

POLICY 2.6

INACTIVE ISSUERS AND REACTIVATION

Scope of Policy

The Exchange encourages Inactive Issuers to reactivate. However, to protect the public, certain restrictions apply to Inactive Issuers before and in the course of a Reactivation. This Policy describes guidelines for effecting a Reactivation and the restrictions imposed by the Exchange on Inactive Issuers.

The main headings in this Policy are:

1. Definitions
2. Introduction
3. Restrictions on Inactive Issuers
4. Reactivation
5. Procedure for Effecting a Reactivation

1. Definitions

1.1 In this Policy:

“Inactive Issuer” means an Issuer which has failed to meet certain Tier 2 TMR and has been designated by the Exchange as Inactive. An Issuer may also voluntarily apply to the Exchange to be declared an Inactive Issuer. Inactive Issuers are designated as Inactive by the addition of an “I” to their trading symbol.

See Policy 2.5 - Tier Maintenance Requirements for details on when an Issuer will be designated as an Inactive Issuer.

“Reactivation” means the process of an Inactive Issuer undertaking a transaction or series of transactions which results in the Issuer meeting all Tier 1 or Tier 2 Tier Maintenance Requirements.

2. Introduction

2.1 The Exchange recognizes that it is not always possible for an Inactive Issuer which is trading to organize its affairs so that all steps of a Reactivation are co-ordinated and completed at once. Therefore, the Exchange permits Issuers to carry out the various steps of a Reactivation separately, while in most cases, continuing to trade.

- 2.2 The steps of a Reactivation can occur on a phased basis, with an Issuer first resolving its financial deficiencies and then proceeding to complete the final steps of the Reactivation at a later date.

3. Restrictions on Inactive Issuers

- 3.1 The restrictions on Inactive Issuers will be applied retroactively to the date when the Exchange first notified the Issuer that it did not meet the applicable TMR and it was given 90 days to meet TMR. Any restricted transaction undertaken in that 90 day period will be required to be reversed if the Issuer is declared Inactive.
- 3.2 An Inactive Issuer cannot grant new incentive stock options and its Insiders cannot exercise previously granted stock options.
- 3.3 The Issuer can grant new options (subject to regulatory approval) and Insiders can exercise previously granted unexpired options only after the Exchange issues an Exchange Notice to announce that the Reactivation is complete and the Inactive designation is removed.
- 3.4 If an Issuer can satisfy the Exchange that the Reactivation is substantially complete, the Exchange can permit an Issuer to grant new stock options and permit Insiders to exercise previously granted unexpired options before all steps in the Reactivation have been completed.
- 3.5 Inactive Issuers cannot accrue aggregate management fees of more than \$2,500 per month.
- 3.6 The Listed Shares of an Inactive Issuer can continue to trade on the Exchange for 18 months after the Issuer was designated Inactive provided the Issuer has filed the materials required in section 5 of this Policy within 12 months after being designated Inactive. If the Issuer does not file the materials within the required time, the Exchange can suspend the Listed Shares from trading at that time.

4. Reactivation

- 4.1 The Reactivation of an Inactive Issuer requires a reorganization of the Issuer's business affairs and usually includes a financing to raise sufficient funds for the Issuer's recommended work program or business plan.
- 4.2 If an Issuer undergoing a Reactivation already has an interest in a resource property or other business of merit satisfactory to the Exchange, it may not be required to acquire a new property or business as part of its Reactivation.
- 4.3 Following the Reactivation the Issuer must:
- (a) have shareholder distribution which meets TMR;

- (b) own a satisfactory interest in a property or business of merit satisfactory to the Exchange;
 - (c) have an interest in a property or business, from which the Issuer reasonably expects significant revenues or expects to incur significant expenditures directly related to the exploration and/or development of the Issuer's assets; and
 - (d) have adequate Working Capital and financial resources to carry out the Issuer's business plan or recommended work program.
- 4.4 If an Issuer acquires any assets or business, other than assets or businesses in the industry sector that the Issuer was engaged in before it became Inactive, or acquires significant assets together with a Change of Control or a Change of Management, this may constitute a Reverse Take-Over ("RTO") or Change of Business ("COB"). If the Exchange deems the transaction to be an RTO or a COB, the Issuer must also comply with the applicable provisions of Policy 5.2 - Changes of Business and Reverse Take-Overs.

See Policy 1.1 for definitions of Change of Business and Reverse Take-Over.

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

5. Procedure for Effecting a Reactivation

- 5.1 Within 12 months after an Issuer is designated Inactive, the Issuer must submit to the Exchange:
- (a) a comprehensive plan for Reactivation, describing in detail the transactions that the Issuer plans to undertake as part of the Reactivation; and
 - (b) evidence that it has completed at least one of the transactions proposed as part of the Reactivation.
- 5.2 If the Issuer does not submit the above items to the Exchange within the prescribed time, the Exchange can halt or suspend trading in the Listed Shares of the Issuer without further notice to the Issuer.
- 5.3 As part of the Reactivation process, the Exchange will review whether the Issuer complies with all Exchange Requirements.
- 5.4 The Exchange can refuse to remove the designation of Inactive, even if the Issuer appears to meet Tier 2 TMR.