

# POLICY 1.1

## INTERPRETATION

### 1. Definitions

1.1 The definitions provided in this Manual may differ from the definitions in the Securities Laws for the same or similar terms. The definitions apply only to policies in this Manual.

1.2 In this Manual:

**“Advanced Exploration Property”** means a property which has substantial geological merit but is not advanced to the point where sufficient engineering and economic data exist to permit an acceptable valuation opinion. An Advanced Exploration Property generally has the following characteristics:

- (a) previous exploration on the property includes completion of substantial initial and detailed surface geological, geophysical and geochemical surveying and at least an initial stage of drilling or other form of sampling of mineralization (such as trenching or underground sampling) has been completed;
- (b) initial drilling or sampling on the property has identified potentially economic mineralization based on grade and width or extent of the mineralized zone;
- (c) the property is not advanced to the point where proven or probable reserves have been documented and usually indicated or measured resources are not yet established, however, inferred resources may be estimated; and
- (d) an independent Geological Report recommends a substantial drilling (or other form of detailed sampling) program based on the merit of previous results.

*See Appendix 3F - Mining Standards Guidelines for definitions of mineral resources and reserves.*

**“Affiliate”** means a Company that is affiliated with another company as described in section 2 of this policy.

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

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

**“Agreement in Principle”** means in connection with:

- (a) a Change of Business or Reverse Take-Over, the meaning provided at Policy 5.2 - Changes of Business and Reverse Take-Overs; and
- (b) a Qualifying Transaction, the meaning provided at Policy 2.4 - Capital Pool Companies.

**“AIF Issuer”** means a Qualifying Issuer (as defined in Blanket Order #98/7 of the BCSC or ASC Rule 45-501) that has met all of the conditions specified in the applicable Blanket Order or Rule and is eligible to issue securities with a 4 month, rather than a 12 month, hold period.

**“Application for Listing”** See the definition in Policy 2.3 - Listing Procedures. Generally, means a formal application by an Issuer for listing on the Exchange, either in Form 2B, or by way of a Prospectus, Statutory Declaration in Form 2C, and Distribution Summary Statement in Form 2E, together with all required supporting documents.

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

**“ASC”** means the Alberta Securities Commission.

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

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

- (a) a partner of that Person;
- (b) a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity;
- (c) a Company of which that Person beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Company; or
- (d) in the case of an individual:
  - (i) that individual’s spouse or child, or
  - (ii) a relative of that individual or that individual’s spouse if that relative has the same home as the individual,

and for the purpose of this definition, “spouse” includes an individual who is living with another individual in a marriage-like relationship.

**“Available Funds”** means the estimated minimum working capital (total current assets less total current liabilities) available to the Issuer, its subsidiaries and proposed subsidiaries as of the most recent month end, and the amounts and sources of other funds that will be available to the Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of a Reverse Take-Over, Qualifying Transaction or Initial Public Offering.

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

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

- (a) a DSR for the Issuer and whose shares were disclosed in the Issuer’s books and records or list of registered shareholders as being held by an intermediary; or
- (b) after the implementation of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, a NOBO list for the Issuer.

**“Board Lot”** See the definition in Rule C. Generally, means:

Shares, Rights and Warrants	Board Lot
selling under \$0.10	1000
selling at \$0.10 and under \$1.00	500
selling at \$1.00 and over	100

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

**“Capital Pool Company”** or **“CPC”** See the definition in Policy 2.4 - *Capital Pool Companies*. Generally, means an Issuer listed or making application for listing on Tier 2 and agreeing to be subject to special restrictions and limitations under Exchange Requirements and Securities Laws. The Issuer will have no assets or business other than cash and will not have entered into an agreement to acquire assets or a business. The Issuer completes an IPO and obtains a listing on the Exchange and then uses the proceeds from the sale of its Seed Shares and IPO to identify and evaluate assets and businesses which can be acquired and will then qualify the Issuer for listing as a regular Tier 1 or Tier 2 Issuer.

**“CDNX”** means the Canadian Venture Exchange Inc.

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

**“Change of Business” or “COB”** (See the definition in Policy 5.2 - *Changes of Business and Reverse Take-Overs*). Generally, a transaction that results in the Issuer entering into a new business which is significantly different from its current business.

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

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

and in the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the Voting Shares of the Resulting Issuer is deemed to materially affect the control of the Resulting Issuer.

**“Change of Management”** means:

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

**“CICA Handbook”** means the handbook published by the Canadian Institute of Chartered Accountants.

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

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

**“CPC Prospectus”** means an IPO Prospectus prepared in accordance with Policy 2.4 - Capital Pool Companies and the Securities Laws in which the Distribution is made.

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

**“Discounted Market Price”** means the Market Price less a discount which shall not exceed the amount set forth below, subject to a minimum price of \$0.10:

<b>Closing Price</b>	<b>Discount</b>
up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

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

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

**“Exchange”** means the Canadian Venture Exchange.

**“Exchange Acceptance”** means acceptance by the Exchange (including any Committee of the Exchange so authorized) under any provision of the Exchange Requirements.

**“Exchange Notice”** also means Exchange Bulletin.

**“Exchange Requirements”** is defined in Rule A.1.00 and means generally, the rules and policies of the Exchange and all other requirements that the Exchange may impose or request.

**“Exchange Vetted Prospectus” or “EVP”** means a Prospectus which is vetted (reviewed) by the Exchange under an agreement with the appropriate Securities Commissions, including a CPC Prospectus, a JCP Prospectus, a VCP Prospectus, a BC Prospectus or an Alberta EOP (as defined in Policy 4.2 - Prospectus Offerings).

**“Filing Statement for a Non-RTO Transaction”** means a disclosure document prepared in accordance with Form 5A which is required under these policies in connection with a Change of Business or certain other material transactions.

**“Foreign Issuer”** means an Issuer, the majority of whose mind and management is resident outside of Canada and the majority of whose principal operating assets are located outside of Canada, and any other Issuer designated as a Foreign Issuer by the Exchange based on the location of its mind and management or principal operating assets.

**“Fundamental Acquisition”** See the definition in Policy 5.3 - *Acquisitions and Disposition of Non-Cash Assets*. Generally, means an acquisition of an asset or business, other than a COB, that will be the Issuer’s principal business focus over the next 12-month period.

**“GAAP”** means generally accepted accounting principles as set out in the CICA Handbook.

**“GAAS”** means generally accepted auditing standards as set out in the CICA Handbook.

**“Geological Report”** means a report in regard to a mining or oil and gas property prepared by a qualified and independent engineer or geologist in accordance with applicable Securities Laws. The report must include recommendations for exploration and/or development work. See also National Policy Statements 2A and 2B and National Instrument 43-101 and any successor instruments.

**“Grassroots Property”** means a property at an early exploration stage, with no established mineral reserves, which is of indeterminate value.

**“Inactive Issuer”** means an Inactive Issuer as defined in Policy 2.6 - *Inactive Issuers and Reactivation*, referring generally to an Issuer that fails to substantially meet the Tier 2 TMR and which has consequently been designated “Inactive” by the Exchange and trades with the designation “I” beside its trading symbol.

**“Indicated Resource Property”** means a property which is advanced to the point where estimated mineral resources have been calculated but sufficient engineering and feasibility studies to establish the economics of the deposit have not yet been completed. An indicated resource property will generally have the following characteristics:

- (a) the property has undergone considerable exploration expenditures including sufficient drilling or underground sampling to permit an estimate of indicated or measured resources as defined by accepted engineering standards;  
*See Appendix 3F for the definition of mineral resources and reserves.*
- (b) exceptional merit and the potential of an economic mineral deposit is demonstrated; and
- (c) a preliminary evaluation based on the indicated or measured resources may have been undertaken or value may be attributed to the costs of prior expenditures that have contributed directly to the potential value of the property or determined by some other acceptable engineering valuation method.

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

**“Initial Listing”** means the listing of an Issuer on the Exchange following an IPO or an application for listing by an Issuer which previously traded in another stock market.

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

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

- (a) a director or senior officer of the Issuer,
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer, or
- (d) the Issuer itself if it holds any of its own securities.

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

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

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

**“Junior Capital Pool” or “JCP”** means a Junior Capital Pool company as defined in ASC Rule 46-501 and Circular No. 7 of the ASE.

**“JCP Prospectus”** means a Prospectus prepared by a JCP used in connection with a distribution of securities only in the Province of Alberta, which is reviewed by the Exchange pursuant to an operating agreement between the CDNX and the ASC.

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

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

**“Market Price”** subject to the exceptions noted below, means the last daily closing price of the Issuer’s Listed Shares before either the issuance of the news release; or the filing of the Price Reservation Form (Form 4N) required to fix the price at which the securities are to be issued or deemed to be issued. (the “notice of the transaction”)

- (a) *“Consolidation Exception”* The Market Price is to be adjusted for any share consolidation or split. If the notice of the transaction is within 10 days following a consolidation of the Issuer’s share capital, the minimum price per share will be the greater of the Market Price, adjusted for any share consolidation or split, or \$0.10;
- (b) *“Material Change Exception”* If the Issuer announces a Material Change in the affairs of the Issuer after providing notice of the transaction and if the Exchange determines that a party to the transaction was probably aware of that pending Material Change, then the Market Price will be at least equal to the closing price of the Listed Shares on the Trading Day after the day on which that Material Change was announced;
- (c) *“Price Interference Exception”* If the Exchange determines that the closing price is not a fair reflection of the market for the Listed Shares and the Listed Shares appear to have been high-closed or low-closed, then the Exchange will determine the Market Price to be used;
- (d) *“Suspension Exception”* If the Issuer is suspended from trading or has for any reason not traded for an extended period of time, the Exchange may determine the deemed Market Price to be used; and
- (e) *“Minimum Price Exception”* The Exchange will not generally permit Listed Shares to be issued from treasury at a price of less than \$0.10 nor will the Exchange generally permit any securities convertible into Listed Shares to be issued with an effective conversion price of less than \$0.10 per Listed Shares.



**“Market Value”** when used in relation to a transaction, means the Market Price applicable to the transaction multiplied by the number of Listed Shares to be issued.

**“Material Change”** includes the definition prescribed by applicable Securities Laws and also means:

- (a) a change in the business, operations, assets or ownership of an Issuer, the disclosure of which would be substantially likely to be considered important to a reasonable investor in making an investment decision, including a decision to purchase, hold or sell securities, or
- (b) a decision to implement a change referred to in subparagraph (a) made by:
  - (i) senior management of the Issuer who believe that confirmation of the decision by the directors is probable, or
  - (ii) the directors of the Issuer.

**“Material Fact”** includes the definition prescribed by applicable Securities Laws, and also means, if used in relation to the affairs of an Issuer or its securities, a fact or a series of facts, the disclosure of which would be substantially likely to be considered important to a reasonable investor in making an investment decision, including a decision to purchase, hold or sell securities.

**“Material Information”** means a Material Fact and/or Material Change as defined by applicable Securities Laws and Exchange Policy. *See also the definition in Policy 3.3 - Timely Disclosure.*

**“Member”** *See the definition in Rule A.1.00.* Generally, means a Company that owns one or more shares in the capital of the Exchange and is permitted access to trading privileges through the Exchange.

**“Minimum Listing Requirements”** or **“MLR”** means the minimum financial, distribution and other standards, which must be met by applicants seeking a listing on a particular tier of the Exchange. *See Policy 2.1 - Minimum Listing Requirements.*

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

**“Net Tangible Assets”** *See the definition in Policy 2.1 - Minimum Listing Requirements.*

**“New Listing”** means an Initial Listing or the listing of an Issuer pursuant to a Reverse Take-Over or a Qualifying Transaction.

**“NOBO list”** refers to a ‘non-objecting beneficial owner list’ as currently defined in Proposed National Instrument 54-101 or as defined in the final form of the instrument.

**“NOBOs”** refers to non-objecting beneficial owners as currently defined in Proposed National Instrument 54-101 or as defined in the final form of the instrument.

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

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

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

**“Principal”** *See the definition in Policy 5.4 - Escrow and Vendor Consideration.*

**“Principal Properties”** means any properties of an Issuer, other than an Advanced Exploration Property or Qualifying Property, in respect of which an Issuer will spend more than 20% of its Available Funds in the next 18 months.

**“Private Placement”** means an issuance from treasury of securities for cash without Prospectus disclosure, in reliance on one or more of the exempting provisions of Securities Laws, including the issuance of shares, units, Warrants, convertible securities or debt, but not including a rights offering, issuance of shares for debt, acquisition of non-cash assets, take-over bid or offering by a Short Form Offering Document. *See Policies 4.1 - Private Placements, 4.3 - Shares for Debt, 4.5 - Rights Offerings, 4.6 - Public Offering by Short Form Offering Document, 5.3 – Acquisitions and Dispositions of Non-Cash Assets and 5.4 - Stock Exchange Take-Over Bids and Issuer Bids.*

**“Pro Group”** *See the definition in Rule A.1.00.*

**“Promoter”** means any Person who takes the initiative in founding, organizing or substantially reorganizing the business of the Issuer or who, in connection therewith, receives in consideration of services or property or both, 10% or more of the Issuer’s securities.

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

**“Proven Value”** means the net present value of future cash flows, before taxes, from proven oil, natural gas or mineral reserves, prepared on a constant dollar basis and discounted at a rate of 15%.

**“Proven Value Resource Properties”** means a property where the consideration payable by the Issuer for the property interest is fully supported by an acceptable independent valuation opinion and Geological Report usually based upon proven and probable reserves.

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

**“Public Shareholder”** means a Shareholder that is not an Insider or an Associate or Affiliate of the Insider nor a member of the Pro Group or any Associate of a member of the Pro Group.

**“Qualifying Property”** means the property that the Issuer is relying upon to establish that it meets the Minimum Listing Requirements.

**“Qualifying Transaction”** *See the definition in Policy 2.4 - Capital Pool Companies.*

**“Reactivation”** *See the definition in Policy 2.6 - Inactive Issuers and Reactivation.* Generally, means the steps required to be taken by an Inactive Issuer to remove the designation “Inactive”.

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

**“Related Party”** means in relation to a Company, a Promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, Related Party means any Associate of the individual or any Company of which the individual is a Promoter, officer, director or Control Person.

**“Related Party Transaction”** means a transaction:

- (a) between a Company and a Person that was, at the time the Company entered into the agreement a Related Party;
- (b) that is a Reverse Take-Over and Related Parties of the Target Issuer will be the majority of directors or officers of the Resulting Issuer or will otherwise control the Resulting Issuer; or
- (c) determined by the Exchange to be a Related Party Transaction. The Exchange may deem a transaction to be Related Party where circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

**“Reorganization”** *See the definition in Policy 3.2 - Filing Requirements and Continuous Disclosure.*

**“Resale Restrictions”** means restrictions on the ability to trade securities, including restrictions imposed under applicable Securities Laws such as hold periods and notice requirements, the four month Exchange hold period described in Policy 3.2 - Filing Requirements and Continuous Disclosure and any restrictions under applicable escrow or pooling agreements.

**“Research and Development Issuer”** means an Issuer whose sole business is systematic investigation or research in a field of science or technology for the purpose of developing new, or improving existing, materials, devices, products or processes, none of whose IPO proceeds or other material funds are allocated in the 12 month period following listing to marketing, commercial production or commercial use of materials, devices, products or processes and that has no revenue from the sale of any materials, devices, products or processes, based on its audited financial statements.

**“Resulting Issuer”** *See the definitions in Policy 2.4 - Capital Pool Companies and Policy 5.2 - Changes of Business and Reverse Take-Over.* Generally, means the Issuer that exists following completion of a Reverse Take-Over, Qualifying Transaction or other Reorganization. *See also Policy 3.2 - Filing Requirements and Continuous Disclosure.*

**“Reverse Take-Over” or “RTO”** See the definition in Policy 5.2 - Changes of Business and Reverse Take-Overs. Generally, means a transaction which involves an Issuer issuing securities from its treasury to purchase another Company or significant assets, where the owners of the other Company or assets acquire control of the Resulting Issuer.

**“Reviewable Acquisition”** See the definition in Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets.

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

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

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

**“Seed Capital” or “Seed Shares”** means securities issued before an Issuer’s IPO, regardless of whether the securities are subject to Resale Restrictions or free trading.

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

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

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

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

**“Sponsor”** means a Member that meets the criteria specified in Rule B.2.00, which has an agreement with an Issuer to undertake the functions of sponsorship as required by Rule B.2.00 and various Exchange policies.

**“Target Issuer”** See the definitions in Policies 2.4 - Capital Pool Companies and 5.2 - Changes of Business and Reverse Take-Overs. Generally, a Company that is intended to be acquired as part of a Reverse Take-Over, Qualifying Transaction or other Reorganization, regardless of whether the acquisition is to be by way of securities or assets.

**“Tier 1 Issuer”** See the definition in Policy 2.1 - Minimum Listing Requirements.

**“Tier 2 Issuer”** See the definition in Policy 2.1 - Minimum Listing Requirements.

**“Tier Maintenance Requirements”** or **“TMR”** means the minimum standards which must be maintained by an Issuer for continued listing on Tier 1 or for continued listing as a non-Inactive Issuer on Tier 2. See Policy 2.5 - Tier Maintenance Requirements and Inter-Tier Movement.

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

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

**“VCP Prospectus”** means an IPO EVP prepared by a VCP used in connection with a distribution of securities only in the Province of British Columbia which is reviewed by the Exchange pursuant to an operating agreement between the CDNX and the BCSC.

**“Venture Capital Pool”** or **“VCP”** means a Venture Capital Pool company as defined in Policy 30 of the VSE.

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

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

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

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

**“Working Capital”** See the definition in Policy 2.1 - Minimum Listing Requirements.

Generally, means the total value of an Issuer’s current assets as stated on a balance sheet, less the total value of the current liabilities.

## 2. Affiliation and Control

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

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

- 2.2 A Company is “controlled” by a Person if:
- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and
  - (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.
- 2.3 A Person beneficially owns securities that are beneficially owned by:
- (a) a Company controlled by that Person, or
  - (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

### **3. Rules of Construction**

- 3.1 The word “or” is not exclusive and the word “including”, when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as “without limitation” or “but not limited to” or similar words) is used.
- 3.2 Any reference to a statute includes and, unless otherwise specified, is a reference to that statute and to the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that may be passed which supplements or supersedes that statute or regulation.
- 3.3 Unless otherwise specified, any reference to a policy, rule, blanket order or instrument includes all amendments made and in force from time to time and any policy, rule, blanket order or instrument which supplements or supersedes that policy, rule, blanket order or instrument.
- 3.4 Words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.
- 3.5 The headings in this Manual are for convenience only and are not intended to interpret, define or limit the scope or intent of any provision of this Manual.
- 3.6 Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

## 4. Exchange Discretion

- 4.1 The policies of the Exchange have been put in place to serve as guidelines to Issuers, Companies seeking a listing on the Exchange 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. In exercising its discretion, the Exchange will take into consideration facts or situations unique to a particular party. Listing on the Exchange is a privilege, not a right and the Exchange may grant or deny an application, including an application for listing, notwithstanding the published policies of the Exchange.
-