

POLICY 6.1

TIER 3 ISSUERS

Scope of Policy

Pursuant an agreement entered into among the Exchange, The Toronto Stock Exchange Inc. ("TSE") and the Canadian Dealing Network Inc. ("CDN"), effective September 29, 2000, the TSE and CDN ceased to operate a quoted market in Ontario. Only those companies as at September 1, 2000 that were either CDN quoted Companies or Companies that had submitted a complete application to be quoted on CDN and were subsequently approved for quotation (together, the "Eligible Companies") were invited by the Exchange to list on the newly created Tier 3 of the Exchange. Tier 3 will exist on an interim basis and will consist solely of Eligible Companies. This policy applies to Issuers listed on Tier 3.

The main headings in this Policy are:

1. General
2. Eligibility to List on Tier 3
3. Tier 3 Listing Requirements
4. Corporate Finance Policies
5. Maintenance Requirements
6. Sponsorship and Escrow Requirements
7. Listing / Graduation to Tier 1 or 2
8. Reporting Issuer Status
9. Trading System
10. Fees

1. General

- 1.1 Where a matter is not specifically dealt with in this policy, Tier 3 Issuers must comply with the policies relating to Tier 2 Issuers. As such, any references in the Manual to Tier 2 Issuers will also apply to Tier 3 Issuers unless specifically exempted by this policy or other policy provisions in the Manual.

2. Eligibility to List on Tier 3

2.1 Transition from CDN to the Exchange

- (a) Eligible Companies listing on Tier 3 must comply with section 3 of this Policy.
- (b) Eligible Companies that make an application to CDN with respect to a Reverse Take-Over after September 1, 2000, will be required as a condition of their Tier 3 Application (as defined in section 3.1), to comply in full with Exchange Requirements including those relating to Changes of Business and Reverse Take-Over, sponsorship, Minimum Listing Requirements, escrow and corporate governance.
- (c) Eligible Companies must comply with section 3.1 of this policy by September 15, 2000 if they wish to be listed and commence trading on Tier 3 on October 2, 2000.
- (d) Eligible Companies that comply with section 3.2 of this policy between September 15 and September 29, 2000 will be listed and commence trading on Tier 3 on or after October 10, 2000.
- (e) Eligible Companies that have not complied with section 3 of this policy by September 29, 2000 will not be listed or traded on Tier 3, and will no longer be eligible to list on Tier 3. Eligible Companies seeking a listing on the Exchange after September 29, 2000 will be required to submit an Application for Listing for Tier 1 or Tier 2 in accordance with Exchange Requirements. Any Eligible Company that makes an application to list on Tier 1 or 2 must comply in full with Exchange Requirements for Tier 1 or 2, including those relating to sponsorship, Minimum Listing Requirements, escrow and corporate governance.
- (f) Companies which were not quoted on CDN, and merely had trading in their outstanding securities reported to CDN in compliance with the requirements of Part VI of the Regulation 1015 to the *Securities Act* (Ontario), were not invited to list on Tier 3 of the Exchange. Any such companies are, however, free to apply to list on Tier 1 or Tier 2 of the Exchange in the same manner as any other Issuer.

3. Tier 3 Listing Requirements

3.1 Listing on October 2, 2000

- (a) Eligible Companies accepting the invitation to list on Tier 3 by September 15, 2000 must have:
 - (i) entered into and filed with the Exchange, a Listing Agreement (Form 2D); and
 - (ii) submitted to the Exchange Personal Information Forms (Form 2A) for each of the directors, senior officers, Control Persons, Insiders, and parties conducting Investor Relations Activities on behalf of the Eligible Company.

The materials identified in (i) and (ii) above are the Eligible Company's "Tier 3 Application".

3.2 Listing on or after October 10, 2000

- (a) Eligible Companies that have filed the executed Listing Agreement by September 29, 2000 but have failed to provide all of the required PIFs will not be considered to have filed a complete Tier 3 Application. In such circumstances, Eligible Companies will not be listed on Tier 3 until such time as the Exchange has received all outstanding PIFs and any other documentation that may then be required by the Exchange. Such other documentation may include a certificate executed by two authorized signing officers of the Company stating that all PIFs have been provided and that there has been no Material Change between September 1, 2000 and the date of the certificate. If there has been a Material Change, the Exchange reserves the right to request further documentation, decline the application for listing on Tier 3 or impose such terms and conditions as the Exchange, in its sole discretion, may require.
- (b) The deadline for receipt of all outstanding PIFs is December 31, 2000. After December 31, 2000 the invitation to list will expire and the Eligible Company will no longer be entitled to list on Tier 3.

3.3 Deferral of Listing

- (a) The Exchange recognizes that Eligible Companies may wish to defer the commencement of their listing on Tier 3 pending a determination of whether a listing on Tier 3 will constitute a listing on a "prescribed exchange" within the meaning of the *Income Tax Act* (Canada) (the "Tax Implications"). In order to defer their listing on Tier 3, the Eligible Company must file a written request to defer (the "Deferral Notice") by September 29, 2000 together with a complete Tier 3 Application. The Exchange will not list any Eligible Company that has filed a Deferral Notice at the time of filing their Tier 3 Application.
- (b) An Eligible Company may only defer a listing until January 2, 2001, and must notify the Exchange in writing on or before December 31, 2000 of its intention to terminate the deferral and to list on Tier 3. Any Eligible Company that fails to provide written notification of the termination of the deferral will no longer be eligible to list on Tier 3.
- (c) The Exchange may require an Eligible Company that has filed a Deferral Notice with its complete Tier 3 Application and has subsequently filed the notice that it is terminating its deferral to file a certificate executed by two authorized signing officers of the Eligible Company stating that there has been no Material Change between September 1, 2000 and date of the certificate. If there has been a Material Change, the Exchange reserves the right to request further documentation, to decline the application for listing on Tier 3 or impose such terms and conditions as the Exchange, in its sole discretion, may require.

- (d) Eligible Companies that file a Deferral Notice should note that from September 29, 2000 to the date on which trading of the Eligible Company's securities commences on Tier 3 the Eligible Company will not be listed or traded on Tier 3.
- (e) All Eligible Companies that have failed to terminate their deferral by December 31, 2000 will only be entitled to list on Tier 1 or Tier 2 and will be required to comply in full with Exchange Requirements. Among other things, this will mean that Eligible Companies will be required to:
 - (i) obtain a Sponsor;
 - (ii) comply with CDNX Minimum Listing Requirements and corporate governance policies; and
 - (iii) comply with Exchange policies in relation to escrow and vendor consideration.

4. Corporate Finance Policies

4.1 General

Subject to section 6, immediately upon listing on Tier 3, all Tier 3 Issuers must comply with all Exchange Requirements applicable to Tier 2 Issuers.

4.2 Transition

- (a) Transactions filed by Eligible Companies prior to listing on Tier 3, other than pursuant to New Listings may be filed pursuant to either CDN policies and procedures, or Exchange Requirements. However, once an Eligible Company commences following Exchange Policies it must continue to do so.
- (b) An Eligible Company must file with the Toronto office of the Exchange until it files in accordance with Exchange Requirements, at which time it may elect a filing office in accordance with Policy 1.2, Filing Locations and Procedures.

5. Maintenance Requirements

- 5.1 Tier 3 Issuers are required to meet TMR for Tier 2 Issuers on an ongoing basis in order to maintain a listing on Tier 3. The Exchange will assess all Tier 3 Issuers by December 31, 2000.

- 5.2 Tier 3 Issuers that meet Tier 2 TMR will continue to trade on Tier 3. Tier 3 Issuers that do not meet Tier 2 TMR will be advised of this and will be immediately designated “Inactive”. Tier 3 Issuers designated “Inactive” will be given 18 months during which they will continue to trade on Tier 3 and may attempt to achieve Tier 2 TMR. A Tier 3 Issuer that subsequently meets Tier 2 TMR will continue to trade on Tier 3, however in the event that an Issuer designated as "Inactive" fails to meet Tier 2 TMR within the 18 month period, it will be suspended and then delisted.
- 5.3 The Exchange will review the directors, senior officers, Control Persons and parties conducting Investor Relations Activities on behalf of all Tier 3 Issuers by December 31, 2000 to assess their suitability. Where the Exchange has concerns regarding the suitability of such parties, it will notify the applicable Tier 3 Issuer of its concerns. Subject to any right of review, the Exchange will require the resignation of any directors, senior officers, Control Persons and parties conducting Investor Relations Activities on behalf of the Tier 3 Issuer who are deemed by the Exchange to be unsuitable. Issuers that fail to comply will be subject to suspension.

6. Sponsorship and Escrow Requirements

- 6.1 Eligible Companies listing on Tier 3 are not required to retain a Sponsor nor are they required to enter into an escrow arrangement in accordance with Policies 2.2 and 5.4 as a condition of a Tier 3 listing.

7. Listing/Graduation to Tier 1 or 2

- 7.1 Eligible Companies applying for listing on Tiers 1 or 2 of the Exchange and Tier 3 Issuers applying to graduate to Tier 2 or Tier 1 will generally be required to retain a Sponsor and to enter into an escrow arrangement in accordance with Policies 2.2 and 5.4.

8. Reporting Issuer Status

- 8.1 Unless otherwise exempted, and subject to any transitional relief provided by the ASC and the BCSC, Eligible Companies that list on the Exchange will automatically become reporting issuers in each of Alberta and British Columbia. Eligible Companies that obtain a listing on the Exchange will not automatically become reporting issuers in Ontario. However, effective June 30, 2001, Eligible Companies with a Significant Connection to Ontario must make an application to become a reporting issuer in Ontario. See section 19 of Policy 3.1.

9. Trading System

- 9.1 All Eligible Companies listed on the Exchange will trade on TradeCDNX, the Exchange's fully electronic auction trading system and be subject to the Exchange's rules applicable to trading as prescribed from time to time.

10. Fees

10.1 Listing and Sustaining Fees

- 10.1 Eligible Companies will not be required to pay Initial Listing fees.
- 10.2 All former Eligible Companies listed on the Exchange will become subject to the standard Exchange annual sustaining fees commencing January 1, 2001.

10.3 Transaction and Filing Fees

Eligible Companies listed on the Exchange will be subject to Exchange Requirements in accordance with the transitional requirements set out in section 4.2 and accordingly, will be required to pay such fees as are applicable to all Issuers in connection with Exchange filings from earlier of the time the Eligible Company is listed on the Exchange or starts complying with Exchange Requirements. Fees are required to be paid by Issuers at the time of the filing of an application for review by Exchange staff. See Policy 1.3 Schedule of Fees.