

CORPORATE FINANCE MANUAL
BULLETIN TYPE: POLICY AMENDMENT
BULLETIN DATE: February 26, 2001

**Re: Loans and Advances of Funds Pursuant to
Policy 5.2: Changes of Business and Reverse Takeovers**

Policy 5.2, Changes of Business and Reverse Takeovers has been amended to provide clarification that in situations where an Issuer undertaking a Reverse Takeover or a Change of Business proposes to loan or otherwise advance funds to the Target Issuer, such loan or advance is subject to Exchange acceptance. This amendment does not represent a change in Exchange policy, but provides clarification to ensure Issuers are aware that such agreements are subject to Exchange acceptance. The Exchange has, however, established a materiality threshold, whereby loans or advances to the Target Issuer of less than \$25,000 do not require prior Exchange acceptance.

Section 5.2(b)(v) of the Policy has been amended and renumbered as 5.2(c) to clarify that the material contracts to be filed with the Exchange prior to Exchange acceptance of the transaction, include any agreement by the Issuer to loan or advance funds to the Target Issuer.

5.2(c) one copy of each material contract that the Issuer has entered into in the last 12 months which has not been previously been filed with the Exchange and any material contract of any Target Issuer currently in existence including any agreement by the Issuer to loan or advance funds to the Target Issuer;

The other provisions of 5.2 have been renumbered accordingly.

In addition, for further clarity a new paragraph, has been added under Other Requirements. The other provisions of section 10 have been renumbered accordingly.

10.4 Loans and Advances to Target Issuers

Any proposed loans or advances of funds from the Issuer to the Target Issuer, in excess of \$25,000 in aggregate must receive Exchange acceptance prior to such funds being loaned or advanced to the Target Issuer.

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