

POLICY 2.5

TIER MAINTENANCE REQUIREMENTS AND INTER-TIER MOVEMENT

Scope of Policy

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

Terms defined in Policy 2.1 - Minimum Listing Requirements have the same meanings in this Policy.

This Policy also describes the process for an Issuer to apply to move to a higher tier.

The main headings in this Policy are:

1. Application of Tier Maintenance Requirements
2. Procedure
3. Tier 1 - Tier Maintenance Requirements
4. Tier 2 - Tier Maintenance Requirements
5. Summary of Tier Maintenance Requirements
6. Suspension
7. Graduation to Tier 1

1. Application of Tier Maintenance Requirements

- 1.1 The Tier Maintenance Requirements (“TMR”) are the standards that Issuers must meet in order to continue to be listed on Tier 1 or Tier 2. The Exchange can move an Issuer to a lower tier, designate as Inactive, suspend trading in, or delist the Listed Shares of any Issuer which does not meet the TMR for its tier.

Refer to Sections 3 and 4 for a summary of Tier 1 and Tier 2 TMR.

- 1.2 The Exchange deems movement between tiers and the designation or removal of the designation “Inactive” as a “Material Change” under Policy 3.3 - Timely Disclosure. It may also be a “material change” under applicable Securities Laws. Under Exchange Requirements, an Issuer must issue a news release announcing any change in tier or designation if the Issuer moves between tiers, is designated or declares itself to be Inactive, or ceases to be designated as Inactive.

- 1.3 The Exchange will issue Exchange Notices for all movements between Tier 1 and Tier 2. The Exchange will also issue an Exchange Notice when an Issuer is designated Inactive and when that designation is removed.

2. Procedure

2.1 Application of Tier 1 TMR

- (a) A Tier 1 Issuer which fails to meet one of the Tier 1 TMR will not automatically be downgraded to Tier 2. The Exchange will notify the Issuer of the Tier 1 TMR that it does not meet and will allow the Issuer six months to meet the requirement. If, after six months, the Issuer still does not meet all Tier 1 TMR, it will be downgraded to Tier 2.
- (b) If a Tier 1 Issuer fails to meet more than one Tier 1 TMR, the Exchange will notify the Issuer of the Tier 1 TMR that it does not meet and will allow the Issuer 90 days to meet the requirements. If, after 90 days, the Issuer still does not meet all Tier 1 TMR, it will be downgraded to Tier 2.
- (c) If a Tier 1 Issuer's financial circumstances or Public Float has declined so much that the Issuer meets only one or none of the Tier 1 TMR, the Exchange can immediately move the Issuer to Tier 2 and if it does not meet more than one Tier 2 TMR, the Exchange may designate it as Inactive.

See Policy 2.6 - Inactive Issuers and Reactivation

- (d) A Tier 1 Issuer which has been moved to Tier 2 can be reinstated to Tier 1, but only after the Issuer has been on Tier 2 for at least six months. The Issuer must satisfy the Exchange that it meets all applicable Tier 1 Minimum Listing Requirements before the Issuer can be reinstated on Tier 1.
- (e) The Exchange uses discretion and flexibility in applying Tier 1 TMR. The Exchange can permit an Issuer which does not meet one or more of the Tier 1 TMR to continue to be a Tier 1 Issuer if other elements of the Issuer's business are strong or the Issuer is affected by seasonal or other business cycles.
- (f) The Exchange will automatically suspend from trading the Listed Shares of a Tier 1 Issuer if the Exchange determines that it is in the public interest to suspend trading in the Issuer's Listed Shares.

2.2 Application of Tier 2 TMR

- (a) A Tier 2 Issuer which fails to meet one of the Tier 2 TMR will not automatically be suspended or designated "Inactive". The Exchange will notify the Issuer of the Tier 2 TMR that it does not meet and will allow the Issuer six months to meet the requirement. During those six months, the Issuer will trade as a normal Tier 2 Issuer. If, after six months, the Issuer still does not meet all applicable Tier 2 TMR, the Exchange can designate the Issuer as Inactive.

- (b) If a Tier 2 Issuer fails to meet more than one Tier 2 TMR, the Exchange will notify the Issuer of the Tier 2 TMR that it does not meet and will allow the Issuer 90 days to meet the requirements. If, after 90 days, the Issuer still does not meet all Tier 2 TMR, the Exchange will designate the Issuer Inactive and apply the restrictions on Inactive Issuers retroactively to the initial Notice date.

See Policy 2.6 - Inactive Issuers and Reactivation for a discussion of Inactive Issuers.

- (c) An Inactive Issuer can continue to trade on Tier 2 of the Exchange, but an “I” will be added to its trading symbol until it has completed a Reactivation and meets Tier 2 TMR. An Issuer which is designated as Inactive has 18 months to meet all Tier 2 TMR. If an Issuer does not meet all of the applicable Tier 2 TMR within 18 months, its Listed Shares can be suspended from trading.
- (d) The Exchange uses discretion and flexibility in applying Tier 2 TMR. If an Issuer has a viable business although it does not meet certain elements of the Tier 2 TMR, the Exchange can determine that the designation of Inactive is not necessary. The Exchange will consider the seasonal or other cycles which affect an Issuer’s business. If an Issuer’s working capital is low because of seasonal or other temporary conditions, the Exchange can delay enforcement of this Policy but will continue to monitor the Issuer.
- (e) The Exchange will automatically suspend from trading the Listed Shares of a Tier 2 Issuer if the Exchange determines that it is in the public interest to suspend trading in the Issuer’s Listed Shares.

3. Tier 1 - Tier Maintenance Requirements

To maintain a listing in Tier 1, an Issuer must meet all Tier 1 TMR for its industry segment. These requirements are set out below.

3.1 Shareholder Distribution – A Tier 1 Issuer must have:

- (a) at least 750,000 Listed Shares free of Resale Restrictions, held by Public Shareholders;
- (b) at least 200 Public Shareholders holding at least one Board Lot, each free of Resale Restrictions; and
- (c) at least 10% of the Listed Shares which are free of Resale Restrictions held by Public Shareholders.

- 3.2 Market Capitalization** – The Public Float of a Tier 1 Issuer must have a Market Value of at least \$750,000.
- 3.3 Net Tangible Assets/Property** – A Tier 1 Issuer must meet the following Net Tangible Asset or property standards:
- (a) ***Technology or Industrial Issuer*** - Net Tangible Assets exceeding \$1,000,000 or positive pre-tax earnings;
 - (b) ***Mining Issuer*** – a Significant Interest in an Advanced Exploration Property;
 - (c) ***Oil and Gas Issuer*** - at least \$1,000,000 in proven and probable reserves, of which at least \$500,000 must be proven;
 - (d) ***Research and Development Issuer*** - Net Tangible Assets exceeding \$2,000,000; and
 - (e) ***Real Estate or Investment Issuer*** - Net Tangible Assets exceeding \$2,000,000.
- 3.4 Working Capital** – A Tier 1 Issuer must meet the following minimum working capital standards:
- (a) ***Technology or Industrial Issuer*** - sufficient Working Capital or Financial Resources to maintain operations for 12 months;
 - (b) ***Mining Issuer*** – sufficient Working Capital or Financial Resources to maintain operations and keep principal properties in good standing for 12 months;
 - (c) ***Oil and Gas Issuer*** – sufficient Working Capital or Financial Resources to maintain operations and keep principal properties in good standing for 12 months;
 - (d) ***Real Estate or Investment Issuer*** - sufficient Working Capital or Financial Resources to maintain operations for 12 months; and
 - (e) ***Research and Development Issuer*** - sufficient Working Capital to maintain operations for 12 months.
- 3.5 Activity** – A Tier 1 Issuer must meet the following minimum activity standards:
- (a) a demonstration of positive cash flow; or
 - (b) at least \$1,000,000 in revenues in the previous 12 months; or
 - (c) at least \$200,000 on expenditures directly related to development of assets during the previous 12 months.

3.6 Assets and Operations – To maintain a listing, an Issuer must not:

- (a) substantially reduce or impair its principal operating assets;
- (b) cease to be an operating Issuer, or
- (c) discontinue a substantial portion of its operations or business for any reason.

4. Tier 2 – Tier Maintenance Requirements

To maintain a listing as an active Tier 2 Issuer, an Issuer must meet all Tier 2 TMR for its industry segment. These requirements are set out below.

4.1 Shareholder Distribution – A Tier 2 Issuer must have:

- (a) at least 300,000 Listed Shares free of Resale Restrictions, held by Public Shareholders;
- (b)
 - (i) in the first year of listing, at least 200 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions
 - (ii) after the first year of listing, at least 150 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions; and
- (c) at least 10% of the Listed Shares which are free of Resale Restrictions held by Public Shareholders.

4.2 Market Capitalization – The Public Float of a Tier 2 Issuer must have a Market Value of at least \$100,000.

4.3 Net Tangible Assets/Property – A Tier 2 Issuer must meet the following Net Tangible Asset or property standards:

- (a) *Technology or Industrial Issuer* – Net Tangible Assets exceeding \$100,000;
- (b) *Real Estate or Investment Issuer* - Net Tangible Assets exceeding \$250,000; and
- (c) *Research and Development Issuer* - Net Tangible Assets exceeding \$250,000.

4.4 Working Capital – A Tier 2 Issuer must meet the following minimum working capital standards:

- (a) *Technology or Industrial Issuer* - adequate Working Capital and Financial Resources to cover six months of operations pursuant to the business plan, with at least \$50,000;

- (b) ***Mining Issuer or Oil and Gas Issuer*** - adequate Working Capital and Financial Resources to maintain operations and cover general and administrative expenses for six months, with at least \$50,000;
- (c) ***Real Estate or Investment Issuer*** - adequate Working Capital and Financial Resources to cover six months of operations pursuant to the business plan, with at least \$50,000;
- (d) ***Research and Development Issuer*** - adequate Working Capital to cover six months of the recommended research and development program, with at least \$50,000.

The Exchange will not generally designate a Tier 2 Issuer as being “Inactive” solely because it does not meet the minimum Working Capital requirements.

4.5 Activity – A Tier 2 Issuer must maintain the following activity standards:

- (a) ***Technology or Industrial Issuer or Real Estate or Investment Issuer***
 - (i) demonstration of positive cash flow; or
 - (ii) significant operating revenues in the previous 12 months; or
 - (iii) at least \$100,000 on expenditures directly related to development of assets in the previous 12 months;
- (b) ***Mining Issuer or Oil and Gas Issuer***
 - (i) significant operating revenues in the previous 12 months; or
 - (ii) at least \$50,000 on exploration or development of the Issuer’s principal properties in the previous 12 months
- (c) ***Research and Development Issuer***
 - (i) significant operating revenues in the previous 12 months; or
 - (ii) at least \$100,000 on expenditures directly related to development of assets in the previous 12 months.

4.6 Assets and Operations – To maintain a listing, an Issuer must not:

- (a) substantially reduce or impair its principal operating assets;
- (b) cease to be an operating Issuer; or
- (c) discontinue a substantial portion of its operations or business for any reason.

5. Summary of Tier Maintenance Requirements

The following is a summary of the Tier 1 Tier Maintenance Requirements:

Tier 1 Tier Maintenance Requirements					
Tier Maintenance Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
Shareholder Distribution	At least 750,000 Listed Shares, free of Resale Restrictions, held by Public Shareholders				
	At least 200 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions				
	At least 10% of the Listed Shares free of Resale Restrictions are held by Public Shareholders				
Market Capitalization	Market Value of Public Float must be at least \$750,000				
Working Capital	Sufficient Working Capital or Financial Resources to maintain operations and keep principal properties in good standing for 12 months		Sufficient Working Capital or Financial Resources to maintain operations for 12 months		
Net Tangible Assets / Property	A Significant Interest in an Advanced Exploration property	\$1,000,000 in proven and probable reserves, of which \$500,000 must be proven	Net Tangible Assets exceeding \$1,000,000 or positive pre-tax earnings	Net Tangible Assets exceeding \$2,000,000	Net Tangible Assets exceeding \$2,000,000
Activity	A demonstration of positive cash flow or at least \$1,000,000 in revenues in the previous 12 months or at least \$200,000 on expenditures directly related to development of assets during the previous 12 months				
Assets and Operations	An Issuer must not substantially reduce or impair its principal operating assets, cease to be an operating Issuer; or discontinue a substantial portion of its operations or business for any reason				

The following is a summary of the Tier 2 Tier Maintenance Requirements:

Tier 2 Tier Maintenance Requirements					
Tier Maintenance Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
Shareholder Distribution	At least 300,000 Listed Shares, free of Resale Restrictions held by Public Shareholders				
	In the first year of listing, at least 200 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions				
	After the first year of listing, at least 150 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions				
	At least 10% of the Listed Shares which are free of Resale Restrictions held by Public Shareholders				
Market Capitalization	Market Value of Public Float must be at least \$100,000				
Working Capital	Adequate working capital/financial resources to maintain operations and cover general and administrative expenses for 6 months, with at least \$50,000		Adequate working capital/financial resources to maintain operations for 6 months, with at least \$50,000		
Net Tangible Assets	N/A	N/A	Net Tangible Assets exceeding \$100,000	Net Tangible Assets exceeding \$250,000	Net Tangible Assets exceeding \$250,000
Activity	At least \$50,000 on exploration or development in the previous 12 months or significant operating revenues in the previous 12 months		Positive cash flow, significant operating revenues in the previous 12 months or at least \$100,000 on expenditures directly related to development of assets during the same period		
Assets and Operations	An Issuer must not substantially reduce or impair its principal operating assets, cease to be an operating Issuer, or discontinue a substantial portion of its operations or business for any reason				

6. Suspension

- 6.1 The Exchange will automatically suspend from trading the Listed Shares of an Issuer if the Exchange determines it is in the public interest to suspend the Issuer's Listed Shares from trading.

See Policy 2.9 - Trading Halts, Suspensions and Delisting.

7. Graduation to Tier 1

- 7.1 If the management of a Tier 2 Issuer reasonably believes that the Issuer meets all of the Tier 1 MLR, the Tier 2 Issuer can apply to the Exchange for graduation to Tier 1.
 - 7.2 The Exchange will review the applicant Issuer's audited financial statements for the most recent fiscal period and other relevant reports, valuations, or other materials submitted in support of the application to determine whether the Issuer meets Tier 1 MLR.
 - 7.3 The Exchange will also require the applicant Issuer to demonstrate that it is in good standing with any securities commission or similar regulatory body having jurisdiction over it. The Issuer must also be in compliance with all Exchange Requirements.
 - 7.4 The Exchange can refuse an application for graduation to Tier 1, even if the Issuer appears to meet Tier 1 MLR. The Exchange can also graduate any Tier 2 Issuer to Tier 1 without an application from the Issuer.
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