* among those insiders.

(9) Listed Issuers must obtain appropriate corporate approvals prior to any change, modification or amendment of outstanding warrants or other convertible securities (including non-listed securities). The amendment of the terms of a warrant (or other security) may be considered to be the distribution of a new security under securities laws and required exemptions from legislative requirements. Furthermore, the amendment of the terms of a security held by an insider or a related party may be considered to be a related party transaction under MI 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and require exemptions from provisions of that rule. Issuers should consult legal counsel before amending the terms of a security.

6.8 Control Block Distributions (Sale from a Control Position)

(1) A Control Block Holder (in this section, "Seller") wishing to distribute securities of a Listed Issuer through a Dealer and the Exchange shall Post a copy of the Form 45-102F1 *Notice of Intention to Distribute Securities* at least seven days prior to the first trade of the distribution.

(2) The Listed Issuer and the Dealer acting on behalf of the Seller shall be responsible for ensuring the Control Block Holder complies with the provisions of this Policy, failing

which the Exchange or the Market Regulator may halt for trading, or the Exchange may suspend or Disqualify, the securities of the Listed Issuer. The Dealer and Seller should review the requirements in Part 2 of National Instrument 45-102 *Resale of Securities.*

(3) The Seller must notify the Exchange of the Dealer that will act on their behalf, and the Dealer must confirm its appointment to the Exchange prior to the first trade of the distribution.

(4) The Seller must file with the Exchange a report of each sale within three days of the trade and such report shall contain substantially the same information as an insider report to be filed in accordance with securities law. The Dealer must file with the Exchange, within 5 Trading Days following the end of each month, a summary of the number of shares sold during the month and a confirmation when all shares have been sold.

(5) Restriction on Control Block Sales

(a) Private Agreements – A Dealer is not permitted to participate in sales from control by private agreement transactions.

(b) Normal Course Issuer Bids -- If securities are the subject of a sale from a control position and a Normal Course Issuer Bid in accordance with s. 6.10(3), the sale from control and the NCIB will be permitted on the condition that:

(i) The Dealer acting for the Listed Issuer confirms to the Exchange it will not bid for securities on behalf of the Listed Issuer at a time when the securities are being offered by the Seller;

(ii) the Dealer acting for the Seller confirms in writing to the Exchange that it will not offer securities on behalf of the Seller at a time when securities are being bid for under the NCIB; and

(iii) transaction in which the Listed Issuer is on one side and the Seller on the other are not permitted.

(c) Price Guarantee – The price at which sales are to be made cannot be established or guaranteed prior to the seventh day after Posting the Form 45-102F1.

(d) Crosses – A Dealer may distribute the whole of a control block sale to a client by way of a cross, subject to UMIR.

6.9 Shareholder Rights Plans

This section applies to any shareholder rights plan, commonly referred to as a “poison pill”, that is adopted by a Listed Issuer. Such plans are subject to review by the applicable Securities Regulatory Authorities pursuant to National Policy 62-202 *Take-Over Bids – Defensive Tactics*.

(1) A Listed Issuer must Post the following documentation as soon as practicable after issuing a news release announcing the plan:

(a) a Notice of Shareholder Rights Plan; and

(b) a copy of the shareholder rights plan, unless already filed on SEDAR.

(2) A shareholder rights plan may not exempt any securityholders from the operation of the plan, except that, where minority shareholder approval is obtained, a shareholder rights plan may provide exemptions to grandfather existing securityholders.

(3) A plan may not have a triggering threshold of less than 20% unless shareholder approval is obtained.

(4) Securityholders must ratify the plan no later than six months following the adoption of any material amendment to the plan. If securityholder ratification is not obtained within this time period, the plan must be cancelled.

(5) The Listed Issuer must issue a news release immediately upon the occurrence of any event causing the rights to separate from the Listed Security.

6.10 Takeover Bids and Issuer Bids

(1) Takeover Bids

(a) A Listed Issuer undertaking a Take-Over Bid must provide documentation in the manner described below:

(i) Post Notice of Take-Over Bid within one Trading Day following announcement of the bid;

(ii) Post a copy of the Take-Over Bid circular, unless already filed on SEDAR; and

(iii) as soon as practicable, provide an opinion of counsel that any securities to be issued (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).

(b) If the Listed Issuer is offering a new class of securities as payment under the bid and wants to list those securities, the provisions of section 2A.3 (Restricted Securities) may apply.

(c) As an acquisition, a Take-Over Bid may be subject to the approval requirements as set out in section 4.6(3).

(d) Within five days of end of the month in which the Take-Over Bid closed, the Listed Issuer will file a final Notice of Take-Over Bid.

(2) Issuer Bids

A Listed Issuer undertaking a formal issuer bid for a class of listed securities must:

(a) Post a Notice of Formal Issuer Bid within one Trading Day following announcement of the bid; and

(b) Post a copy of the issuer bid circular required by applicable Canadian securities law as soon as practicable.

(c) For a Listed Issuer undertaking a formal issuer bid for a class of Listed Securities, include the Cancellation of Securities in the Monthly Progress Report.

(3) Normal Course Issuer Bids

(a) Sections 6.10(3)(c) through 6.10(5)(e) apply to:

(i) all Normal Course Issuer Bids by Listed Issuers; and

(ii) all purchases of Listed Securities by a trustee or other agent for a pension, stock purchase, Stock Option, dividend reinvestment or other plan in which employees or securities holders of a Listed Issuer may participate if:

(A) the trustee or agent is an employee, director, associate or affiliate of the Listed Issuer, or

(B) the Listed Issuer directly or indirectly controls the time, price, amount or manner of purchases or directly or indirectly influences the choice of the Dealer through which purchases are made.

(b) A Listed Issuer must not announce a Normal Course Issuer Bid or file any documentation in connection with a Normal Course Issuer Bid, if it does not have a present intention to purchase securities.

(c) The maximum number of securities to be purchased under a Normal Course Issuer Bid cannot be a number that would make that class of securities ineligible for continued Listing on the Exchange, assuming all the securities are purchased.

(d) A Listed Issuer intending to make a Normal Course Issuer Bid for a class of Listed Securities must file a draft Notice of Normal Course Issuer Bid, which states the number of securities that the listed issuer's board of directors has determined may be acquired under the bid, seven Trading Days prior to issuing a news release announcing the details of the bid and of any bid in the previous 12 month period (including the maximum number of securities that the Listed Issuer sought and obtained approval to purchase and the number purchased and the manner in which they were purchased); the final Notice of Normal Course Issuer Bid must be filed when the news release is disseminated.

(e) A Normal Course Issuer Bid expires on the earlier of:

(i) one year from the date purchases are permitted pursuant to section 6.10(5)(a);

(ii) any earlier date specified in the Notice of Normal Course Issuer Bid**;** and

(iii) if the Listed Issuer is an NV Issuer, the date on which the Listed Issuer ceases to be an NV Issuer.

(f) The maximum number of securities that can be purchased under the bid must be adjusted for stock splits, stock dividends and stock consolidations. The Listed Issuer must file an amended Notice of Normal Course Issuer Bid reflecting the adjustment at the same time as it files the documentation required for the subdivision or consolidation.

(g) If:

(i) the original Notice of Normal Course Issuer Bid specified purchases of less than the maximum number permitted under the definition of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public

Float or 5% of the outstanding securities as of the date of the Posting of the initial Notice of Normal Course Issuer Bid; and

(ii) the number of securities outstanding of the class that is the subject of the Normal Course Issuer Bid has increased by more than 25% from the date of Posting of the initial Notice of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the amended Notice of Normal Course Issuer Bid.

(h) A Listed Issuer must Post an amended Notice of Normal Course Issuer Bid in the event of any material change in the information in the current Notice of Normal Course Issuer Bid**,** as soon as practicable, following the material change.

(i) A Listed Issuer must issue a news release prior to or concurrently with the Posting of an amended Notice of Normal Course Issuer Bid containing full details of the amendment.

(j) Within 10 days of the end of each calendar month, the Listed Issuer, trustee or agent must deliver to the Exchange a completed Report of Purchase Normal Course Issuer Bid indicating the number of securities purchased in the previous month (on the Exchange or otherwise), including the volume weighted average price paid.

(4) Normal Course Issuer Bids – Restrictions on Purchases

(a) A Listed Issuer, trustee or agent must appoint one (and only one) Dealer at any one time to make purchases under the bid. The Listed Issuer must notify the Market Regulator and the Exchange of the name of the Dealer and the registered representative responsible for the bid. To assist the Exchange in its surveillance function, the Listed Issuer is required to provide written notice to the Exchange before it intends to change its purchasing Dealer. The purchasing Dealer shall be provided with a copy of Notice of Normal Course Issuer Bid and be instructed to make purchases in accordance with the provisions herein and the terms of such notice.

(b) Normal Course Issuer Bid purchases may not be made by intentional crosses, prearranged trades or private agreements, except for purchases under the block purchase exemption in subsection 6.10(5)(f)**.**

(c) If a Normal Course Issuer Bid is outstanding at the time a sale from a Control Person (as referred to in Part 2 of National Instrument 45-102 *Resale of Securities*) is underway, the Dealer making purchases under the bid must ensure that it is not bidding for securities at the same time securities are offered under the sale from control.

(d) A Listed Issuer must not purchase securities under a Normal Course Issuer Bid while a non-exempt issuer bid for the same securities is outstanding. This restriction does not apply to a trustee or agent making purchases for a plan in which employees, or security holders, participate.

(e) If a Listed Issuer has a securities exchange Take-Over Bid outstanding at the same time as a Normal Course Issuer Bid is outstanding for the offered securities, the Listed Issuer may only make purchases under the Normal Course Issuer Bid permitted by OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions*.

(f) A Listed Issuer, trustee or agent may not make any purchases under a Normal Course Issuer Bid while in possession of any Material Information that has not been generally disclosed.

(g) Failure of a Dealer making purchases pursuant to a Normal Course Issuer Bid to comply with any requirement herein may result in the suspension of the bid.

(5) Normal Course Issuer Bids – Limits on Price and Volume

(a) Normal Course Issuer Bid purchases may not begin until two Trading Days after the later of:

(i) the Posting of a final Notice of Normal Course Issuer Bid or final amended Notice of Normal Course Issuer Bid in connection with the bid; and

(ii) the issuance of a news release containing details of the final Notice of Normal Course Issuer Bid or final amended Notice of Normal Course Issuer Bid**.**

(b) It is inappropriate for a Listed Issuer making a Normal Course Issuer Bid to abnormally influence the market price of its securities. Normal Course Issuer Bid purchases must be made at or below the price of the last independent trade of the security (on any marketplace) at the time of purchase.

The following are not "independent trades":

(i) trades directly or indirectly for the account of (or an account under the direction of) an insider;

(ii) trades for the account of (or an account under the direction of) the Dealer making purchases for the bid;

(iii) trades solicited by the Dealer making purchases for the bid; and

(iv) trades directly or indirectly by the Dealer making purchases for the bid which are made in order to facilitate a subsequent block purchase by the issuer at a certain price.

(c) Notwithstanding the foregoing, a violation to the preceding rule will not occur where:

(i) the independent trade occurred no more than one second before the Normal Course Issuer Bid purchase that created the uptick,

(ii) the independent trade is a down tick to the previous trade and the Normal Course Issuer Bid purchase would not have created an uptick to the trade prior to the last independent trade, and

(iii) the price difference between the independent trade and the Normal Course Issuer Bid purchase was not more than $0.02.

(d) Normal Course Issuer Bid purchases may not be made at the opening of trading or during the 30 minutes prior to the scheduled closing of the continuous trading session. Orders may be entered in a closing call or single price trading session notwithstanding the price restriction in subsection (b).

(e) Except as provided in subsection (f), a Listed Issuer that is not an investment fund must not make a purchase that:

(i) for an NV Issuer, when aggregated with all other purchases during the same Trading Day, exceeds the greater of 25% of the Average Daily Trading Volume of the security; and 1,000 of such securities, or

(ii) for a Listed Issuer that is not an NV Issuer, when aggregated with all other purchases during the most recent 30 Trading Days, exceeds 2% of the total issued and outstanding shares of that class on the day purchases are made.

(f) Notwithstanding the restriction in subsection (e), an NV Issuer may make a purchase of a block of securities that:

(i) has a purchase price of at least $200,000;

(ii) is at least 5,000 securities with an aggregate purchase price of at least $50,000; or

(iii) is at least 20 Board Lots and is greater than 150% of the Average Daily Trading Volume of the security, provided that:

1) the block is naturally occurring, and does not consist of a combination of orders for the purpose of artificially creating a block to rely on this section;

2) the block is not beneficially owned by, or is not under the control or direction of, a Related Person of a Listed Issuer;

3) the Listed Issuer makes no more than one purchase under this subsection in a calendar week; and

4) after making a block purchase, the Listed Issuer makes no further purchases during that Trading Day.

(g) A Listed Issuer that is an investment fund must not make a purchase that, when aggregated with all other purchases during the preceding 30 days, exceeds 2% of the securities of that class outstanding as of the date of filing of the initial Notice of Normal Course Issuer Bid in connection with the bid.

6.11 Exchange Traded Fund Unit Creation and Redemption

An ETF must file Notice of ETF Creation or Redemption, including a nil report as applicable, within 10 days of the end of each month or more frequently in a format acceptable to the Exchange.

POLICY 7

INVESTOR RELATIONS, PROMOTIONAL ACTIVITY, AND OTHER SIGNIFICANT TRANSACTIONS

7.1 Significant Transactions and Developments

(1) Listed Issuers must disseminate a news release pursuant to Policy 5 regarding any Significant Transactions.

(2) Listed Issuers must include updated information relating to Significant Transactions and Developments in their Monthly Progress Report and Quarterly Listing Statement.

(3) Significant Transactions that result in a Change of Business may be subject to the requirements of Policy 8. Non-arm's length Significant Transactions may be subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* in addition to the requirements of this Policy. In the case of an acquisition, management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request.

(4) Listed Issuers involved in a Significant Transaction or Development must immediately Post notice of the proposed Significant Transaction or Development (Notice of Proposed Transaction) concurrently or as soon as practicable following the issuance of a news release announcing the Significant Transaction or Development (if the Significant Transaction constitutes Material Information concerning the Listed Issuer) or upon the Listed Issuer agreeing to the Significant Transaction (in all other cases).

(5) At least one full Business Day prior to the closing of a proposed Significant Transaction the Listed Issuer must Post an initial or amended Notice of Proposed Transaction, if applicable.

(6) Forthwith upon closing of a Significant Transaction, the Listed Issuer must Post

(a) a letter from the Listed Issuer confirming receipt of proceeds or payment of consideration provided for in the agreement(s) relating to the Significant Transaction (or describing the receipt or payment schedule); and

(b) an executed Certificate of Compliance from the Listed Issuer that it has complied and is in compliance with applicable securities law.

7.2 Restrictions on Contracts for Investor Relations or Promotional Activities

(1) Compensation to any Person providing Promotional Activities, including Investor Relations Activities, for a Listed Issuer must be reasonable and in proportion to the financial resources and level of operations of the Listed Issuer and should be based

on the value of the services provided and not on the Listed Issuer's market performance. In particular, compensation to Persons providing Investor Relations Activities may not be determined in whole or in part by the Listed Issuer's securities attaining certain price or trading volume thresholds. Except as provided in section 7.2(2) below, compensation in the form of shares or options is not acceptable and payment for services should be on a cash basis.

(2) If permitted by securities laws, options may be granted for persons undertaking Investor Relations activities provided that the total number of listed securities issuable on exercise of options provided as compensation to all Persons providing Investor Relations Activities cannot exceed 2% of the outstanding number of listed securities in any 12-month period.

7.3 Disclosure

(1) In addition to the Notice of Proposed Transaction, a Listed Issuer that arranges for a Person to conduct Promotional Activity, including Investor Relations activity, in respect of the Listed Issuer or a security of the Listed Issuer must promptly disseminate a news release disclosing the following:

(a) that the Listed Issuer has arranged for the Person to conduct the Promotional Activity;

(b) the name, business address, email and telephone number of each person or company that will be involved in conducting the Promotional Activity, and a description of the Person's relationship with the issuer, if any;

(c) the date on which the Promotional Activity will start and the date on which the promotional activity will end or is expected to end;

(d) the nature of the Promotional Activity;

(e) any platform or other medium on or through which the Promotional Activity will occur; and

(f) a description of the compensation that the Person has received or may receive for the Promotional Activity including, the total amount of the compensation and whether the compensation includes options to purchase securities of the Listed Issuer.

(2) **Application**

The disclosure requirements in subsection (1) apply whether or not the Person conducting the Promotional Activity has received or may receive compensation for the Promotional Activity.

(3) **Exception**

The disclosure requirements of subsection (1) do not apply if the Person conducting the Promotional Activity is an officer, director or employee of the Listed Issuer acting in that capacity and is identified as such at the time the Promotional Activity is conducted.

7.4 Suitability Considerations

(1) A Listed Issuer that arranges for a Person to conduct Promotional Activity, including Investor Relations activity, in respect of the Listed Issuer or a security of the Listed Issuer, must provide the Exchange with a duly executed PIF for that Person, unless otherwise indicated by the Exchange.

(2) Further to s. 2.18 of Policy 2, the Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if that Person has:

(a) made or accepted excessive payments for Promotional Activity or Investor Relations activities, or

(b) been associated with or failed to prevent the production, approval or distribution of overly promotional materials on behalf of, or with respect to the securities of, any reporting issuer.

POLICY 8

FUNDAMENTAL CHANGES and CHANGES of BUSINESS

8.1 A Fundamental Change or Change of Business of a Listed Issuer effectively results in a new Listed Issuer, such that the existing disclosure record cannot be relied upon to fairly value the company's securities. Listed Issuers that are contemplating a transaction or series of transactions that may be a Fundamental Change or Change of Business must consult with the Exchange at an early stage to determine how the exchange will characterize the transaction.

8.2 The Exchange may, in its discretion, determine that a transaction or series of transactions is or is not a Fundamental Change, notwithstanding the definition of Fundamental Change. A Listed Issuer should diligently pursue or engage in the business activities described in its Listing Statement before considering any proposed transaction that may be considered a Fundamental Change, including a Change of Business. Notwithstanding the approval requirement of section 8.9 of this Policy, the Exchange will exercise its discretion and is likely to object to a Fundamental Change or Change of Business proposed by a Listed Issuer that has not, in the view of the Exchange, adequately pursued its stated business objectives. In such cases the Issuer may have to delist from the Exchange to pursue the transaction, with no guarantee the issuer will requalify following the transaction.

8.3 One of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices is high quality, timely and continuous disclosure by Listed Issuers. Disclosure sufficient to permit trading to occur on the basis of information adequate for investors to make informed investment decisions must be prepared and disseminated by the Listed Issuer and provided in an information circular, management proxy circular or Listing Statement regarding the Fundamental Change or Change of Business.

8.4 Disclosure must be made in connection with the announcement of a Fundamental Change or Change of Business. The disclosure should initially be made in a news release (to be issued and Posted pursuant to Policy 5).

8.5 The Market Regulator will halt trading in the securities of the Listed Issuer upon the announcement of a Fundamental Change to permit dissemination of the Material Information. The Exchange will require the Market Regulator to continue the halt at least until the documentation required under sections 8.6 and 8.7 have been accepted and Posted. During the halt, it is noted that no Dealer may quote or trade in the security in any marketplace or over-the-counter, either as principal or agent.

Listed Issuers must notify and consult with the Market Regulator prior to disseminating Material Information concerning a Fundamental Change or a Change of Business during market hours. If the dissemination will occur outside of market hours, the Listed Issuer must notify the Market Regulator in order to effect a trading halt prior to the next trading session.

Contact information for Market Regulator:

Telephone: (604) 643-2792 Email: prwest@IIROC.ca

8.6 In order to qualify for Listing the securities of the resulting Listed Issuer, the Fundamental Change or Change of Business must be approved by the Exchange and the security holders of the Listed Issuer prior to completion of the Fundamental Change transaction or in the case of a Change of Business, prior to the Listed Issuer carrying on the new business. The information circular, Listing Statement or management proxy circular delivered to security holders of the Listed Issuer must contain full, true and plain disclosure of the resulting company, including the financial statement disclosure set out in National Instrument 44-101 *Short Form Prospectus Distributions*, National Instrument 41-101 – *General Prospectus Requirements* and Form 41-101F1. For a Fundamental Change the information circular or management proxy circular must provide historical financial statements for the target company as if it were going public by way of prospectus and making application for Listing, plus pro forma financial statements giving effect to the transaction for the last full fiscal year of the target company and interim year-to-date of the target company. Particular requirements are specified in the Listing Statement. The information circular or management proxy circular must be reviewed by the Exchange before being Posted and delivered to shareholders.

8.7 The Listed Issuer resulting from a Fundamental Change must meet the criteria for a new Listing and make a complete initial application to qualify its securities for by filing all of the documents and following the procedures set out in Policy 2 concurrently with filing the information circular or management proxy circular. Completion of the transaction prior to qualification for Listing of the securities of the Listed Issuer resulting from the transaction will result in a suspension from Listing of the Listed Issuer. A Listed Issuer undergoing a Change of Business must revise and refile any documents affected by the Change of Business.

8.8 Principals of the resulting Issuer must enter into an escrow agreement as if the company were subject to the requirements of National Policy 46-201 *Escrow for Initial Public Offerings* (“NP 46-201”) that provides for the escrow of the principal insiders’ shares for a period of 36 months. Escrow releases will be scheduled as follows: 10% will be released on the date that the shares commence trading on the Exchange followed by six subsequent releases of 15% every six months thereafter. The Exchange will allow earlier releases from escrow where the Listed Issuer demonstrates that it would be the equivalent of an "established issuer" under National Policy 46-201 Escrow for Initial Public Offerings and such early release would be permitted if the Listed Issuer were an “established issuer”.

8.9 Further to the exercise of Exchange discretion described in section 8.2 of this Policy, the Exchange will not approve a Fundamental Change or Change of Business proposed for a Listed Issuer that has been listed for a period of less than 12 months unless the Listed Issuer obtains approval from the majority of the minority shareholders.

POLICY 9

CORPORATE ACTIONS

9.1 Change of Name

(1) Upon a change of name of a Listed Issuer,

(a) the Exchange may assign a new stock symbol to the Listed Issuer's securities at the request of the Listed Issuer or on its own initiative. The Listed Issuer's choices must be communicated directly to the Exchange in advance of the effective date of the name change.

(b) the Listed Issuer must obtain a new CUSIP number/ISIN subject to the Clearing Corporation advising the Listed Issuer in response to its application that a new CUSIP number is not required.

(2) The following documents must be Posted in connection with a name change:

(a) a press release announcing the name change;

(b) a notarial or certified true copy of the Certificate of Amendment, or equivalent document;

(c) for a certificated issuance, a copy of the definitive specimen of the new or over-printed share certificates;

(d) confirmation from the registrar or transfer agent that it is in a position to effect transfer in the new issue; and

(e) confirmation of notification by the Listed Issuer the Clearing Corporation of the name change.

(3) The Listed Issuer's securities will normally commence trading under the new name and symbol at the opening of trading two or three Trading Days after all the documents set out in Section 9.1(2) are Posted. The Exchange will issue a Bulletin advising of the name change and effective date of trading under the new name and symbol.

9.2 Stock Split

(1) In order to facilitate trading in the securities of the Listed Issuer and prevent confusion, the Listed Issuer must, after obtaining all necessary shareholder and other corporate approvals but prior to filing its Articles of Amendment, if applicable, fix in advance a Record Date for determining shareholders entitled to the benefit of the stock split. The Exchange must be notified at least three days in advance of the Record Date.

(2) There are two methods of effecting a stock split:

(a) the "push-out" method, and

(b) the "call-in" method. If the stock split is accompanied by a share reclassification, either the push-out method or the call-in method may be used; otherwise the

push-out method is preferable.

(3) Under the push-out method, the shareholders keep the share certificates they currently hold, and shareholders of record as of the close of business on the Record Date are provided with additional share certificates by the Listed Issuer.

(4) Under the call-in method, the Listed Issuer implements the stock split by replacing the share certificates currently in the hands of the shareholders with new certificates. Letters of Transmittal are sent to the shareholders of record as of the Record Date requesting them to exchange their share certificates at the offices of the Listed Issuer's transfer agent.

(5) If the stock split must be approved by the shareholders, the meeting of shareholders must take place at least seven Trading Days in advance of the Record Date.

(6) The shares will commence trading on the Exchange on a split basis at the opening of business on the Trading Day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the stock split and effective date of trading on a split basis.

(7) If the push-out method is to be used, the following documents must be Posted or filed, as applicable, with the Exchange at least three Trading Days in advance of the Record Date:

(a) a press release announcing the stock split;

(b) confirmation of the Record Date, which is deemed to be after the close of trading on that day;

(c) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional shares will be validly issued as fully paid and non-assessable;

(d) if the stock split is accompanied by a share reclassification, definitive specimens of the new share certificates;

(e) confirmation of notification by the Listed Issuer to the Securities Regulatory Authority and the Clearing Corporation of the stock split; and

(f) a copy of the Certificate of Amendment, or equivalent document.

The Listed Issuer must also Post a statement as to the date the additional share certificates were sent to the shareholders.

(8) Where the call-in method is to be used, the following additional documents must be Posted or filed, as applicable, with the Exchange:

(a) a copy of the Letters of Transmittal;

(b) for a certificated issuance, a definitive specimen of the new share certificates; and

(c) confirmation from the registrar and transfer agent that it is in a position to effect transfer of the new share certificates giving effect to the stock split.

The Listed Issuer must also Post a statement as to the mailing date of the Letters of Transmittal.

9.3 Stock Consolidation

(1) The Listed Issuer must obtain new share certificates and a new CUSIP number/ISIN for the consolidated shares, subject to the Clearing Corporation advising the Listed Issuer in response to its application that a new CUSIP number for the consolidated shares is not required.

(2) Listed Issuers may not effect a share consolidation which reduces the number of issued and outstanding shares of the Issuer, without giving effect to any other distribution or transaction, to less than 1,000,000 shares or if the share consolidation is effected in connection with another distribution or transaction, to less than 500,000 shares, prior to giving effect to the distribution or transaction. Listed Issuers shall not effect a share consolidation which reduces the number of public holders (as that term is defined in Policy 2) holding at least a Board Lot to less than 100, prior to giving effect to any other distribution or transaction. In the case of a share consolidation in connection with a Fundamental Change, the number of shares and public holders of at least a Board Lot may not be reduced below the minimum required for eligibility for Listing for a new Issuer.

(3) The Exchange must be notified and the following documents must be Posted at least three Trading Days in advance of the Record Date:

(a) a press release announcing the stock consolidation;

(b) a completed Notice of Proposed Consolidation or Reclassification;

(c) written confirmation of the Record Date (if applicable);

(d) a copy of the Letters of Transmittal;

(e) a certified copy of the shareholder resolution authorizing the stock consolidation in accordance with Policy 4 s4.6(8) if applicable;

(f) an opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;

(g) a definitive specimen of the new share certificates;

(h) confirmation from the registrar and transfer agent that it is in a position to effect transfers of the consolidated shares; and

(i) confirmation of notification by the Listed Issuer to the Commission and the Clearing Corporation of the share consolidation.

(4) The Listed Issuer must Post on the Exchange website:

(a) a copy of the Certificate of Amendment, or equivalent document giving effect to the stock consolidation; and

(b) a written statement as to the date of the mailing of the Letters of Transmittal.

(5) The shares will commence quotation on the Exchange on a consolidated basis on the first Trading Day preceding the Record Date. The Exchange will issue a Bulletin to

Dealers advising of the share consolidation and effective date of trading on the consolidated basis.

9.4 Share Reclassification (with no Stock Split)

(1) The following documentation must be Posted in connection with a share reclassification not involving a stock split, a reclassification into more than one class of shares or other change to the Listed Issuer's capital structure, in which case the Listed Issuer must consult with the Exchange in order to determine the appropriate procedure and CSE Requirements:

(a) a press release announcing the reclassification;

(b) a completed Notice of Proposed Consolidation or Reclassification;

(c) a written confirmation of the Record Date;

(d) a certified copy of the shareholders resolution approving the reclassification;

(e) an opinion of counsel that all the necessary steps have been taken to validly effect the share reclassification in accordance with applicable law;

(f) a definitive specimen(s) of the new or over-printed share certificate(s);

(g) a copy of the Letters of Transmittal, if applicable;

(h) confirmation from the registrar and transfer agent that it is in a position to effect transfers in the reclassified shares; and

(i) confirmation and notification by the Listed Issuer to the Clearing Corporation of the share reclassification.

(2) The Listed Issuer must also Post:

(a) a copy of the Certificate of Amendment, or equivalent document; and

(b) a written statement as to the date of the mailing of the Letters of Transmittal, if applicable;

(3) The reclassification will normally become effective for trading purposes on the Exchange one Trading Day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the share reclassification and effective date of trading on the reclassified basis.

(4) If the reclassification involves the issuance of restricted shares, the company must comply with OSC Rule 56-501 *Restricted Shares* in addition to this Policy.

9.5 Dividends and Other Entitlements

If a Listed Issuer has established a Record Date for a distribution of cash or securities, including securities of an issuer other than the Listed Issuer, the Listed Issuer must notify the Exchange of the Record Date at least 5 days in advance of the Record Date. The Exchange will publish a Bulletin announcing the record date and the ex-dividend date. The ex-dividend date will normally be one Trading Day prior to the Record Date.

POLICY 10

SPECIAL SECURITIES

Note: All securities are subject to the requirements of the "General" section of Policy 2

10.1 Eligibility for Listing

(1) Where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Listed Issuer must disclose how compliance has been established and, if germane to the compliance determination, who has established that the securities are in compliance with the stated requirements.