CANADIAN CDNX VENTURE EXCHANGE

Corporate Finance Manual

October 31, 2001

CANADIAN VENTURE EXCHANGE

CORPORATE FINANCE MANUAL

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PART 6. TRANSITIONAL PROVISIONS

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:

Closing Price	Discount
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-Overs.* 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.

POLICY 1.2

FILING LOCATIONS AND PROCEDURES

1. Filing Office – Former ASE Issuers and Former VSE Issuers

1.1 Until March 1, 2000, issuers previously listed on the ASE ("Former ASE Issuers") will generally be required to continue to file all documents with the Calgary office of CDNX. Similarly, until March 1, 2000, issuers previously listed on the VSE ("Former VSE Issuers") will generally be required to continue to file all documents with the Vancouver office of CDNX.

1.2 News releases relating to Major Transactions, Qualifying Transactions, Reverse Take-Overs, Changes of Business and other transactions that are expected to result in a trading halt should be filed in advance of release with the Corporate Finance Department in the Issuer's normal filing office.

2. Filing Office – Issuers which obtain a New Listing on CDNX

2.1 Issuers ("New CDNX Issuers") which obtain a new listing on CDNX after November 29, 1999 and which desire to have a particular filing office deal with their filings should specify the choice and the basis for such choice in the filing letter accompanying the New Listing application. If no choice is specified, then CDNX will assign a filing office based on the location of the applicable CDNX Issuer's head office or other business factors.

2.2 Issuers which file an Exchange Vetted Prospectus in connection with their Application for Listing will be assigned a filing office which will correspond with the office of CDNX responsible for vetting (reviewing) the Prospectus. *See Policy 4.2 - Prospectus Offerings* and *Policy 2.4 - Capital Pool Companies.* An Issuer seeking a listing as a JCP is required to file their JCP Prospectus with the Calgary office of CDNX for vetting and the Calgary office of CDNX will become the Issuer's filing office. Similarly, an Issuer seeking a listing as a VCP will be required to file its VCP Prospectus with the Vancouver office of CDNX for vetting and the Vancouver office will then become the Issuer's filing office.

3. Change in Filing Office

3.1 After March 1, 2000, all CDNX Issuers will be permitted to make application to change their filing office. However, the Exchange will generally only entertain applications to change a filing office in circumstances where an Issuer has undertaken a Reverse Take-Over, Change of Business, Qualifying Transaction or Change of Management and, as a result, factors such as the location of new management or professional advisors would justify a change in filing office. The Exchange will entertain applications for a change in filing office at other times where the Issuer submits satisfactory business reasons as to the need for a change in filing office. However, a change in filing office should be a very infrequent occurrence. Repeated applications for change in filing office will likely be refused. An Issuer seeking a change in its filing office will be required to make application to the new filing office and send a copy of the request to the current filing office.

4. Electronic or Paper Filing

4.1 Certain documents filed with Securities C ommissions by SEDAR, such as continuous disclosure documents and Prospectuses, may also be filed with the Exchange by SEDAR. *See Policy 3.2, Filing Requirements and Continuous Disclosure.* Other Exchange filings may be made in paper format or by SEDAR. Unless originals are indicated as being required, documents may be filed by facsimile.

4.2 Where "common filings" are made through SEDAR under Policy 3.2 - Filing Requirements and Continuous Disclosure and:

(a) are specific to Alberta and would have been required to be filed under the policies of the ASE or are required under the policies of CDNX, then "Canadian Venture Exchange-AB" should be selected under the SEDAR filing;

(b) are specific to British Columbia and would have been required to be filed under the policies of the VSE or are required under the policies of CDNX, then "Canadian Venture Exchange-BC" should be selected under the SEDAR filing; and

(c) are to be filed with more than one Securities Commission, then "Canadian Venture Exchange" should be selected under the SEDAR filing.

5. Confidential Information

5.1 With the exception of Personal Information Forms, all Exchange Forms and documents prepared in accordance with Securities Laws which are required to be filed with the Exchange are presumed to be public documents unless the documents disclose intimate financial or other personal information and the desirability of avoiding disclosure of the information, in the interests of any individual affected, outweighs the desirability of adhering to the principle of public disclosure. In the absence of compelling evidence to the contrary, the issuance of securities to any Person will not be considered confidential information.

5.2 Issuers should assume that Exchange forms and documents prepared in accordance with Securities Laws which are required to be filed with the Exchange will be placed in a public file and, where applicable, available to the public through INFOCDNX or the SEDAR database. Issuers should first determine if the information is subject to mandatory confidentiality provisions under FIPPA. If not, an application to the applicable Securities Commissions and the Exchange will be required, giving reasons to support the application.

5.3 Personal Information Forms will not be placed in a public file. Ho wever, they will be forwarded to Securities Commissions in order that background checks can be carried out on the applicable individuals.

5.4 Documents considered confidential by the Exchange are not published or placed in the public file and are not available through the SEDAR database or INFOCDNX. The Exchange may be required to make the information available to the Securities Commissions. The Exchange may also be required to make the information available to a government or regulatory authority pursuant to a court order or otherwise and may be required to make the information available to the public upon application under the FIPPA.

5.5 The names of Persons acquiring securities of an Issuer, the price per security, the number of securities, the province or state in which the Person resides, and the relationship to the Issuer, if non-arm's length, will generally be disclosed.

5.6 Generally, correspondence other than in the Forms prescribed by the Exchange or contracts filed other than in connection with a public offering will not be placed in the public file.

POLICY 1.3

SCHEDULE OF FEES

Application Type	Minimum* $	Maximum $	Fee Calculation
Annual Sustaining Fees	2,050	5,000	$2,000 + $50 for each $5,000,000 in market capitalization or part thereof
New Listings	5,000	15,000	$5,000 + 0.25% of proceeds raised
CPC Listings	5,000	5,000	Flat Fee
RTO/QT/COB	5,000	15,000	$5,000 + $0.001 per share
Private Placements	500	15,000	$500 + 0.25% of proceeds raised
Stock Option plan review/administration	750	750	Flat Fee
Stock Option amendments	750	750	Flat Fee
Acquisitions-Minor	500	500	Flat Fee
Acquisitions-Reviewable	1,000	1,000	Flat Fee
Acquisitions-Fundamental	1,000	15,000	$1,000 + $0.001 per share
Name change (no consolidation)	500	500	Flat Fee
Shares for Debt	500	15,000	$500 + $0.001 per share
Consolidation	1,000	1,000	Flat Fee
Processing	500		
Bonus Shares	500	15,000	$500 + 0.25% of proceeds raised
Escrow transfers & releases	1,000	1,000	Flat Fee
(Contested)			
Amendment to Escrow Agreement	1,000	1,000	Flat Fee
Loans (conversion feature)	500	15,000	$500 + 0.25% of proceeds raised
Management agreements, employment & Admin contracts	500	500	Flat Fee
Investor Relations Agreements	500	500	Flat Fee
Warrant extensions/price amendments	500	500	Flat Fee
Additional Listing (Amalg., Merger)	1,000	15,000	$1,000 + $0.001 per share

Application Type	Minimum*	Maximum	Fee Calculation
Public Offerings	500	15,000	$500 + 0.25% of proceeds raised
Share Split	1,000	15,000	$1,000 + $0.001 per share
Reinstatement for Suspended Issuers	500	500	Flat Fee
No Charge			
Alteration in Capital			
Change in Corporate Jurisdiction			
Change in Filing Office			
Escrow transfers & releases (Non Contested)			
Loans (no conversion feature)			
Policy waiver			
Stock Option Grants			

*** All minimum fees, plus applicable taxes, are non-refundable and must be submitted with the initial documentation prior to CDNX commencing work. The balance of the required listing fee is not to be submitted until requested by CDNX at the conclusion of the transaction.**

NOTES:

- Recovery of costs:
  CDNX may levy charges to cover expenses that it has incurred relating to due diligence, research or assessment procedures which the Exchange deems necessary in connection with any notice or application that has been filed or that in the opinion of the Exchange ought to have been filed, pursuant to any Section or Appendix of this Manual. These charges may include, but are not limited to expenses associated with investigations of the background of companies or their officers, directors or major shareholders.
- Processing fees may also be assessed for time consuming or poorly prepared filings or in extra-ordinary circumstances where an inordinate amount of time is required to process an application or a filing.
- 7% GST to be added to all fees.
- Calculation of fees based on the number of shares issued includes the exercise of all warrants or conversion of any convertible securities.
- Calculation of fees based on the percentage of proceeds raised does not include the proceeds from the exercise of warrants issued in connection with the transaction.

POLICY 2.1

MINIMUM LISTING REQUIREMENTS

Scope of Policy

This Policy sets out the minimum listing requirements for all Issuers making application for a New Listing on the Exchange, including a listing following an Initial Public Offering, an application for listing by an Issuer that was previously listed on another stock exchange or otherwise meets all Exchange MLR before listing and a Reverse Take-Over. This Policy also applies to a Capital Pool Company conducting its Qualifying Transaction in accordance with Policy 2.4 - Capital Pool Companies.

Securities to be Listed

This Policy applies only to a New Listing of common shares (or equivalent securities) of an Issuer. The Exchange will not generally accept an application for listing of securities of an Issuer other than common shares, except where the common shares of that Issuer are already listed, or where the common shares and the other class of securities will be contemporaneously listed. For the purpose of this Policy, a security is equivalent to common shares if it has a single voting right and a right to participate in the distribution of property upon dissolution or winding-up, and generally includes class A shares and limited partnership units. An Issuer seeking to list both common shares and another class of security, such as warrants, should refer to Policy 2.8 - Supplemental Listings for the distribution and other requirements applicable to the other class of securities.

An Issuer seeking to list only securities which are not common shares or equivalents should consult with Exchange staff and schedule a pre-filing conference. Applications to list securities other than common shares or equivalents will be considered on a case-by-case basis. *See Policy 2.8 - Supplemental Listings, Policy 3.5 – Restricted Securities and Policy 2.7 -Pre-Filing Conferences.*

The main headings in this Policy are:

1. Introduction - Tiers and Industry Segments
2. Exercise of Discretion
3. Summary of Minimum Listing Requirements
4. Minimum Quantitative Requirements
5. Public Distribution

1. Introduction – Tiers and Industry Segments

1.1 General

(a) The Exchange currently classifies Issuers into two different tiers based on standards including historical financial performance, stage of development and financial resources of the Issuer at the time of listing. Specific Minimum Listing Requirements for each industry segment in each of Tier 1 and Tier 2 have been developed. This Policy outlines the Minimum Listings Requirements for each industry segment in Tier 1 and Tier 2.

(b) The Exchange also intends to introduce a third tier. However, at this time, a Tier 3 does not exist. Companies seeking listing which are unable to qualify for Tier 2 may wish to consult with the Canadian Dealing Network ("CDN") to determine whether they qualify for trading on CDN.

1.2 Distinctions between Tiers and Industry Segments

(a) Tier 1 is the Exchange's premier tier and is reserved for the Exchange's most advanced Issuers with the most significant financial resources. Tier 1 Issuers benefit from decreased filing requirements and improved service standards. Tier 2 is the tier where the majority of the Exchange's listed Issuers will trade.

(b) The Exchange classifies listed Issuers into different classes based on the industry segment of the Issuer's business. The Exchange will classify Issuers based on information that is available in the Issuer's application. An Issuer should specify in its initial Application for Listing or other New Listing application, the tier and industry segment it is applying to be listed on. The Exchange, at its discretion, can redesignate an Issuer into a different category or tier than the one applied for.

(c) The Exchange places special identifiers beside an Issuer's name or stock symbol to distinguish between Tier 1 and Tier 2 Issuers and to distinguish between regular Tier 2 Issuers and those which are Inactive. A Tier 1 or Tier 2 Issuer generally has a two or three letter stock symbol.

1.3 Interpretation

In this Policy:

"Financial Resources" refers generally only to the ability of an Issuer to pay from its cash flow, all general and administrative expenses and costs reasonably required pursuant to its business plan.

"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.

"Net Tangible Assets" or **"NTA"** means total assets less total liabilities, goodwill and intangibles. At the discretion of the Exchange, NTA can include deferred exploration and development expenditures or deferred research and development costs (other than general and administrative expenses) incurred in the five fiscal years before the Application for Listing, if the expenditures relate to the development of the asset, property, product or technology which is the basis on which the Issuer will otherwise meet Minimum Listing Requirements and in respect of which either commercialization has occurred or is reasonably imminent or in respect of which a further work program or research and development program has been recommended by an independent expert. Audited financial statements or an audited statement of costs must provide evidence of these expenditures. The Exchange can permit the inclusion of non-deferred expenditures in the case of Issuers which have expensed those costs against revenues or Issuers who were required by standard accounting practices in their jurisdiction of residence to expense those costs, provided the Issuer provides satisfactory evidence of the costs.

"Significant Interest" means at least a 50% interest.

"Working Capital" means current assets less current liabilities based on the Issuer's most recent balance sheet. Issuers without positive cash flow, at the time of listing, must have enough cash or equivalents to meet all working capital requirements for 12 or more months (depending on the Issuer's category). In calculating working capital requirements for Issuers which have not yet attained positive cash flow, the Exchange can consider any significant revenues generated. The Exchange will only consider financing alternatives where the Issuer, at the time of listing, has firm commitments to obtain that financing or, in exceptional circumstances, where the Issuer has a demonstrated ability to obtain financing.

2. Exercise of Discretion

2.1 When reviewing an Application for Listing, the Exchange can consider the public interest and any facts or circumstances unique to the Issuer.

2.2 The Exchange will also consider whether:

(a) the past conduct of any Insider suggests that the business of the Issuer will not be conducted with integrity and in the best interests of the Public Shareholders;

(b) the rules and regulations of any exchange or regulatory authority have not been complied with by any Insider; and

(c) the distribution of the Issuer's securities to Public Shareholders is not sufficient to ensure an orderly market or appears to be susceptible to manipulation or abuse.

2.3 Whether or not an applicant Issuer appears to satisfy the Minimum Listing Requirements, the Exchange may:

(a) impose listing requirements of a more restrictive nature;

(b) impose additional listing requirements;

(c) waive, modify or impose any other terms or conditions that it considers advisable;

(d) refuse to accept the application for New Listing; or

(e) classify an Issuer in a different tier or industry segment than the one the Issuer applied for.

3. Summary of Minimum Listing Requirements

3.1 Every Issuer making application pursuant to a New Listing, at the time its securities are listed for trading, must:

(a) meet the minimum quantitative requirements set out in section 4 of this Policy for a particular tier and industry segment;

(b) meet the minimum distribution requirements set out in section 5 of this Policy applicable to the particular tier on which the applicant Issuer is applying to be listed;

(c) be in compliance with Policy 3.1 – Directors, Officers and Corporate Governance, including the suitability and qualifications of directors and management and the pre-listing concerns;

(d) have had a Sponsor submit a final Sponsor Report; and

(e) have submitted all agreements, reports, other documentation and information as required by Policy 2.3 – Listing Procedures.

3.2 In addition to the requirements set out above, an Issuer which has been subject to a cease trade order or similar ruling for 90 days or more or whose securities have not traded for 12 months or which is a delisted Capital Pool Company, must file with and receive a final receipt for a Prospectus from one of the Securities Commissions, before the Exchange will list the Issuer's securities.

3.3 The following tables summarize the Tier 1 and Tier 2 Minimum Listing Requirements:

Tier 1 Minimum Listing Requirements

Minimum Listing Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
Net Tangible Assets	Category 1: $2,000,000 Category 2: No requirement	No requirement	Category 1: $1,000,000 NTA Category 2: $5,000,000 NTA Category 3: No requirement	$5,000,000	$5,000,000
Property or Reserves	Category 1: Significant Interest in an Advanced Exploration Property Category 2: Significant Interest in a Property with Proven or Probable Reserves for a 3 year mine life	$2,000,000 proven reserves	No requirement	No requirement	No requirement
Prior Expenditures	N/A	No requirement	No requirement	$1,000,000	No requirement
Recommended Work Program	Category 1: $500,000 on the Advanced Exploration Property (as recommended by Geological Report) Category 2: No requirement	No requirement	No requirement	Minimum: $1,000,000	No requirement
Working Capital and Financial Resources	Category 1: Adequate for: Work program + 18 mos. G&A(1) + 18 mos. property payments to keep Advanced Property and "principal properties"(2) in good standing +$100,000 unallocated	Adequate (Min: $500,000)	Categories 1 & 3: Adequate Financial Resources for 18 months Category 2: Adequate for Working Capital for 18 mos. under business plan (incl. G&A)(1) and $100,000 unallocated	Adequate Working Capital to cover: Work program + 18 mos. G&A(1) + $100,000 unallocated	Adequate for 18 months

Minimum Listing Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
Working Capital and Financial Resources	Category 2: Adequate working capital and financial resources to conduct business plan, including 18 mos. G&A + $100,000				
Earnings or Revenue	No requirement	No requirement	Category 1: $100,000 pre-tax earnings in last year or in last two of three Category 2: No requirement Category 3: $200,000 pre-tax earnings in last year or in last two of three	No requirement	No requirement
Distribution, Market Capitalization and Float	$1,000,000 publicly held 1,000,000 free trading public shares 300 public holders with Board Lots 20% of issued and outstanding shares trading in the hands of the public				
Other Criteria	Category 1: Geological Report recommending completion of work program Category 2: Bankable Feasibility Study Sponsor Report is required	Geological Report Sponsor Report is required	Sponsor Report is required	Human or technological benefits Sponsor Report is required	Investment Issuers must have a disclosed investment policy and strategy Sponsor Report is required

(1) "G&A" means general and administrative expenses.

(2) "principal properties" means any other properties of the Issuer in respect of which 20% or more of the available funds will be spent in the next 18 months.

Tier 2 Minimum Listing Requirements

Minimum Listing Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
Net Tangible Assets	No requirement	No requirement	Category 1: $500,000 NTA Category 2: $750,000 NTA Category 3: $750,000 NTA	$750,000	$2,000,000
Property or Reserves	Satisfactory Interest in Qualifying Property	Category 1: $500,000 proven producing reserves Category 2: $750,000 proven and probable reserves Category 3: No requirement	No requirement	No requirement	No requirement
Prior Expenditures	$100,000 on the Qualifying Property in last 12 mos. by applicant issuer	No requirement	Categories 1 & 2: not required Category 3: $250,000 prior expenditures	$500,000	No requirement
Recommended Work Program	$200,000 on the Qualifying Property as recommended by Geological Report	Category 1: No requirement Category 2: $300,000 work program Category 3: satisfactorily diversified exploration program. Issuer has at least $1,500,000 allocated towards a joint venture or work program	No requirement	Minimum: $500,000	No requirement

Minimum Listing Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
Working Capital and Financial Resources	Adequate including: Work program + 12 mos. G&A[1] + 12 mos. property payments to keep Qualifying Property and "principal properties"[2] in good standing +$100,000 unallocated	Category 1: Adequate working capital and financial resources for 12 months Category 2 and 3: Adequate means adequate working capital and financial resources: Work program + 12 mos. G&A[1] +12 mos. payments to keep property in good standing +$100,000 unallocated	Category 1: Adequate for 12 months Category 2: Adequate working capital and financial resources for 12 mos. under business plan (incl. G&A)[1] and $100,000 unallocated Category 3: Adequate working capital for 12 mos. under business plan (incl. G&A)[1] and $100,000 unallocated	Adequate working capital to cover: Work program + 12 mos. G&A[1] + $100,000 unallocated	Adequate for 12 months
Earnings or Revenue	No requirement	No requirement	Category 1: $50,000 pre-tax earnings in last year or in last two of three Category 2: $250,000 operating revenue Category 3: No requirement	No requirement	No requirement
Distribution, Market Capitalization and Float	500,000 public free trading shares $500,000 publicly held 300 public holders with Board Lots 20% issued and outstanding shares in the hands of the public				
Other Criteria	Geological Report recommending completion of work program Sponsor Report required.	Geological Report Sponsor Report is required	Category 1: Sponsor Report Category 2: Two year management plan demonstrating reasonable likelihood of earnings within 12 months + Sponsor Report.	Human or technological benefits Feasibility Study or other evidence of satisfactory due diligence by sponsor Sponsor Report is required	Investment Issuers must have a publicly disclosed investment policy and strategy Sponsor Report is required

Minimum Listing Requirements	Mining Issuers	Oil & Gas Issuers	Technology or Industrial Issuers	Research & Development Issuers	Real Estate or Investment Issuers
			Category 3: Two year management plan demonstrating reasonable likelihood of earnings within 12 months + Sponsor Report + working prototype of any industrial product or, in respect of any technology, testing satisfactory to demonstrate reasonable likelihood of commercial viability + $250,000 in prior expenditures related to the development of the product or technology to be commercialized pursuant to the business plan in past 12 months		

(1) "G&A" means general and administrative expenses.

(2) "principal properties" means any other properties of the Issuer in respect of which 20% or more of the available funds will be spent in the next 18 months.

4. Minimum Quantitative Requirements

4.1 Overview

The Exchange categorizes Tier 1 and Tier 2 Issuers by industry segment and applies specific requirements to each industry segment. Each Tier 1 or Tier 2 Issuer will be placed into one of the following categories:

(a) Technology or Industrial

(b) Mining

(c) Oil and Gas

(d) Real Estate or Investment

(e) Research and Development

Each industry segment is further divided into subcategories. The quantitative minimum requirements for listing in each industry and tier are provided below.

4.2 Technology or Industrial – Tier 1

A technology or industrial issuer seeking a listing in Tier 1 must satisfy all the criteria in one of the three categories below:

(a) Category 1:

(i) Net Tangible Assets of at least $1,000,000;

(ii) adequate Financial Resources to carry on the business of the Issuer for 18 months; and

(iii) net income of at least $100,000 before extraordinary items and after all charges except income taxes in the fiscal year immediately preceding the filing of the listing application or a minimum average net income of $100,000 before extraordinary items and after all charges except income taxes for at least two of the last three fiscal years;

or

(b) Category 2:

(i) Net Tangible Assets of at least $5,000,000;

(ii) a management plan outlining the development of its business for 24 months, which management plan demonstrates that the Issuer's product, service or technology is sufficiently developed and that there is a reasonable expectation of earnings from its business within the next 12 months; and

(iii) adequate Working Capital to carry out the program outlined in its management plan. For further clarification, adequate Working Capital includes the funds necessary to achieve any acquisition, growth or expansion plans and satisfy general and administrative expenses for at least 18 months and at least $100,000 in unallocated funds;

or

(c) Category 3:

(i) adequate Financial Resources to carry on the business of the Issuer for 18 months; and

(ii) net income of at least $200,000 before extraordinary items and after all charges except income taxes in the fiscal year immediately preceding the filing of the listing application or a minimum average net income of at least $200,000 before extraordinary items and after all charges except income tax for at least two of the last three fiscal years.

4.3 Technology or Industrial – Tier 2

A technology or industrial issuer seeking a listing in Tier 2 must satisfy all the criteria in one of the three categories below:

(a) Category 1:

(i) Net Tangible Assets of at least $500,000;

(ii) adequate Financial Resources to carry on the business of the Issuer for 12 months; and

(iii) net income of at least $50,000 before extraordinary items and after all charges except income taxes in the fiscal year immediately preceding the filing of the listing application or a minimum average net income of at least $50,000 before extraordinary items and after all charges except income taxes for at least two of the last three fiscal years;

or

(b) Category 2:

(i) Net Tangible Assets of at least $750,000;

(ii) revenues derived from commercial operations in the last 12 months of at least $250,000;

(iii) a management plan outlining the development of its business for 24 months, which management plan demonstrates that the Issuer's product, service or technology is sufficiently developed and that there is a reasonable expectation of earnings from its business within the next 12 months; and

(iv) adequate Working Capital and Financial Resources to carry out the program outlined in its management plan. For further clarification, adequate Working Capital and Financial Resources includes the funds necessary to achieve any acquisition, growth or expansion plans and satisfy general and administrative expenses for at least 12 months and at least $100,000 in unallocated funds;

or

(c) Category 3:

(i) Net Tangible Assets of at least $750,000;

(ii) at least $250,000 must have been spent on the development of the product or technology by the applicant Issuer in the 12 months preceding the application;

(iii) sufficient testing of any technology to demonstrate commercial viability;

(iv) a working prototype of any industrial product;

(v) a management plan outlining the development of its business for 24 months, which management plan demonstrates that the Issuer's product, service or technology is sufficiently developed and that there is a reasonable expectation of earnings from its business within the next 12 months; and

(vi) adequate Working Capital to carry out the program outlined in its management plan. For further clarification, adequate Working Capital includes the funds necessary to achieve any acquisition, growth or expansion plans and satisfy general and administrative expenses for at least 12 months and at least $100,000 in unallocated funds.

4.4 Mining Issuer – Tier 1

A mining issuer seeking a listing in Tier 1 must satisfy all of the criteria in one of the two categories below:

(a) Category 1:

(i) Net Tangible Assets of at least $2,000,000;

(ii) a Significant Interest in an Advanced Exploration Property;

(iii) a Geological Report recommending a minimum $500,000 work program on the Advanced Exploration Property; and

(iv) adequate Working Capital which for clarification includes adequate funds:

(A) to conduct the recommended work program;

(B) to satisfy general and administrative expenses for at least 18 months;

(C) to maintain the Advanced Exploration Property and all principal properties in good standing for at least 18 months; and

(D) at least $100,000 in unallocated funds;

or

(b) Category 2:

(i) a Significant Interest in a property with proven or probable reserves providing for a minimum three year mine life;

(ii) a bankable feasibility study; and

(iii) adequate Working Capital and Financial Resources which for clarification includes adequate funds:

(A) to conduct the business plan recommended by the bankable feasibility study;

(B) to satisfy general and administrative expenses for at least 18 months; and

(C) at least $100,000 in unallocated funds.

4.5 Mining Issuer – Tier 2

A mining issuer seeking a listing in Tier 2 must satisfy all of the criteria below:

(a) a Significant Interest in a Qualifying Property;

(b) a minimum of $100,000 in exploration and development costs have been spent on the Qualifying Property by the applicant Issuer in the last 12 months;

(c) a Geological Report recommending a minimum $200,000 first phase work program on the Qualifying Property; and

(d) adequate Working Capital which for clarification includes adequate funds:

(i) to conduct the recommended work program;

(ii) to satisfy general and administrative expenses for at least 12 months;

(iii) to maintain the Qualifying Property and all principal properties in good standing for at least 12 months; and

(iv) at least $100,000 in unallocated funds.

4.6 Oil and Gas Issuer – Tier 1

An oil and gas issuer seeking a listing in Tier 1 must satisfy all of the criteria below:

(a) a Geological Report demonstrating proven reserves with a present value of $2,000,000 based on constant dollar pricing assumptions, discounted at 15%; and

(b) adequate Working Capital and Financial Resources to carry out the business, which for clarification includes at least $500,000 in Working Capital.

4.7 Oil and Gas Issuer – Tier 2

An oil and gas issuer seeking a listing in Tier 2 must satisfy all of the criteria in one of the three categories below:

(a) Category 1:

(i) at least $500,000 proven producing reserves;

(ii) a Geological Report recommending further development or production; and

(iii) adequate Working Capital and Financial Resources for 12 months;

or

(b) Category 2:

(i) proven and probable reserves with a present value of $750,000 based on constant dollar pricing, discounted at 15%, and for probable reserves, risk discounted a further 50%;

(ii) a Geological Report recommending a minimum development program of $300,000; and

(iii) adequate Working Capital and Financial Resources, which for clarification includes adequate funds:

(A) to complete any joint venture exploration program or other recommended work program;

(B) to satisfy general and administrative expenses for at least 12 months; and

(C) at least $100,000 in unallocated funds;

or

(c) Category 3:

(i) a satisfactorily diversified exploration program recommended by a Geological Report;

(ii) at least $1,500,000 of the Issuer's funds are allocated to a joint venture or other satisfactory recommended exploration program; and

(iii) adequate Working Capital and Financial Resources, which for clarification includes adequate funds:

(A) to complete the recommended work program;

(B) to satisfy general and administrative expenses for at least 12 months; and

(C) at least $100,000 in unallocated funds.

4.8 Real Estate or Investment Issuer – Tier 1

A real estate or investment issuer seeking a listing in Tier 1 must satisfy all of the criteria below:

(a) Net Tangible Assets of at least $5,000,000;

(b) adequate Working Capital and Financial Resources for 18 months; and

(c) a publicly disclosed satisfactory investment policy and strategy.

4.9 Real Estate or Investment Issuer – Tier 2

A real estate or investment issuer seeking a listing in Tier 2 must satisfy all of the criteria below:

(a) Net Tangible Assets of at least $2,000,000;

(b) adequate Working Capital and Financial Resources for 12 months; and

(c) a publicly disclosed satisfactory investment policy and strategy.

4.10 Research and Development Issuer – Tier 1

A research and development issuer seeking a listing in Tier 1 must satisfy all of the criteria below:

(a) a satisfactory recommended research and development work program of at least $1,000,000;

(b) Net Tangible Assets of at least $5,000,000;

(c) a minimum of $1,000,000 in prior research and development costs (excluding general and administrative costs) must have been spent by the applicant Issuer on the technology or product on which the research and development program is recommended;

(d) adequate Working Capital and Financial Resources, which for clarification includes adequate funds:

(i) to conduct the recommended research and development program;

(ii) to satisfy general and administrative expenses for at least 18 months; and

(iii) at least $100,000 in unallocated funds.

4.11 Research and Development Issuer – Tier 2

A research and development issuer seeking a listing in Tier 2 must satisfy all of the criteria below:

(a) a satisfactory recommended research and development work program of at least $500,000;

(b) Net Tangible Assets of at least $750,000;

(c) a minimum of $500,000 in prior research and development costs (excluding general and administrative costs) must have been spent by the applicant Issuer on the technology or product on which the research and development program is recommended;

(d) adequate Working Capital and Financial Resources, which for clarification includes adequate funds:

(i) to conduct the recommended research and development program;

(ii) to satisfy for general and administrative expenses for at least 12 months; and

(iii) at least $100,000 in unallocated funds.

4.12 Working Capital

If an Issuer has historically generated positive cash flow, the Exchange will generally conclude that the Issuer has sufficient financial resources to meet its historical general and administrative expenses. If an Issuer has generated revenues which have not yet resulted in positive cash flow, the Exchange can consider those revenues when calculating the minimum Working Capital requirements of the Issuer. An Issuer with no revenues must have, at the time of listing, sufficient Working Capital to satisfy all its Working Capital needs for at least 12 months.

5. Public Distribution

5.1 Tier 1

An Issuer seeking a listing in Tier 1, regardless of industry segment, must satisfy all of the criteria below:

(a) at least 1,000,000 securities of the class to be listed are held by Public Shareholders, free of any trading restrictions;

(b) the aggregate Market Value of the securities held by Public Shareholders is at least $1,000,000;

(c) at least 300 Public Shareholders hold at least one Board Lot each; and

(d) at least 20% of the issued and outstanding securities to be listed are held by Public Shareholders.

5.2 Tier 2

An Issuer seeking a listing in Tier 2, regardless of industry segment, must satisfy all of the criteria below:

(a) at least 500,000 securities of the class to be listed are held by Public Shareholders, free of any trading restrictions;

(b) the aggregate Market Value of the securities held by Public Shareholders is at least $500,000;

(c) at least 300 Public Shareholders hold at least one Board Lot each; and

(d) at least 20% of the issued and outstanding securities to be listed are held by Public Shareholders.

5.3 General Requirements

(a) If an Issuer does not meet the requirements of section 5.1(c) or 5.2(c), the Exchange can permit the listing of an Issuer that:

(i) has between 200 and 300 Public Shareholders holding at least one Board Lot each if the Issuer has more than 400 Public Shareholders in total and at least 20% of the free-trading securities are held by Public Shareholders; or

(ii) has only 200 Public Shareholders holding at least one Board Lot each where, in conjunction with the application for New Listing, the Issuer has completed a public offering which raised gross proceeds of at least $1,000,000 with an offering price of at least $2.00 per security.

(b) In determining whether an Issuer has adequate public distribution, the Exchange will exclude from the calculation, any distribution which:

(i) is contrary to Securities Laws or Exchange Requirements, or

(ii) has been achieved solely or principally by gift, dividend in specie, securities exchange take-over bid of a non-reporting issuer, or other similar means.

(c) An Issuer does not have adequate public distribution, if at the time of listing, the aggregate number of Listed Shares beneficially owned or controlled directly or indirectly by the Pro Group (before inclusion of any Agent's Option) exceeds 20% of the total issued and outstanding Listed Shares of the Issuer.

(d) If an Issuer appears to meet the distribution requirements in sections 5.1(c) or 5.2(c) but most of the 300 Public Shareholders hold only a single Board Lot and the balance of the securities are held by only a few shareholders, then trading in the Issuer's securities could reasonably become subject to manipulation and the Exchange will generally conclude that the Issuer does not have adequate public distribution.

POLICY 2.2

SPONSORSHIP AND SPONSORSHIP REQUIREMENTS

Scope of Policy

This Policy is intended to serve as an explanation as to the relationship between references in certain policies in the Corporate Finance Policy Manual to Sponsors and Sponsor Reports and the Exchange Rules that govern Sponsors and Sponsors Reports.

The main headings in this Policy are:

1. Overview
2. Application of Exchange Rules
3. Sponsorship Acknowledgement Form

1. Overview

1.1 A number of policies of the Exchange refer to Sponsors and the requirement for a Sponsor Report. Among other policies, a Sponsor may be required under Policy 2.3 - Listing Procedures, Policy 2.4 - Capital Pool Companies, Policy 5.2 - Changes of Business and Reverse Take-Overs and Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets.

1.2 A Sponsor must be a Member and must meet the qualifications described in Rule B.2.00 and Policy Statement CR12 (the "Sponsorship Rule"), copies of which appear at, respectively, Appendix 2B and Appendix 2C.

2. Application of Exchange Rules

2.1 All aspects of sponsorship applicable to a Sponsor are prescribed by Rule B.2.00 and the Sponsorship Rule. Among other things, the Sponsorship Rule outlines the requirements for a Sponsor Report, the qualifications required for any Member to act as Sponsor, the minimum review required by a Sponsor for the preparation of a Sponsor Report and the disclosure required in a Sponsor Report.

3. Sponsorship Acknowledgement Form

3.1 A number of policies of the Exchange require the filing by a Sponsor of a Sponsorship Acknowledgement Form, which is intended to provide the Exchange with notice that a Member is prepared to act as Sponsor in respect of a particular filing matter and has conducted certain preliminary due diligence. The Sponsorship Acknowledgement Form is prescribed by Rule B.2.00 and appears at Appendix 2A.

POLICY 2.3

LISTING PROCEDURES

Scope of Policy

This Policy describes the procedure for obtaining an initial listing of common shares (or equivalent securities) on the Exchange. The Policy does not address listing of securities other than common shares (or equivalent securities), which is covered in Policy 2.8 – Supplemental Listings. It applies to an initial listing made concurrently with any initial public offering of shares and applies to an application for listing of shares of an Issuer that meet Minimum Listing Requirements before listing, including Issuers whose shares previously traded in another market. If the Initial Public Offering is made by an Exchange Vetted Prospectus ("EVP"), additional procedures set out in Policy 4.2 – Prospectus Offerings must be followed.

This Policy does not describe the procedures for obtaining a listing pursuant to a Qualifying Transaction or Reverse Take-Over. The procedures for effecting a Qualifying Transaction by a Capital Pool Company are described in Policy 2.4 – Capital Pool Companies. The procedures for effecting a listing pursuant to a Reverse Take-Over are described in Exchange Policy 5.2 – Changes of Business and Reverse Take-Overs.

The main headings in this Policy are:

1. Exchange Vetted Prospectus
2. Required Documentation
3. Trading in US Dollars

1. Exchange Vetted Prospectus

1.1 The Exchange has been authorized by the BCSC to review and provide comments on IPO prospectuses filed in British Columbia only (*see Policy 4.2 - Prospectus Offerings*). The ASC and the BCSC have authorized the Exchange to review and provide comments on a prospectus for a Capital Pool Company (*see Policy 2.4 – Capital Pool Companies*). For prospectuses which the Exchange is authorized to review, the Exchange provides the comments on behalf of the Exchange and the Securities Commissions. However, the Securities Commissions retain the authority to refuse to issue a receipt for the prospectus. The procedures for offerings by way of Exchange Vetted Prospectus are contained in Policies 4.2 and 2.4.

2. Required Documentation

In connection with an initial Application for Listing, an Issuer must file with the Exchange the documents described below.

2.1 Initial Submission

The initial submission in connection with an Application for Listing must include the following:

(a) a letter requesting conditional acceptance of the listing of one or more specific classes of shares and indicating the number and class of the Issuer's shares to be issued and outstanding upon completion of the prospectus offering and, if convertible or exchangeable securities will be issued and outstanding after the prospectus offering, the number and type of shares reserved for issuance on exercise or conversion;

(b) if the Application for Listing is being made contemporaneously with an Initial Public Offering, a copy of the preliminary Prospectus;

(c) if the Application for Listing is not being made under paragraph (b) above, a draft Listing Application (Form 2B), together with financial statements as would be required by the Securities Laws of Alberta or British Columbia in connection with a Prospectus;

(d) a certified list of all shareholders from the Issuer's transfer agent and registrar or other register of securities;

(e) if the Application for Listing is not made in connection with an Initial Public Offering and the certified list of shareholders does not provide evidence of a sufficient number of Board Lot holders as required by Policy 2.1 – Minimum Listing Requirements, written evidence from a Member or other investment dealers or other intermediaries which are registered holders, confirming the number of beneficial owners of Listed Shares which they represent who hold a Board Lot;

(f) a list of all outstanding securities of the Issuer, including the date of issuance, the number and type issued and the issue price; if the Issuer has more than 50 shareholders, details of holdings can be provided just for Related Parties of the Issuer;

(g) a completed Sponsorship Acknowledgement Form (see Appendix 2A);

(h) a duly executed Personal Information Form (Form 2A) from each director, senior officer, Promoter and other Insider of the Issuer; if any of these persons is not an individual, a PIF from each director, senior officer and each person who beneficially, directly or indirectly owns or controls 50% or more of the voting rights of such non-individual (or if no individual holds more than 50%, then of any person who is a Control Person);

(i) a schedule of all properties and assets held by the Issuer, including for each property its legal description, the nature and extent of interest held and details of all mortgages, charges, liens or other encumbrances;

(j) if the Issuer is a Mining Issuer or an Oil and Gas Issuer, a Geological Report for each of the Issuer's principal properties which must include recommendations for exploration and/or development work;

(k) if the Issuer is an Industrial or Technology Issuer that has not yet generated net income from its business in the amount referred to in Policy 2.1 - Minimum Listing Requirements, a comprehensive business plan;

(l) if the Issuer is a Real Estate or Investment Issuer, a copy of its investment policy and strategy;

(m) if the Issuer is a Research and Development Issuer, a discussion of the research and development conducted to date and a comprehensive recommended research and development work program;

(n) certified copies of all material contracts, including a copy of each of the following agreements – escrow agreements, pooling or voting trust agreements, stock option or other convertible security agreements, management contracts, underwriting/agency agreements, corporate finance agreements, finder's fee agreements and agreements relating to material acquisitions or dispositions completed within the past two years and all agreements made, directly or indirectly, between the applicant Issuer and the Insiders of the applicant Issuer;

(o) draft copies of all material agreements which the Issuer expects to enter into before or contemporaneously with the listing;

(p) if applicable, a valuation or appraisal report prepared by a qualified individual in accordance with industry standards;

(q) a copy of the documents by which the Issuer was incorporated or created (articles, memorandum, by-laws, letters patent, or other similar constating documents) and, if the Issuer is incorporated outside of Canada, a copy of the statute under which the Issuer was incorporated or created;

(r) if the Issuer's principal properties or assets are located outside Canada, the Exchange will generally require a title opinion or other appropriate confirmation of title in a form acceptable to the Exchange; and

(s) the applicable listing fee prescribed by Policy 1.3 - Schedule of Fees based on completion of any minimum offering.

2.2 Additional Documentation

Before the Exchange will provide conditional acceptance of the Application for Listing, the Issuer must submit the following documents to the Exchange:

(a) responses to any questions or comments from the Exchange, together with any additional documents or agreements requested by the Exchange;

(b) a preliminary Sponsor Report (*see Policy 2.2 - Sponsorship and Sponsorship Requirements*); and

(c) if the Application for Listing is being conducted concurrently with an Initial Public Offering, a copy of all correspondence with the applicable Securities Commissions.

2.3 Final Documentation

Before an Issuer's shares will be listed for trading, the Exchange must receive the following documents:

(a) if the Issuer has not undertaken a prospectus offering in connection with the Listing, two originally executed copies of the Listing Application (Form 2B) dated within three business days of the date they are submitted to the Exchange;

(b) if the application for listing is made concurrently with a prospectus offering, the Application for Listing must include two originally executed Statutory Declarations (Form 2C) dated within three business days of the date they are submitted to the Exchange, attached to the Prospectus, confirming the Prospectus disclosure. In the event of a material change between the date of the Prospectus and the Statutory Declaration, (including in the case of a CPC, the announcement of an Agreement in Principle) a comprehensive material change report supplementing the disclosure must be incorporated into the Statutory Declaration;

(c) two duly executed Listing Agreements (Form 2D) filed in paper form;

(d) a certified copy of a resolution of the directors of the applicant Issuer approving the Listing Agreement and authorizing the directors of the Issuer to execute the Listing Application or the Statutory Declaration and the Listing Agreement;

(e) if applicable, a consent letter from each auditor, accountant, engineer, appraiser, lawyer or other person or party (an "Expert") whose report, appraisal, opinion or statement (a "Report") is disclosed or summarized or incorporated by reference into the Listing Application or supporting documents, which states that the Expert has read the Listing Application and confirms that there are no misrepresentations contained in the Listing Application which are derived from the Expert's Report or of which the Expert is otherwise aware as a result of the review conducted in connection with the preparation of such Report;

(f) all material agreements not previously provided under section 2.1(n);

(g) a specimen share certificate (which complies with Policy 3.2 – Filing Requirements and Continuous Disclosure) and, if applicable, a specimen certificate for any other security to be listed; all certificates must be printed with the applicable CUSIP number;

(h) three choices for a stock symbol;

(i) if the Application for Listing is being conducted concurrently with an Initial Public Offering, a Distribution Summary Statement (Form 2E) prepared by the Issuer's Sponsor;

(j) a letter from the Issuer's transfer agent and registrar confirming that it has been duly appointed, including the fee per share certificate charged by the transfer agent and registrar and an undertaking to provide the Exchange with a copy of each treasury order of the Issuer within five business days after any issuance of Listed Shares;

(k) a letter from the Issuer's escrow agent confirming that it has been duly appointed as escrow agent and specifying the number and type of shares on deposit with the escrow agent to be held in escrow pursuant to the terms of each escrow agreement and the names of shareholders on behalf of whom it is holding any escrowed securities;

(l) a certificate of the applicable government authority or legal opinion that the Issuer is in good standing under or not in default of applicable corporate law;

(m) a certificate of the applicable Securities Commission(s) or legal opinion that the Issuer is a reporting issuer in good standing or not in default in each jurisdiction in which it is a reporting issuer; and

(n) a duly executed copy of the Sponsor Report (*see Policy 2.2 - Sponsorship and Sponsorship Requirements*).

3. Trading in US Dollars

3.1 The Exchange's trading system and settlement system accommodates Listed Shares trading and settling in US dollars. Listed Shares cannot trade in both US and Canadian dollars, but an Issuer may have one class of security listed in US dollars and a different security listed in Canadian dollars.

See Policy 3.2 - Filing Requirements and Continuous Disclosure for additional information on trading in U.S. dollars.

4. Significant Connection to Ontario

4.1 Where it appears to the Exchange that an Issuer undertaking an Initial Listing on the Exchange has a Significant Connection to Ontario, the Exchange will, as a condition of its acceptance of the Initial Listing, require the Issuer to provide the Exchange with evidence that it has made a bona fide application to become a reporting issuer in Ontario.

POLICY 2.4

CAPITAL POOL COMPANIES

Scope of Policy

This Policy applies to those issuers that propose to list on the Exchange as a capital pool company (a "CPC"). The Exchange's program was designed as a corporate finance vehicle to provide businesses with an opportunity to obtain financing earlier in their development than might be possible with a regular initial public offering ("IPO"). The CPC program permits an IPO to be conducted and an Exchange listing to be achieved by a newly created company which, other than cash, has no assets and has no business or operations. The CPC then uses this pool of funds to identify and evaluate assets or businesses which, when acquired, qualify the CPC for listing as a regular Tier 1 or Tier 2 Issuer on the Exchange (a "Qualifying Transaction").

This policy outlines the procedures for listing a CPC on the Exchange and the procedures to be followed and standards to be applied when a CPC undertakes a Qualifying Transaction.

The main headings in this Policy are:

1. Definitions

1.1 In this Policy:

"Agent" means any Member registered under applicable Securities Laws to act as an agent to offer and sell the IPO Shares on behalf of the CPC who has entered into a best efforts agency agreement with the CPC.

"Agreement in Principle" means any enforceable agreement or any other agreement or similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree which:

(a) identifies assets or a business to be acquired which would reasonably appear to constitute Significant Assets and the acquisition of which would reasonably appear to constitute a Qualifying Transaction;

(b) identifies the parties to the Qualifying Transaction;

(c) identifies the consideration to be paid for the Significant Assets or otherwise identifies the means by which the consideration will be determined; and

(d) identifies the conditions to any further formal agreements to complete the transaction, and

in respect of which there are no material conditions to closing (other than receipt of shareholder approval and Exchange Acceptance), the satisfaction of which is dependent upon third parties and beyond the reasonable control of the Related Parties to the CPC or the Related Parties to the Qualifying Transaction.

"Agent's Option" means the option to purchase common shares of the CPC which can be granted to the Agent in accordance with section 6 of this Policy.

"Commissions" refers to the Securities Commission(s) with which the CPC Prospectus is filed.

"common shares" means single voting common shares or class "A" shares of an Issuer .

"CPC" means a Company:

(a) that has filed and received a receipt for a preliminary CPC Prospectus from one or more of the Commissions in compliance with this Policy; and

(b) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

"Completion of the Qualifying Transaction" means the date of the shareholders' meeting at which the proposed Qualifying Transaction was approved by shareholders provided that:

(a) all post-meeting documentation is subsequently filed with the Exchange; and

(b) the Final Exchange Notice is issued by the Exchange.

"CPC Information Circular" means the Information Circular of the CPC describing the terms of the CPC's Qualifying Transaction and seeking Majority of the Minority Approval of the Qualifying Transaction prepared in accordance with applicable Securities Laws and the Exchange Form of Information Circular (Form 3A).

"CPC Prospectus" means a preliminary prospectus or a final prospectus prepared in accordance with applicable Securities Laws and this Policy and filed with the Exchange and one or more of the Commissions by a CPC.

"Discount Seed Shares" means any Seed Shares which are issued at a price that is less than the price at which the IPO Shares are offered and sold to the public.

"Discount Seed Share Escrow Agreement" means an escrow agreement in Form 2F as modified by Schedule B(2) which provides generally, that initial releases from escrow commence on the date of the Final Exchange Notice and which provides that in the event an Exchange Notice is issued delisting the CPC, all Discount Seed Shares held by Insiders, or trusts or holding companies controlled by Insiders, shall be forfeited and cancelled.

"Final Exchange Notice" means the Exchange Notice (or Bulletin) issued following closing of the Qualifying Transaction and the submission of all post-meeting documentation which evidences the Exchange's final acceptance of the Qualifying Transaction.

"IPO" means the initial public offering of common shares of the CPC conducted by the Agent pursuant to the CPC Prospectus.

"IPO Shares" means the common shares offered pursuant to the IPO.

"Majority of the Minority Approval" means a vote at a properly constituted meeting of the common shareholders of the CPC which vote must be passed by at least 50 percent plus one vote of the votes cast by shareholders, other than Related Parties of the CPC and Related Parties of the Qualifying Transaction.

"Principals" has the meaning set out in Policy 5.4 - Escrow and Vendor Consideration.

"Qualifying Transaction" means a transaction where a CPC:

(a) issues or proposes to issue, in consideration for the acquisition of Significant Assets, common shares or securities convertible, exchangeable or exercisable into common shares which, if fully converted, exchanged or exercised would represent more than 25 percent of its common shares issued and outstanding immediately prior to the issuance;

(b) enters into an arrangement, amalgamation, merger or reorganization with another Company with Significant Assets, whereby the ratio of securities which are distributed to the shareholders of the CPC and the other Company results in the shareholders of the other Company acquiring control of the Resulting Issuer; or

(c) otherwise acquires Significant Assets (other than cash),

but excludes a transaction which consists solely of the issuance for cash by the CPC of common shares or securities convertible, exchangeable or exercisable into common shares, representing more than 25 percent of the CPC's common shares issued and outstanding immediately prior to the issuance.

"Related Parties to the Qualifying Transaction" means the Seller(s), any Target Issuer(s), the Related Parties of the Seller(s), the Related Parties of any Target Issuer(s) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

"Resulting Issuer" means the Issuer that was formerly a CPC that exists upon issuance of the Final Exchange Notice.

"Seed Shares" means any common shares issued by a CPC before the closing of the IPO and includes the Discount Seed Shares.

"Seed Share Escrow Agreement" means an escrow agreement in Form 2F as modified by Schedule B(1) which provides generally, that initial releases from escrow commence on the date of the Final Exchange Notice, and which provides that in the event an Exchange Notice is issued delisting the CPC, all Seed Shares shall be forfeited and cancelled ten years after the Notice date.

"Sellers" means one or all of the beneficial owners, other than a Target Issuer, of the Significant Assets which are to be purchased, optioned or otherwise acquired by the CPC as its Qualifying Transaction.

"Significant Assets" means one or more assets or businesses which, when acquired by the CPC, together with any other concurrent transactions, results in the CPC meeting the Minimum Listing Requirements under Policy 2.1 - Minimum Listing Requirements.

"Target Issuer" means a Company which is the beneficial owner of the Significant Assets to be acquired by the CPC as its Qualifying Transaction, where the acquisition is to be conducted through the purchase of securities of that Company, whether by security purchase agreement, take-over bid, amalgamation, plan of arrangement or other corporate reorganization.

2. Overview of Process

2.1 General Matters

The CPC program involves a two-stage process. The first stage involves the filing and clearing of a CPC Prospectus, the completion of the IPO and the listing of the CPC's common shares on the Exchange. The second stage involves the identification of a business or asset that can be acquired as a Qualifying Transaction, the preparation and filing with the Exchange of a comprehensive CPC Information Circular containing prospectus level disclosure of the Qualifying Transaction and the holding of a shareholders' meeting to get approval to close the Qualifying Transaction.

2.2 Stage One – CPC Prospectus and Exchange Listing

(a) The CPC program is not available in all jurisdictions; therefore, Issuers must consult the appropriate Securities Laws to determine whether a receipt may be issued for a CPC prospectus in each jurisdiction in which the CPC Prospectus is filed. Each of the Commissions retains discretion to determine whether or not to issue a receipt for the CPC Prospectus.

(b) The preliminary CPC Prospectus and all supporting documents required by Securities Laws must be filed concurrently with the Exchange and with the Commissions, in those jurisdictions where a Distribution is made. Concurrently, with the filing of the preliminary CPC Prospectus, the CPC should also make application to the Exchange for conditional acceptance of the listing of the CPC. *See Policy 2.3 - Listing Procedures.*

(c) Where the IPO will be conducted in one province only, the CPC Prospectus must be filed with the regional office of the Exchange in the jurisdiction where the IPO is conducted where such an Exchange office exists. If the IPO is conducted in a region with no corresponding Exchange regional office, the filer may choose the office that it wishes to vet the CPC prospectus. If the IPO is conducted in more than one jurisdiction, the CPC Prospectus should be filed with the regional office of the Exchange corresponding to the principal jurisdiction or principal regulator pursuant to National Policy 1 or National Policy 43-201 Mutual Reliance Review System for Prospectuses and AIFs.

(d) A CPC is required to retain a Sponsor. *See Policy 2.2 - Sponsorship and Sponsorship Requirements.* The Sponsor in connection with the initial listing is the Member that is acting as Agent.

(e) The Exchange will issue comments in regard to the CPC Prospectus and the Listing Application. When the CPC has satisfactorily resolved all comments of the Exchange and the Exchange has received a preliminary Sponsor Report confirming that the majority of the due diligence is completed, the Listing Application is presented to the Exchange's Listing Committee for consideration. If the application is conditionally accepted, the CPC is soon after invited to file its final Prospectus and all supporting documents with both the Exchange and the Commission(s). The final version of the Sponsor Report must be filed with the Exchange in connection with the filing of the final Prospectus.

(f) After each applicable Commission has issued a final receipt for the CPC Prospectus, the CPC proceeds to offer the IPO Shares and close the IPO. After the closing, final listing documentation as required under Policy 2.3 - Listing Procedures is filed with the Exchange. If all listing documentation filed is satisfactory, the Exchange issues an Exchange Notice evidencing its final acceptance of the documents and indicating that the CPC's IPO Shares will commence trading on the Exchange in two trading days. On the date specified in the Exchange Notice, the shares will commence trading on Tier 2 of the Exchange with the designation "C" beside the stock symbol to indicate that the Issuer is a CPC.

2.3 Stage Two – Completion of a Qualifying Transaction

(a) The second stage of the CPC program begins when the CPC has identified and negotiated an Agreement in Principle to acquire the Significant Assets that form the basis for its Qualifying Transaction. As soon as the CPC reaches an Agreement in Principle, it must issue a comprehensive news release as described in section 12.2 of this Policy and file a material change report. When the CPC anticipates that it will shortly be issuing a news release, it must immediately send a copy of the draft news release to the Corporate Finance Department of the Exchange for review.

(b) Trading in the common shares of the CPC will be halted upon announcement of the Agreement in Principle. Trading will remain halted until each of the following have occurred:

(i) the Exchange has received a Sponsorship Acknowledgement Form (Appendix 2A) from the Member retained as Sponsor in connection with the Qualifying Transaction which confirms that the Sponsor has agreed to act as Sponsor, subject to satisfactory completion of its full due diligence and indicating that the Sponsor has conducted certain specified preliminary due diligence (The Sponsor may be the same Member who acted as Sponsor of the IPO but does not need to be.);

(ii) a Personal Information Form (Form 2A) has been received for each Person who will be a director, senior officer, Promoter (including as defined in Policy 3.4 - Investor Relations, Promotional and Market-Making Activities) and other Insider of the Resulting Issuer;

(iii) a pre-filing conference as contemplated by Policy 2.7 - Pre-Filing Conferences has been held; and

(iv) the Exchange has completed any preliminary background searches it considers necessary or advisable.

(c) The CPC has 60 days from the announcement of the Agreement in Principle to make the initial submission required by section 12.3 of this Policy. The primary document in the initial submission is the CPC Information Circular that is required to contain prospectus level disclosure of the Qualifying Transaction. The Exchange reviews the CPC Information Circular and the supporting documents and advises of any comments. When all comments have been satisfactorily resolved and the Exchange has received a preliminary Sponsor Report, the application is presented to the Exchange's Listings Committee for consideration. If the application is conditionally accepted, the CPC will shortly after be invited to file the pre-meeting documentation described in section 12.4 of this Policy with the Exchange.

(d) Provided that the documentation is satisfactory, the CPC is cleared to mail the CPC Information Circular to shareholders. Concurrently with mailing the CPC Information Circular to shareholders, the CPC should file the CPC Information Circular with the Exchange and Commission(s).

(e) The CPC then holds the shareholders' meeting at which the minority shareholders are asked to approve the proposed Qualifying Transaction by a Majority of the Minority and to approve any other related matters. If the shareholders approve the Qualifying Transaction, the CPC then proceeds to close the Qualifying Transaction and acquire the Significant Assets. After closing of the Qualifying Transaction and generally with 45 days of the shareholders' meeting, the CPC is required to file with the Exchange all final documentation as indicated in section 12.5 of this Policy, including the final Sponsor Report.

(f) Provided that the final documentation is satisfactory, the Exchange issues the Final Exchange Notice that evidences final Exchange Acceptance and confirms Completion of the Qualifying Transaction. The Final Exchange Notice also indicates that the Resulting Issuer will not be considered a CPC, will not trade with the designation "C" and will commence trading in two trading days under any new name and any new stock symbol.

2.4 Availability of the CPC Program

The CPC program is not intended to be used where the proposed CPC issuer has reached an Agreement in Principle. Where the board of directors of the CPC have a "meeting of minds" with the other parties to a Qualifying Transaction on all terms and no material conditions exist, the satisfaction of which is outside the control of the CPC (such as completion of a financing, maturation of a business, development of assets or approval of a third party), and where no significant due diligence matters remain unresolved, it would be reasonable to conclude that either an agreement has been reached or there is virtual certainty that an agreement will be reached. In such cases, the Exchange considers that an Agreement in Principle has been reached and the parties should seek an alternative method of going public.

2.5 Related Party Qualifying Transactions

(a) Regulatory concern arises where the same party or parties control the CPC and the Significant Assets which may be the subject of the Qualifying Transaction (a "Related Party Qualifying Transaction"). Although a formal agreement will not have been entered into, concern arises that the related party is nevertheless virtually certain of reaching an agreement and that therefore an Agreement in Principle may exist.

(b) In order to alleviate the regulatory concerns, the CPC should take steps to introduce an independent element into the negotiations to help establish that an Agreement in Principle has not been reached. Where a CPC is contemplating a Related Party Qualifying Transaction but has at least two independent directors, neither of whom are Related Parties to the Qualifying Transaction and where consummation of an Agreement in Principle requires the prior assessment or consent of those independent directors, the Exchange will generally conclude that an agreement has not been reached and there is no virtual certainty that one will exist and that therefore there is not yet an Agreement in Principle.

(c) Where proposed CPCs or their Sponsors are uncertain about the availability of the CPC program, the Exchange encourages them to schedule a pre-filing conference to discuss the issue. *See Policy 2.7 - Pre-Filing Conferences*.

3. Minimum Listing Requirements for CPCs

3.1 Restrictions on Business of a CPC

The only business permitted to be undertaken by a CPC is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Until the Completion of the Qualifying Transaction, a CPC must not carry on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction.

3.2 Listing Requirements

The following minimum listing requirements must be satisfied to be listed with the Exchange as a CPC and to maintain that listing:

(a) At the time of listing and until Completion of the Qualifying Transaction, the directors and senior officers of the CPC must be either:

(i) Canadian residents; or

(ii) individuals who have a demonstrated positive association with Canadian or U.S. public companies.

(b) The minimum price per share at which the Discount Seed Shares may be issued is the greater of $0.075 and 50% of the price at which the IPO Shares are sold.

(c) The minimum total amount of seed capital raised by the CPC through the issuance of the Seed Shares must be equal to or greater than $100,000 and must be contributed by directors and officers of the CPC or trusts or holding companies controlled by them. Seed Share subscriptions by others will only be permitted after the initial $100,000 has been contributed by directors and officers.

(d) The minimum price at which the IPO Shares may be issued is $0.15. Only a single class of common shares may be issued as Seed Shares and pursuant to the Issuer's CPC Prospectus. The maximum price per share for the IPO Shares is $0.30.

(e) Companies cannot hold Seed Shares unless the name of each individual who directly or indirectly beneficially owns, controls or directs these securities is disclosed to the Exchange. If the beneficial owner of these securities is not an individual, the name of the individual or individuals beneficially owning, controlling or directing the Company or Companies that hold the securities of the CPC must be disclosed.

(f) At the time of listing and until Completion of the Qualifying Transaction, neither the CPC nor any other party on behalf of the CPC will have engaged or will engage the services of any Person to provide investor relations, promotional or market-making services.

(g) The gross proceeds to the treasury of the CPC from its IPO must be equal to or greater than $200,000 and must not exceed $500,000.

(h) The maximum aggregate gross proceeds to the treasury of the CPC from the issuance of IPO Shares and all Seed Shares must not exceed $700,000.

(i) The CPC must have at least 1,000,000 of its issued and outstanding common shares in the Public Float upon completion of the IPO.

(j) Except to the extent specifically modified by this Policy, the CPC must be in compliance with Policy 3.1 - Directors, Officers and Corporate Governance. Each proposed director and officer must meet the minimum suitability requirements under Policy 3.1 and the board of directors of the CPC as a whole must have the public company experience required by Policy 3.1.

(k) At least 300 of the CPC's common shareholders, excluding Related Parties of the CPC, must beneficially own at least a Board Lot free of any Resale Restrictions upon completion of the IPO.

(l) The maximum number of common shares which may be directly or indirectly purchased by any one purchaser on the IPO will be 2% of the IPO Shares.

(m) Notwithstanding section 3.2(l) above, the maximum number of common shares that may be directly or indirectly purchased by any purchaser, together with that purchaser's Associates and Affiliates, is 4% of the IPO Shares.

(n) The only securities that may be issued and outstanding are Seed Shares, Discount Seed Shares, stock options as permitted by section 7 of this Policy and the Agent's Option.

(o) The ownership of Seed Shares and IPO Shares by the Sponsor and its Associates or Affiliates and by the Pro Group, must be in compliance with section 14(9) of this Policy.

3.3 Listing Documents

Except as modified by this Policy, a Company seeking a listing as a CPC must file:

(a) with the Exchange and the Commissions, all documentation required to be filed in connection with a Prospectus under applicable Securities Law;

(b) with the Exchange, all documentation required to be filed for a Listing Application under Policy 2.3 - Listing Procedures; and

(c) for each proposed director and senior officer of the CPC, copies of financial statements of other issuers with which the individuals have previously been involved.

4. Disclosure Required in a CPC Prospectus

4.1 A CPC Prospectus must provide full true and plain disclosure of all material facts relating to the securities offered under the CPC Prospectus. It must be prepared in accordance with applicable Securities Law, as supplemented by this Policy.

4.2 A CPC Prospectus must include disclosure:

(a) on both on the cover page and in the body under the heading "Risk Factors", that:

(i) the CPC does not have business operations or assets other than cash;

(ii) the CPC has not entered into an Agreement in Principle; and

(iii) the offering is suitable only for those investors who are willing to rely solely on the management of the CPC and who can afford to lose all of their investment;

(b) describing the shareholder approval process for the Qualifying Transaction including that the shareholders will receive an Information Circular for the meeting that will include full, true and plain disclosure of all material facts assuming Completion of the Qualifying Transaction, and that the shareholders will also be entitled to attend a meeting at which management of the CPC will seek Majority of the Minority Approval of the Qualifying Transaction;

(c) of the restrictions on payments to Related Parties of the CPC as provided in section 8 of this Policy; and

(d) of the type of business opportunities that the CPC is likely to pursue.

4.3 If a CPC intends to enter into a specific proposed Qualifying Transaction that is not yet at the stage of an Agreement in Principle, but is at the stage where disclosure is required under applicable Securities Laws, disclosure must be included in the CPC Prospectus, and must include at least the following:

(a) disclosure of any interest of the Related Parties to the CPC in the Significant Assets or any Target Issuer;

(b) disclosure of any relationship between the Related Parties to the CPC and the Related Parties to the Qualifying Transaction; and

(c) sufficient disclosure to enable a potential investor to make a reasoned assessment of:

(i) the nature and character of the proposed Significant Assets and the magnitude of the proposed Qualifying Transaction;

(ii) the nature and magnitude of the consideration to be paid by the CPC in respect of the proposed Qualifying Transaction;

(iii) the likelihood of the completion of the proposed Qualifying Transaction and the estimated time of completion; and

(iv) to the extent known, any other information described in section 12.2.

5. Agents

5.1 General

In each jurisdiction where the IPO is conducted, the CPC must have an Agent who is:

(a) registered under the Securities Laws in a category which permits them to act as the selling agent of the IPO Shares; and

(b) is a Member of the Exchange.

5.2 Agent's Compensation

(a) The maximum sales commission payable to an Agent as compensation for acting as the Agent in connection with the IPO is 10% of the gross proceeds raised pursuant to the IPO.

(b) Other than as provided for in this Policy, no securities of the CPC can be issued or granted to the Agent or its Associates or Affiliates.

(c) Any corporate finance fee or other compensation paid or to be paid to the Agent in its capacity as agent or Sponsor or otherwise in connection with the CPC Prospectus must be disclosed in the CPC Prospectus and any such fee or compensation payable in connection with Qualifying Transaction must be disclosed in the CPC Information Circular, and if known at the date of the CPC Prospectus, in the CPC Prospectus. Any such fees or compensation must be reasonable in the circumstances.

6. Agent's Option

6.1 No option or other right to subscribe for securities of a CPC may be granted to the Agent unless:

(a) the option or right is a single, non-transferable option or right;

(b) the number of common shares issuable upon exercise of the option or right does not exceed 10% of the total number of IPO Shares;

(c) the exercise price per common share under the option or right is not less than the IPO Share price; and

(d) the option or right is exercisable only until the close of business on the date that is 18 months from the date of listing of the common shares of the CPC on the Exchange.

6.2 The option or right may be exercised in whole or in part by the Agent before the completion of the Qualifying Transaction by the CPC, provided that no more than 50 percent of the aggregate number of common shares which can be acquired by the Agent on exercise of the entire option or right may be sold by the Agent before the Completion of the Qualifying Transaction.

7. Options to Related Parties of the CPC

7.1 Incentive stock options to acquire common shares of a CPC may only be granted to a director or officer of the CPC, or a Company, all of whose securities are owned by a director or officer of the CPC. The total number of common shares reserved under option for issuance may not exceed 10% of the common shares to be outstanding after closing of the IPO, before the exercise of any convertible securities.

7.2 The number of common shares reserved under option for issuance to any one person may not exceed 5% of the common shares to be outstanding after closing of the IPO, before the exercise of any convertible securities.

7.3 CPC's are prohibited from granting options to any person providing investor relations, promotional or market-making activities.

7.4 The exercise price per common share under any stock option granted by a CPC cannot be less than the greater of the IPO Share price and the Discounted Market Price.

7.5 No stock option granted pursuant to this section may be exercised before the Completion of the Qualifying Transaction unless the optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Notice.

8. Prohibited Payments and Use of Proceeds

8.1 Prohibited Payments to Related Parties

Except as permitted by sections 7 and 8.2 of this Policy, until the Completion of the Qualifying Transaction, no payment of any kind may be made, directly or indirectly, by a CPC to a Related Party to the CPC or a Related Party to the Qualifying Transaction, or to any person engaged in Investor Relations Activities in respect of the CPC or the securities of the CPC or any Resulting Issuer by any means including:

(a) remuneration, which includes but is not limited to:

(i) salaries;

(ii) consulting fees;

(iii) management contract fees or directors' fees;

(iv) finder's fees;

(v) loans;

(vi) advances;

(vii) bonuses; and

(b) deposits and similar payments.

No payment referred to in this section may be made by a CPC, or by any party on behalf of the CPC, after the Completion of the Qualifying Transaction if the payment relates to services rendered or obligations incurred before or in connection with the Qualifying Transaction.

8.2 Exceptions to the Prohibitions on Payments to Related Parties of the CPC

Subject to subsections 3.1 and 8.4, a CPC may:

(a) reimburse a Related Party to the CPC for:

(i) reasonable expenses for office supplies, office rent and related utilities;

(ii) reasonable expenses for equipment leases; and

(iii) legal services, provided that:

(A) if the lawyer receiving the remuneration is a sole practitioner, or a member of an association of sole practitioners, the lawyer is not a Promoter of the CPC; and

(B) if the legal services are provided by a firm of lawyers, no member of the law firm is a Promoter of the CPC; and

(b) reimburse a Related Party to the CPC for reasonable out-of-pocket expenses incurred in pursuing the business of the CPC as referenced in section 3.1.

8.3 Permitted Use of Proceeds

(a) Subject to subsections 3.1 and 8.1, until the completion of the Qualifying Transaction, the gross proceeds realized from the sale of all securities issued by the CPC may only be used to identify and evaluate assets or businesses for a prospective Qualifying Transaction such as:

(i) expenses incurred for the preparation of:

(A) valuations or appraisals;

(B) business plans;

(C) feasibility studies and technical assessments;

(D) Geological Reports; and

(E) financial statements, including audited financial statements; and

(ii) fees for legal and accounting services,

relating to the identification and evaluation of assets or businesses and the obtaining of shareholder approval for the proposed Qualifying Transaction.

(b) Subject to prior Exchange acceptance, up to an aggregate of $100,000 may be used by a CPC as a deposit for a proposed arm's length Qualifying Transaction. However, a maximum of $25,000 of such deposit may be advanced as a non-refundable deposit, unsecured deposit or advance to preserve assets without prior Exchange Acceptance. The balance of the $100,000 deposit must be refundable and is to be held in trust pending completion of the Qualifying Transaction.

(c) Subject to prior Exchange Acceptance and adequate public disclosure, funds raised by a CPC pursuant to a Private Placement conducted after the commencement of trading of the CPC Shares but before the Completion of the Qualifying Transaction may be used to provide a secured loan or other deposit. See also section 10 of this Policy.

(d) If less than the entire permitted portion of a loan or deposit is advanced, a subsequent loan or deposit up to the balance of the maximum aggregate loan or deposit permitted may be made. Similarly, if a deposit or loan or a part of it is refunded, the refunded amount can be used for a subsequent advance. The loan or deposit must be made in compliance with this Policy.

8.4 Restrictions on Use of Proceeds

(a) Until the completion of the Qualifying Transaction, no more than 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than as provided in section 8.3. For greater clarification, expenditures that are not included in section 8.3 include:

(i) listing and filing fees (including SEDAR fees);

(ii) Agent's fees, costs and commissions;

(iii) other costs of the issue of securities, including legal and audit expenses relating to the preparation and filing of the CPC Prospectus; and

(iv) administrative and general expenses of the CPC, including:

(A) office supplies, office rent and related utilities;

(B) printing costs, including printing of the CPC Prospectus and share certificates;

(C) equipment leases; and

(D) fees for legal advice and audit expenses relating to matters other than those described in paragraph 8.3(a)(ii).

(b) Until the Completion of the Qualifying Transaction, no proceeds from the sale of securities of a CPC may be used to acquire or lease a vehicle.

(c) The restrictions in this Policy on expenditures and the use of proceeds continue to apply until Completion of the Qualifying Transaction. As a result of the definition of the "Qualifying Transaction", such restrictions can continue to apply following shareholder approval of the proposed Qualifying Transaction. Management of a CPC and the Resulting Issuer are at risk of breaching this Policy in respect of expenditures made after shareholder approval is obtained but prior to the issuance of the Final Exchange Notice. If the Qualifying Transaction does not close or if for any other reason the Exchange does not issue a Final Exchange Notice, any expenditures made other than as permitted by this Policy will be considered to be a breach of this Policy.

(d) If the CPC completes a Qualifying Transaction before spending the entire proceeds on identifying and evaluation properties or businesses, the CPC may use the remaining funds to finance or partly finance the acquisition of, or participation in the Significant Assets.

9. Restrictions on Trading

9.1 Other than the IPO Shares, the Agent's Option and incentive stock options as permitted by this Policy, no securities of a CPC may be issued or traded during the period between the date of the receipt for the preliminary CPC Prospectus and the time the common shares begin trading on the Exchange, except with the prior written acceptance by the Exchange and the applicable Commission(s).

10. Private Placements for Cash

10.1 After the closing of the IPO and until the Completion of the Qualifying Transaction, a CPC may not issue for cash any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

10.2 The Exchange generally will not accept a private placement by a CPC where the gross proceeds raised from the issuance of Seed Shares, IPO Shares and any proceeds anticipated to be raised upon closing of the Private Placement exceeds $700,000.

10.3 The Exchange generally will not accept a private placement by a CPC unless a news release has been issued announcing a proposed Qualifying Transaction. Except as permitted by subsection 8.3(c), the Exchange will generally require that funds raised pursuant to such Private Placement be held in trust until Completion of the Qualifying Transaction.

10.4 Securities issued on a Private Placement to certain Related Parties to the CPC and Qualifying Transaction may be subject to escrow. See section 11 of this Policy.

11. Escrow

11.1 Escrow of Discount Seed Shares

All Discount Seed Shares must be held in escrow pursuant to a Discount Seed Share Escrow Agreement. The terms of the Discount Seed Share Escrow Agreement irrevocably authorize and direct the escrow agent appointed under the escrow agreement, to immediately cancel all of their Discount Seed Shares held by insiders upon the issuance of an Exchange Bulletin delisting the CPC from the Exchange.

11.2 Escrow of Securities Held by Related Parties of the CPC

The following securities of a CPC, directly or indirectly, beneficially owned or controlled by Related Parties of the CPC are required to be held in escrow pursuant to a Seed Share Escrow Agreement:

(a) all Seed Shares, other than Discount Seed Shares;

(b) all IPO Shares; and

(c) all securities acquired from treasury after the IPO but before the Completion of the Qualifying Transaction (other than shares acquired upon exercise of stock options that must be escrowed as provided in section 7.5).

11.3 Escrow of Securities Held by Control Persons

(a) In addition to any common shares required to be held in escrow under sections 11.1 and 11.2, all common shares of the CPC acquired by a Control Person of the CPC in the secondary market before the Completion of the Qualifying Transaction must be held in escrow pursuant to a Seed Share Escrow Agreement.

(b) Securities issued, other than in conjunction with a Qualifying Transaction, which are acquired by a Private Placement or any other manner by a Control Person of the CPC (determined after giving effect to the issuance) or by Related Parties to the CPC before the Completion of the Qualifying Transaction, must be held in escrow pursuant to a Seed Share Escrow Agreement.

11.4 Holding Companies

If securities of a CPC required to be held in escrow are held by a non-individual (a "holding company"), the holding company may not carry out any transactions that would result in a change of control of the holding company without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange, that to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the holding company. In certain circumstances, the Exchange may ask for an undertaking from any controlling shareholder of the holding company.

11.5 Release from Escrow

Subject to section 7 and subsection 11.6, shares of a CPC subject to escrow pursuant to this Policy will be released from escrow as follows:

(a) 10% following issuance of the Final Exchange Notice;

(b) 15% six months following the initial release;

(c) 15% 12 months following the initial release;

(d) 15% 18 months following the initial release;

(e) 15% 24 months following the initial release;

(f) 15% 30 months following the initial release; and

(g) 15% 36 months following the initial release.

Percentages are calculated based on the total number of shares escrowed pursuant to each of the escrow agreements.

11.6 Cancellation

a) The holders of Discount Seed Shares are required to include in their escrow agreement:

(i) an irrevocable authorization and direction to the escrow agent to immediately cancel all of the Discount Seed Shares upon the issuance by the Exchange of a notice delisting the CPC from trading on the Exchange; and

(ii) an agreement to indemnify and hold harmless the escrow agent and the Exchange in respect of the cancellation.

b) The holders of Seed Shares other than Discount Seed Shares are required to include in their escrow agreement:

(i) an irrevocable authorization and direction to the escrow agent to cancel the Seed Shares on a date that is 10 years from the date of the issuance by the Exchange of a Notice delisting the CPC from trading on the Exchange; and

(ii) an agreement to indemnify and hold harmless the escrow agent and the Exchange in respect of the cancellation.

11.7 Transfers

Except as specifically provided for in the escrow agreements required by this Policy, transfers of shares escrowed pursuant to this Policy require the prior written consent of the Exchange. The Exchange will generally only permit a transfer of shares held in escrow to incoming principals in connection with a Qualifying Transaction.

11.8 Escrow of Securities Issued Pursuant to Qualifying Transaction

(a) Subject to subsection 11.9, all securities which will be held by Principals of the Resulting Issuer as at the date of the Final Exchange Notice are required to be escrowed pursuant to Policy 5.4 - Escrow and Vendor Consideration.

(b) Any securities issued to any other person in conjunction with or contemporaneous to the Qualifying Transaction may be subject to escrow requirements pursuant to Policy 5.4 - Escrow and Vendor Consideration.

11.9 Exemption for Certain Private Placement Securities

The Exchange will generally exempt from escrow, those Principal securities issued to persons who will be Principals of the Resulting Issuer obtained in connection with a Private Placement where:

(a) the Private Placement is announced at least five trading days after the news release announcing the Agreement in Principle and the pricing for the financing is at not less than the Discounted Market Price; or

(b) the Private Placement is announced concurrently with the Agreement in Principle in respect of the Qualifying Transaction and:

(i) at least 75% of the proceeds from the Private Placement are not from Principals of the Resulting Issuer;

(ii) if subscribers, other than Principals of the Qualifying Transaction will obtain securities subject to hold periods, then, in addition to any Resale Restrictions under applicable Securities Laws, any securities issued to Principals will be required to be legended with the four month Exchange hold period referred to in Policy 3.2 - Filings and Continuous Disclosure; and

(iii) none of the proceeds from the Private Placement are allocated to pay compensation to or settle indebtedness owing to Principals of the Resulting Issuer.

12. Qualifying Transaction

12.1 Minimum Listing Requirements

(a) When a CPC undergoes a Qualifying Transaction, the Resulting Issuer must satisfy the Exchange's minimum listing requirements for the particular industry sector in either Tier 1 or Tier 2 as prescribed by Policy 2.1 - Minimum Listing Requirements, except that public distribution must be in compliance with the public distribution requirements for the applicable tier as described in Policy 2.5 - Tier Maintenance Requirements and Inter-Tier Movement.

(b) The Qualifying Transaction of a CPC cannot result in the Resulting Issuer being a finance company or a mutual fund, as defined in the Securities Laws in the Provinces of Alberta and British Columbia.

(c) References in Policy 2.1 to prior expenditures of the Issuer mean, for the purposes of this Policy, prior expenditures of the Target Issuer or Sellers of the Significant Assets. References in Policy 2.1 to Working Capital, Financial Resources or Net Tangible Assets mean, for the purposes of this Policy, the consolidated Working Capital, Financial Resources and Net Tangible Assets of the Resulting Issuer.

12.2 Announcement of Agreement in Principle Regarding a Qualifying Transaction

Upon an Agreement in Principle being reached, the CPC must immediately prepare and submit to the Exchange for review, a comprehensive news release that must include:

(a) the date of the agreement;

(b) a description of the Significant Assets, including:

(i) a statement as to the industry sector in which the CPC will be involved upon the completion of the Qualifying Transaction;

(ii) the history and nature of business previously conducted; and

(iii) a summary of any available significant financial information (with an indication as to whether such information is audited or unaudited and the currency of such information);

(c) a description of the terms of the Qualifying Transaction including the amount of proposed consideration, including an indication of how the consideration is to be satisfied and the amounts to be paid by way of cash, securities, indebtedness or other means;

(d) identification of the location of the Significant Assets, including, in the event that the Significant Assets are to be acquired by the acquisition of a Target Issuer, identification of the jurisdiction of incorporation or creation of the Target Issuer;

(e) the full names and jurisdictions of residence of each of the principal Sellers of the Significant Asset and, if any of the principal Sellers is a Company, the full name and jurisdiction of incorporation or creation of that Company, and the name and jurisdiction of residence of each of the individuals who directly or indirectly beneficially holds a controlling interest in or who otherwise controls or directs that Company;

(f) identification of:

(i) any direct or indirect beneficial interest of any of the Related Parties to the CPC in the Significant Assets;

(ii) whether any Related Parties to the CPC are otherwise Insiders of any Target Issuer; and

(iii) any relationship between or among the Related Parties of the CPC and the Related Parties of the Qualifying Transaction;

(g) the names and backgrounds of any all Persons who will constitute Insiders of the CPC upon completion of the Qualifying Transaction;

(h) a description of any financing arrangements for or in conjunction with the Qualifying Transaction including the amount, security, terms and use of proceeds;

(i) a description of any deposit made as permitted by this Policy and description of any loan to be made, subject to Exchange Acceptance, including the terms of the proposed Private Placement from which proceeds are to be raised to provide the funds for such loan and the proposed use of the loan;

(j) an indication of any significant conditions required to complete the Qualifying Transaction;

(k) if a Sponsor has been retained in connection with the Qualifying Transaction, identification of the Sponsor of the Qualifying Transaction and the terms of sponsorship;

(l) the following statement:

> *"Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and majority of the minority shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*
>
> *Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.*
>
> *The Canadian Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.";*

(m) if a Sponsor has been retained, the following additional statement:

> *"[Insert name of Sponsor], subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion."*; and

(n) all other requirements of Policy 3.3 - Timely Disclosure.

The Exchange will co-ordinate with the CPC the timing of the news release in an effort to ensure proper dissemination. Trading in the common shares of the CPC will remain halted until the steps referenced in section 2.3 of this Policy have been completed.

12.3 Initial Submission

The following documents must be filed with the Exchange for review within 60 days after the announcement of the Agreement in Principle, failing which the trading in the shares of the CPC will be halted until all required documents have been filed:

(a) a submission letter from the CPC (or, with the consent of the CPC, from the Target Issuer) giving notice of the proposed Qualifying Transaction and providing:

  (i) a summary of the transaction and identification of any unusual terms;

  (ii) a list of the documents included in the submission; and

  (iii) identification of particular registration and prospectus exemptions, if any, being relied upon if securities are to be issued as part of the transaction;

(b) draft copies of the notice of meeting, form of proxy and the CPC Information Circular disclosing the terms of the Qualifying Transaction and prepared in accordance with section 13 of this Policy;

(c) one copy of each material contract that the CPC (or any Target Issuer) has entered into in the last 12 months which has not been previously filed with the Exchange;

(d) a copy of each Geological Report, valuation, appraisal or other technical report required to be filed with the Exchange and a letter of qualifications and independence from the author of each report;

(e) copies of the audited financial statements, unaudited financial statements (subject to review engagement report) of any Target Issuer and *pro forma* financial statements (subject to compilation report) in regard to any Resulting Issuer, all as required by section 14.3 of this Policy;

(f) in the case of any non-resource issuer, a copy of a business plan for the next 24 month period;

(g) details of any other evidence of value as contemplated by Policy 5.4 - Escrow and Vendor Consideration;

(h) copies of Insider reports relating to the transactions in the securities of the CPC by the CPC's Insiders for the period during which the CPC has traded on the Exchange; and

(i) as soon as available, the preliminary Sponsor Report.

The preliminary Sponsor Report is required before the application will be presented to the Listings Committee for consideration.

12.4 Pre-Meeting Documentation

When a CPC has cleared all comments raised by the Exchange in connection with the initial submission, the CPC will be required to file the following documents with the Exchange:

(a) a copy of the proposed final CPC Information Circular including the notice of meeting and the form of proxy to be mailed to shareholders; and

(b) a copy of any material contract or other document previously filed with the Exchange in draft form;

(c) a consent letter from any auditor, engineer, appraiser or other expert (an "Expert") named in the Information Circular as having prepared or rendered a report, opinion or valuation (a "Report") on any part of the circular or named as having prepared a Report filed in connection with the CPC Information Circular, the letter must consent to the submission of the Report to the Exchange, and the inclusion or reference in the CPC Information Circular of the Expert's Report and state that the Expert has read the CPC Information Circular and has no reason to believe that there is any misrepresentation contained in the CPC Information Circular which is derived from his Expert's Report or which he is otherwise aware;

(d) a copy of the directors' resolution approving the Information Circular and authorizing the signing of the CPC Information Circular in accordance with subsection 13.1(d), certified by an officer of the CPC (or notarially certified) to be a true copy or true extract of a duly and properly authorized resolution of the board of directors of the CPC;

(e) a copy of the directors' resolutions authorizing the signing of the CPC Information Circular in accordance with subsection 13.1(e), certified by an officer of any Target Issuer (or notarially certified) to be a true copy or true extract of a duly and properly authorized resolution of the board of directors of the Target Issuer ; and

(f) the final executed copy of the Sponsor Report.

Subject to satisfactory review of the foregoing, the Exchange will advise the CPC that it is cleared to mail the CPC Information Circular to shareholders and will provide its conditional acceptance of the Qualifying Transaction, such acceptance being conditional upon receipt of the required shareholder approval and any other conditions the Exchange deems appropriate.

Concurrently, with the mailing of the CPC Information Circular to shareholders, the CPC must file the CPC Information Circular with the applicable Commission(s) via SEDAR.

12.5 Post-Meeting Documentation

The following documentation is required to be filed with the Exchange within the time period prescribed by the Exchange, following the shareholders' meeting and is required to be filed before the Exchange will issue the Final Exchange Notice:

(a) a certified copy of the Scrutineer's Report detailing the results of the vote on the resolution to approve the Qualifying Transaction and confirming that no Related Parties of the Qualifying Transaction or Related Parties of the CPC were included when compiling the results of the shareholder vote and, if applicable, confirming shareholder approval was obtained on any other matters in respect of which it was required;

(b) an originally or notarially certified copy of the escrow agreements required under Policy 5.4 - Escrow and Vendor Consideration;

(c) a legal opinion confirming that, other than final Exchange Acceptance, all closing conditions have been satisfied, the Resulting Issuer is the legal owner of the Significant Assets, and that all securities issued in connection with the Qualifying Transaction were validly and properly issued, that all Listed Shares were issued as fully paid and non-assessable and that in regard to any securities issued which are exercisable or convertible into Listed Shares, that upon proper exercise or conversion of such securities, in accordance with their terms, all Listed Shares issued will be validly issued as fully paid and non-assessable;

(d) any other documents required to be filed; and

(e) the balance of the applicable listing fee as prescribed by Policy 1.3 - Schedule of Fees.

12.6 Assessment of a Significant Connection to Ontario

Where a Resulting Issuer will have a Significant Connection to Ontario, it must immediately notify the Exchange and make an application to be deemed a reporting issuer pursuant to section 19.2 of *Policy 3.1 – Directors, Officers and Corporate Governance*.

13. Information Circular

13.1 The CPC Information Circular submitted to the Exchange and mailed to shareholders in connection with a Qualifying Transaction must:

(a) be prepared and mailed in accordance with applicable corporate law and Securities Law requirements;

(b) contain prospectus level disclosure of the Qualifying Transaction and the Resulting Issuer and be prepared in accordance with the Exchange Information Circular Form (Form 3A) and include on the cover page a statement that:

> *"The Canadian Venture Exchange has not in any way passed upon the merits of the Qualifying Transaction described herein and any representation to the contrary is an offence."*

(c) contain full, true and plain disclosure of all material facts relating to the securities of the CPC, assuming Completion of the Qualifying Transaction and include a manually executed certificate page signed by the Chief Executive Officer, Chief Financial Officer and two other directors of the CPC which certifies to that effect, as follows:

> *"The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of CPC] assuming Completion of the Qualifying Transaction."*;

(d) where the Qualifying Transaction involves the acquisition of a Target Issuer, include a manually executed certificate page signed by the Chief Executive Officer, Chief Financial Officer and two other directors of the Target Issuer which certifies as follows:

> *"The foregoing, as it relates to [insert name of the Target Issuer] constitutes full, true and plain disclosure of all material facts relating to the [securities/assets] of [insert name of the Target Issuer]."*;

(e) where:

(i) the Resulting Issuer will be a mining issuer or an oil and gas issuer, the Principal Properties (as defined in Policy 2.1) of which are outside of Canada and

(A) the majority of the board of directors will not be Canadian residents, or

(B) any control person of the Resulting Issuer is not a Canadian resident, or

(ii) where the Resulting Issuer will be an industrial, technology, real estate, investment or research and development issuer (a "Non-Resource Issuer") and:

(A) a principal component of its business operations will be located outside of Canada; or

(B) the majority of the board of directors will not be Canadian residents; or

(C) any control person of the Resulting Issuer is not a Canadian resident,

include a certificate signed by a duly authorized officer of the Sponsor certifying as follows:

> *"To the best of our information and belief, the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of the CPC], assuming Completion of the Qualifying Transaction."*; and

(f) have attached to and be incorporated into the CPC Information Circular the financial statements as required by section 14.3 of this Policy, including balance sheets originally executed by two directors and originally executed auditor's reports, review engagement reports and compilation reports, as the case may be.

14. Other Requirements

14.1 Exchange Review of Qualifying Transactions

As part of the review of the Qualifying Transaction, the Exchange will review the expenses, disclosure, trading history and other transactions undertaken by the CPC during its listing to determine compliance with Exchange Requirements. The Exchange may refuse to accept the Qualifying Transaction if significant concerns arise from its review, which need not be limited to concerns with the items specifically listed above.

14.2 Deemed Share Price

(a) Generally, where payment of consideration by a CPC for Significant Assets includes the issuance of securities, the Exchange requires that the deemed price per Listed Share to be issued is at least the Discounted Market Price. The total deemed consideration is determined based on the number of securities issued multiplied by the deemed price per share. However, where the Qualifying Transaction is announced following the closing of the IPO but before listing of the common shares for trading on the Exchange, the deemed value of the common shares to be issued will be based on either:

(i) the average closing price of the common shares in each of the first five trading days, less permissible discounts, provided such price is not less than the IPO share price; or

(ii) on a predetermined value which must not be less than $0.20 per share.

(b) The Exchange will require the exercise price of any stock options granted in connection with a Qualifying Transaction to be the greater the greater of the deemed price per Listed Share of the securities issued on the Qualifying Transaction, the price of any concurrent financing and the Discounted Market Price at the time of announcement of the options.

(c) The Exchange may require that the deemed price per Listed Share of the securities issued on the Qualifying Transaction be equal to that of any concurrent arm's length financing.

14.3 Financial Statements

(a) Except as specifically modified below, the financial statements of the Target Issuer to be included in the Information Circular must be the same as would be required in conjunction with a Prospectus under the applicable Securities Law in which the CPC's IPO was conducted. The following modifications are acceptable:

(i) subject to (ii), audited comparative financial statements will generally be required for a three year historical period; or

(ii) the Exchange can waive the three year history required in section (i) provided that the following financial statements for the Target Issuer are provided:

(A) audited financial statements for the most recently completed financial year; and

(B) unaudited financial statements for the prior two financial years

(b) Without limiting the requirements of applicable Securities Laws, any audited financial statements must be prepared by an auditor acceptable to the applicable Securities Commissions and must include a balance sheet signed by two directors, an income statement, a statement of retained earnings, a statement of changes in financial position (or, in respect of a Target Issuer engaged in the business of investing, a statement of changes in net assets) and a signed auditor's report.

(c) If at the time of the initial submission with the Exchange, more than 120 days have elapsed from the date of the audited balance sheet of the Target Issuer (or such shorter period of time prescribed by applicable Securities Laws in relation to the financial statements included in a preliminary Prospectus), the CPC Information Circular must also include, as of a date not more than 90 days (or such shorter period of time prescribed by applicable Securities Laws in relation to the interim financial statements required in a preliminary Prospectus) before the date of the initial submission, unaudited interim financial statements which have been reviewed by an auditor acceptable to the applicable Securities Commission(s).

(d) In all cases, an auditor's comfort letter or Review Engagement Report will be required to be filed with the Exchange in respect of any unaudited interim financial statements. Review Engagement Reports will generally be required to be included in the Information Circular where the Information Circular is vetted by the Vancouver office of the Exchange and will generally be required to be excluded from the Information Circular where the Information Circular is vetted by the Calgary office of the Exchange.

(e) Pro forma financial statements, which give effect to the acquisition, must be included in the CPC Information Circular and must be accompanied by an appropriate auditor's compilation report.

(f) If more than 75 days have expired since the time of filing the initial submission with the Exchange and the CPC Information Circular has not yet been mailed to the CPC's shareholders, the Exchange may require that updated financial statements be included in the CPC Information Circular as would be required under applicable Securities Laws in connection with a Prospectus.

(g) Management projections of future earnings will not generally be accepted for inclusion in a CPC Information Circular. If the Exchange agrees to accept the inclusion of projections in the Information Circular, the projections must comply with National Policy No. 48 or any successor instrument.

14.4 Inactivity or Failure to Respond to Exchange

(a) If the Information Circular has not been mailed to shareholders within 75 days after the initial submission to the Exchange of documents required under subsection 12.3 and, in the opinion of the Exchange, the delay is due to the inaction of the CPC, the Sellers or any Target Issuer, the Exchange may:

(i) close its file as "not proceeded with" and require the CPC to issue a news release with respect to the status of the proposed Qualifying Transaction; or

(ii) require that an updated Information Circular containing updated material facts and updated financial statements, Geological Reports, valuations or other reports be filed.

(b) If post-meeting documents required under subsection 12.5 have not been submitted to the Exchange within the time prescribed by the Exchange following the shareholders' meeting, the Exchange may:

(i) require the CPC or the Resulting Issuer to issue a news release explaining the delay; and/or

(ii) halt or suspend trading in the Listed Shares of the CPC for failure to complete a Qualifying Transaction, pending filing of the post-meeting documents.

(c) Inactivity may be evidenced by the failure to make reasonable and timely efforts to provide acceptable responses to the comments of the Exchange.

14.5 Multiple Filings

The Exchange will generally not grant conditional acceptance for listing of a CPC where any director or officer of a CPC is associated with more than one other CPC, JCP or VCP that has not yet completed a Qualifying Transaction.

14.6 Consulting Fees

The Exchange may seek the opinion of an independent engineer, appraiser or other expert in determining the reasonableness of a technical report; Geological Report, business valuation or other Expert Report filed with the Exchange. In such circumstances, the Exchange may require the CPC or any Resulting Issuer to pay for the Exchange's costs.

14.7 Trading Halts, Suspension and Delisting

(a) The Exchange may suspend from trading or delist the Listed Shares of a CPC where the Issuer has failed to complete a Qualifying Transaction within 18 months after the date of listing.

(b) The Exchange will halt trading in the Listed Shares of a CPC from the date of announcement of an Agreement in Principle regarding a Qualifying Transaction until all steps referenced in section 2.3 have been completed. A trading halt may be imposed where the Issuer has not filed the supporting documents required by section 12.3 of this Policy within 60 days after the date of the announcement of the Agreement in Principle. The halt will remain in effect until either the Exchange receives and reviews the documentation required under this Policy and the Information Circular has been mailed to the shareholders, or the CPC issues a news release that disclosing the proposed Qualifying Transaction is not proceeding.

(c) As indicated in section 14.4, a trading halt or suspension may also be required when post-meeting documentation is not submitted within the prescribed time.

(d) If a CPC determines or becomes aware that a Qualifying Transaction will not be proceeding as previously announced, or at all, the CPC must immediately issue a news release in that regard.

(e) If the CPC or the Sponsor terminate the sponsorship of the Qualifying Transaction, the parties must immediately issue a news release advising of the termination. Trading in the shares of the CPC will be halted and the halt will remain in effect until a new Sponsor has provided the Exchange with a Sponsorship Acknowledgement Form and a pre-filing conference has been completed.

14.8 Refusal of Qualifying Transaction

(a) Notwithstanding that a transaction may meet the definition of a Qualifying Transaction, the Exchange may not approve a Qualifying Transaction if the CPC fails to meet the Minimum Listing Requirements upon the completion of the Qualifying Transaction or for any other reason at the sole discretion of the Exchange.

(b) The Exchange will refuse a Qualifying Transaction where the Resulting Issuer will be a finance company or a mutual fund as defined under the Securities Laws of the Province of British Columbia or Alberta.

14.9 Pro Group

(a) Neither the Sponsor nor any director, officer, employee or contractor of the Sponsor or any Affiliates of the foregoing is permitted to subscribe for Seed Shares or IPO Shares.

(b) At the time of listing and until Completion of the Qualifying Transaction, the aggregate number of common shares owned directly or indirectly by the Pro Group cannot exceed 20% of the total outstanding Listed Shares of the CPC, excluding securities reserved for issuance at a future date.

(c) The Exchange will require that any securities issued to the Pro Group in connection with or in contemplation of the Qualifying Transaction will be required to be legended with the four month hold period prescribed pursuant to Policy 3.2 - Filing Requirements and Continuous Disclosure.

14.10 Reverse Take-Over

The Exchange will not generally permit a Resulting Issuer to conduct a Reverse Take-Over for a period of one-year following Completion of the Qualifying Transaction.

14.11 Compliance with Securities Law

(a) Insiders of the CPC, including Persons who are deemed Insiders under applicable Securities Law, and Persons in a special relationship with the CPC or the Resulting Issuer are reminded of the requirements under Securities Laws and Exchange Policies in regard to maintaining confidential information and the restrictions on trading on undisclosed information.

(b) Management of the CPC and the Resulting Issuer are reminded of their obligations to comply, to the extent applicable, with National Policy No. 31 (Change of Auditor of a Reporting Issuer), National Policy No. 48 (Future Oriented Financial Information) and National Policy No. 51 (Changes in the Ending Date of a Financial Year and in Reporting Issuer Status) and any successor instruments.

(c) CPCs or Resulting Issuers which intend to use the CPC Information Circular as an Annual Information Form under the System for Shorter Hold Periods with an Annual Information Form ("SHAIF System"), developed by either of the ASC or the BCSC should refer to the provisions of applicable Securities Laws. Compliance with the requirements of a CPC Information Circular by the Exchange may not satisfy the requirements of the applicable SHAIF System.

14.12 Effect of Exchange Acceptance

Neither review of any Qualifying Transaction and supporting documents, acceptance of any CPC Information Circular or the issuance of a Final Exchange Notice should be construed as assurance that the CPC or any Resulting Issuer is in compliance with applicable Securities Laws, including use of any Prospectus or registration exemption or the adequacy of disclosure in any take-over bid circular, offering memorandum or other disclosure document. Similarly, neither review of any Qualifying Transaction and supporting documents, acceptance of any CPC Information Circular or the issuance of a Final Exchange Notice should be construed as an assurance as to the merits of the Qualifying Transaction or an investment in the securities of any issuer.

15. Transition

(a) All JCPs as defined pursuant to ASC Rule 46-501 will continue to be governed by ASC Rule 46-501 and ASE Circular No. 7 except as provided for in the ASC Blanket Order published concurrently with the creation of CDNX. Generally, speaking, the Blanket Order permits listed JCPs to conduct a foreign Major Transaction provided that:

(i) as soon as the JCP determines that it may consider foreign transactions, it must issue a news release and file a material change report disclosing the change in its investment objectives;

(ii) the JCP thereafter must fully comply with the provisions of this Policy in regard to Qualifying Transactions.

(b) All VCPs as defined pursuant to VSE Policy 30 will continue to be governed by VSE Policy 30. Generally, any VCP can opt to comply with this Policy in relation to its Qualifying Transaction, except to the extent that a Related Party transaction (as defined in VSE Policy 30) will continue to be prohibited for a period of six months from the date of listing of the VCP.

(c) JCPs that announce a Major Transaction (as defined in ASE Circular No. 7) after March 1, 2000 and VCPs that announce a Qualifying Transaction (as defined in VSE Policy 30) after March 1, 2000 will be required to comply with this Policy in relation to the Qualifying Transaction.

(d) From November 29, 1999 to March 1, 2000, Issuers can opt to file a Prospectus in accordance with the JCP program, the VCP program or the CPC program. Effective March 1, 2000, the only program that will be available will be the CPC program. A JCP or VCP that has not obtained a final receipt for a prospectus on or before March 31, 2000 will be required to amend its Prospectus to comply with the CPC Policy, in its entirety.

(e) If at November 29, 1999 a JCP or VCP has not yet obtained a final receipt for the JCP Prospectus or the VCP Prospectus or has not yet closed its IPO, it is not permitted to opt to comply with this Policy unless the JCP or VCP files an amended Prospectus.

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.

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.

POLICY 2.7

PRE-FILING CONFERENCES

Scope of Policy

Certain filings may arise from time to time where the application of the Exchange's Policies is not clear to an Issuer or its professional advisers. With a view to facilitating filings and identifying key filing issues as early as possible, the Exchange encourages, and in certain cases requires, pre-filing conferences with Exchange staff.

This Policy describes when a pre-filing conference is required or recommended, and outlines the type of documents to be filed before a pre-filing conference.

For the purposes of this Policy, **"Issuer"** means Companies listed on the Exchange and Companies applying to list on the Exchange.

The main headings in this Policy are:

1. Required or Recommended Pre-Filing Conferences
2. Purpose of a Pre-Filing Conference
3. Scheduling a Pre-Filing Conference
4. Filing Requirements

1. Required or Recommended Pre-Filing Conferences

1.1 When a Pre-Filing Conference is Required

A pre-filing conference is required for:

(a) a delisted Issuer or any Issuer which has been subject to a cease trade order for more than 90 days and any Issuer whose Listed Shares have not traded for any reason for more than 12 months;

(b) an Issuer which seeks listing on the Exchange solely of a class of securities other than common shares or equivalent securities. In this case, in addition to the documents described below, the Issuer must submit to the Exchange, a copy of the relevant constating documents or other documentation creating the securities and describing or governing the terms of the securities, including any indenture or agreement. The Issuer must also comply with Policy 3.5 – Restricted Shares and the provisions of applicable Securities Law; and

(c) an Issuer making application pursuant to a Reverse Take-Over or Qualifying Transaction or in respect of any other transaction involving a halt and requiring Sponsorship, such as a Change of Business, before the Issuer's Listed Shares can be reinstated for trading.

1.2 When a Pre-Filing Conference is Recommended

Although not required, if an Issuer or its Sponsor or their respective legal counsel is concerned about the ability of the Issuer to obtain a listing on the Exchange or to obtain a listing on a particular tier, the Issuer can arrange a pre-filing conference.

A pre-filing conference is strongly recommended in certain circumstances, including the following:

(a) an application for listing by a Foreign Issuer;

(b) if the business to be conducted by the Issuer is unique;

(c) the listing of a Capital Pool Company where the principals are contemplating a Qualifying Transaction and are uncertain as to whether the Exchange would conclude that an agreement was virtually certain to be reached with respect to a particular Qualifying Transaction;

(d) if the business to be conducted by the Issuer could reasonably be anticipated to give rise to public interest concerns;

(e) if the Issuer, the Sponsor or their respective legal counsel have concerns with respect to the following:

(i) the Issuer does not strictly meet a particular aspect of the Minimum Listing Requirements; however, the Issuer has considerable strengths in other areas of its business which the Sponsor believes justifies listing the Issuer or listing the Issuer in a particular tier;

(ii) one or more of the Insiders of the Issuer does not meet the requirements of Policy 3.1 - Directors, Officers and Corporate Governance; however, the loss of that Insider would have a material adverse effect on the business of the Issuer; or

(iii) listing of the Issuer would require waiver of a significant policy provision of the Exchange.

1.3 Effect of Not Having a Pre-Filing Conference

If an Issuer chooses not to request a pre-filing conference in circumstances where it was highly recommended, the Exchange will require additional time to review the Issuer's application for listing or acceptance of a transaction and therefore may not respond within the normal time limits.

2. Purpose of a Pre-Filing Conference

2.1 A pre-filing conference gives the Issuer and the Sponsor an opportunity to canvass and address with the Exchange, issues relating to the Issuer's application for listing or acceptance of certain types of transactions. The pre-filing conference is not intended to replace careful consideration of Exchange Requirements and Securities Laws by the Issuer and the Sponsor, or to replace the due diligence required by the parties.

2.2 A pre-filing conference does not guarantee that the Exchange will accept the transaction or accept the Issuer for listing. The usefulness of the pre-filing conference in canvassing and assessing issues and determining how best to address them will depend, to a large degree, on the quality of the information provided to the Exchange by the Issuer and the Sponsor.

3. Scheduling a Pre-Filing Conference

3.1 The Issuer, the Sponsor or their respective legal counsel can schedule a pre-filing conference. An authorized representative of the Issuer must attend the pre-filing conference. The authorized corporate finance officer of the Sponsor and legal counsel to the Issuer should also attend.

3.2 To arrange a pre-filing conference, contact either the Vice-President, Corporate Finance or the applicable Corporate Finance Manager. Generally a pre-filing conference will be held in person; however, a pre-filing conference can be held by telephone conference call, if necessary.

3.3 Unless otherwise specified by the Exchange, a pre-filing conference can be arranged with any Exchange office; however, it is recommended that the conference be held with the office through which the Issuer has conducted or intends to conduct the majority of its Exchange filings. If a pre-filing conference is scheduled with an Exchange office other than the office through which the Issuer has conducted or intends to conduct the majority of its Exchange filings, the Issuer must ensure that both offices are advised of this fact when it schedules the pre-filing conference.

4. Filing Requirements

4.1 Documents to be submitted to the Exchange should be submitted as soon as possible once a pre-filing conference has been scheduled and should generally be provided at least three business days before the conference.

4.2 In order to allow the Exchange to make an informed assessment, to the extent possible, all the applicable documents described below should be submitted:

(a) a letter identifying the issues to be considered at the pre-filing conference and a summary of the proposed transaction being conducted in connection with the application for listing, including the following information:

(i) the number and type of Listed Shares of the Issuer currently outstanding;

(ii) the number and type of Listed Shares of the Issuer to be outstanding upon completion of the transaction;

(iii) a description of any acquisition to be conducted, including the names of all parties to the acquisition and the proposed consideration;

(iv) a description of any financing to be conducted, including the type and number of securities to be issued and the proposed issue price; and

(v) a description of any material changes or material facts in the business and affairs of the Issuer or any target business during the previous 12 months;

(b) a copy of any draft proposed news release for the transaction;

(c) a copy of the most recent audited annual financial statements of the Issuer with comparatives for the previous fiscal year and monthly unaudited financial statements for the period since the audited statements;

(d) a copy of the most recent audited annual financial statements of any proposed target business to be acquired by the Issuer with comparatives for the previous fiscal period and monthly unaudited financial statements for the period since the audited statements;

(e) the Sponsorship Acknowledgement Form (Appendix 2A);

(f) a business plan in respect of the proposed business of the Issuer, or a Geological Report for the Issuer's resource properties, as applicable;

(g) Personal Information Forms (Form 2A) for each individual who will be an Insider of the Issuer or Resulting Issuer and for each Insider of a Company who will be an Insider of the Issuer or Resulting Issuer at the time of listing and a resume for each of these persons; and

(h) a list of shareholders:

(i) in the case of an Issuer conducting an IPO, if the Issuer has 50 or fewer holders of its securities (including unlisted securities) before the IPO, setting out all of the current holders of the Issuer's securities, including the number and type of securities held by each person and the number and type of securities to be held by each person upon completion of the IPO; or

(ii) in the case of an Issuer conducting an IPO, if the Issuer has more than 50 shareholders before the IPO, setting out the number and type of securities held both before and after giving effect to the IPO, by each person who currently directly or indirectly beneficially owns or controls 5% or more of any class of the Issuer's securities (including unlisted securities) or after giving effect to the transaction, will directly or indirectly beneficially own or control 5% or more of any class of the Issuer's securities (including unlisted securities) and any other person who is an Insider of the Issuer; or

(iii) in the case of an Issuer applying for a listing, other than in connection with an IPO:

(A) setting out all of the persons who currently directly or indirectly beneficially own or control the proposed target business or asset, including the number and type of securities held (or percentage ownership) by each person and the number and type of securities of the Issuer to be held by each of those persons following completion of the transaction; and

(B) setting out the securities directly or indirectly beneficially owned or controlled by the Insiders of the Issuer currently and after giving effect to the transaction. If the target business or asset is owned by more than 50 persons, the list may be limited to all persons who directly or indirectly beneficially own or control 5% or more of the target business or asset before giving effect to the transaction, if the list provides full details of the nature and extent of any non-arm's length relationship between the Issuer, its Insiders and the target asset or business or the owners or Insiders of the target business.

If any Company directly or indirectly beneficially owns or controls 10% or more of any class of securities of the Issuer or any target business or asset, the names of all Insiders of that Company must be provided to the Exchange, as well as the number and type of securities held by each of those Insiders.

POLICY 2.8

SUPPLEMENTAL LISTINGS

Scope of Policy

This Policy describes the requirements to list a class of securities other than common shares or equivalent securities (**"Common Shares"**).

This Policy applies if the Issuer's Common Shares are already listed on the Exchange or the Issuer is concurrently applying to list its Common Shares and another class of securities (**"Supplemental Securities"**). However, if the Issuer is applying to list on the Exchange any class of securities other than Common Shares, the Exchange can apply any provision of this Policy in addition to or in substitution for the provisions of Policy 2.1 - Minimum Listing Requirements. For a Initial Listing of Supplemental Securities only, refer also to Policy 2.7 – Pre-Filing Conferences and Policy 3.5 – Restricted Shares.

The main headings in this Policy are:

1. General
2. Application and Filing Requirements
3. Non-Participating Preferred Shares, Bonds and Debentures
4. Convertible or Exchangeable Securities
5. Trading

1. General

1.1 A "supplemental listing" generally means any listing of Supplemental Securities. An Issuer applying for a supplemental listing must comply in all respects with the Tier Maintenance Requirements of the Exchange. A supplemental listing is not permitted if the Issuer is in default of any Exchange Requirement.

2. Application and Filing Requirements

2.1 Application

An Issuer can apply for supplemental listing by sending a letter to the Exchange. The application letter must be accompanied by the preliminary prospectus or, if applicable, the draft circular or offering document describing the rights and restrictions of the Supplemental Securities.

2.2 Filing Requirements

After the Exchange grants conditional acceptance of the application and before the Supplemental Securities begin trading, the Issuer must file the following with the Exchange:

(a) a certified copy of the resolution of directors of the Issuer authorizing the application to list the Supplemental Securities;

(b) a copy of the final prospectus, circular or other offering document, if applicable;

(c) a certified copy of any constating documents creating, describing or governing the terms of the Supplemental Securities, including any agreement or trust indenture (or equivalent document), and any amendments;

(d) an opinion of counsel to the Issuer that the Supplemental Securities have been validly created in accordance with applicable law and that the Supplemental Securities are validly issued as fully paid and non-assessable;

(e) if the Supplemental Securities are convertible or exchangeable into another class of Listed Shares, an opinion of counsel to the Issuer that the securities issuable upon exercise or conversion of the Supplemental Securities have been validly created in accordance with applicable law and that those securities will, when issued in accordance with the terms of the Supplemental Securities, be validly issued as fully paid and non-assessable;

(f) satisfactory evidence that the Supplemental Securities are free of any trading restrictions, such as a final receipt for a prospectus qualifying the distribution of the Supplemental Securities or an opinion of legal counsel;

(g) a definitive specimen of the certificate for the Supplemental Securities with the CUSIP number imprinted thereon;

(h) except in the case of bonds or debentures, and subject to section 3.2, a Distribution Summary Statement (Form 2E) or other evidence satisfactory to the Exchange confirming that the Issuer will have at least 200,000 Supplemental Securities outstanding, held by at least 75 Public Shareholders each holding a Board Lot;

(i) subject to section 5, in the case of bonds or debentures issued by a Tier 1 Issuer, a Distribution Summary Statement (Form 2E) or other evidence satisfactory to the Exchange confirming that the Issuer will have at least 75 Public Shareholders each holding bonds or debentures with an aggregate face value of at least $1,000;

(j) subject to sections 3.2 and 5, in the case of bonds or debentures issued by an Issuer, other than a Tier 1 Issuer, a Distribution Summary Statement (Form 2E) or other evidence satisfactory to the Exchange confirming that the Issuer will have at least 75 Public Shareholders each holding bonds or debentures with an aggregate face value of at least $1,000;

(k) the applicable supplemental listing fee as set out in Policy 1.3 - Schedule of Fees; and

(l) if applicable, the additional listing fee for the maximum number of Listed Shares issuable upon exercise or conversion of the Supplemental Securities.

3. Non-Participating Preferred Shares, Bonds and Debentures

3.1 Tier 1 Issuers and Guaranteed Securities

The Exchange will consider on a case-by-case basis applications for the supplemental listing of preferred shares, bonds or debentures by a Tier 1 Issuer or by a Tier 2 Issuer if the principal and timely payment of the securities are guaranteed by a Tier 1 Issuer or by a Company listed on a senior exchange or market.

3.2 Tier 2 Issuers

An application for the supplemental listing of preferred shares, bonds or debentures which does not meet the requirements of section 3.1 must meet the following requirements:

(a) the Issuer must have a record of earnings which is satisfactory to the Exchange; and

(b) there must be at least 150 Public Shareholders of the Supplemental Securities and the Market Value of the Public Float of the Supplemental Securities must be at least $500,000 or the par value of the total number of issued debentures in the Public Float must be at least $500,000, provided the Exchange is otherwise satisfied that the public distribution is sufficient to provide an adequate market for the securities.

3.3 Additional Provisions

Trading in exchangeable bonds or debentures will generally be as follows:

(a) the Supplemental Securities will trade in board lots based on face value with a recommended face value of $1,000 and odd lots being permitted to trade in denominations of $100;

(b) volume will be presented in multiples of 100's with volume calculated as principal amount traded divided by 100; and

(c) any redemption, conversion, or interest payment on the bonds must meet the requirements of the Exchange to provide adequate notice and processing time in order to ensure that the appropriate holder of record can complete the transaction or receive the entitlement within the normal settlement period.

Any Supplemental Securities must comply with Policy 3.5 – Restricted Shares and applicable Securities Law.

If a preferred security, bond or debenture is convertible or exercisable into a different class of Listed Shares, the Issuer must also comply with the requirements, as applicable and modified as necessary, set out in section 4 for Warrants.

4. Convertible or Exchangeable Securities

4.1 No convertible or exchangeable securities (**"Warrants"**) can be issued until approved by the Exchange. Warrants which are not exercisable into Listed Shares will not normally be posted for trading on the Exchange.

4.2 If the Warrants are issued as part of a specific type of transaction (e.g., private placement or public offering), refer to the Policy applicable to that transaction.

4.3 Listed Warrants must be assignable and the customary form of assignment must be included on the warrant certificate.

4.4 If the Issuer intends to pay a fee to Members for assisting in obtaining conversions of Warrants, the Issuer must give notice of this at least 90 days before the Warrants expire.

5. Trading

5.1 Trading in any Supplemental Securities which have an expiry date must be for cash on the two days preceding the expiry date and also on the expiry date. Trading in these securities will cease at 12:00 noon (Vancouver time) or 1:00 p.m. (Calgary time) on the expiry date.

5.2 If the security underlying the Supplemental Securities is posted for trading on the Exchange, the Supplemental Securities will have the same Board Lot as the underlying security.

POLICY 2.9

TRADING HALTS, SUSPENSIONS AND DELISTING

Scope of Policy

This Policy addresses when public trading in an Issuer's Listed Shares should be temporarily halted or suspended, or when the Issuer's Listed Shares will be delisted.

The main headings in this Policy are:

1. Introduction
2. Trading Halts
3. Trading Suspensions
4. Delisting
5. Reviews and Appeals

1. Introduction

1.1 Once the shares of an Issuer become listed on the Exchange, they become available for public trading through the Exchange's computerized trading system. Trades are executed through Members and Participating Organizations in a continuous-auction trading forum.

1.2 An Exchange trading halt, suspension or delisting minimizes or prevents any further trading of the Listed Shares of the Issuer. Members and Participating Organizations are prohibited from dealing with the Listed Shares of any Issuer that is halted or suspended throughout the period of any halt or suspension (unless the security is interlisted on another exchange and the trade is done on that exchange) and are generally prohibited from conducting "off the floor" trades (i.e. trades not made through the facilities of the Exchange) of Listed Shares. Securities Laws generally prohibit the sale of securities other than through registered dealers, many of which are Members or Participating Organizations.

1.3 The Listing Agreement authorizes the Exchange to halt or suspend trading in an Issuer's Listed Shares or to delist Listed Shares without notice at any time if the Exchange believes it is in the public's best interest.

2. Trading Halts

2.1 The Exchange can order a trading halt for any one of the following reasons:

(a) the Issuer is not in compliance with the terms of its Listing Agreement or Exchange Requirements;

(b) there has been a Material Change in the Issuer's affairs which could significantly affect the market price of its Listed Shares and:

(i) the Issuer has not issued a news release as required or has issued an inappropriate or incomplete news release; or

(ii) the Issuer has issued a news release but has not requested a halt pending public dissemination of the news, and the market reacts sharply; or

(c) circumstances exist which, in the opinion of the Exchange, could materially affect the public interest.

2.2 If there has been an undisclosed Material Change in the Issuer's affairs and the Issuer does not request a trading halt, the Exchange will halt trading in the Issuer's Listed Shares until the Issuer publishes and disseminates a news release. The Exchange together with the Issuer determines the time required to disseminate the news release and consequently the length of any trading halt. This will usually depend on the significance and complexity of the announcement and geographic distribution of shareholders.

2.3 The Surveillance Department co-ordinates trading halts with other North American exchanges and Nasdaq when an Issuer's Listed Shares are also listed or traded there. The North American exchanges will generally halt and resume trading in an interlisted security at the same time in each market. Stock markets, other than exchanges, may not halt trading and there is no mechanism for halting trading in securities traded in broker-dealer markets.

2.4 A trading halt should not reflect adversely on the Issuer, its management or the value of its Listed Shares. The halt does not affect the carrying value, for brokerage margin purposes, of the Issuer's Listed Shares. Nevertheless, a trading halt may be changed to a suspension at any time, if the reason for the halt is not addressed by the Issuer or if the Exchange deems a suspension to be in the public interest.

Surveillance Reviews

2.5 Most situations where a trading halt is appropriate are detected by the Exchange's computer trading surveillance system operated by the Surveillance Department. In reacting to any computer trading surveillance report, Surveillance staff have a number of alternatives including the following:

(a) note the anomaly, knowing that the market is reacting to some recently released information;

(b) check the Issuer's news releases and other Exchange files and, if necessary, contact the Issuer's directors or lawyers to seek relevant information. The Issuer, on its own initiative or on request from the Exchange, can issue another news release containing new information or clarifying previously disclosed information; or

(c) if the Exchange cannot contact representatives of the Issuer and a material price change has occurred, or a material change in the bid or ask price has occurred, delay or halt trading in the Issuer's Listed Shares until satisfactory disclosure is made.

Unusual Price Fluctuations

2.6 If the market price of Listed Shares has increased or decreased dramatically in a relatively short period of time and the price change does not appear to be the result of a fully disclosed Material Change in the affairs of the Issuer, the Exchange will halt trading in the Listed Shares "pending clarification of the market activity."

2.7 The review procedures which the Exchange will employ in the case of unusual price fluctuations have been designed to:

(a) ensure that all material information concerning the change(s) in question has been accurately disclosed;

(b) ascertain if there have been, or are, trading irregularities in the stock;

(c) ascertain if there has been any inappropriate or undisclosed investor relations activities relating to the Issuer; and

(d) ascertain the adequacy of the public distribution of the stock.

2.8 After completing its review, the Exchange will take the appropriate action, which may include:

(a) if the review establishes that the minimum distribution standards of the Exchange's Tier Maintenance Requirements are not met, requiring the Issuer to complete a public distribution of its Listed Shares as a condition of continued listing;

(b) if the review establishes that a Material Change has occurred and that no public disclosure has been made or that prior disclosure has not been accurate or adequate, requiring the Issuer to issue a news release; or

(c) if the conduct of any director, officer or investor relations provider prompted the Exchange halt or review, assessing the suitability of that person.

3. Trading Suspensions

3.1 Reasons for Suspension

The Exchange may impose a suspension in a variety of circumstances including where:

(a) the Issuer's Listed Shares are halted and the reason for the halt is not adequately addressed by the Issuer;

(b) the Issuer has made public announcements and there is substantial market interest but the Issuer has not filed current financial statements. In this case, the suspension will normally continue until the market has current financial information with which to assess the Issuer's announcements. The suspension may be carried out by the Exchange alone or in conjunction with a Cease Trade Order imposed by a Securities Commission;

(c) a Securities Commission issues a Cease Trade Order relating to the Issuer. In this case the trading suspension will not be revoked by the Exchange until the Commission rescinds its Cease Trade Order and the Exchange examines the Issuer for compliance with the Tier Maintenance Requirements;

(d) an Issuer significantly fails to meet Tier Maintenance Requirements or has failed to meet the Tier Maintenance Requirements in the time permitted by the Exchange;

(e) a VCP or CPC has failed to carry out a Qualifying Transaction (as defined in their respective policies) or a JCP has failed to complete a Major Transaction (as defined in ASE Circular No. 7) within 18 months after listing;

(f) the Issuer has breached the terms of its Listing Agreement or has otherwise failed to comply with Exchange Requirements;

(g) the Issuer's circumstances appear to warrant a delisting, but the Exchange decides to allow the Issuer some time to reorganize its affairs in order to meet Minimum Listings Requirements or Tier Maintenance Requirements, as appropriate; and

(h) an Issuer fails to comply with a direction or requirement of the Exchange to make application for and obtain reporting issuer status in Ontario when it has a Significant Connection to Ontario.

3.2 When the Exchange decides to suspend an Issuer's Listed Shares, it will issue an Exchange Notice describing the reasons for the suspension. A trading suspension order will remain in effect until the circumstances giving rise to it have been settled to the satisfaction of the Exchange.

3.3 When the Listed Shares of an Issuer are suspended, the carrying value attributable to those Listed Shares, for brokerage margin purposes, must be fixed at zero.

Reinstatements

3.4 An Issuer whose Listed Shares have been halted or suspended for up to 10 business days can be reinstated for trading if it submits a plan (a "reinstatement submission") to meet the Tier Maintenance Requirements in a reasonable period of time and the Exchange is satisfied with the public disclosure of its affairs.

3.5 An Issuer whose Listed Shares have been halted or suspended for between 10 and 90 days must make application for reinstatement and demonstrate to the Exchange that it meets the Tier Maintenance Requirements and is otherwise in good standing before the Exchange will reinstate trading.

3.6 An Issuer whose Listed Shares remain halted or suspended for a period of more than 90 days must meet the following requirements in order to be reinstated for trading:

(a) the Issuer must make an application for reinstatement of trading, demonstrating that it meets the Exchange's Minimum Listings Requirements and is otherwise in good standing, including attendance at a pre-filing conference and obtaining sponsorship. If the Issuer had Tier 1 Issuer status before the suspension and wishes to regain Tier 1 status, the appropriate Tier 1 Issuer requirements must be met to regain that status instead of Tier 2 Issuer status;

(b) an Issuer that has been subject to a cease trade order or whose Listed Shares have not traded for 12 months must file a reinstatement submission, including a Prospectus, as required, accompanied by all supporting documentation and the appropriate filing fees; and

(c) the Issuer must receive approval for reinstatement from the Exchange, which will conduct a review of any compliance problems or investigations, the planned steps to achieve the Minimum Listings Requirements, the Issuer's new business proposal and whether it appears to be in the interest of the investing public to permit continued listing.

3.7 The Exchange issues notices to Issuers that have been suspended for more than 90 days. Once a notice has been issued to the Issuer, it will have the period of time specified by the Exchange to file a reinstatement submission and correct deficiencies. An Issuer who fails to attain trading status by the deadline can be delisted immediately.

3.8 The Exchange will generally not apply sections 3.4, 3.5 and 3.6 to trading halts carried out in the normal course, including halts in connection with a Change of Business, Reverse Take-Over or a Qualifying Transaction.

4. Delisting

4.1 If an Issuer ceases to meet the Tier Maintenance Requirements applicable to it or breaches the Exchange Requirements, or if the Exchange considers that it would be in the public interest to do so, the Exchange may delist an Issuer's Listed Shares.

Voluntary

4.2 An Issuer may at any time request that the Exchange delist all or any class of its Listed Shares from trading on the Exchange. The Issuer must submit to the Exchange:

(a) a written request for delisting, specifying the Listed Shares to be delisted and the reason(s) for the request; and

(b) a copy of the directors' resolution authorizing the delisting.

4.3 Typically a class of Listed Shares will be delisted at the request of the Issuer when the Issuer has redeemed its shares or a successful take-over bid for the shares has been completed. In most instances the Listed Shares of the Issuer requesting a delisting are listed on another recognized stock exchange or stock market, or no longer held by a sufficient number of shareholders. In these circumstances, and where the request is made for valid reasons, the Exchange will not object to the delisting so long as the above submission is delivered to the Exchange.

4.4 Delisting requests are occasionally made by interlisted companies in order to proceed with a transaction which the Exchange has not accepted for filing or which the Exchange finds objectionable. In these circumstances, in addition to filing a copy of the directors' resolution and paying the prescribed delisting fee, the Issuer must issue a news release detailing the reasons for the delisting.

4.5 If the Listed Shares of the Issuer are not interlisted on another recognized stock exchange or stock market, the Exchange will consider the merits of each individual delisting application. The Exchange will need confirmation that the Issuer's Public Shareholders, and the investing public generally, will not be prejudiced by the delisting. The Exchange can require that the Issuer issue a news release disclosing its plans and can delay the delisting to facilitate settlement of trades and allow shareholders to sell to willing purchasers.

4.6 Unless the Exchange is satisfied that a satisfactory alternative market exists for the Listed Shares, the Exchange will require minority shareholder approval for the delisting application.

4.7 In most cases, the Exchange will issue an Exchange Notice 10 days before a voluntary delisting occurs.

Involuntary

4.8 Each Exchange initiated delisting is reviewed on the basis of relevant facts and circumstances. The following are examples of circumstances which warrant a delisting:

(a) the Issuer has failed to meet MLR or TMR (as directed by the Exchange) in the time permitted;

(b) the Issuer has sold or otherwise disposed of its principal operating assets, has ceased to be an operating company or has discontinued a substantial portion of its operations or business;

(c) the Issuer has breached the Listing Agreement or has otherwise failed to comply or is unwilling to comply with Exchange Requirements;

(d) the Issuer has failed to pay its annual sustaining fee, filing fees or any other charge due to the Exchange when due; or

(e) a suspended Issuer has failed to proceed with a reactivation plan as required by the Exchange.

4.9 Notwithstanding the above, if an Issuer's Listed Shares are suspended for 12 months, the Issuer may be delisted.

4.10 Following delisting from the Exchange, a Company is still a Reporting Issuer under the applicable Securities Laws. Accordingly, a delisted Issuer must continue to file financial statements and material change reports with the appropriate Securities Commission and to otherwise comply with the applicable Securities Laws.

5. Reviews and Appeals

5.1 If an Issuer wishes a decision of the Exchange to be reviewed or appealed, the Issuer should consult Exchange Rules for the Review and Appeal Procedures.

POLICY 3.1

DIRECTORS, OFFICERS AND CORPORATE GOVERNANCE

Scope of Policy

This Policy describes the qualifications which must be met by directors and management of an Issuer and minimum corporate governance standards and corporate relations policies required to be implemented by all Issuers. This Policy is not an exhaustive statement of the corporate governance requirements applicable to Issuers. Nothing in this Policy limits the obligations and responsibilities imposed on Issuers by applicable corporate and Securities Laws.

What is Corporate Governance?

The term "corporate governance" refers to the way the business and affairs of the Issuer are managed. The board of directors of an Issuer is responsible for managing or supervising the management of the business and affairs of the Issuer on behalf of the owners, the shareholders. The board generally delegates the day-to-day management responsibilities to the senior officers. Good corporate governance:

> requires an effective system of accountability by management to the board and by the board to the shareholders;
>
> requires that information be made available and that decisions can be reviewed;
>
> ensures that all shareholders are protected and, in the circumstances where there is a significant shareholder, ensures that minority shareholder interests are protected.

The main headings in this Policy are:

1. Directors and Management - General
2. Directors and Management Qualifications
3. Transfer Agent, Registrar and Escrow Agent
4. Security Certificates
5. Pre-Listing Transactions and Capital Structure
6. Dissemination of Information and Insider Trading
7. Disclosure of Insider Interests
8. General Duty of Directors and Senior Officers
9. Unacceptable Trading
10. Corporate Power and Authority
11. Audit Committee
12. Management Compensation and Compensation Committee
13. Auditors

1. Directors and Management - General

1.1 The directors and management of an Issuer are an important factor the Exchange considers in determining whether to accept the listing of an applicant Issuer's securities and whether an Issuer can continue to be listed on the Exchange.

1.2 Before the Exchange will approve the involvement of any Insider with an Issuer or accept the listing of any applicant Issuer, each Insider and each person providing Investor Relations Activities, promotion or market making services on behalf of the Issuer must submit to the Exchange a duly completed Personal Information Form (a "PIF") (Form 2A). In addition, the Exchange can require a PIF from other persons involved with the Issuer. *See Policy 3.2 - Filing Requirements and Continuous Disclosure.*

1.3 The Exchange can:

(a) prohibit an individual from serving as a director or officer of an Issuer or impose restrictions on any director or officer;

(b) request a Sponsor Report before it will accept the involvement of any person as an Insider of an Issuer;

(c) require that persons with appropriate public company and/or industry experience and a history of regulatory compliance be added to the board of directors or management of an Issuer or an applicant Issuer by a certain date; and

(d) require that one or more members of the board of directors or management of an Issuer complete a prescribed course relating to corporate governance for public companies.

1.4 The directors and management of every Issuer must familiarize themselves with applicable Exchange Requirements, corporate and Securities Law.

1.5 If, pursuant to this Policy, an individual is prohibited from acting as a director or senior officer of an Issuer, that individual must resign from his or her position with the Issuer immediately.

2. Directors and Management Qualifications

2.1 Directors

Each Issuer must have at least three directors. At least one director must have expertise in the area of the Issuer's actual or proposed business.

Each Issuer must have at least two directors who are neither employees, senior officers, Control Persons or management consultants of the Issuer or its Associates or Affiliates.

2.2 Director's Public Company Experience

At least one member of the Issuer's board of directors must have satisfactory experience in operating and managing a public company. The Exchange will assess public company experience based on various factors, including:

(a) the number of boards on which the proposed director has served,

(b) the length of time the proposed director was a director of the other issuers;

(c) the stock exchange or market on which the other issuers' securities were traded;

(d) whether any of the other issuers were inactive;

(e) any management position held by the proposed director with other issuers;

(f) any Securities Laws or other regulatory violations or infractions by the proposed director or that other issuer while the proposed director was involved with it;

(g) the financial success of that other issuer, including whether it demonstrated profitability or, if the other issuer was a resource exploration issuer, whether that other issuer satisfactorily completed its exploration and development programs; and

(h) the prudent and responsible business practices of that other issuer.

2.3 Qualifications of Directors and Officers

(a) Every director and every officer must be a natural person who is at least 18 years old and is the age of majority in the jurisdiction where he or she resides.

(b) Every director and officer must be qualified under the corporate and Securities Laws applicable to the Issuer to serve as a director or officer, as the case may be.

2.4 Prohibitions on Directors and Officers

The following persons cannot serve as directors or officers of an Issuer:

(a) a person who has the status of an undischarged bankrupt or equivalent or is currently subject to proceedings under any bankruptcy, receivership, insolvency or consumer proposal legislation,

(b) a person who has been found or declared by a court, tribunal or other body of competent jurisdiction, to be of unsound mind, mentally incapacitated or to be incapable of managing the person's own financial affairs by reason of lack of mental capacity or mental infirmity,

(c) unless otherwise consented to in writing by the Exchange, a person who has been subject to a cease trade order or equivalent order or ruling by a securities regulatory authority for more than 12 consecutive months;

(d) unless otherwise consented to in writing by the Exchange, a person who is subject to a consent order or decree, agreed statement of facts or similar documentation, entered into or issued by a stock exchange, self regulatory organization, securities regulatory body or court which currently places restrictions on that person's ability to be a director, senior officer or Insider of a public company;

(e) a person who is prohibited from serving as a director or senior officer by applicable corporate or Securities Laws;

(f) a person who, under applicable Securities Laws or Exchange Requirements is restricted from acting as a director or officer of an Issuer by virtue of being, at that time, a director, officer or employee of a Member, a Participating Organization or a registrant under applicable Securities Laws or otherwise due to any conflicts of interest policy, rule or other instrument;

(g) unless otherwise consented to in writing by the Exchange, a person whose registration has been cancelled under applicable Securities Laws, mortgage broker legislation, insurance sales licensing legislation, real estate broker or sales licensing legislation or commodity contract legislation;

(h) a person who is currently subject to a cease trade or equivalent order by a securities regulatory authority;

(i) a person who is currently incarcerated;

(j) unless otherwise consented to in writing by the Exchange, a person who, since the age of majority, has been incarcerated in a penal institution for more than 12 consecutive months;

(k) any person who has been convicted of a criminal offence relating to fraud, breach of trust, embezzlement, forgery, bribery, perjury, money laundering, or any other offences that might reasonably bring into question that person's integrity and suitability as a director or officer of a public company;

(l) a person who is personally indebted to or subject to an unsatisfied or incomplete term of a sanction of the Exchange or any securities regulatory body; and

(m) any person that the Exchange advises is or has advised is unacceptable to serve as a director or senior officer of an Issuer.

2.5 Management Experience

The management of an Issuer must demonstrate satisfactory industry specific technical and management experience. In determining whether management of an Issuer meets this requirement, the Exchange considers a number of factors, including for each officer or proposed officer:

(a) that person's previous involvement with and commitment to other public and private issuers;

(b) the history of corporate and financial success of other issuers with which the person has been involved;

(c) the management positions held by that person with other issuers;

(d) any regulatory or Securities Laws violations or infractions by the individual or by other issuers with which that person was involved;

(e) the financial success of that other issuer, including whether it demonstrated profitability or, if the other issuer was a resource exploration issuer, whether that issuer satisfactorily completed its exploration and development programs;

(f) the prudent and responsible business conduct and practices of that issuer; and

(g) the industry in which that other issuer was involved and the extent of experience obtained in the Issuer's or applicant Issuer's industry segment.

Each Issuer, other than an inactive Issuer, or a JCP, VCP or CPC must have a Chief Executive Officer and a Chief Financial Officer who are not the same person.

2.6 Filing Requirements

In order to determine the suitability of any director or officer, the Exchange requires particulars about the director or officer before he or she becomes involved with any Issuer. The Issuer must provide:

(a) resumes;

(b) Personal Information Forms; and

(c) any other materials which the Exchange requests.

2.7 Lack of Information

The absence of evidence satisfactory to the Exchange of a positive legal and regulatory track record can constitute grounds for disqualification as a director or senior officer of an Issuer.

2.8 Refusal or Revocation of Exchange Acceptance

Where an Issuer has a Significant Connection to Ontario, the Exchange may refuse to grant Exchange Acceptance of any application relating to the acceptability of any director, officer or Insider, or revoke, amend or impose conditions in connection with a previous Exchange Acceptance of any such application, until such time as the Issuer has complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario (See section 19, *Assessment of a Significant Connection to Ontario* of this Policy).

3. Transfer Agent, Registrar and Escrow Agent

3.1 Each Issuer must maintain a record of its current registered shareholders, a record of each allotment or issuance and a record of each transfer in the registered ownership of its securities. As these records are complex for a publicly traded company, an Issuer must appoint a registrar and transfer agent to perform these services.

3.2 While its securities are listed on the Exchange, an Issuer must appoint and maintain a transfer agent and registrar with a principal office in one or more of Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; Montreal, Quebec; or Halifax, Nova Scotia.

3.3 Appendix 3A lists acceptable transfer agents and registrars or escrow agents. If the transfer agent and/or registrar is not listed in Appendix 3A, the Exchange must approve the original appointment of any transfer agent and/or registrar and any escrow agent and any subsequent changes before the appointment or change becomes effective.

3.4 Each class of Listed Shares must be directly transferable at the Issuer's registrar and transfer agent.

4. Security Certificates

4.1 General

An Issuer shall have only one form of certificate for each class or series of Listed Shares. All certificates must conform with the requirements of the corporate and Securities Laws applicable to the Issuer.

4.2 Exchange Requirements

(a) All certificates for every class or series of Listed Shares must be printed in a manner acceptable to the Exchange by a recognized bank note company or its affiliate or other security printer which has a contractual affiliation with a recognized bank note company,

recognized for this purpose by the Exchange. The producing bank note company must at all times have possession and control of all dyes, rolls, plates and other engravings. All certificates must be produced on paper of an excellent grade of security paper.

(b) Before a form of certificate can be used by an Issuer, the Exchange must receive and approve a model, proof or specimen of the certificate. No change or alteration can be made to the form or design of a security certificate without the Exchange's prior acceptance.

(c) The face of all certificates for every class of Listed Shares must include:

(i) the "title" or corporate name of the Issuer printed clearly and prominently (a trade mark, trade name or logo may be used in addition to the corporate name but not in substitution for the corporate name);

(ii) a general or promissory text printed clearly and prominently;

(iii) a colour panel or panels, or a colour border;

(iv) a space to indicate ownership and denominations;

(v) a CUSIP number in the upper right corner (obtained from the Canadian Depository for Securities Limited. *See Policy 5.8 - Name Change, Share Consolidations and Splits*);

(vi) a prominent indication of the class and series of securities to which the certificate refers;

(vii) a transferability clause, indicating the cities where the certificates are transferable;

(viii) the name(s) of the Issuer's registrar(s) and transfer agent(s);

(ix) original or facsimile signatures of at least two officers or directors of the Issuer;

(x) a document control or serial number; and

(xi) if specifically requested by the Exchange, a vignette for an Industrial or Investment Issuer.

5. Pre-Listing Transactions and Capital Structure

5.1 The capital structure of an Issuer making application for an Initial Listing or a New Listing must be acceptable to the Exchange. Before a New Listing or Initial Listing all securities of the Issuer or the Resulting Issuer, as well as securities issued below certain price levels, are generally required to be escrowed. *See Policy 5.4 – Escrow and Vendor Consideration.*

5.2 Subject to subsection 5.3, the Exchange will generally not permit convertible securities (such as stock options, common share purchase warrants, special warrants, convertible debentures or notes) to be issued before listing if they can be exercised or converted into Listed Shares at a price that is less than the issuance price per security under a Prospectus offering or other financing or acquisition undertaken contemporaneously with the application for listing. If there is no concurrent financing, the minimum permitted price at which the securities can be exercisable or convertible is the greater of the Discounted Market Price and $0.10. The Exchange will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed until the security has been allocated to be granted to a particular person.

5.3 If an Issuer has completed a Private Placement of special warrants (or other convertible securities anticipated to be qualified pursuant to Prospectus or otherwise) in the three months before the application for New Listing, and the issuance price per special warrant (or other convertible security) is less than the Discounted Market Price at the time of the New Listing, the Exchange will generally impose a hold period on the underlying securities even though the underlying securities have been qualified for distribution by a prospectus. Alternatively, the Exchange can require that some or all of those securities be escrowed. *See Policy 3.2 – Filing Requirements and Continuous Disclosure for the terms of any hold period and Policy 5.4 – Escrow and Vendor Consideration for the terms of applicable escrow.*

5.4 The Exchange will generally not accept an application for listing if the aggregate number of Listed Shares owned directly or indirectly by the Pro Group exceeds 20% of the total issued and outstanding Listed Shares of the Issuer at the time of listing. Additional restrictions on Pro Group participation apply in the case of Capital Pool Companies. *See Policy 2.4 – Capital Pool Companies.*

5.5 The Exchange will generally not accept an application for New Listing if securities offered by Prospectus or Private Placement have been purchased by the Pro Group, unless, after a bona fide offering of the total amount of the offering to the public (or such subset of the public as reasonably permitted by applicable Securities Law), the offering has not been fully subscribed.

6. Dissemination of Information and Insider Trading

6.1 Dissemination of News

Each Issuer must disseminate material news in accordance with applicable Securities Laws and Exchange Requirements. Issuers listed on the Exchange must disseminate all material news announcements on a national basis and must retain the services of one or more acceptable news disseminators to ensure proper dissemination. *See Policy 3.3 - Timely Disclosure for further details on dissemination of news.*

6.2 Procedures to be Adopted

The directors and senior officers of every Issuer must adopt and implement practices and procedures to:

(a) ensure that Material Information and Material Changes in the business and affairs of the Issuer are fully and properly publicly announced in a timely fashion;

(b) educate directors, management, employees and consultants with respect to the legal and regulatory restrictions on trading on undisclosed Material Information and the legal and regulatory implications of "tipping" and insider trading;

(c) restrict, control and monitor access to all Material Information or information about a Material Change relating to the business and affairs of the Issuer, its Associates and Affiliates, until any previously undisclosed Material Information or information in respect of a Material Change is properly disseminated to the public;

(d) require all Insiders and all other persons in a "special relationship" (as defined in applicable Securities Laws) to the Issuer who have access to or might reasonably be believed to have access to undisclosed Material Information relating to the Issuer, to refrain from trading in the Issuer's securities until the Material Information has been properly disseminated to the public.

6.3 The board of directors and senior officers of an Issuer must not publish or direct the publication of any information that would constitute a misrepresentation under applicable Securities Laws, including any untrue statement of a Material Fact or an omission to state a Material Fact that is necessary to be stated for a statement not to be misleading. The board of directors and senior officers must not knowingly permit any employee or consultant to publish any information that would constitute a misrepresentation. Directors and senior officers are advised that posting information on the World Wide Web or participating in any chat group or similar group via the Internet can be considered by the Exchange to constitute publication of information.

6.4 Each Insider must comply with the provisions of applicable corporate law and Securities Laws in relation to both insider trading restrictions and disclosure of trades by Insiders.

6.5 Each Control Person must comply with the provisions of applicable corporate and Securities Laws and Exchange Requirements with respect to advance notice of any sale or other disposition of any securities owned by the Control Person.

7. Disclosure of Insider Interests

7.1 If directors or officers have an interest in a transaction or a proposed transaction involving an Issuer, the Issuer must ensure that any conflict of interest is dealt with appropriately. In addition to any requirements of applicable corporate law and Securities Laws, to minimize any conflict of interest:

(a) every director and senior officer must disclose either in writing to the board of directors or in person at the next directors' meeting, the nature and extent of any material interest they have in any material contract or proposed contract of the Issuer, as soon as the director or officer becomes aware of the agreement or the intention of the Issuer to consider or enter into the proposed agreement;

(b) the board of directors must implement procedures so that each material agreement or proposed agreement between the Issuer and any director or senior officer will be considered and approved by a majority of the disinterested directors; and

(c) the board of directors must implement procedures to ensure proper public dissemination is made of the material interest of any officer or director of the Issuer in any material agreement or proposed agreement between the Issuer and that director or senior officer. The majority of disinterested directors must consider the proper scope and nature of the disclosure.

8. General Duty of Directors and Senior Officers

8.1 Each director and senior officer of an Issuer, in exercising his or her powers and discharging his or her duties must act honestly and in good faith with a view to the best interests of the Issuer. If a director is elected or appointed by the holders of a class or series of shares or by employees or creditors or a class thereof, the director can give special, but not exclusive consideration to the interests of those who elected or appointed him.

8.2 Each director and senior officer must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

9. Unacceptable Trading

9.1 Public participation in any securities marketplace, to a great degree, depends upon the confidence of investors and potential investors in the fairness and integrity of the system of securities trading. Directors, senior officers and Insiders of an Issuer and persons engaged in Investor Relations Activities or promotion and market-making activities for an Issuer are prohibited from engaging in abusive, manipulative or deceptive trading practices. Directors and senior officers of an Issuer should ensure that all persons retained to act on behalf of the Issuer to provide investor relations, promotion or market-making services are aware of the provisions of applicable Securities Law and Exchange Requirements dealing with unacceptable trading practices. Directors and senior officers of an Issuer must advise the Exchange if they become aware that any person is engaging in unacceptable practices with respect to trading in the securities of the Issuer. *See also Policy 3.4 – Investor Relations, Promotional and Market-Making Activities*.

9.2 Without limiting the restrictions imposed by applicable Securities Law and other Exchange Requirements, activities that could reasonably be expected to create or result in a misleading appearance of trading activity in, or an artificial price for securities listed on the Exchange include:

(a) executing any transaction in a security, through the facilities of the Exchange, if the transaction does not involve a change in beneficial ownership;

(b) effecting, alone or with others, a transaction or series of transactions in a security for the purpose of inducing others to purchase or sell the same security or a related security;

(c) effecting, alone or with others, a transaction or series of transactions that has the effect of artificially raising, lowering or maintaining the bid or offering price of the security;

(d) entering one or more orders for the purchase or sale of a security that artificially raise, lower or maintain the bid or offering prices of the security;

(e) entering one or more orders for the purchase or sale of a security that could reasonably be expected to create an artificial appearance of investor participation in the market;

(f) executing, through the facilities of the Exchange, a prearranged transaction in a security that has the effect of creating a misleading appearance of active public trading or that has the effect of improperly excluding other market participants from the transaction;

(g) purchasing or making offers to purchase a security at successively higher prices, or selling or making offers to sell a security at successively lower prices, if the transactions or offers create a misleading appearance of trading or an artificial market price for the security;

(h) effecting, alone or with others, one or a series of transactions through the facilities of the Exchange where the purpose of the transaction is to defer payment for the security traded;

(i) entering an order to purchase a security without the ability and the bona fide intention to make the payments necessary to properly settle the transaction;

(j) entering an order to sell a security, except for a security sold short in accordance with applicable Securities Laws and Exchange Requirements, without the ability and the bona fide intention to deliver the security necessary to properly settle the transaction; and

(k) engaging, alone or with others, in any transaction, practice or scheme that unduly interferes with the normal forces of demand for, or supply of, a security or that artificially restricts the public float of a security in a way that could reasonably be expected to result in an artificial price for the security.

10. Corporate Power and Authority

10.1 Every Issuer must be validly incorporated or created and remain at all times a validly subsisting corporate entity pursuant to the laws of its incorporation or creation.

10.2 Every Issuer must have the corporate power and authority to carry on the business it conducts or proposes to conduct, be authorized and empowered to issue its securities to the public and to have its securities listed on the Exchange.

11. Audit Committee

11.1 Each Issuer must have an audit committee comprised of at least three directors, the majority of whom are not employees, Control Persons or members of management of the Issuer or any of its Associates or Affiliates. The board of directors of an Issuer, after each annual shareholders' meeting must appoint or re-appoint an audit committee.

11.2 The audit committee must review the annual financial statements of the Issuer before they are approved by the board of directors of the Issuer. The board of directors of each Issuer must review, and if considered appropriate, approve the annual financial statements of the Issuer before presentation to the shareholders of the Issuer.

12. Management Compensation and Compensation Committee

12.1 The board of directors of each Issuer must adopt procedures to ensure that all employment, consulting or other compensation agreements between the Issuer and any director or senior officer of the Issuer or between any Associate or Affiliate of the Issuer and any director or senior officer are considered and approved by the disinterested members of the board of directors or a committee of independent directors.

12.2 To the extent required by Policy 3.2 - Filing Requirements and Continuous Disclosure, the board of directors of the Issuer will submit all management compensation arrangements to the Exchange for review and prior acceptance.

12.3 The Exchange may refuse to accept any application that would provide remuneration, compensation or incentive to the directors, officers or Insiders of the Issuer until such time as the Issuer has complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario where the Issuer has a Significant Connection to Ontario. (See section 19, *Assessment of a Significant Connection to Ontario* of this Policy).

13. Auditors

13.1 Every Issuer must have an auditor. Subject to any additional requirements of applicable corporate law, the board of directors must appoint an auditor and place before the shareholders for consideration at each annual general meeting, the election or re-election of such auditor. An auditor must be elected or re-elected by shareholders at the Issuer's annual general meeting. The auditor must be a person who is a member or a partnership whose partners are members, in good standing with the Canadian Institute of Chartered Accountants, or another person acceptable to the applicable Securities Commission(s).

13.2 The auditor must be independent of the Issuer, its Affiliates and its Insiders.

13.3 If an Issuer wishes or is required to change its auditor, the Issuer must comply with National Policy Statement No. 31, or any successor instrument.

14. Financial Statements

14.1 The board of directors of an Issuer must ensure that the Issuer prepares, files and disseminates annual audited financial statements and interim financial statements as required by Policy 3.2 - Filing Requirements and Continuous Disclosure.

15. Shareholders' Meetings and Proxies

15.1 The board of directors of an Issuer must ensure that the Issuer holds an annual meeting of its shareholders as required by Policy 3.2 – Filing Requirements and Continuous Disclosure.

15.2 At each annual meeting of shareholders, the board of directors must:

(a) present the audited annual financial statements to the shareholders for review;

(b) permit the shareholders to vote on the appointment of an auditor; and

(c) permit the shareholders to vote on the election of directors.

15.3 The Exchange does not generally accept mechanisms to entrench existing management such as staggered elections of the board of directors or the election of a slate of directors if shareholders are not permitted to choose whether to elect the board as a slate (i.e. as a group in its entirety) or to elect directors individually.

16. Cheques

16.1 The signatures of two authorized persons must be on every cheque issued by an Issuer.

17. Proceeds from Distributions

17.1 Except to the extent disclosed in public disclosure documents, the proceeds from any distribution of securities in Canada must be retained by the Issuer in Canada. Each Issuer must implement adequate internal controls to monitor and ensure compliance with this requirement.

18. Issuers with Head Office Outside Canada

18.1 Every Issuer whose head office is outside Canada must, as long as it is listed on the Exchange, appoint and maintain an address for service within Canada and must agree to attorn to the laws of the Province of Alberta and the federal laws applicable in that province.

19. Assessment of a Significant Connection to Ontario

19.1 Effective June 30, 2001 all Issuers, that are not otherwise reporting issuers in Ontario, are required to immediately assess whether they have a Significant Connection to Ontario.

19.2 Where an Issuer, that is not otherwise a reporting issuer in Ontario, becomes aware that it has a Significant Connection to Ontario as a result of complying with subsection 19.1 above or otherwise, the Issuer is required to immediately notify the Exchange, and promptly make a bona fide application to the Ontario Securities Commission to be deemed a reporting issuer in Ontario. The Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a Significant Connection to Ontario.

19.3 All Issuers, that are not otherwise reporting issuers in Ontario, are required to assess on an annual basis, in connection with the preparation for mailing of their annual financial statements, whether they have a Significant Connection to Ontario. All Issuers must obtain and maintain for a period of three years after each annual review, evidence of the residency of the RHs and BHs of the Issuer.

19.4 If requested, Issuers must provide the Exchange with evidence of the residency of their NOBOs.

POLICY 3.2

FILING REQUIREMENTS AND CONTINUOUS DISCLOSURE

Scope of Policy

This Policy describes continuous disclosure requirements applicable to every Issuer and identifies filing requirements that can arise in connection with transactions not specifically dealt with by other Exchange policies. Unless specifically exempted or modified by another Policy, an Issuer must comply with this Policy.

The main headings in this Policy are:

1. Annual and Interim Financial Statements
2. Documents Required by Securities Laws
3. Shareholder Meetings
4. Security Issuances, Treasury Orders and Legending of Hold Periods
5. Change in Management or Control
6. Mergers, Amalgamations, Reorganizations and Take-Overs
7. Personal Information Forms
8. Material Agreements - Management Contracts and Escrow/Pooling Arrangements
9. Changes in Constating Documents and Security Reclassifications
10. Change of Auditor or Change of Year End
11. Dividends
12. Redemption, Cancellation or Retirement of Listed Shares
13. Corporate Information and Shareholder Communication
14. Filing of Documents through SEDAR
15. Trading in U.S. Dollars

1. Annual and Interim Financial Statements

1.1 Annual Financial Statements

Every Issuer must comply with the requirements of applicable Securities Laws for preparing, filing, mailing and disseminating annual financial statements. At the time it files annual financial statements with the applicable Securities Commission(s), each Issuer must file a copy of the annual financial statements with the Exchange.

1.2 Interim Financial Statements

Every Issuer must comply with the requirements of applicable Securities Laws for preparing, filing, mailing and disseminating interim quarterly financial statements. At the time it files interim quarterly financial statements with the applicable Securities Commission(s), each Issuer must file a copy of the interim financial statements with the Exchange.

1.3 An Issuer must deliver to all its shareholders, regardless of the jurisdictions in which they reside, financial statements or alternative documents required to be delivered in the jurisdiction in which the Issuer is a reporting Issuer.

2. Documents Required By Securities Laws

2.1 Every Issuer must file with the Exchange:

(a) a copy of any other annual or interim financial statement required to be published or filed for inspection by the laws of the jurisdiction of its incorporation or by applicable Securities Laws;

(b) a copy of any other document required to be mailed, published or disseminated under applicable Securities Laws; and

(c) a copy of any document or agreement which pursuant to applicable Securities Laws, is filed with any Securities Commission or similar regulatory body or any other applicable stock exchange or market, including any material change report, notice of sale by a control person, early warning report, offering memorandum, take-over bid circular, director's circular or annual information form.

3. Shareholder Meetings

3.1 Every Issuer must hold an annual meeting of its shareholders by the earlier of the time required by applicable corporate or securities legislation and 18 months after:

(a) the date of its incorporation; or

(b) the date of its certificate of amalgamation, in the case of an amalgamated Issuer,

and subsequently thereafter in each year not more than 15 months after its last preceding annual meeting of shareholders or such earlier date as required by applicable corporate or Securities Laws.

3.2 Every Issuer must, concurrently with giving notice of a meeting of shareholders, send a form of proxy and an information circular in the manner prescribed by Securities Laws to each holder of a Listed Share and each other shareholder who is entitled to receive notice of the meeting whether or not they are resident in the jurisdiction in which the Issuer is a reporting Issuer. Every Issuer must comply with the requirements of applicable corporate and Securities Law governing proxies and shareholder meetings.

3.3 Every Issuer must comply in all respects with the provisions of National Policy 41 (Shareholder Communication) or any successor instrument, including all filing and notice deadlines therein.

3.4 Every Issuer must file with the Exchange a copy of each notice of meeting, form of proxy, information circular, annual report or other document provided to its shareholders.

3.5 If a proposed transaction to be submitted to shareholders for approval also requires the acceptance of the Exchange, the Issuer must obtain this acceptance before mailing the meeting materials to the shareholders. If this is impracticable due to unavoidable time restrictions, the Exchange must be advised in advance of the proposed mailing, and the information circular must clearly state that the proposed transaction is subject to the acceptance of the Exchange (or regulatory approval), and that the Issuer will not proceed with the transaction if regulatory acceptance or approval is not obtained.

3.6 An Issuer which has adopted or proposes to adopt procedures which may have the effect of entrenching management should consult with the Exchange in advance and obtain prior Exchange Acceptance. *See Policy 3.1 - Directors, Officers and Corporate Governance.*

4. Security Issuances, Treasury Orders and Legending of Hold Periods

4.1 Security Issuances

Unless specifically provided for in Exchange Requirements, an Issuer must not issue securities without the prior acceptance of the Exchange.

4.2 Treasury Orders - General

(a) Every Issuer must require that its transfer agent provide to the Exchange, within five business days following the issuance of any securities, a copy of the applicable treasury order.

(b) Each treasury order and reservation order submitted to the Issuer's transfer agent must contain the following information:

(i) the date of the treasury order;

(ii) the name and municipality of the transfer agent;

(iii) full particulars of the number and type of securities being issued or reserved for issuance;

(iv) the issue price per security or the deemed issue price;

(v) the balance of issued securities of the Issuer following the issuance;

(vi) the names and addresses of all parties to whom the securities are being issued or are reserved for issuance;

(vii) the date of the applicable Exchange Acceptance of the application for issuance of such securities and, if applicable, the Exchange application/file number;

(viii) for a treasury order, confirmation that the Issuer has received full payment for the securities and that the securities are validly issued as fully paid and non-assessable;

(ix) instructions that the wording of any legend required by applicable Securities Law or by section 4.3 of this Policy be imprinted on the face of the certificate (or if the face of the certificate has insufficient space, on the back of the certificate with a reference on the face of the certificate to the legend); and

(x) the legend required by section 4.3.

(c) Every treasury order must be signed by at least two directors or senior officers of the Issuer. The names and titles of each signatory must be printed beneath their respective signatures.

4.3 Hold Period Legends

(a) The Exchange legend requirement applies except in the case of securities issued in a prospectus offering, qualified by prospectus, issued under a securities exchange take-over bid circular or pursuant to an amalgamation or statutory arrangement. Each Issuer must ensure that all other securities issued from treasury are represented by a certificate, which must bear an Exchange legend stating:

> "Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Canadian Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date]."

(b) The date to be inserted in the legend will be the date following the fourth month after the securities were issued from treasury, except in the case of stock options granted pursuant to Policy 4.4, where the date will be the date following the fourth month after the grant of the option.

(c) For securities which are convertible, exercisable or exchangeable into Listed Shares, the legend must be modified to indicate that the resale restriction also applies to the underlying Listed Shares and that the hold period will continue, in either case, until the date following the fourth month after the convertible, exercisable or exchangeable security was issued from treasury.

(d) The Exchange will only waive the legending requirement prescribed by this section if the securities will be legended with a resale restriction which applies in all Canadian jurisdictions which is longer than the hold period prescribed by this section.

(e) The Exchange legending requirement is in addition to, and does not replace any Resale Restrictions imposed by Securities Law, including any legending of the security certificate. The Exchange hold period will run concurrently with a hold period under Securities Law.

4.4 Trading of Legended Shares

Legended shares are generally not permitted to trade, however the Exchange may consider applications to trade legended shares where Listed Shares bearing a legend trade as a separately listed class of shares with a special symbol to identify the shares as legended (e.g. "ABC.S" for Regulation S legended shares). Legended Listed Shares may trade separately under the special symbol from Listed Shares of the same class of the Issuer that are not legended, or legended Listed Shares may be the only shares of the Issuer listed on the Exchange. The number of legended shares in a class of shares and the nature of the legend will determine whether the legended shares will be listed. If legended shares are not listed, then they are not good settlement for trades of unlegended Listed Shares until the legend is removed.

5. Change in Management or Control

5.1 An Issuer must not agree to be party to a Change of Control or any transactions which may reasonably be expected to result in a Change of Control unless and until the Exchange has accepted notice of the transaction(s).

5.2 In certain circumstances, a Change of Control may form part of a Reactivation, Change of Business or Reverse Take-Over, in which case the Issuer must comply with all of the requirements of the applicable policies. *See Policy 2.6 - Inactive Issuers and Reactivation and Policy 5.2 - Changes of Business and Reverse Take-Overs.*

5.3 When an agreement in principle is reached (or as soon as the Issuer becomes aware that an agreement in principle reasonably appears to have been reached) which will result or may reasonably be expected to result in a Change of Control of the Issuer, or when any event occurs which will result in the addition to or removal from the board of directors or management of any individuals, the Issuer must issue a news release, which complies in all respects with Policy 3.3 - Timely Disclosure, describing:

(a) the transaction(s) resulting in the Change of Control; or

(b) the transactions resulting in any Change of Management and identifying each person who has ceased to act as director or senior officer, including the position previously held by that person and identifying any person who will be appointed or elected to a new position as a director or senior officer of the Issuer, including the position to be held and a brief description of such person's background and experience; and

file with the Exchange a letter notice describing the proposed transaction.

5.4 Before the Exchange will accept any Change of Control or a Change of Management, the Exchange can require certain supporting documents to be filed, including any or all of the following:

(a) evidence of (disinterested) shareholder approval;

(b) a Sponsor Report;

(c) a disclosure document such as an Information Circular, Filing Statement or any other document prescribed by the Exchange; and

(d) Personal Information Forms.

5.5 The Exchange can also require a trading halt to provide time for dissemination of information. See section 7 for the requirement to submit Personal Information Forms.

6. Mergers, Amalgamations, Reorganizations and Take-Overs

6.1 An Issuer must not proceed with a merger, amalgamation, reorganization or the making of a take-over bid (a "Reorganization") whether exempt or otherwise, until the Exchange has accepted notice of the Reorganization.

6.2 In certain circumstances, a Reorganization may form part of a Reactivation, Change of Business or Reverse Take-Over, in which case the Issuer must comply with all of the requirements of the applicable policies. *See Policy 2.6 - Inactive Issuers and Reactivation and Policy 5.2 - Changes of Business and Reverse Take-Overs.*

6.3 When an agreement in principle is reached which results or may reasonably be expected to result in a Reorganization, the Issuer must:

(a) file with the Exchange, Attention: Corporate Finance Department, a letter notice describing the proposed transaction, together with a draft copy of any Information Circular or other disclosure document to be provided to the Issuer's shareholders; and

(b) if the Reorganization constitutes a Material Change requiring disclosure under applicable Securities Laws or Policy 3.3 - Timely Disclosure, immediately issue the required news release.

6.4 Before the Exchange will accept any Reorganization, the Exchange can require certain supporting documents to be filed, including:

(a) evidence of (disinterested) shareholder approval;

(b) a Sponsor Report;

(c) a business plan, valuation, Geological Report or other expert report or opinion;

(d) a disclosure document, such as an Information Circular, Filing Statement or any other document prescribed by the Exchange; and

(e) Personal Information Forms.

6.5 The Exchange can also require a trading halt to provide time for dissemination of information. See section 7 for the requirement to submit Personal Information Forms.

7. Personal Information Forms

7.1 A duly completed Personal Information Form ("PIF") (Form 2A), must be submitted to the Exchange before:

(a) the Exchange will accept the involvement of any Person with an Issuer in the capacity of an Insider; or

(b) any Person can perform Investor Relations Activities for an Issuer.

7.2 An Issuer must immediately advise the Exchange when any director or senior officer of the Issuer or any Person engaging in Investor Relations Activities on its behalf is added or removed.

7.3 In its discretion and at any time, the Exchange can require an updated duly completed PIF for any Person involved with an Issuer.

7.4 If a PIF is requested by the Exchange from a Person who is not an individual, a PIF must be submitted for each Insider of that non-individual entity.

7.5 Acceptance for filing by the Exchange of a PIF does not constitute Exchange Acceptance of the proposed Person.

8. Material Agreements - Management Contracts and Escrow/Pooling Arrangements

8.1 General

Each Issuer must promptly notify the Exchange by letter notice of any material agreement to be entered into or terminated and, if requested by the Exchange, must provide a copy of the agreement and other requested documents or information. If the agreement or termination of the agreement constitutes a Material Change, the Issuer must issue a news release pursuant to applicable Securities Laws and Policy 3.3 - Timely Disclosure.

8.2 Management Contracts

(a) Every agreement (a **"Management Contract"**) entered into by an Issuer (other than a Tier 1 Issuer) providing for remuneration, directly or indirectly to a director or senior officer or their Associates or Affiliates (a **"Management Consultant"**) in amounts, which in the aggregate taken together with any other Management Contract with the same Management Consultant:

(i) provides for compensation payable by the Issuer or its subsidiaries to the Management Consultant of more than $5,000 per month; or

(ii) in the case of an Issuer designated as Inactive, provides for compensation payable by the Issuer or its subsidiaries to the Management Consultant of more than $2,500 per month,

must set out the responsibilities and specific services to be provided by the Management Consultant and must be in writing.

(b) The maximum aggregate monthly compensation which can be paid to all Management Consultants of an Inactive Issuer is $2,500.

(c) An Issuer (including its subsidiaries) must not pay Management Consultant remuneration if the Issuer (or its subsidiaries) is not solvent or will cease to be solvent if it pays the remuneration to a Management Consultant.

8.3 Management Contracts - Filing Requirements

Every Management Contract described in section 8.2 requires prior Exchange Acceptance. The Issuer must file the following with the Exchange:

(a) a copy of the Management Contract; and

(b) a copy of the directors' resolution or minutes of the directors' meeting approving the Management Contract, including a notation which confirms that the interested director or senior officer declared his or her conflict of interest and abstained from voting in respect thereof.

8.4 Exchange Refusal of Management Contracts

The Exchange will refuse to accept any Management Contract it considers to be contrary to Exchange Requirements, unreasonable or not in the best interests of the Issuer's shareholders, taking into consideration the financial situation and resources of the Issuer. Factors the Exchange may consider include:

(a) The compensation package should be affordable given the Issuer's financial situation. A plan to accrue as a liability remuneration which exceeds an Issuer's current financial means could adversely affect an Issuer's financial condition. The Exchange can refuse such an agreement or, as an alternative, the Exchange can require that the liability have no specific terms of repayment and be deferred until the Issuer demonstrates the ability to pay. The Exchange will not normally accept shares for debt settlements for Management Contracts if the remuneration payable is in excess of $2,500 per month.

(b) Golden parachutes, retirement bonuses and similar cash payments (other than reasonable severance payments) in the event of a take-over, change of control or simple change in management may deter a take-over bid or other beneficial change of control in the Issuer. The Exchange considers these mechanisms to be generally inappropriate for Tier 2 Issuers.

(c) A remuneration package based on an executive's position at some other Company or prior employment is only relevant if the other Company and the Issuer are comparable, the Issuer can demonstrate the ability to pay, and the Person is likely to succeed in an entrepreneurial position with an Issuer (usually relatively smaller than the previous employer) listed on the Exchange. The Exchange expects that potential new executives and existing management will participate in the risks of a junior enterprise by having a flexible remuneration package that fits the Issuer's circumstances and will not rely on waiver of Exchange Requirements in order to devise an attractive benefit plan.

(d) Any Management Contract should specify the performance expected of the Person and contain a provision for periodic review and adjustment of compensation based on performance.

This Policy is not intended to prevent payment of a fair and competitive salary or remuneration to full-time Management Consultants. Limitations usually apply to an Issuer which is not in a position to pay cash compensation to its management and/or has management personnel who are involved in one or more ventures and whose time commitment to the Issuer is not full time, clearly defined or readily ascertained.

8.5 Escrow or Pooling Agreements

Each Issuer which is or becomes aware of any private agreement(s) by any one or more of its shareholder(s) to voluntarily escrow or pool any of the Issuer's securities must promptly disclose to the Exchange the existence of the agreement and if material to investors, must disclose the existence of such an agreement to its shareholders as required by applicable Securities Laws.

9. Changes in Constating Documents and Security Reclassifications (Other than Name Changes, Stock Splits and Consolidations)

9.1 An Issuer must not implement a security reclassification or an amendment to its articles, by-laws, memorandum or other constating documents until it has received conditional acceptance.

9.2 The Issuer must file all documents requested by the Exchange, before or in connection with granting conditional acceptance, including:

(a) one copy of the applicable provisions of the information circular (draft or final) which has been or will be sent to the Issuer's shareholders in connection with the approval of the reclassification or amendment; and

(b) a draft copy of the revised articles, by laws, memorandum or constating documents.

9.3 As soon as possible after effecting the amendment, the Issuer must file:

(a) an opinion of counsel that all the necessary steps have been taken to validly effect the amendment or security reclassification in accordance with applicable law;

(b) a new definitive specimen(s) or over-printed share certificate(s) with the CUSIP number imprinted thereon;

(c) a copy of the letter of transmittal to be sent to shareholders, if applicable; and

(d) the fee prescribed by Policy 1.3 - Schedule of Fees.

10. Change of Auditor or Change of Year End

10.1 An Issuer must not change its fiscal year end or its auditors without prior notification to the Exchange. In addition, Issuers must comply in all respects with National Policy No. 31 (Change of Auditor of a Reporting Issuer) and National Policy 51 (Changes in the Ending Date of a Financial Year End and in Reporting Status) or any successor Instruments. This includes complying with all notification requirements and all applicable filing and notification deadlines prescribed therein.

11. Dividends

11.1 The declaration of a dividend for any class of Listed Shares is a Material Change in the affairs of the Issuer and requires the issuance of a news release in accordance with the provisions of Policy 3.3 - Timely Disclosure.

11.2 A news release issued with respect to a dividend declaration must set out, at a minimum, the following information:

(a) the Issuer's name;

(b) the class of securities on which the dividend is to be paid;

(c) the amount payable per security;

(d) the record date; and

(e) the dividend period (e.g. quarterly, semi-annually, special).

11.3 If a dividend involves the issuance of securities (i.e., a stock dividend), the Issuer must apply to list any additional securities issued by way of dividend and must provide for any fractional securities resulting from the dividend.

12. Redemption, Cancellation or Retirement of Listed Shares

12.1 An Issuer must notify the Exchange promptly of any corporate or other action which results or may result in the redemption, cancellation or retirement, in whole or in part, of any of its Listed Shares or any security convertible into Listed Shares.

12.2 The redemption, cancellation or retirement of any Listed Shares is a Material Change and requires the issuance of a news release in accordance with Policy 3.3 - Timely Disclosure.

13. Corporate Information and Shareholder Communication

13.1 While listed on the Exchange, an Issuer must maintain and ensure that the Exchange is provided with a current address, telephone number, contact person's name and if applicable, facsimile or telecopier number, e-mail address and internet website to which all shareholder and public inquiries and Exchange communication can be directed.

13.2 An Issuer must file with the Exchange a copy of any materials of any kind which are sent or provided to the Issuer's shareholders or the public at the same time those materials are delivered to the shareholders or the public.

14. Filing of Documents through SEDAR

14.1 In this section, "common filings" means any documents which must be filed by an Issuer with both the Exchange and the applicable Securities Commission(s) and includes:

Prospectuses;
Exchange Vetted Prospectuses;
Short Form Offering Documents;
financial statements;
notices of shareholder meetings and all related materials;
management proxy circulars;
information circulars;

issuer bid and take-over bid circulars;
rights offering circulars;
Material Change Reports
annual reports; and
all supporting materials submitted with or in connection with the above documents.

14.2 An Issuer can submit any common filing by the System for Electronic Document Analysis and Retrieval ("SEDAR"). The Exchange will publish advance notice before requiring that all documents filed with the Exchange must be filed by SEDAR.

14.3 All filings done by SEDAR must comply in all respects with National Instrument 13-101 and the SEDAR Filers Manual. Copies of the SEDAR Filers Manual can be obtained by contacting the SEDAR Helpdesk at 1-800-219-5381 or by downloading from the SEDAR Rules and Forms page of the About SEDAR section of the SEDAR internet website (www.sedar.com).

14.4 For certain common filings, such as prospectuses, an individual must manually execute a Certificate of Authentication (SEDAR Form 6) to verify his or her electronic signature. Every Certificate of Authentication must be filed with CDS Inc. within three days after the date the electronic filing of the document was made through SEDAR.

14.5 All documents filed through SEDAR must use the SEDAR software and be in the appropriate electronic format, which currently is limited to Adobe Acrobat PDF.

14.6 Exchange fees for SEDAR filings may be paid electronically through SEDAR, although payment in this form is not mandatory.

14.7 Correspondence from the Exchange to the Issuer will not be sent through SEDAR. The current system of fax and/or mail delivery directly to the Issuer or its counsel will continue for any applications filed by SEDAR.

14.8 Further information regarding SEDAR may be obtained:

by contacting the SEDAR helpdesk at 1-800-219-5381;
by accessing the SEDAR web site (www.sedar.com); and
by accessing the Exchange's website under "Filers Frequently Asked Questions" (www.cdnx.ca).

14.9 All public information filed and stored on SEDAR can be accessed:

directly through the SEDAR interface by becoming a SEDAR subscriber;
via the SEDAR website (www.sedar.com) on the next business day; or
through traditional data vendors.

15. Trading in U.S. Dollars

15.1 In order to list a security to trade in US dollars or to switch a class of Listed Shares trading in Canadian dollars to trade in US dollars, an Issuer must apply to the Exchange and provide a description of the Issuer and its US operations, a description of how it has been complying with US securities laws (for example, registration status under the Securities Act of 1933, Regulation S and the Securities and Exchange Act of 1934, the name of its US securities counsel and information about his or her firm) and an estimate of the percentage of US shareholders. Applications will be considered on a case by case basis by the Exchange.

15.2 If the Issuer is accepted for US dollar trading, the Exchange will assign a .U suffix to the trading symbol of the Listed Shares which will trade in US dollars. There is no requirement to change the CUSIP number or the security code.

15.3 The Exchange must give at least three weeks' notice to the clearing and settlement agency before the effective date to switch Listed Shares trading in Canadian dollars to US dollars. The Exchange will also issue an Exchange Notice 11 trading days before the effective date, announcing a cash trade period of 10 trading days before the switch to US dollar trading. The Exchange will issue a second Exchange Notice on the trading day before the effective date.

15.4 For new listings, the 10 trading day cash trade period is not required; however, the applicant Issuer should request trading in US dollars early in the listing application process so consideration of this matter does not delay listing.

POLICY 3.3

TIMELY DISCLOSURE

Scope of Policy

Timely disclosure is an integral part of an Issuer's proper corporate governance and must accompany any Material Change in an Issuer's affairs. Therefore it is discussed throughout this Manual in relation to specific transactions. This Policy sets out the general disclosure requirements for all material information.

The main headings in this Policy are:

1. Introduction
2. Disclosure of Material Information
3. Timing of Disclosure
4. Filing
5. Dissemination
6. Content of News Releases
7. Trading Halts
8. Unusual Market Activity
9. Confidential Information

1. Introduction

1.1 One of the underlying principles of Exchange policy and Securities Laws is that all investors must have equal access to Material Information about an Issuer in order to make informed and reasoned investment decisions.

1.2 To maintain a listing on the Exchange, every Issuer must make ongoing timely and continuous disclosure and keep the Exchange informed of both routine and unusual events and information regarding its business, operations and affairs.

1.3 This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers and must be read in conjunction with all other Exchange Requirements and Securities Laws, including National Policy 40 (Timely Disclosure) or any successor instrument.

2. Disclosure Of Material Information

2.1 For the purposes of this Policy, **"Material Information"** means any information that an investor could reasonably be expected to take into account in making an investment decision regarding the securities of the Issuer or that affects, or could reasonably be expected to significantly affect the market price or value of the Issuer's Listed Shares, including information relating to the business, operations, assets or ownership of the Issuer.

2.2 Material Information consists of both Material Facts and Material Changes relating to the business and affairs of an Issuer. In addition to Material Information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, the Exchange may require that an announcement be made by the Issuer to confirm whether or not such rumours and speculation are factual.

2.3 The market price of an Issuer's Listed Shares may be affected not only by information concerning the Issuer's business and affairs, but also by factors directly relating to the Listed Shares themselves. For example, changes in an Issuer's issued capital, stock splits, redemptions and dividend decisions may all affect the market price of its Listed Shares, and thus are Material Changes.

2.4 Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development can reasonably be expected to have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of that development by other companies engaged in the same business or industry, Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, an announcement should be made.

2.5 It is the responsibility of each Issuer to determine what information is material according to the above definition in the context of its own affairs. The materiality of information may vary from one Issuer to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is significant or major in the context of a Tier 2 Issuer's business and affairs may not be material to a Tier 1 Issuer. The Issuer itself is in the best position to apply the definition of Material Information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments, and encourages Issuers to consult the Exchange's Market Surveillance Department when in doubt as to whether disclosure should be made.

2.6 Without limiting the definition of material information above, the following events are deemed to be material in nature and require immediate disclosure in accordance with this Policy:

(a) any issuance of securities by way of statutory exemption or prospectus;

(b) any change in the beneficial ownership of the Issuer's securities that affects or is likely to affect the control of the Issuer;

(c) any change of name, capital reorganization, merger or amalgamation;

(d) a take-over bid, issuer bid or insider bid;

(e) any significant acquisition or disposition of assets, property or joint venture interests;

(f) any stock split, share consolidation, stock dividend, exchange, redemption or other change in capital structure;

(g) the borrowing or lending of a significant amount of funds or any mortgaging, hypothecating or encumbering in any way of any of the Issuer's assets;

(h) any acquisition or disposition of the Issuer's own securities;

(i) the development of a new product or any development which affects the Issuer's resources, technology, products or markets;

(j) the entering into or loss of a significant contract;

(k) firm evidence of a significant increase or decrease in near-term earnings prospects;

(l) a significant change in capital investment plans or corporate objectives;

(m) any change in the board of directors or senior officers;

(n) significant litigation;

(o) a significant labour dispute or a dispute with a major contractor or supplier;

(p) a Reverse Take-over, Change of Business or other Material Change in the business, operations or assets of the Issuer;

(q) an event of default under a financing or other agreement;

(r) a declaration or omission of dividends (either securities or cash);

(s) a call of securities for redemption;

(t) the results of any asset or property development, discovery or exploration by a Mining or Oil and Gas Issuer, whether positive or negative;

(u) any oral or written agreement to enter into any management contract, investor relations agreement, service agreement not in the normal course of business, or Related Party Transaction;

(v) any amendment, termination, extension or failure to renew a renewable agreement for the provision of any service listed in section (u) above; and

(w) the establishment of any special relationship or arrangement with a Member or other registrant.

2.7 All information relevant to a Material Change or Material Fact, as defined under the Securities Laws and Exchange policies, is Material Information and must be disclosed.

3. Timing Of Disclosure

3.1 An Issuer must disclose Material Information concerning its business and affairs as soon as possible following a Material Change or as soon as the Issuer becomes aware that a fact or information has become material.

3.2 While the policy of the Exchange is that all Material Information must be released immediately, the Issuer must exercise judgment as to the timing, propriety and content of any news release concerning corporate developments.

3.3 An Issuer must decide at what time to issue a news release. It is customary to wait until after the close of trading or before opening of trading to disseminate news, which avoids the need for a halt. In this case the news must be kept confidential until it is disseminated. If the Issuer decides to issue its news release before the market closes, and the news may affect the value or price of the Issuer's Listed Shares, the Issuer should telephone the Market Surveillance Department which can determine to halt trading pending dissemination. (See section 7 for further details on trading halts).

3.4 An announcement of an intention to proceed with a transaction or activity should not be made unless the Issuer has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the Issuer, or by senior management with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by the Issuer and its management as to the timing of an announcement of Material Information, since either premature or late disclosure may result in damage to the reputation of the Issuer and/or the market.

3.5 The Exchange can require that the Issuer issue a further news release dealing with the status of a previously announced transaction if the Exchange has not received the required documentation from the Issuer within 45 days after the announcement, or the transaction has not closed within 90 days after the announcement.

4. Filing

4.1 In certain circumstances, including situations involving halts for RTOs, COBs and Qualifying Transactions, the Exchange, in its discretion, can require that a news release be reviewed by Exchange staff before it is disseminated to the public. The Exchange can also require supporting documents to be submitted with the news release.

4.2 Each Issuer must also comply in all respects with the Securities Laws applicable to continuous disclosure and filing material change reports. Material change reports must also be filed with the Exchange.

5. Dissemination

5.1 The objective of timely disclosure is to achieve prompt, simultaneous and thorough dissemination of Material Information so that investors are as far as possible placed on an equal footing.

5.2 News releases must be transmitted to the media by the quickest possible method and in a manner which provides for wide and simultaneous dissemination. Each news release must be distributed to news dissemination services that distribute financial news nationally, to the financial press and to daily newspapers that provide regular coverage of financial news and events.

5.3 Appendix 3C lists Commercial News Disseminators and publications which are available to Issuers. The Exchange does not recommend any particular service or publication and the list is purely for informational purposes. To provide Issuers with guidance in choosing a particular service or publication, the Exchange offers the following comments:

(a) Commercial News Disseminators guarantee transmission of corporate news releases to an identified network of recipients, usually on a fee-for-service basis. The technology employed is speedy, but the Issuer using the service must ensure that it is satisfied with the scope of the distribution network offered.

(b) Where trading has been halted pending dissemination of a material change news release, the release must be carried by at least one of the Commercial News Disseminators identified in the Appendix. This requirement is to minimize the period of the halt (usually no more than 2 hours) and to ensure that the news release has been disseminated through the chosen disseminator's network.

5.4 If a Commercial News Disseminator is not among the services employed and the Surveillance Department of the Exchange notes unusual activity in the Issuer's securities, a halt for a long period (one or more days) may be imposed in order to permit adequate dissemination. In addition, if an Issuer does not disseminate news releases properly, it reflects poorly on the suitability of the Issuer's directors and action may be taken against them.

5.5 For consistency of exposure, when an Issuer releases follow-up information relevant to an earlier news release, either the same or greater (but not lesser) coverage must be employed.

5.6 Issuers should be aware that there is a delay from the time a news release is delivered to the Commercial News Disseminator, to the time it is actually disseminated. Issuers should therefore refrain from faxing news releases or otherwise reporting material information to others until they have ensured that the news release has been properly disseminated. For example, a news release should not be faxed to a contact list at the same time that it is being faxed to the Commercial News Disseminator.

5.7 Initial disclosure of material information should always be accomplished by the issuance of a news release. Issuers that distribute brochures, pamphlets, etc., which contain material information that has been previously disclosed should ensure that the content of these documents conforms to the disclosure principles established in this Policy. The Issuer should therefore ensure that these documents do not contain Material Information that has not already been disclosed through a news release.

5.8 An Issuer that wishes to disclose Material Information during a news conference should ensure that the principle of all investors having equal access to this Material Information is respected.

6. Content Of News Releases

6.1 Announcements of Material Information should be factual and balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. Material unfavourable news must be disclosed just as promptly and completely as material favourable news. It is appreciated that it may not be practical to include in a news release the level of detail that would be included in a prospectus or similar disclosure document. However, news releases must contain sufficient detail to enable investors to make informed investment decisions.

6.2 All news releases must include the name of an officer or director of the Issuer who is responsible for the announcement, together with the Issuer's telephone number. The Issuer may also include the name and telephone number of an additional contact person. Additional guidelines for news releases are set out in Appendix 3E to this Policy.

6.3 A news release must not contain estimates of potential reserves of oil and gas nor disclose mineral reserves without the prior consent of the Market Surveillance Department. Mining Issuers must comply with National Instrument 43-101 (Standards of Disclosure for Mineral Exploration and Development and Mining Properties) and the Exchange standards which are set out in the Mining Standards Guidelines in Appendix 3F.

6.4 Any Issuer which fails to comply with any provision of this Policy may be subject to a trading halt of its securities without prior notice to the Issuer until the matters in question are clarified.

6.5 The responsibility for the adequacy and accuracy of the content of news releases rests with the directors of an Issuer. All news releases must contain the following statement in a prominent location:

> *"The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release."*

7. Trading Halts

7.1 This section deals with trading halts in relation to timely disclosure in general. The process and duration of halts for specific transactions are dealt with in the policies dealing with those transactions. In addition, Policy 2.9 - Trading Halts, Suspensions and Delisting provides a detailed discussion of trading halts.

7.2 A halt in trading does not reflect on the reputation of management of an Issuer or the quality of its securities. Indeed, trading halts for material information announcements by the Issuer are considered a normal occurrence and for the benefit of the public.

7.3 If an announcement is to be made during trading hours, trading in the Listed Shares of an Issuer can be halted until the announcement is made public and disseminated. The Exchange determines the amount of time necessary for dissemination in a particular case, based on the significance and complexity of the announcement.

7.4 The Exchange normally halts trading if:

(a) the Issuer requests a halt before dissemination during trading hours of a Material Change that may immediately affect the value or price of the Issuer's Listed Shares. The Exchange must be advised of the Material Change and halt request as soon as possible, by phone or fax, so that the Exchange can consider whether to halt trading pending receipt and dissemination of the news release. Management of the Issuer should consult with Surveillance or Corporate Finance Services Staff to assess the expected impact of any announcement that might justify a temporary halt in trading;

(b) even if an Issuer has not requested a halt, the Exchange determines that trading should be halted due to a Material Change news release filed with the Exchange before dissemination which may immediately affect the value or price of an Issuer's Listed Shares;

(c) unusual trading suggests that important information regarding a Material Change is selectively available. The Exchange can require that the Issuer either disseminate an initial news release if it has not yet done so, or issue a further news release to rectify the situation.

7.5 It is not appropriate for an Issuer to request a trading halt if a material announcement is not going to be made forthwith. When an Issuer (or its advisers) requests a trading halt for an announcement, the Issuer must provide assurance to the Exchange that an announcement is imminent. The nature of this announcement and the current status of events must be disclosed to the Exchange, so that Exchange staff can assess the need for and appropriate duration of a trading halt.

7.6 A trading halt may be changed to a suspension if over a reasonable time, usually ten trading days, the reason for the halt is not addressed.

7.7 The Surveillance Department co-ordinates trading halts with other exchanges and markets when an Issuer's securities are listed or traded elsewhere. A convention exists among exchanges and Nasdaq that trading in an interlisted security will be halted and resumed at the same time in each market. Failure to notify the Exchange in advance of an announcement could disrupt this system.

8. Unusual Market Activity

8.1 Where unusual trading activity takes place in Listed Shares, the Market Surveillance Department attempts to determine the specific cause of that activity. If the specific cause cannot be determined immediately, the Issuer's management will be contacted. If this contact results in a determination by Market Surveillance staff that a news release is required, the Issuer will be asked to make an immediate announcement. If the Issuer is unaware of any undisclosed development, Market Surveillance staff will continue to monitor trading and can ask the Issuer to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern or activity.

8.2 Unusual market activity is often caused by the presence of rumours. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying this type of situation. A trading halt can be instituted pending a "no corporate developments" statement from the Issuer. If a rumour is correct in whole or in part, immediate disclosure of the relevant Material Information must be made by the Issuer and a trading halt will be imposed pending release and dissemination of the information.

9. Confidential Information

9.1 In isolated and restricted circumstances, disclosure of Material Information concerning the business and affairs of an Issuer can be delayed and kept confidential temporarily if immediate release of the information would be unduly detrimental to the interests of the Issuer.

9.2 It is the policy of the Exchange that the withholding of Material Information on the basis that disclosure would be unduly detrimental to the Issuer, must be infrequent and can only be justified where the potential harm to the Issuer or investors caused by immediate disclosure can reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the Exchange's policy of immediate disclosure. While recognizing that there must be a trade-off between the legitimate interest of an Issuer in maintaining confidentiality and the right of the investing public to disclosure of Material Information, the Exchange discourages any delays in disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.

9.3 At any time when Material Information is being withheld from the public, in accordance with this section, the Issuer must ensure that the information is kept completely confidential.

9.4 Issuers that wish to keep a Material Change or Material Information confidential must also comply in all respects with relevant Securities Laws, which includes the filing of a confidential material change report with the applicable Securities Commission and the Exchange. The Exchange must be advised of the Material Information on a confidential basis so that trading in the Issuer's Listed Shares can be monitored by the Exchange. If the trading of the Issuer's Listed Shares suggests or indicates that the confidential information may have been "leaked", the Exchange will normally require an immediate news release and will halt trading in the Issuer's Listed Shares until the information has been generally disclosed to the public.

POLICY 3.4

INVESTOR RELATIONS, PROMOTIONAL AND MARKET-MAKING ACTIVITIES

Scope of Policy

Investor Relations Activities and market-making activities and their effect on the marketplace and on Issuers is the subject of considerable debate. For the purpose of this Policy, the term "**Promoter**" describes Individuals undertaking these activities. Promoters in the Exchange's venture capital market generally fulfill one or both of the following functions:

(a) communicating with investment dealers, advisers and shareholders - both current and prospective - to increase awareness of and interest in the Issuer (the "promotional role"); and

(b) maintenance of an orderly market in the Issuer's securities (the "market-place role").

Neither of these roles is objectionable when conducted in accordance with Securities Laws and Exchange Requirements but the concurrent performance of both roles can create serious conflicts of interest so that neither role can be properly performed.

This Policy sets out the Exchange's requirements for Investor Relations Activities, promotional and market-making activities involving Issuers. It applies to all market participants, including Promoters, Insiders, Issuers and Members. It should be read in conjunction with all other Exchange Requirements, as well as applicable Securities Laws.

The main headings in this Policy are:

1. The Promotional Role
2. The Market-Place Role
3. Disclosure
4. Role of Members
5. Compensation Arrangements
6. Filing Requirements for Tier 2 Issuers
7. Filing Requirements for Tier 1 Issuers
8. Prohibitions

1. The Promotional Role

1.1 Some promotional activities are aimed purely at keeping an Issuer's shareholders informed about the Issuer. A Promoter can provide investors with previously disclosed factual information concerning the Issuer, or with copies of material that has been filed with regulatory authorities, or prepared by registered brokers or investment dealers, or published in newspapers, magazines or journals. It is appropriate for the Issuer to bear the costs of these services, provided the costs are reasonable and in proper proportion to the financial resources and level of business activity of the Issuer.

1.2 However, promotional activities must not extend to disclosing previously undisclosed material information about an Issuer, as this may attract civil or quasi-criminal liability for "tipping" under the insider trading provisions of applicable Securities Laws. Similarly, activities that extend beyond providing factual information and into the area of analyzing that information or providing opinions as to future performance of the Issuer or its securities, particularly if these activities are systematic, could be construed as advising in securities, which requires registration under applicable Securities Laws. This does not mean that directors and senior officers cannot publicly analyze factual information concerning the Issuer's affairs. However, an individual engaged in promotional activities may require registration if the individual provides an analysis or opinion to members of the public who are being encouraged to buy or sell the Issuer's securities. *See Policy 3.1 - Directors, Officers and Corporate Governance with respect to unacceptable trading.*

1.3 Promotional activities may limit the availability of exemptions from Resale Restrictions under the Securities Laws, since several of these exemptions require that "no unusual effort is made to prepare the market or create a demand for the security".

1.4 The Exchange is of the view that it is very rare for an Issuer to have a Promoter without the Issuer's approval, acquiescence or knowledge. An Issuer that has a Promoter, or permits an Insider or an Insider's Associate to act as a Promoter or in any way engage a Promoter, must be fully informed about the activities of the Promoter. The disclosure requirements to be met by an Issuer with respect to its Promoters are set out in section 3 below.

2. The Market-Place Role

2.1 Issuers are often encouraged to ensure that someone is prepared to provide a "market-making" function for the Issuer's securities. Although the term "market-making" is commonly used in the securities industry, this activity is not referred to in Canadian Securities Laws, nor is it specifically recognized by any Exchange by-laws, Rules or policies.

2.2 This Policy does not define, discourage or sanction market-making activity, but sets out general guidelines to help distinguish between proper market-making activities and market manipulation or market control. *See Policy 3.1 - Directors, Officers and Corporate Governance with respect to unacceptable trading.*

2.3 Proper market-making activity corrects temporary imbalances in the supply of and demand for an Issuer's securities. The market should be allowed to rise and fall naturally, with the market-making activity operating primarily to smooth out these imbalances and facilitate an orderly market. Although a Person involved in market-making is not expected to ignore his or her economic self-interest or be precluded from also holding securities for investment purposes, he or she should normally be selling into a rising market and buying into a falling market. If the price stabilizes and there are sufficient buyers and sellers on both sides of the market, market-making activities should generally not occur at a level which materially affects the market.

2.4 Subject to the requirements and normal procedures of trading on the Exchange, a Person engaged in market-making normally would not buy all securities offered at the posted price, but rather, would buy a portion of the securities at the posted price and allow the price to drop before making further purchases. This allows the market to find its own level at a stable rate. Similarly, a Person involved in market-making activities would not normally post a continuous bid and ask for a particular security, regardless of whether or not a buy or sell order is in place, if this would hold the security at a fixed price over an extended period of time rather than allow the market to find its own level.

2.5 Persons involved in market-making activities should either trade through one account only for a particular security, or if more than one account is used, ensure that trading does not create misleading appearances of investor participation in the market-place. Using one account for market-making purposes allows Members and regulators to ensure that the activity is being conducted fairly and in accordance with applicable Securities Laws. Control Persons engaged in market-making must find appropriate exemptions from the prospectus, insider and take-over bid requirements.

2.6 Improper market-making can result in unfair trading practices or market manipulation. Both the Canadian Criminal Code and the Securities Laws require that the principles of fair trading be observed by all market participants including Registrants, Insiders, Issuers, Promoters and public investors.

2.7 The following activities, transactions or schemes are considered to be improper market-making activity:

(a) executing any transaction in a security where the transaction does not involve a change in beneficial ownership;

(b) entering an order or orders for the purchase or sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale or purchase of such security, has been or will be entered by or for the same or different Persons, with the intention of creating a false or misleading appearance of active public trading in a security or with respect to the market price of a security;

(c) effecting, alone or with others, a transaction or series of transactions to induce others to purchase or sell the same security or to artificially raise or lower the price of a security;

(d) entering an order or orders for the purchase or sale of a security that has or have the effect of artificially raising or lowering the bid or offering prices of the security or that could reasonably be expected to create an artificial appearance of investor participation in the market;

(e) purchasing or making offers to purchase a security at successively higher prices, or selling or making offers to sell a security at successively lower prices, if the transactions or offers create a false or misleading appearance of trading or an artificial market price for the security;

(f) effecting, alone or with others, one transaction or a series of transactions where the purpose of the transaction is to defer payment for the security traded (i.e. "debit kiting");

(g) entering an order to purchase a security without the bona fide intention of making the proper settlement of the transaction;

(h) entering an order to sell a security, except for a security sold short in accordance with the provisions of the Securities Laws, without the bona fide intention of delivering the security necessary to properly settle the transaction; and

(i) engaging, alone or with others, in any transaction, practice or scheme that unduly interferes with the normal forces of demand for or supply of a security or that artificially restricts or reduces the Public Float of a security in a way that could reasonably be expected to result in an artificial price for the security.

3. Disclosure

3.1 Arrangements with respect to promotional or Investor Relations Activities by their very nature can reasonably be expected to significantly affect the market price or value of an Issuer's securities, and therefore are deemed material in Policy 3.3 – Timely Disclosure. Although proper market-making arrangements should not affect the market, the Exchange requires that they be publicly disclosed. If these arrangements are in place at the time of a public offering of securities, they must be disclosed as a Material Fact in the Issuer's Prospectus or other offering document. If the arrangements are made after a public offering, or if the arrangements disclosed in an offering document change, this must be disclosed in a news release and in some cases in a material change report also, in accordance with the Securities Laws, including National Policy 40 (or any successor National Instrument) and Policy 3.3 - Timely Disclosure. In particular, the Issuer must:

(a) disclose any arrangements, oral or written, made by the Issuer (or made by any other Person if the Issuer has knowledge of the arrangements) by which a Person will act as a promoter, an investor relations representative or consultant or a market-maker;

(b) briefly describe the background, ownership, business and place of business of the Person providing the services, the relationship between the Issuer and the Person providing the services, and whether that Person has any interest, directly or indirectly, in the Issuer or its securities, or any right or intent to acquire such an interest;

(c) describe the services to be provided including:

(i) the period during which the services will be provided,

(ii) a general description of the activities to be carried out,

(iii) the anticipated total costs of those activities to the Issuer, and

(iv) in the case of market-making arrangements, the identity and relationship to the Issuer of any Person providing funds or securities for the market-making activities;

(d) provide full particulars of all direct and indirect consideration, including the timing of payment and source of funds; and

(e) provide to the Exchange copies of contracts relating to promotional or Investor Relations Activities and of advertising literature distributed by Promoters or investors relations consultants in accordance with existing Exchange Requirements.

3.2 The Issuer must ensure that any arrangements with Promoters are consistent in scope with the operations and financial resources of the Issuer, and comply with applicable corporate and Securities Laws and Exchange Requirements. The Issuer must also ensure that the arrangements do not promote or result in a misleading appearance of trading activity in, or an artificial price for, the Issuer's securities. An example of an inappropriate arrangement would be one that requires, or provides incentives for, the maintenance or achievement of a price or trading volume for the Issuer's securities at a certain level, for a specified period of time or by a certain date. Finally, the Issuer should be satisfied that Person with whom arrangements are made are reputable, are properly registered and are qualified to provide the services.

4. Role of Members

4.1 Members have a responsibility to the Exchange, to their clients and to the market place generally to ensure that if they (or their registered representatives) are engaged in any of the promotional investor relations or marketing-making activities described above, these activities are carried out responsibly and comply in letter and spirit with this Policy.

4.2 Even if a Member is not itself involved in any promotional investor relations or market-making activities, the Member must still be inquisitive and proactive in dealing with activities that are carried on by others and of which the Member is or should be aware. For example, as a sponsor for an Issuer, a Member firm must inform itself of the activities of the Promoter(s) of the Issuer and direct the Issuer's attention to any concerns that the Member may have arising out of those activities. *See Policy 2.2 - Sponsorship and Sponsorship Requirements*. Furthermore, since Promoters and market-makers that are not Members of the Exchange must execute their trades through Member firms, Members must be aware of the market-making guidelines set out above, and must refuse to accept instructions from clients that, in the Member's judgement, are engaged in improper market-making activities.

5. Compensation Arrangements

5.1 Compensation, for either promotional investor relations or market-making activities, should be on a fee for service basis. If permitted by Securities Laws, stock options can be granted as compensation, but must be limited to an aggregate of 2% of the Issuer's Listed Shares and the securities issued must be subject to a four month hold plus a vesting schedule permitting the exercise of options on a quarterly basis over one year. *See Policy 4.4 - Director, Officer and Employee Stock Options.*

5.2 Compensation should be based on the services provided to the Issuer, not on the achievement of certain market oriented factors. In particular, Issuers must not enter into arrangements where compensation will be determined on the basis of the achievement of trading volume or price parameters.

5.3 Any Person making or accepting excessive payments for Investor Relations Services may not be acceptable to the Exchange as a director, officer or provider of services of an Issuer. Payments can be deemed excessive when they account for a significant amount of the expenditures of the Issuer and are out of line with sales and other income.

6. Filing Requirements For Tier 2 Issuers

6.1 In addition to disclosing any promotional, investor relations or market-making agreement, a Tier 2 Issuer must promptly file with the Exchange details of the agreement using the Declaration of Certified Filing - Promotional and Market-Making Activities (Form 3B). An Issuer which grants stock options as compensation for Investor Relations Activities must file the appropriate documents with the Exchange in accordance with Policy 4.4 - Director, Officer and Employee Stock Options.

6.2 A Tier 2 Issuer that enters into an investor relations or market-making agreement with total payments or commitments of $100,000 or more in any twelve month period, must file with, and obtain acceptance from, the Exchange before the services under the agreement commence. Payments include all fees and expense reimbursements. The Issuer must file the following:

(a) a copy of the agreement, which should provide that the agreement is subject to prior review and acceptance by the Exchange and that no payments can be made until the Exchange has accepted the agreement;

(b) particulars of the identity of the Person providing the services, including Personal Information Forms (Form 2A) for the individuals, principals and key employees who will be providing the service; and

(c) copies of all promotional or investor relations literature.

6.3 A Tier 2 Issuer that enters into an investor relations or market-making agreement with total payments or commitments of less than $100,000 in any twelve month period, must file the following with the Exchange before the services under the agreement commence:

(a) a copy of the agreement and any related agreements;

(b) particulars of the identity of the Person providing the services, including Personal Information Forms (Form 2A) for the individuals, principals and key employees who will be providing the service; and

(c) an undertaking to provide the Exchange with copies of any materials prepared in conjunction with the agreement that are intended to be externally distributed.

7. Filing Requirements for Tier 1 Issuers

7.1 A Tier 1 Issuer is not required to comply with the filing requirements listed above except the requirement to file Personal Information Forms but must comply with all other aspects of this Policy including the disclosure requirements.

8. Prohibitions

8.1 CPCs are not permitted to enter into any arrangement or agreement for the provision or performance of Investor Relations Activities or promotional services.

8.2 Persons providing Investor Relations Activities or promotional services must not receive Finders' Fees.

POLICY 3.5

RESTRICTED SHARES

Scope of Policy

This Policy sets out the restrictions imposed on Issuers proposing to issue non-voting, subordinate voting, multiple voting and restricted voting securities (collectively, **"Restricted Shares"**). This Policy, except where otherwise specified, applies to all Issuers which have listed or unlisted Restricted Shares. The main headings in the Policy are:

1. Introduction
2. Definitions
3. Legal Designation
4. Notice and Disclosure
5. Shareholder Approval
6. Take-Over Bid Protection Provisions
7. Issuance of Shares
8. Capital Reorganization or Distribution to Shareholders

1. Introduction

1.1 The Exchange will generally refuse to list an Issuer with a class of Restricted Shares unless the Issuer is designated as a Tier 1 Issuer. The Exchange will also limit the voting rights and other rights attached to Restricted Shares.

2. Definitions

3.1 In this Policy:

"Common Shares" means Equity Shares with voting rights exercisable in all circumstances, irrespective of the number of securities owned. The voting rights must not be less, on a per security basis, than the voting rights attaching to any other securities of an outstanding class of securities of the Issuer.

"Equity Shares" means securities of an Issuer that carry a residual right to participate to an unlimited degree in earnings of the Issuer and in its assets upon liquidation or winding up.

"Majority of the Minority Approval" means approval at a properly constituted meeting of the holders of Equity Shares of the Issuer of a resolution to create a class or series of Multiple Voting Shares, to approve a reorganization or form of business combination which creates Multiple Voting Shares, to approve the issuance of Multiple Voting Shares or to approve a distribution that creates or affected Restricted Shares; the resolution must be approved by at least 50 percent plus one vote of the votes cast by the holders of Equity Shares who vote at the meeting, other than Related Parties.

"Multiple Voting Shares" means:

(a) securities which entitle the holder to exercise a greater number of votes per security than the holder of any other class or series of securities of the Issuer;

(b) securities which are issued at a price per security which is significantly lower than the market price per security of any class of listed Equity Shares; or

(c) any security which is issued on a reorganization or form of business combination which would fall in subsections (i) or (ii) above.

"Non-Voting Shares" means Restricted Shares which carry a right to vote only in specified circumstances (eg., to elect a limited number of directors or to vote in circumstances where the applicable corporate legislation provides the right to vote for securities which are otherwise non-voting);

"Preference Shares" means securities which have a preference or right over another class of securities of the Issuer but does not include Equity Shares;

"Related Parties" means Promoters, directors, officers or other Insiders of the Issuer and of any proposed recipient of Multiple Voting Shares and their Associates and Affiliates;

"Restricted Shares" means Equity Shares that are not Common Shares.

"Restricted Voting Shares" means securities which carry a right to vote if the number or percentage of securities which may be voted by a Person or group of Persons is limited (unless the restriction limit applies only to Persons that are not Canadian citizens or residents);

"Shareholders' Meeting" means a meeting of the holders of Common Shares or Voting Shares of the Issuer;

"Subordinate Voting Shares" means Restricted Shares that carry a right to vote but another class of securities is outstanding that carries a greater right to vote on a per security basis; and

"Voting Shares" means securities which carry the right to vote under all circumstances if the Issuer also has a class of Restricted Shares.

3. Legal Designation

3.1 Restricted Shares

The legal designation of a class of securities must be set out in the constating documents of the Issuer and must appear on all certificates representing the securities. Except where the securities are Preference Shares and are designated as preference or preferred shares, the legal designation must state that shares are:

(a) subordinate voting if the shares are Subordinate Voting Shares;

(b) non-voting if the shares are Non-Voting Shares;

(c) restricted voting if the shares are Restricted Voting Shares (unless the Exchange accepts another term); and

(d) multiple voting if the shares are Multiple Voting Shares.

The Exchange can abbreviate the designations for Restricted Shares in Exchange publications and can identify Restricted Shares in the quotations prepared for the financial press with a code.

3.2 Common Shares

A class of securities cannot be described as or include the word "common" in its legal designation unless they are Common Shares.

3.3 Preference Shares

A class of securities cannot be designated as preference or preferred unless, in the opinion of the Exchange after examining all relevant circumstances, the class carries a genuine right or preference.

3.4 Multiple Voting Shares

In order to issue a class or series of Multiple Voting Shares, an Issuer must obtain shareholder approval as described in section 5 and must distribute the Multiple Voting Shares on a pro-rata basis to all holders of Equity Shares.

However, these requirements do not apply to a security split of all the issued and outstanding Equity Shares of the Issuer if it does not change the ratio of outstanding Restricted Shares to outstanding Common Shares.

3.5 Exchange Discretion

The Exchange can deem a class of securities to be Multiple Voting, Non-Voting, Subordinate Voting or Restricted Voting Shares, impose any terms or conditions it considers appropriate and require an Issuer to designate the securities in a manner satisfactory to the Exchange even though the securities do not fall within the applicable definition in this Policy. In exercising its discretion, the Exchange will be guided by the public interest and the principles of disclosure underlying this Policy. The Exchange will generally consider Equity Shares to be Restricted Shares if the allocation of voting rights does not relate reasonably to the equity interests of the various classes of securities.

As a condition of listing any Restricted Shares, the Exchange can require that Multiple Voting Shares be limited as to the number or proportion of the total votes they carry, either for all shareholder votes or votes on specific items, such as the election and remuneration of directors, appointment of auditors or any other matters that the Exchange specifies. In addition, the Exchange can require that the Multiple Voting Shares convert to Subordinate Voting Shares after a specified time.

4. Notice and Disclosure

4.1 Notice of and Attendance at Shareholders' Meetings

Every Issuer must give notice of each Shareholders' Meeting to holders of Restricted Shares and permit them to attend in person or by proxy, and to speak at the Shareholders' Meeting to the extent that any holder of Voting Shares of that Issuer would be entitled to attend and to speak at a Shareholders' Meeting. The notice must be sent at least 25 days before the meeting.

The Exchange recommends that the Issuer's constating documents provide all holders of Restricted Shares with the right to receive notice of, and to attend, all Shareholders' Meetings. Any Issuer applying for listing, whether by way of an Initial Listing or other New Listing, or which is otherwise amending its capital structure, must include this right in its constating documents.

4.2 Description of Voting Rights in Documents Sent to Shareholders

Every Issuer whose Restricted Shares are listed on the Exchange must describe the voting rights, or lack thereof, of its Equity Shares in all documents distributed to shareholders and filed with the Exchange, except financial statements. These documents include news releases, material change reports, information circulars, proxy related materials and directors' circulars. For financial statements, refer to the applicable Securities Laws and to the CICA Handbook.

4.3 Offering Documents

When preparing a Prospectus or other offering document, refer to the applicable Securities Laws for the minimum disclosure required for an offering of Restricted Shares.

4.4 Distribution of Annual and Other Reports

Unless exempted by the Exchange, every Issuer must send concurrently to all holders of Equity Shares all documents required by applicable Securities Laws or Exchange Requirements to be sent to holders of Voting Shares as well as any documents voluntarily sent by the Issuer to holders of Voting Shares. This includes Information Circulars, notices of meeting, annual reports and financial statements.

5. Shareholder Approval

5.1 Where Exchange Requirements contemplate shareholder approval, the Exchange can require that the Issuer permit holders of Restricted Shares to vote with the holders of any class of securities of the Issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interest in the Issuer.

5.2 Before an Issuer can create and issue a class or series of Multiple Voting Shares or complete a reorganization that would create Multiple Voting Shares, the creation of that class or series must receive Majority of the Minority Approval.

6. Take-Over Bid Protection Provisions

6.1 The Exchange will not accept for listing any class of Restricted Shares that does not have take-over bid protective provisions (coattail provisions) which comply with following guidelines. If any Issuer proposes to remove, add or change the coattail provisions applicable to any class of listed Restricted Shares, the revisions must be accepted in advance by the Exchange and must comply with guidelines set out below.

6.2 If there is a published market for the Common Shares, the coattail provisions must provide that if there is an offer to purchase Common Shares which, under applicable Securities Laws or the requirements of a stock exchange on which the Common Shares are listed, must be made to all or substantially all holders of Common Shares located in a particular province of Canada in which the requirement applies, the holders of Restricted Shares will be given the opportunity to participate in the offer through a right of conversion, unless:

(a) an identical offer (in terms of price per security and percentage of outstanding securities to be taken up exclusive of securities owned immediately before the bid by the offeror, or Associates or Affiliates of the offeror, and in all other material respects) is made concurrently to purchase Restricted Shares, which offer has no condition attached other than the right not to take up and pay for securities tendered if no securities are purchased under the offer for Common Shares; or

(b) less than 50% of the Common Shares outstanding immediately before the offer, other than Common Shares owned by the offeror, or Associates or Affiliates of the offeror, are deposited pursuant to the offer.

6.3 If there is no published market for the Common Shares, the holders of at least 80% of the outstanding Common Shares will generally be required to enter into an agreement with a trustee for the benefit of the holders of Restricted Shares from time to time, which agreement will prevent transactions that would deprive the holders of Restricted Shares of rights under applicable take-over bid legislation to which they would otherwise be entitled in the event of a take-over bid if the Common Shares and the Restricted Shares were a single class of voting securities trading at the market price of the Restricted Shares.

6.4 If there is a material difference between the equity interest of the Common Shares and Restricted Shares, or in other special circumstances, the Exchange may permit or require appropriate modifications to the above criteria.

6.5 Coattail provisions may be required by the Exchange if an Issuer has more than one outstanding class of Voting Shares, none of which fall within the definition of Restricted Shares.

6.6 The criteria are designed to allow the holders of Restricted Shares to participate in a take-over bid on an equal footing with the holders of Common Shares. If, in the face of these coattails, a take-over bid is structured in such a way as to defeat this objective, the Exchange may take disciplinary measures against any Person under the jurisdiction of the Exchange involved, directly or indirectly, in the making of the bid. The Exchange may also seek intervention from other securities regulators in appropriate cases.

7. Issuance of Shares

7.1 The Exchange will not permit an Issuer to issue securities that have voting rights greater than those of the shares of any class of Listed Shares of the Issuer, unless the issuance is by way of a distribution to all holders of the Issuer's Common Shares on a pro rata basis.

7.2 For this purpose, the voting rights of different classes of securities will be compared on the basis of the relationship between the voting power and the equity for each class. For example, Class B shares will be considered to have greater voting rights than Class A shares if:

(a) the shares of the two classes have similar rights to participate in the earnings and assets of the Issuer, but the Class B shares have a greater number of votes per share; or

(b) the two classes have the same number of votes per share, but it is proposed that Class B shares will be issued at a price per share significantly lower than the market price per share of the Class A shares.

7.3 This prohibition relates only to differences in voting rights attaching to securities of separate classes. It does not apply to an issuance of securities that reduces the collective voting power of the other outstanding securities of the same class without affecting the voting power of any other outstanding class, although other Exchange policies may apply in this case. It applies to a stock split of all of an Issuer's outstanding participating shares only if the stock split changes the ratio of outstanding Restricted Shares to Common Shares.

7.4 The Exchange generally will exempt Issuers from this section if the issuance of Multiple Voting Shares would maintain (but not increase) the percentage voting position of a holder of Multiple Voting Shares, subject to any conditions the Exchange considers desirable in any particular case. The Exchange will generally require Majority of the Minority Approval of the issuance of Multiple Voting Shares, unless the legal right of the holder of Multiple Voting Shares to maintain its voting percentage has been established and publicly disclosed before the Issuer was first listed on the Exchange.

7.5 This section is intended to prevent transactions which would reduce the voting power of existing shareholders through the use of securities carrying multiple voting rights. This result would normally be accomplished by way of an issuance of Multiple Voting Shares. However, it is possible to arrive at the same result by means of mechanisms that are not technically "share issuances", such as amendments to share conditions, amalgamations and plans of arrangement. The Exchange can object to any transaction that would result in voting dilution similar to that which would be brought about by the issuance of Multiple Voting Shares, even if no share issuance is involved.

7.6 A pro rata distribution to shareholders that creates or affects Restricted Shares must receive Majority of the Minority Approval.

8. Capital Reorganization or Distributions to Shareholders

8.1 The Exchange will not consent to a capital reorganization or pro rata distribution of securities to shareholders of an Issuer which would create a class of Restricted Shares or change the ratio of outstanding Restricted Shares to Common Shares, unless the proposal receives Majority of the Minority Approval. The Exchange can require that certain Persons be excluded from a particular minority shareholder vote if necessary to ensure that the objectives behind this Policy are not defeated.

8.2 A transaction generally will only be regarded as a "capital reorganization" requiring Majority of the Minority Approval if it involves a subdivision or conversion of one or more classes of Equity Shares or if it has an effect similar to a pro rata distribution to holders of one or more classes of Equity Shares. If a proposed capital reorganization would reduce the voting power of existing shareholders through the use of Multiple Voting Shares, the Exchange may regard the proposed reorganization as equivalent, in substance, to the type of share issuance that is prohibited by section 7. This could be the case, for example, where the reorganization would not treat all holders of Equity Shares in an identical fashion. In this case, the Exchange can refuse the reorganization even with Majority of the Minority Approval.

8.3 An issuance of Restricted Shares in the form of a stock dividend paid in the ordinary course is exempted from the requirement for Majority of the Minority Approval. For this purpose, stock dividends generally are regarded as being paid in the ordinary course if the aggregate of the dividends over any one year period does not increase the number of outstanding Equity Shares of the Issuer by more than 10%.

8.4 The Exchange will deem a class of shares to be Restricted Shares if the Issuer's constating documents restrict the power of the holders of a majority of the Issuer's Equity Shares to elect a majority of the directors.

POLICY 4.1

PRIVATE PLACEMENTS

Scope of Policy

A Private Placement occurs when an Issuer issues securities from treasury for cash in reliance upon exemptions from the Prospectus and registration requirements contained in the Securities Laws. The securities may be shares, units or convertible securities. *See Policy 4.3 - Shares for Debt for Exchange Requirements on settling outstanding debt of an Issuer by issuing securities to a creditor.* This Policy discusses the Exchange's requirements for the various types of Private Placements.

The main headings in this Policy are:

1. General
2. Brokered Private Placement of Equity Shares
3. Private Placement of Convertible Securities
4. Private Placement of Special Warrants
5. Amending Warrant Terms
6. Expedited Private Placement Filing System

1. General

An Issuer is required, under its Listing Agreement, to give the Exchange prompt written notice before it issues any securities (including any securities which are convertible into Listed Shares or Voting Shares). The following general requirements apply to all Private Placements of securities. The special requirements for non-brokered or Brokered Private Placements, convertible securities and special warrants follow this general section under separate headings.

1.1 Summary of Procedure

A Private Placement involves the following steps:

Step 1: The Issuer sets the price per security in regard to the Private Placement in compliance with the Exchange's policies by either issuing a comprehensive news release disclosing the terms of the placement or filing a Price Reservation Form (Form 4N). The Issuer should consider whether to request a halt in trading before the news release is issued. If the Issuer uses the Price Reservation Form to set the price, the Issuer must issue a comprehensive news release disclosing the terms of the Private Placement within 3 days of the filing of the Price Reservation Form.

Step 2: The Issuer files a Private Placement Notice Form (Form 4A) with the Exchange within 14 calendar days after the news release.

Step 3: The Exchange reviews the Notice and advises the Issuer of any issues with the Private Placement.

Step 4: The Issuer responds to the Exchange.

Step 5: When the issues have been resolved, the Exchange issues conditional acceptance.

Step 6: Subject to section 1.13, the Private Placement closes.

Step 7: The Issuer files final documentation with the Exchange within 45 days after filing the Notice.

Step 8: The Exchange issues final acceptance of the Private Placement.

A Tier 1 Issuer has the alternative of following TSE Private Placement procedures.

1.2 Interpretation

In this Policy:

"Agreement Day" means the day on which a Private Placement is required to be disclosed under Securities Laws and not later than 3 days following the filing of a Price Reservation Form;

"Conversion Price" means the price per share at which a Convertible Security may be converted into Listed Shares;

"Convertible Security" means a security which is convertible into an Issuer's Listed Shares;

"Notice" means the written notice of a proposed Private Placement required to be issued by the Issuer to the Exchange as described in section 1(13) of this Policy;

"Placee" means the Person purchasing the securities from the Issuer's treasury; and

"Private Placement Shares" means the Listed Shares to be purchased by Placees but excludes Listed Shares acquired on the exercise of a Warrant granted in accordance with the provisions under the Warrants heading in section 1(8) or 3(4) of this Policy.

1.3 Exemptions

(a) The Exchange will exempt a Tier 1 Issuer from the requirements of this Policy if the Tier 1 Issuer requests an exemption and confirms that it will comply with the policies of The Toronto Stock Exchange.

(b) The Securities Laws regulate how an Issuer can issue securities by way of Private Placement and how Placees can resell their securities. Accordingly, Issuers should consult their own legal counsel and legal counsel in the jurisdiction(s) of the Placees before undertaking a Private Placement to determine whether exemptions are available and what the requirements are.

(c) The exemptions under the Securities Laws are technical in nature and require strict compliance. The Securities Laws also require the Issuer to prepare and file certain documents. When reviewing a Private Placement, the Exchange does not determine the availability of the exemption(s) relied upon. Exchange Acceptance of a transaction is not assurance that corporate or Securities Laws have been complied with.

1.4 Consideration

The consideration in a Private Placement must be cash paid by the Placee to the Issuer. If the Placee is a creditor of the Issuer, and will receive securities to repay the debt or as consideration for the asset, the transaction is not a Private Placement and the Placee may not receive Warrants.

See Policy 4.3 - Shares for Debt and Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets.

1.5 Restrictions on Resale of Securities

(a) Under the Securities Laws, securities issued in a Private Placement under Prospectus exemptions are generally subject to Resale Restrictions. The Resale Restrictions usually require that the securities be held by the Placee for a number of months (a **"hold period"**) and also restrict certain activities in connection with the resale (such as no extraordinary commission and no unusual effort to prepare the market).

(b) In addition to any Resale Restrictions under the Securities Laws, the Exchange requires that the securities issued to a Placee in a Private Placement be legended with a hold period prohibiting transfer of his or her securities until four months after the date of issuance of the securities.

See Policy 3.2 - Filing Requirements and Continuous Disclosure for certificate legending requirements.

(c) A Placee may obtain relief from the legend requirement imposed by the Exchange if the Private Placement Shares are subsequently qualified for distribution by a Prospectus.

1.6 Price

In a Private Placement of Listed Shares, the purchase price must be not be less than the Discounted Market Price for those Listed Shares.

See the definition of Discounted Market Price in Policy 1.1 - Interpretation.

1.7 Part and Parcel Pricing Exception

The Exchange may accept the pricing for a Private Placement at the Market Price or Discounted Market Price on the day before the Issuer announces a transaction constituting a Material Change, if the Private Placement and the Material Change were announced in the same news release and the Private Placement is integral to the Material Change. The following conditions must be met at the time Notice is filed with the Exchange:

(a) The Private Placement funding must be specifically allocated and necessary for the Material Change. A general statement that the funds are for unspecified working capital requirements is not sufficient;

(b) The Issuer and the Placees (whether Insiders or not) must ensure that they are not breaching the insider trading provisions of the relevant Securities Laws and Policy 3.1 - Directors, Officers and Corporate Governance;

(c) Warrants cannot be part of a "part and parcel pricing" Private Placement unless:

(i) the warrant exercise price is at a significant premium to the Market Price before the announcement (e.g. double the Market Price), or

(ii) the Warrants are priced at the Market Price after the Material Change has been announced;

Non-brokered Private Placement

(d) For a non-brokered Private Placement:

(i) the Notice identifies the Placees; and

(ii) the Issuer provides satisfactory evidence that the funds from the Private Placement are available and committed to the Issuer subject only to the Exchange's final acceptance of the Private Placement; and

Brokered Private Placement

(e) For a Brokered Private Placement, a Member or Participating Organization has agreed to use its best efforts to raise the necessary funds pursuant to a Private Placement within the time period required to fund the Material Change.

1.8 Warrants

(a) An Issuer can grant a Warrant to purchase additional Listed Shares of the Issuer only if the Warrant is essential to the Private Placement. Private Placements can not be used to settle debts, and Placees who are creditors must not be granted Warrants on that part of their subscription that corresponds to the debt. *See Policy 4.3 - Shares for Debt for Exchange Requirements on settling outstanding debt of an Issuer by issuing securities to a creditor.*

(b) Other than as contemplated by section 4, all Warrants issued in a Private Placement must be non-transferable. The total number of Listed Shares to be issued on the exercise of the Warrants must not exceed the number of Private Placement Shares. The Exchange will not permit "piggyback" warrants.

(c) A Warrant issued by a Tier 2 Issuer must expire within two years after the date of issuance of the securities. A Warrant issued by a Tier 1 Issuer must expire within 5 years after the date of the issuance of the securities.

(d) The exercise price per share of the Warrant must not be less than the Market Price of the Issuer's Listed Shares at the date the Private Placement was priced.

(e) The Exchange requirements outlined in section 1(5) under "Restrictions on Resale of Securities" also apply to the Listed Shares issued on the exercise of Warrants.

1.9 Finder's Fees or Commissions

(a) The provisions in Policy 5.1 under the headings "Finder's Fees" and "Commissions" apply to all finder's fees and commissions proposed to be paid in connection with a Private Placement.

See Policy 5.1 - Loans, Bonuses, Finder's Fees and Commissions.

(b) Securities Laws in certain jurisdictions explicitly prohibit a commission or similar payment to be paid for securities issued in reliance on the Prospectus exemptions relating to directors, officers and, in some cases, to employees. The Exchange will not allow Issuers to pay a commission for Private Placements to the Issuer's directors, officers and employees or to Persons engaged in Investor Relations Activities for the Issuer.

1.10 Shareholder Approval

(a) If the issuance of the Private Placement Shares and the Listed Shares issued on conversion of a Warrant or Convertible Security will result in, or is part of a transaction involving a Change in Control or change in absolute control ($\geq$50%) of the Issuer, the Exchange will require the Issuer to obtain shareholder approval of the Private Placement.

(b) The shareholder approval may be by ordinary resolution at a general meeting or by the written consent of shareholders holding 50% or more of the issued Listed Shares, so long as they are not the placees nor Related Parties of the Placees.

(c) The Information Circular of the Issuer for a general meeting must disclose the Private Placement in sufficient detail to permit shareholders to form a reasoned judgement concerning the Private Placement, including the details of the consideration involved and the names of the Placee(s) gaining absolute control or forming a control block. The Issuer must provide a copy of the Information Circular and the minutes of the general meeting to the Exchange.

(d) If written consent is obtained, the consenting shareholders must have received the same information about the transaction that they would have received in an Information Circular for a meeting considering the proposed Private Placement, and the Issuer must file copies of the consent with the Exchange.

(e) Issuers should obtain preliminary Exchange Acceptance of the proposed Private Placement before the Information Circular is mailed. If Exchange Acceptance is not obtained in advance, the Information Circular or other disclosure sent to shareholders must clearly state that the proposed transaction is subject to regulatory approval.

1.11 News Releases

(a) Under the Exchange's Timely Disclosure Policy, a Private Placement is deemed to be a Material Change in the affairs of the Issuer. Accordingly, on the Agreement Day, the Issuer must issue a news release disclosing the material details of the Private Placement, which at a minimum shall include a description of the number and type of securities to be issued and the price per security. If it is a Brokered Private Placement, the news release must include the name of the Agent. In accordance with Policy 3.3 - Timely Disclosure, the Issuer must determine whether to request a halt in trading before the news release is issued.

(b) All Material Changes in an Issuer's affairs which might affect the trading price of its Listed Shares must be disclosed before the Issuer sets the price of the Private Placement. The Issuer must also disclose any Material Changes which occur during the filing period in accordance with Exchange timely disclosure policies. Any Material Changes can affect the minimum conversion price or price per share permitted by the Exchange.

See sections 1(6) and (7) and the pricing policies below under the headings for different types of Private Placement (Brokered or Convertible Securities)

(c) If the Issuer's Notice has been deemed withdrawn, or the Private Placement has otherwise been terminated, the Issuer must promptly issue a news release disclosing the material facts of the withdrawal or termination.

(d) The Issuer must also issue a news release announcing closing of the Private Placement, setting out the expiry dates of the hold period(s) for the securities issued in the Private Placement and a description of any bonus, finder's fee, commission or Agent's Option paid in connection with the Private Placement and, if such fee is paid in securities, a description of the number and type of securities.

1.12 Price Protection

In order to protect the Market Price or Discounted Market Price for a Private Placement, the Issuer must issue a comprehensive news release or file a Price Reservation Form . If a Price Reservation Form is filed , it is required to be followed by a comprehensive news release within 3 days. In order to maintain the price, the Issuer must then file the Notice as described in section 1.13. The Market Price or Discounted Market Price for the Private Placement will normally be calculated based on the last daily closing price of Listed Shares before the news release is issued or the Price Reservation Form is filed.

See the Policy 1.1 - Interpretation for the definitions of Market Price and Discounted Market Price.

1.13 Filing Requirements - Notice

Within 14 calendar days after the date of the news release announcing the Private Placement or the filing of the Price Reservation Form, the Issuer must file with the Exchange:

(a) a completed Private Placement Notice Form (Form 4A); and

(b) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees, assuming completion of the minimum Private Placement.

The Exchange will advise the Issuer whether or not the Notice has been conditionally accepted for filing after the Exchange receives the Notice. Generally, the Issuer can close the Private Placement based on this conditional acceptance. However, if any Insiders, members of the Pro Group or placees who will beneficially own or control =5% of the Issuer's total issued and outstanding Listed Shares upon closing subscribe for securities and such Persons were not disclosed in the Notice Form, the Issuer may then only close the subscriptions from those Persons conditionally, subject to Exchange acceptance of those placees.

See section 6 of this Policy - Expedited Private Placement Filing System which may be available to an Issuer undertaking a Private Placement.

1.14 Filing Requirements - Final

Within 45 days after the date the Issuer filed the Notice, the Issuer must submit the following documents to the Exchange:

(a) a Private Placement Summary Form (Form 4B), completed as appropriate;

(b) a Private Placement Declaration of Certified Filing Form (Form 4C), completed and executed by a director or senior officer of the Issuer;

(c) any other information which the Exchange may require; and

(d) the balance, if any, of the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

1.15 Failure to File

If the Issuer does not file the documentation set out in section 1.14 within the 45 day period, the Notice will be deemed to have been withdrawn and the Exchange will not issue final acceptance of the transaction. The Exchange will not accept a new Notice from the Issuer disclosing a Private Placement at a lower price per share or conversion price per share than the price specified in the earlier notice with any of the Placees named in a Notice which has been deemed withdrawn unless 30 days have elapsed from the date of the earlier Notice or unless the original Private Placement was brokered.

1.16 Use of Proceeds

The Notice must disclose the proposed use of proceeds, including the estimated working capital on hand as at the preceding month end and an allocation of funds to major expenditure categories. The Exchange can reject a Private Placement if the Notice does not provide adequate information on the allocation of funds or if unallocated funds are excessive. The amount that would be considered excessive will depend on the activities of the Issuer and is not subject to a stated standard. As a guideline, unallocated funds over $250,000 would generally be considered excessive for an Inactive Issuer. The following are examples of acceptable uses of proceeds:

(a) corporate overhead for a one year period;

(b) settlement of current debts (other than to the Placees); and

(c) a reserve for asset acquisition investigations.

1.17 Corporate Placee Registration System

If a Placee is not an individual, the Exchange requires certain information about the Placee. The Corporate Placee Registration System allows Companies to provide this information to the Exchange on a one time basis. The Placee completes a Corporate Placee Registration Form (Form 4D), which will remain on file with the Exchange. The Form can be referenced for all subsequent Private Placements in which the Placee participates. If any of the information provided in the Form changes, the Placee must notify the Exchange before the Placee participates in further Private Placements with Exchange Issuers. The Corporate Placee Registration Form can be filed with other materials for a specific Private Placement, or on its own.

2. Brokered Private Placement of Equity Shares (Fixed Price)

An Issuer may enter into an agency agreement with a Member, Participating Organization or other acceptable Registrant, with respect to the sale of the Issuer's securities by way of a Private Placement. Except as varied below, all the general provisions in section 1 of this Policy apply.

2.1 Participation by Insiders

The senior officers, directors, Promoters and Control Persons of an Issuer may not acquire more than 10% of the total offering under a Brokered Private Placement.

See Policy 5.1 - Loans, Bonuses, Finder's Fees and Commissions.

2.2 Notice

The Notice of a proposed Brokered Private Placement must include the name of the Agent and the material terms of the agency agreement in addition to the information outlined in section 1(13).

2.3 Agency Agreement

The Issuer must also file with the Exchange a copy of the agency agreement between the Issuer and the Agent.

2.4 Failure to File

If the Issuer does not file all of the required materials within 45 days after the Notice was filed, the Notice will be deemed to have been withdrawn and the Exchange will not issue final acceptance of the transaction. However, unlike non-brokered Private Placements, the Exchange will accept a new Notice from the Issuer disclosing an agreement between the Issuer and the Agent named in the withdrawn Notice at a price per share less than that which was specified in the earlier Notice without any minimum lapse of time.

3. Private Placement of Convertible Securities

3.1 General

(a) An Issuer may conduct a Private Placement of Convertible Securities. Except as varied below, all the general provisions in section 1 of this Policy apply.

(b) The Private Placement may be non-brokered or brokered. If it is brokered, the additional requirements outlined in section 2 also apply.

(c) The Resale Restrictions outlined in section 1(4) of this Policy apply to any disposition of Listed Shares issued when Convertible Securities are exercised.

3.2 Principal and Interest/Dividend Obligations

(a) The interest or dividend rate which the Convertible Security carries must be consistent with rates generally accepted within the industry.

(b) The issuance price of securities issued to pay accrued interest on debt owed by the Issuer will be determined by the Market Price of the securities at the time of settlement.

3.3 Conversion Terms

(a) The minimum conversion price per share in the first two years from the date of issuance of the Convertible Securities must not be less than the Market Price.

(b) The conversion price per share in each subsequent year must be higher than the conversion price in the preceding year by not less than the following amounts:

Conversion Price (Preceding Year)	Minimum Required Increase in Conversion Price
Up to $0.50	$0.05
$0.51 - $1.00	$0.10
$1.01 - $2.00	$0.25
$2.00 +	$0.50

(c) The conversion right must expire within five years after the date of issuance of the Convertible Securities.

(d) The Exchange can also permit the conversion price to be based on the Market Price at the time of conversion.

3.4 Warrants

(a) The Issuer may grant Convertible Securities with a Warrant to purchase Listed Shares of the Issuer to a Placee if:

(i) the Warrant is essential to the Private Placement; and

(ii) either:

(A) the Convertible Securities are convertible into units, with each unit consisting of a Listed Share and Warrant where the Warrants are issued with, and are detachable from, the Listed Shares; or

(B) the Warrants are issued with, and detachable directly from, the Convertible Security.

(b) Warrants cannot in any circumstances be issued to settle all o r part of a debt.

(c) The number of Listed Shares which may be issued on exercise of the Warrants must not exceed the total number of Listed Shares which may be issued on conversion of the Convertible Security.

(d) If Convertible Securities are convertible into units consisting of Listed Shares and Warrants, and the Warrants are detachable from the Listed Shares, the term of the detachable Warrant must expire by the earlier of the last date for exercising the Convertible Securities and two years after the date the Convertible Securities were exercised.

(e) If Warrants are issued with, and are detachable from the Convertible Securities, the detachable Warrants must expire by the earlier of two years after the date the Convertible Securities were issued and the last date for exercising the Convertible Security.

(f) The exercise price per share of a Warrant must not be less than the conversion price of the Convertible Securities.

4. Private Placement of Special Warrants

4.1 Special warrants are warrants which are issued for cash consideration by an Issuer under a Prospectus exemption. They entitle the holder to acquire Listed Shares or units consisting of Listed Shares and Warrants upon the conversion of the special warrant. No additional consideration is payable by the special warrant holders when the special warrant is converted. The special warrants are usually converted on or immediately after the effective date of a Prospectus which qualifies the issuance of the Listed Shares (and any Warrants) on the conversion of the special warrants.

4.2 The Exchange views the Private Placement and conversion of special warrants as a single transaction. The funds received from the original Private Placement are the proceeds in substance of the Prospectus offering.

4.3 In addition to the general provisions of this Policy, the following requirements apply to special warrants:

(a) the initial news release must describe all the terms, including whether the funds from the Private Placement are to be held in trust until a receipt is issued for the Prospectus, and all details of any penalty clauses;

(b) if the special warrants are convertible into units which include transferable Warrants and the conversion will be qualified by a Prospectus, the Warrants must be listed if there are more than 75 Placees;

(c) the Issuer must have at least 90 days to get its Prospectus receipted before any penalty clause becomes effective;

(d) if the terms of a special warrant offering provide for a penalty, the percentage of the penalty will be deducted from the applicable discount in determining the Discounted Market Price; and

(e) the maximum number of securities which may be issued pursuant to a penalty provision must not exceed 10% of the total number of fully paid securities issued pursuant to the initial special warrant offering.

5. Amending Warrant Terms

5.1 General

The amendment of warrant terms may be considered to be the distribution of a new security under Securities Laws and require exemptions. Issuers should consult legal counsel before applying for an amendment to warrant terms. An Issuer can apply to the Exchange to amend the terms of a Warrant issued pursuant to a Private Placement if it meets the following conditions:

(a) the Warrants are not listed for trading;

(b) the exercise price of the Warrants is higher than the current Market Price;

(c) no Warrants have been exercised within the last six months;

(d) at least two weeks remain before the expiry date of the Warrants; and

(e) the Issuer has issued a news release disclosing the terms of the application including the amended price where applicable, to amend the warrant terms.

5.2 Extension of the Warrant Term

The term of a Warrant may only be extended to a date which would have been allowed at the time the Warrants were issued. For example, if a Tier 2 Issuer initially issued a one year warrant, the maximum extension would be one extra year. A Tier 1 Issuer would be permitted an extra four years on a one year warrant.

5.3 Repricing Warrants

Subject to 5.1, the Exchange may consent to an amendment to the exercise price of Warrants in certain circumstances:

(a) the Issuer originally priced the Warrants higher than the Market Price at the time, and has made application to reprice the Warrants to a price that is equal to or greater than the Market Price at the time the Warrants were granted, or

(b) the Issuer originally priced the Warrants at the Market Price at the time the Warrants were granted and the Warrants are also amended to shorten the exercise period to a period of 30 days if the closing price of the shares exceeds the revised exercise price by the applicable private placement discount for ten consecutive trading days, ("Premium Trading Days"). The 30 day period will commence 7 calendar days from the tenth Premium Trading Day;

(c) the amended price is not less than the average closing price for the ten Trading Days before the application for repricing;

(d) the Warrant price has not previously been amended;

(e) Insiders hold less than 10% of the total number of Warrants to be repriced;

(f) all Warrantholders consent to the amendment; and

(g) if Insiders hold more than 10% of the total number of Warrants, the 10% held by Insiders to be repriced is distributed *pro rata* among Insiders holding Warrants.

5.4 Filing Requirements

To amend Warrant terms, an Issuer must submit to the Exchange the following:

(a) a completed Warrant Amendment Summary Form and Certification (Form 4E); and

(b) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

6. Expedited Private Placement Filing System

6.1 General

(a) The Expedited Private Placement Filing System permits Issuers to obtain acceptance of certain smaller transactions without Exchange staff review, by filing a simple form which outlines the terms of the transaction and confirms compliance with this Policy.

(b) The Issuer must issue a comprehensive news release, or file a Price Reservation Form followed within 3 days by a comprehensive news release, announcing the Private Placement in order to set the Discounted Market Price. An Expedited Private Placement Form 4F must be filed within 45 calendar days after the news release. The Exchange will issue an Exchange Bulletin and will send an acceptance letter to the Issuer or its counsel, generally the business day after the Expedited Private Placement Form is filed.

6.2 Eligibility

To be eligible for the Expedited Private Placement Filing System, a Private Placement must meet all the following requirements:

(a) at least 50% of the Private Placement Shares are purchased by arm's length parties;

(b) the Issuer is not an Inactive Issuer;

(c) the proceeds will be expended on a business or asset in which the Issuer currently has an interest and which has been accepted by the Exchange. The proceeds cannot be expended on a business or asset or interest in a business or asset for which the Issuer has not received Exchange Acceptance;

(d) the Private Placement does not involve Convertible Securities (other than Warrants);

(e) no more than 25% of an Issuer's outstanding Listed Shares may be issued on an aggregate basis pursuant to Expedited Private Placement Filings in any fiscal year. (The percentage will be based upon the number of outstanding Listed Shares at the date of the news release);

(f) the issuance of the securities pursuant to the Private Placement must not create a new control block or absolute control; and

(g) the limitations on proceeds and shares issued pursuant to the Private Placements do not include commissions. Any commissions must be within the parameters in Policy 5.1 - Loans, Bonuses, Finder's Fees and Commissions.

6.3 Filing Requirements

An Issuer undertaking an Expedited Private Placement Filing must file the following with the Exchange within 45 days after the news release:

(a) a completed Expedited Private Placement Form (Form 4F); and

(b) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

6.4 Audit

Although the Exchange does not review Expedited Filings as they are submitted, it will undertake an audit process to review selected Expedited Filings after they are processed. If the audit reveals significant problems with an Expedited Filing, the Exchange can prohibit the Issuer from using the Expedited Filing System in the future.

POLICY 4.2

PROSPECTUS OFFERINGS

Scope of Policy

This Policy addresses the filing and procedural requirements for Issuers proposing to distribute securities to the public pursuant to a Prospectus. This Policy applies to public offerings of securities carried out by Issuers whose securities are already listed for trading on the Exchange. It does not apply to an Issuer proposing to carry out an Initial Public Offering of its securities through the facilities of the Exchange concurrent with an Application for Listing, which is governed by Policy 2.3 - Listing Procedures, or to an Initial Public Offering by a Capital Pool Company which is governed by Policy 2.4 - Capital Pool Companies.

The main headings in this Policy are:

1. Public Offering by Prospectus – Multiple Jurisdictions
2. British Columbia Prospectus Distributions
3. Alberta Exchange Offering Prospectus Distributions
4. Agent Compensation for a BC Prospectus or Alberta EOP

1. Public Offering by Prospectus – Multiple Jurisdictions

1.1 General

Except as specifically described in section 2 – British Columbia Prospectus Distributions or section 3 - Alberta Exchange Offering Prospectus Distributions, a Prospectus offering conducted by an Issuer must be prepared in accordance with the requirements of applicable Securities Laws and will be vetted by the applicable Securities Commissions. The Securities Commission designated as the principal jurisdiction under National Policy No. 1 or as the principal regulator under National Instrument 43-201 Mutual Reliance Review System for Prospectuses and AIFS is the primary reviewing authority for a Prospectus. When conducting a public offering by Prospectus, an Issuer must comply with the provisions of applicable Securities Laws. However, a Prospectus must also be filed with the Exchange to obtain the Exchange's consent to the issuance of securities and the additional listing of the securities offered under the Prospectus.

1.2 Exchange Filing Requirements

(a) An Issuer conducting a Prospectus offering must file the following with the Exchange:

(i) a copy of the Issuer's submission letter to the principal jurisdiction Securities Commission and a copy of the preliminary Prospectus (including all financial statements, reports, certificates, and other documents which are required to accompany the Prospectus);

(ii) a copy of the Issuer's material agreements not previously filed with the Exchange, including the Issuer's agreement with the Agent or Underwriter who will conduct the public offering;

(iii) a copy of all of the Issuer's letters to and from each Securities Commission relating to the Prospectus offering;

(iv) a copy of the Issuer's final Prospectus and any amendments (including all financial statements, reports and other documents which are part of the Prospectus);

(v) a copy of each Securities Commission receipt for the final Prospectus; and

(vi) the applicable filing fee as prescribed by Policy 1.3 - Schedule of Fees.

(b) The filing requirements set out in section 1(1)(a) are in addition to the requirements in section 2 for a BC Prospectus and in section 3 for an Alberta EOP. In connection with an Alberta EOP, the Exchange must receive:

(i) the materials described in section 1(1)(a)(i) to (iii) before it will grant conditional acceptance of the proposed financing; and

(ii) the materials described in section 1(1)(a)(iv) to (vi) before the securities will be listed.

1.3 Scope of Exchange Review

The Exchange reviews these materials in order to accept any transactions disclosed in the Prospectus which have not been previously filed with the Exchange and to accept the listing of any securities to be issued pursuant to the Prospectus. Any transactions disclosed in the Prospectus which have not been previously filed with the Exchange for acceptance must comply with Exchange Requirements. A Securities Commission will generally not issue a receipt for a final Prospectus until the Exchange has conditionally accepted the listing of the securities offered under the Prospectus.

2. British Columbia Prospectus Distributions

2.1 General

(a) Under arrangements between the BCSC and the Exchange, the Exchange rather than the BCSC is the primary reviewer of each Prospectus (a "BC Prospectus") filed for distributions made only in the Province of British Columbia. This includes initial public offerings, new issues and prospectuses filed to qualify special warrants or other securities, provided that the distribution occurs only in the Province of British Columbia and the Prospectus is not filed with any other Securities Commission. The BC Prospectus will only be reviewed by the Vancouver office of the Exchange.

(b) Currently, the BCSC and the Exchange have an interim agreement under which the BCSC delegates to the Exchange the authority to review a BC Prospectus. Other Securities Commissions may negotiate similar or other arrangements in the future.

(c) At any time after receiving a preliminary BC Prospectus, the Exchange or the BCSC can determine that the BCSC will complete the review. The Exchange or BCSC will notify the Issuer promptly if this determination is made.

(d) Unless the Exchange Requirements applicable to a particular offering require otherwise, the Agent or Underwriter in connection with a BC Prospectus may be either a Member or a Participating Organization provided that it is registered under the *Securities Act* (British Columbia) to sell securities in the Province of British Columbia.

2.2 Form of BC Prospectus

(a) A BC Prospectus must be prepared in accordance with the requirements of the applicable forms for a Prospectus prescribed by the BCSC. The BC Prospectus must comply with all of the requirements of British Columbia Securities Laws as they apply to the form and content of a Prospectus.

(b) Under applicable British Columbia Securities Laws, the BCSC has the authority in certain circumstances to waive or vary certain requirements of policies applicable to a BC Prospectus or any accompanying document. If an Issuer requires a waiver or variation, the Issuer must:

(i) request the waiver or variation in the covering letter to the Exchange and the BCSC filed with the preliminary BC Prospectus; and

(ii) demonstrate that the relief requested would not be prejudicial to the public interest.

If the Exchange agrees with the submission, it will request, in writing, that the BCSC waive the requirement, indicating the reasons for the request. The BCSC will advise the Exchange in writing when it has decided to grant or deny the waiver or variation. The Exchange will then advise the Issuer of the BCSC's decision. The waiver or variation can be evidenced by the issuance of a receipt for the final BC Prospectus.

(c) The BCSC has authority in certain circumstances to grant an exemption from the requirements of British Columbia Securities Laws applicable to a BC Prospectus. If an Issuer requires an exemption from British Columbia Securities Laws, the Issuer must apply to the BCSC, requesting the appropriate exemption, and should provide a copy of the application to the Exchange.

2.3 Documents to be Filed with Preliminary BC Prospectus

In order to proceed with a BC Prospectus offering an Issuer must file with the Vancouver office of the Exchange:

(a) a copy of the preliminary BC Prospectus, signed by the Issuer's officers, directors and Promoters and by each Member or Participating Organization who is acting as the Agent or Underwriter for the offering. These certificates must be signed within three days of the date of the preliminary BC Prospectus. The preliminary BC Prospectus must be filed within 10 days of the date of the preliminary BC Prospectus;

(b) a certified copy of the directors' resolution approving the preliminary BC Prospectus and authorizing the directors and officers to sign it;

(c) a table cross-referencing the disclosure in the preliminary BC Prospectus to the items set out in the applicable forms prescribed by the BCSC;

(d) an unsigned copy, in draft form, of the audited financial statements and any draft unaudited financial statements, together with a review engagement report by the Issuer's auditors, presented in accordance with paragraphs 7100.34 and 7100.35 of the CICA Handbook. The audited financial statements filed with a preliminary BC Prospectus should be addressed to the directors;

(e) with the prior consent of the BCSC, an unsigned copy, in draft form, of any future-oriented financial information;

(f) any valuation or appraisal report obtained in the past twenty-four months or required pursuant to British Columbia Securities Laws;

(g) evidence of value in circumstances required under Policy 5.4 - Escrow and Vendor Consideration;

(h) all Geological Reports referred to in the BC Prospectus, accompanied by the authors' certificates and consents as required by British Columbia Securities Laws;

(i) in the case of a BC Prospectus involving resource properties, a title report relating to the status of the Issuer's interest prepared by a qualified person for each property on which proceeds of the offering will be expended and the expiry dates of those interests;

(j) signed auditor's comfort letters for the audited financial statements, and for any future-oriented financial information and audited statement of costs provided in accordance with British Columbia Securities Laws;

(k) a PIF in the form set out in Form 2A for each individual Insider of the Issuer and where any Insider is not an individual, a PIF from each Insider of the non-individual. (Alternatively, an individual required to file a PIF may make a statutory declaration that the individual has filed a PIF within the 12 months before the date of the preliminary BC Prospectus and that there has been no change in the information required to be disclosed in response to the questions dealing with change of name or business name, administrative proceedings, offences, civil proceedings, bankruptcy and settlement agreements.);

(l) the underwriting or agency agreement (which may be in draft form so long as the Underwriter or Agent has signed the certificate in the preliminary BC Prospectus);

(m) signed or certified true copies of all material agreements not previously filed with the Exchange;

(n) a schedule providing the background calculations to the percentages of securities quoted in the preliminary BC Prospectus;

(o) asset and earnings coverage calculations for a debt offering or dilution calculation for an equity offering;

(p) any documentation required to be filed under any other policy of the Exchange with respect to a transaction disclosed in the BC Prospectus which has not been previously filed with the Exchange;

(q) a covering letter to the Exchange listing the documents enclosed and:

(i) confirming that the Issuer has filed with the BCSC the documents required by British Columbia Securities Laws,

(ii) identifying any policies for which the Issuer has requested a variation or waiver, if required, and

(iii) providing a copy of any application to the BCSC for an exemption order, if required; and

(r) the applicable filing fee as prescribed by Policy 1.3 - Schedule of Fees.

2.4 Financial Statements

(a) The audited financial statements required for a BC Prospectus must comply with applicable British Columbia Securities Laws and the following requirements:

(i) unless the Exchange or the BCSC require otherwise, a BC Prospectus must contain:

(A) an income statement of the Issuer for each of its last three financial years;

(B) a statement of retained earnings of the Issuer for the same period;

(C) a statement of changes in financial position of the Issuer for the same period; and

(D) a balance sheet of the Issuer as at each of its last two financial years;

(ii) if the Issuer has completed a business combination or proposes to enter into a business combination including a COB or an RTO, additional pro forma consolidated financial statements are required to be filed for the unlisted Company being acquired. The Issuer and its advisers must consider whether or not a group of assets being acquired actually constitutes a "business" rather than just a capital asset acquisition (under paragraph 1580.02(b) of the CICA Handbook), as well as whether the "purchase method" is appropriate or whether the acquisition should be accounted for as an RTO, or a "common control transaction" (under paragraph 1580.05 of the CICA Handbook). The "purchase method", if incorrectly applied, generally results in the consolidated assets being materially overstated. Indicators of potential problems in this regard include the recognition in the financial statements of goodwill, large amounts of "purchased technology", and/or evidence that "control", as defined by paragraph 1590 of the CICA Handbook, has or will be transferred to the "acquiree's shareholder(s) or the vendor(s)";

(iii) the level of disclosure contained in the financial statements must be adequate under applicable British Columbia Securities Laws;

(iv) if the Issuer is reactivating, the draft audited financial statements must be dated within 120 days of the date of the receipt for the preliminary BC Prospectus;

(v) for any future-oriented financial information, refer to paragraph 48 of the Auditing and Related Services Guideline of the CICA Handbook entitled "Examination of a financial forecast or projection included in a prospectus or other offering document" as well as applicable British Columbia Securities Laws;

(vi) if a Material Change occurs after the date of the financial statements but before the date of the BC Prospectus, such additional information as required under applicable British Columbia Securities Laws;

(vii) the financial statements must include figures for subsidiaries of the Issuer; and

(viii) for Issuers which are in the development stage, the financial statements must contain an analysis of exploration, research, development and administrative costs.

(b) The unaudited financial statements of the Issuer must be:

(i) prepared on a comparative basis; and

(ii) must be prepared by a public accountant and include a review engagement report under sections 8100 and 8200 of the CICA Handbook.

(c) Financial statements contained in a BC Prospectus must be approved by the board of directors of the Issuer and their approval must be evidenced by the signatures at the foot of the balance sheet of two directors duly authorized to signify the approval, and with their names typed below their signatures.

2.5 Receipt for Preliminary BC Prospectus

(a) After the Exchange receives a preliminary BC Prospectus and accompanying documents filed by an Issuer, the Exchange will check that the documents are in the form required by British Columbia Securities Laws. If any of the documents filed are deficient, the Exchange will notify the BCSC and the Issuer's counsel. Once the preliminary BC Prospectus and accompanying documents are in the form required by British Columbia Securities Laws, the Exchange will request that the BCSC issue a receipt for the preliminary BC Prospectus.

(b) If the BCSC has received the documents it requires under British Columbia Securities Laws and the prescribed fee, it will issue by SEDAR a receipt for the preliminary BC Prospectus.

2.6 Use of Preliminary BC Prospectus

The preliminary BC Prospectus can be used by the Underwriter or Agent to solicit "expressions of interest" before a receipt for the final BC Prospectus is issued by the BCSC, provided that the Underwriter or Agent complies with British Columbia Securities Laws.

2.7 Review of Preliminary BC Prospectus

(a) After the BCSC has issued a preliminary receipt, the Exchange will review and assess the preliminary BC Prospectus and the other documents filed by the Issuer. If the Exchange determines that the BC Prospectus and accompanying documents do not comply with the policies of the Exchange or British Columbia Securities Laws or requires further information, the Exchange will issue written comments to the Issuer's counsel with a request for written responses.

(b) If there are serious disclosure problems in the preliminary BC Prospectus, then the Exchange can:

(i) determine that a trading halt or suspension would be appropriate in the circumstances;

(ii) discuss with the BCSC whether a cease trade order under the British Columbia Securities Laws would be appropriate in the circumstances; or

(iii) return the filed materials to the Issuer.

(c) When the Exchange is satisfied with the responses to its comments and the BCSC has notified the Exchange that it is ready for final materials to be filed, the Exchange will request the Issuer to file final materials. The materials to be filed with and process to be followed in connection with the final BC Prospectus are described in section 2(9).

2.8 Amendments to Preliminary BC Prospectus

(a) If an adverse Material Change occurs after a receipt is issued for a preliminary BC Prospectus but before a receipt is issued for the final BC Prospectus, the Issuer must file with the Exchange and the BCSC an amendment to the preliminary BC Prospectus disclosing the change as soon as practicable and in any event no later than 10 days after the change occurs. If the Material Change is not adverse, the Issuer may file an amendment to the preliminary BC Prospectus, but is not required to do so.

(b) Any amendments to a preliminary BC Prospectus must be made in accordance with British Columbia Securities Laws.

(c) The Issuer must file the following materials with the Exchange and the BCSC:

(i) one copy of the amendment to the preliminary BC Prospectus, signed by the Issuer's directors, officers and Promoters and by the Agent or Underwriter;

(ii) a certified copy of the directors' resolution approving the amendment and authorizing the directors and officers to sign the amendment;

(iii) signed or certified true copies of all material contracts related to the amendment, if applicable; and

(iv) signed consents, if required under British Columbia Securities Laws.

2.9 Documents to be Filed with Final BC Prospectus

After the Exchange has called for final materials (as described in section 2(7)), the Issuer must file the following with the Exchange and the BCSC:

(a) one copy of the final BC Prospectus, signed by the Issuer's officers, directors and Promoters and by each Member or Participating Organization who is acting as the Agent or Underwriter for the offering. These certificates must be signed within three days before the date of the final BC Prospectus. The final BC Prospectus must be filed within 10 days of the date of the BC Prospectus;

(b) one copy of the final BC Prospectus, black-lined to show changes from the preliminary BC Prospectus;

(c) a signed consent letter, as required by British Columbia Securities Laws, from each of the Issuer's auditors and public accountants, including the public accountant who prepared the review engagement report;

(d) a certified copy of directors' resolutions approving the final BC Prospectus and the financial statements and authorizing the directors to sign the balance sheet and the directors and officers to sign the final BC Prospectus;

(e) if the BC Prospectus contains a summary of a Geological Report, signed consents as required under British Columbia Securities Laws and, if not previously filed, a signed copy of the final version of the Geological Report, referred to in the final BC Prospectus, accompanied by the author's certificates;

(f) if the BC Prospectus contains a summary of a valuation or appraisal report, a signed copy of the final version of the valuation or appraisal report accompanied by the author's signed consent letter, as required by British Columbia Securities Laws;

(g) signed consent letters from any other professional person named in the BC Prospectus, as required by British Columbia Securities Laws;

(h) confirmation that a CUSIP number has been applied for and received for any securities offered which have not previously been assigned a CUSIP number;

(i) a signed copy of the underwriting or agency agreement, if not filed previously;

(j) a specimen certificate for any securities which were not previously listed, with the CUSIP number for that security printed on the specimen certificate; and

(k) a covering letter to the Exchange listing the documents enclosed and confirming that the Issuer has filed with the BCSC the documents required by British Columbia Securities Laws.

2.10 Receipt for Final BC Prospectus

(a) After the Exchange receives a final BC Prospectus and accompanying documents filed by an Issuer, the Exchange will check that the documents are in the form required by British Columbia Securities Laws. If any of the documents filed are deficient, the Exchange will notify the BCSC and the Issuer's counsel. Once the final BC Prospectus and accompanying documents are in the form required by British Columbia Securities Laws, the Exchange will request that the BCSC issued a receipt for the final BC Prospectus.

(b) If the BCSC has received the documents it requires under British Columbia Securities Laws and the prescribed fee, it will issue by SEDAR a receipt for the final BC Prospectus.

2.11 Refusal to Issue Receipt

In reviewing the preliminary BC Prospectus and the final BC Prospectus, the Exchange will consider:

(a) whether it would be prejudicial to the public interest to issue a receipt for the BC Prospectus; and

(b) whether:

(i) the BC Prospectus or any record required to be filed with it,

(A) does not comply substantially with the applicable requirements of British Columbia Securities Laws; or

(B) contains a misrepresentation or a statement, estimate or forecast that is misleading, false or deceptive;

(ii) unconscionable consideration has been paid or given or is intended to be paid or given for any services or promotional purposes or for the acquisition of property;

(iii) the aggregate of

(A) the proceeds from the sale of the securities under the BC Prospectus that are to be paid into the treasury of the Issuer; and

(B) the other resources of the Issuer

are insufficient to accomplish the purpose of the issue stated in the BC Prospectus;

(iv) the Issuer cannot reasonably be expected to be financially responsible in the conduct of its business because of the financial condition of the Issuer or that of its officers, directors, Promoters or Control Persons;

(v) because of the past conduct of the Issuer or that of its officers, directors, Promoters or Control Persons, the business of the Issuer may not be conducted with integrity and in the best interests of the shareholders of the Issuer;

(vi) the directors and officers of the Issuer lack the knowledge and expertise necessary to conduct the business of the Issuer in compliance with the law and in the best interests of the shareholders of the Issuer;

(vii) such escrow or pooling agreement as is considered necessary or advisable with respect to the securities has not been entered into or the rights or restrictions that are considered necessary or advisable with respect to the securities have not been attached to the securities;

(viii) a Person that has prepared or certified any part of the BC Prospectus or that is named as having prepared or certified a report or valuation used in or in connection with the BC Prospectus is not acceptable;

(ix) an Issuer doing business primarily as an industrial company or natural resource company has as part of its name any of the following words: "Acceptance", "Credit", "Finance", "Loan", "Trust", unless prior written approval has been obtained from the BCSC; or

(x) if a minimum amount of funds is required by an Issuer distributing securities on a best efforts basis, the BC Prospectus does not indicate that the offering will cease if the minimum amount of funds is not subscribed for within 90 days after the date of the receipt for the final BC Prospectus, unless the consent of the BCSC and those Persons that subscribed within the 90 days is obtained.

2.12 Amendments to Final BC Prospectus

(a) While a BC Prospectus is effective, if a Material Change occurs, the Issuer must immediately file an amendment with the Exchange and the BCSC disclosing the change. Any amendments to a final BC Prospectus must be made in accordance with British Columbia Securities Laws.

(b) The Issuer must file the following materials for an amendment to a final BC Prospectus with the Exchange and the BCSC:

(i) one copy of the amendment to the final BC Prospectus, signed by the Issuer's directors, officers and Promoters and by the Agent or Underwriter;

(ii) a certified copy of the directors' resolution approving the amendment and authorizing the directors and officers to sign the amendment;

(iii) signed or certified true copies of all material contracts related to the amendment, if applicable; and

(iv) signed consents, if required under British Columbia Securities Laws.

2.13 Final Filings

(a) Following the closing of the offering, the Member must promptly file with the Exchange a letter indicating:

(i) the number and price of the securities distributed pursuant to the offering;

(ii) the number of securities reserved for issuance pursuant to the offering; and

(iii) the extent of any oversubscription pursuant to a greenshoe option.

2.14 BC Prospectus Offering Matters

(a) Minimum Subscription

The Exchange will require, unless the distribution is entirely a secondary distribution, a minimum amount net to the Issuer's treasury of $200,000 either as an underwritten or as an agency offering. The minimum amount of the offering must be sufficient to accomplish the purposes of the offering and such minimum must be specified. The offering will be cancelled by the Exchange if the minimum amount is not reached.

(b) Pricing

(i) If Listed Shares are being offered, then the offering price will generally be the Market Price. The minimum offering price will not normally be more than 20% lower than the Market Price and the maximum offering price will not normally be more than 20% higher than the Market Price. In any event, the offering price cannot be less than $0.15.

(ii) An announcement, by news release, will be made immediately by the Issuer or the Member to announce the terms of the offering. The Member will immediately reconfirm any order received subject to price by directly conveying the terms of the offering to any potential purchaser whose order was received subject to price.

(iii) The Exchange may require that the offering price be amended if there is a Material Change in the affairs of the Issuer between the date the offering price is fixed and the closing of the offering.

(iv) If the class of securities being offered is not a class of Listed Shares, then the minimum offering price must be $0.15.

(c) Unit Offering

The following requirements apply to unit offerings comprising Warrants:

(i) the total number of additional securities which may be issued pursuant to the exercise of Warrants cannot exceed the total number of securities initially issued as part of the unit offering;

(ii) a Warrant in a unit offering must have an exercise price which is higher than the unit price and, if the unit price is at a discount to the Market Price, then the exercise price of the Warrant must be not less than the Market Price;

(iii) the exercise period of a Warrant cannot exceed two years from the date of the BC Prospectus; and

(iv) the issuance of a piggyback warrant upon exercise of a Warrant is not permitted.

2.15 Special Warrant Conversions Using a BC Prospectus

(a) A BC Prospectus can be used to qualify the units or shares to be issued upon exercise of special warrants issued by an Issuer which is entitled to file a BC Prospectus.

(b) The BC Prospectus must comply with section 2 of this Policy and the following additional requirements which apply to special warrant conversions:

(i) unless the placement of special warrants was non-brokered, the Agent or Underwriter's certificate must be signed by the Agent or Underwriter who acted as agent for the sale of the special warrants;

(ii) the use of proceeds section of the BC Prospectus must disclose:

(A) the proceeds from the special warrant private placement;

(B) whether any of the proceeds have been spent, and if so, a cross-reference to the detailed disclosure found elsewhere in the BC Prospectus; and

(C) the existing working capital as of a date within 30 days of the date of the final BC Prospectus, including the balance of the proceeds from the special warrant private placement;

(iii) if any placee will become an Insider on conversion of the special warrants, that fact must be disclosed in the BC Prospectus and the placee must submit an undertaking to file Insider reports with the BCSC;

(iv) the BC Prospectus must disclose the number and dollar value of any special warrants acquired by Agents or Underwriters; and

(v) an Agent or Underwriter who has purchased special warrants must provide a BC Prospectus to all subsequent purchasers of the securities acquired by the Agent or Underwriter on conversion of the special warrants as this trade is deemed by British Columbia Securities Laws to be a "distribution".

3. Alberta Exchange Offering Prospectus Distributions

3.1 Definitions

In this Policy:

"ASC Order" means the order of the ASC dated February 22, 1996 exempting Alberta Distributions from the Prospectus form and filing requirements of the *Securities Act* (Alberta);

"Alberta Distribution" means a distribution of securities in the Province of Alberta by an Alberta Issuer using an Alberta EOP as permitted by the ASC Order;

"Alberta EOP" means an exchange offering prospectus in the form prescribed by Form 4G;

"Alberta Issuer" means an Issuer:

(a) whose securities have been listed on the Exchange (or The Alberta Stock Exchange) for at least 12 months before the date of the receipt for the preliminary Alberta EOP;

(b) that is not in default under the policies of the Exchange or Alberta Securities Laws;

(c) that meets the Tier Maintenance Requirements set out in Policy 2.5; and

(d) that will meet the Minimum Listing Requirements for an industrial, oil and gas or a mining company set out in Policy 2.1 on achieving the minimum offering; or

(e) an Issuer designated an Alberta Issuer by the Executive Director of the ASC.

"**Alberta Qualifying Issuer"** means an Issuer that has been conditionally accepted for listing on the Exchange as an oil and gas or mining company or an industrial company which has earned more than $200,000 of gross revenue during its last complete financial year.

3.2 General

(a) In accordance with the ASC Order, Alberta Issuers and Alberta Qualifying Issuers are permitted to conduct an Alberta Distribution in the Province of Alberta by complying with this Policy. The ASC Order exempts Alberta Distributions from the provisions of the *Securities Act* (Alberta) as to the form and content of prospectuses provided that the procedures of the Exchange set out in this Policy are complied with.

(b) The ASC Order delegates the responsibility of reviewing an Alberta EOP by an Alberta Issuer to the Exchange. The review of Alberta EOPs by Alberta Qualifying Issuers is carried out by the ASC. Where an Issuer files an Alberta EOP in jurisdictions in addition to Alberta, the Issuer must comply with the applicable Securities Laws. Currently, an Alberta EOP may only be used for Alberta Distributions and may not be filed with any other Securities Commission.

(c) Financing by way of an Alberta EOP is available to Alberta Issuers and Alberta Qualifying Issuers, provided that the gross proceeds from the distribution is not greater than $5,000,000 and the distribution is completed by a Member of the Exchange. Financing through an Alberta EOP is not available to a Capital Pool Company which has not completed its Qualifying Transaction pursuant to Policy 2.4 - Capital Pool Companies or to a JCP which has not completed a Major Transaction (as defined in ASE Circular No. 7).

3.3 Alberta EOP Form

(a) The Alberta EOP is intended to have a standard format for ease of reference and to do away with tables of contents and summaries. It is presumed that a potential investor will read the entire document, therefore bold face type, repetition and cross references are minimized. Summaries of income tax provisions, industry regulation, oil and gas and local real estate markets and government incentive programs need not be included. Facts necessary to apply such information, such as whether the Issuer qualifies for specified grants or incentives or the applicability of specific income tax rules, as well as lesser-known information, such as market conditions for new products, should be included.

(b) The applicant must prepare an Alberta EOP in compliance with Form 4G and Exchange Requirements. There must also be full compliance with the requirements of Alberta Securities Laws and the prospectus review procedures of the ASC except as modified by the ASC Order or this Policy, including the following:

(i) the reference in section 105(1) of the *Securities Rules* (Alberta) to "five financial years" will instead be read as "two financial years";

(ii) in the case of an Alberta Issuer which has completed a Reverse Take-Over or Qualifying Transaction (a "Transaction"), financial statements of the Issuer and of the acquired subsidiary prepared in accordance with Alberta Securities Laws must be included in the Alberta EOP. In addition, a pro forma balance sheet together with an auditors' compilation report, prepared as at the date of the Transaction and which includes the effect of the Transaction, must be included. The pro forma balance sheet is not required if the Alberta EOP contains consolidated financial statements prepared as of a date subsequent to the Transaction.

(iii) in accordance with section 105(7) of the *Securities Rules* (Alberta), Issuers may make application for relief from having to file comparative audited financial statements in cases where the Issuer is unable to obtain the required information or the presentation of such information does not provide a meaningful comparison in the circumstances and the Executive Director of the ASC determines that a waiver of this requirement would not be prejudicial to the public interest;

(iv) any feasibility or other studies filed with the Exchange must be prepared in accordance with applicable Exchange Requirements; and

(v) the provisions of paragraphs 1.6, 1.7, 1.8, 1.9, 2 and 3 of ASC Policy 4.1 do not apply.

(c) A preliminary Alberta EOP containing the information that is to be disclosed in the Alberta EOP, except for the price and number of securities offered and matters derived therefrom, can only be used to solicit expressions of interest from prospective purchasers provided that:

(i) a Member has signed the certificate required by the Alberta EOP;

(ii) the Member is registered under the *Securities Act* (Alberta) to sell securities in the Province of Alberta;

(iii) the preliminary Alberta EOP has been filed with the Exchange and accepted by the Exchange; and

(iv) the preliminary Alberta EOP has been filed with the ASC and the ASC has issued a receipt for the preliminary Alberta EOP.

3.4 Filing Procedures

(a) The following documents must be filed with the Exchange in connection with a preliminary Alberta EOP filing:

(i) two copies of the preliminary Alberta EOP, one copy with all required signatures manually signed;

(ii) one manually signed copy of all Geological Reports, market studies, appraisal reports, feasibility studies or such similar reports, if any;

(iii) if the auditors' report is unsigned, one manually signed copy of the comfort letter;

(iv) one manually signed or certified copy of all directors' resolutions certified under seal by an officer of the Issuer, approving the preliminary Alberta EOP and the financial statements included therein and authorizing the signing thereof. Also one manually signed or notarially certified copy of a resolution of the board of directors of every Company (other than the Issuer or an Agent or Underwriter) that has signed the preliminary Alberta EOP authorizing the signing thereof;

(v) one manually signed or in the case of material contracts one notarially certified copy of all other documents required by item 13 of Form 4G and not referred to above;

(vi) one manually executed PIF (Form 2A) for each director, officer, Promoter, key employee, key consultant, Insider and Control Person of the Issuer; and

(vii) the applicable filing fee as prescribed by Policy 1.3 - Schedule of Fees.

(b) The following documents must be filed with the ASC in connection with a preliminary Alberta EOP filing:

(i) three copies of the preliminary Alberta EOP, one copy with all required signatures manually signed;

(ii) two manually signed copies of all Geological Reports, market studies, appraisal reports, feasibility studies or such similar reports, if any;

(iii) if the auditors' report is unsigned, one manually signed copy of the comfort letter;

(iv) one manually signed or certified copy of all directors' resolutions certified under seal by an officer of the Issuer, approving the preliminary Alberta EOP and the financial statements included therein and authorizing the signing thereof. Also one manually signed or notarially certified copy of a resolution of the board of directors of every Company (other than the Issuer or an Agent or Underwriter) that has signed the preliminary Alberta EOP authorizing the signing thereof;

(v) one manually signed or in the case of material contracts one notarially certified copy of all other documents required by item 13 of Form 4G and not referred to above;

(vi) a letter from the Exchange confirming conditional listing acceptance of the shares to be offered if a representation to that effect is made in the preliminary Alberta EOP;

(vii) one manually executed PIF (Form 2A) for each director, officer, Promoter, key employee, key consultant, Insider and Control Person of the Issuer; and

(viii) the fee required by the *Securities Act* (Alberta).

(c) The Exchange will review the preliminary Alberta EOP and supporting documentation filed by an Alberta Issuer and will normally provide comments on the preliminary Alberta EOP to the Issuer within seven business days of the date of the preliminary receipt.

(d) In the case of a Alberta Qualifying Issuer, the ASC will review the preliminary Alberta EOP and supporting documentation filed by an Alberta Qualifying Issuer and will normally provide comments on the preliminary Alberta EOP to the Issuer within ten business days of the date of the preliminary receipt.

(e) After the Issuer has satisfied the Exchange in the case of an Alberta Issuer, or the ASC in the case of a Alberta Qualifying Issuer, with respect to each of their comments, the Issuer may file final Alberta EOP materials with the Exchange and the ASC.

(f) The following documents must be filed with the Exchange in connection with a final EOP filing:

(i) two copies of the final Alberta EOP, one copy black-lined to show changes from the preliminary Alberta EOP and one copy with all required signatures manually signed;

(ii) as soon as available, one copy of the commercially printed Alberta EOP as delivered to purchasers of the securities offered;

(iii) one manually signed copy of the underwriting or agency agreement;

(iv) one manually signed or in the case of material contracts one notarially certified copy of all other documents set out in item 13 of Form 4G and not previously filed with the Exchange;

(v) one manually signed copy of all consents required by section 85 of the *Securities Rules* (Alberta);

(vi) one manually signed copy of the comfort letter in respect of the unaudited financial statements; and

(vii) one manually signed or certified copy of all directors' resolutions certified under seal by an officer of the Issuer, approving the Alberta EOP and the financial statements included therein and authorizing the signing thereof. Also one manually signed or notarially certified copy of a resolution of the board of directors of every Company (other than the Issuer or an Agent or Underwriter) that has signed the Alberta EOP authorizing the signing thereof.

(g) The following documents must be filed with the ASC in connection with a final Alberta EOP filing:

(i) three copies of the final Alberta EOP, one copy black-lined to show changes from the preliminary Alberta EOP and one copy with all required signatures manually signed;

(ii) as soon as available, two copies of the commercially printed Alberta EOP as delivered to purchasers of the securities offered;

(iii) one manually signed copy of the underwriting or agency agreement;

(iv) one manually signed or in the case of material contracts one notarially certified copy of all other documents set out in item 13 of Form 4G and not previously filed with the ASC;

(v) one manually signed copy of all consents required by section 85 of the *Securities Rules* (Alberta);

(vi) one manually signed copy of the comfort letter in respect of the unaudited financial statements; and

(vii) one manually signed or certified copy of all directors' resolutions certified under seal by an officer of the Issuer, approving the Alberta EOP and the financial statements included therein and authorizing the signing thereof. Also one manually signed or notarially certified copy of a resolution of the board of directors of every Company (other than the Issuer or an Agent or Underwriter) that has signed the Alberta EOP authorizing the signing thereof.

(h) The Alberta EOP will be printed or otherwise reproduced in a manner satisfactory to the Exchange and in accordance with the Alberta Securities Laws at the expense of the Issuer.

(i) The Alberta EOP cannot be distributed by the Member to its clients or other Members until the Alberta EOP has been accepted by the Exchange, and the ASC has issued a receipt for the Alberta EOP.

(j) The Issuer shall provide the Exchange with as many copies of the Alberta EOP as the Exchange requires for distribution to Members.

(k) Wherever additional or subsequent information is filed with the ASC, the same information must be filed with the Exchange.

3.5 Alberta EOP Offering Matters

(a) Minimum Subscription

The Exchange will require, unless the distribution is entirely a secondary distribution, a minimum amount net to the Issuer's treasury of $200,000 either as an underwritten or as an agency offering. The minimum amount of the offering must be sufficient to accomplish the purposes of the offering and such minimum must be specified. The offering will be cancelled by the Exchange if the minimum amount is not reached.

(b) Pricing

(i) If Listed Shares are being offered, then the offering price will generally be the Market Price. The minimum offering price will not normally be more than 20% lower than the Market Price and the maximum offering price will not normally be more than 20% higher than the Market Price. In any event, the offering price cannot be less than $0.15.

(ii) An announcement, by news release, will be made immediately by the Issuer or the Member to announce the terms of the offering. The Member will immediately reconfirm any order received subject to price by directly conveying the terms of the offering to any potential purchaser whose order was received subject to price.

(iii) The Exchange may require that the offering price be amended if there is a Material Change in the affairs of the Issuer between the date the offering price is fixed and the closing of the offering.

(iv) If the class of securities being offered is not a class of Listed Shares, then the minimum offering price must be $0.25.

(c) Filings

(i) Where the Exchange deems it necessary, the Issuer or the Member will file with the Exchange by noon on the day prior to the closing of the offering a statement of trading in the security for the two previous weeks in any accounts in which the Member, any Member acting as jitney for the offering, the Issuer or the Promoter or any of their partners, officers or directors, or Associates has any direct or indirect interest. An additional statement may be required after the close of trading on that day to update the information for any trading by these individuals in the security. Any trading in such accounts will be subject to review by the Exchange.

(ii) The Issuer or the Member will file with the Exchange by noon on the day before the closing of the offering a statement as to the intended subscriptions to the offering by Insiders of the Issuer, whether directly or indirectly, and the size of each Insider's intended subscription. Any subscriptions by Insiders in the aggregate of 30% or more of the offering may be subject to review by the Exchange.

(iii) The Member and any Members for whom the Member is acting on a jitney basis will file with the Exchange on the day before the closing of the offering a statement showing the name and address of each of its clients subscribing for 5% or more of the offering.

(iv) Following the closing of the offering, the Member will promptly file with the Exchange a statement indicating that a sufficient number of subscriptions has been received to meet the distribution and financial requirements for listing.

(v) The Exchange has the right to inspect the Member's orders and orders of Members purchasing to determine whether a bona fide distribution has been accomplished. If, in the opinion of the Exchange, a bona fide distribution has not been accomplished, the offering may be cancelled by the Exchange. Members shall provide the Exchange with a summary, in the form provided by the Exchange, of the number and sizes of client orders.

(vi) In any event, the securities will be posted for trading at a time decided by the Exchange only after the Exchange is satisfied that a bona fide distribution has occurred.

(vii) On completion of the Alberta Distribution accepted by the Exchange, the Issuer must promptly issue a news release announcing the successful distribution.

(viii) In the case of over-subscription, allotment of securities offered under the offering will be completed by filling all client orders in priority to Pro Group orders. Thereafter, client orders from other Members and Participating Organizations will be filled on a pro rata basis.

(d) Unit Offerings

The following requirements apply to unit offerings comprising Warrants:

(i) the total number of additional securities which may be issued pursuant to the exercise of Warrants cannot exceed the total number of securities initially issued as part of the unit offering;

(ii) a Warrant in a unit offering must have an exercise price which is higher than the unit price under the Alberta EOP;

(iii) the exercise period of a Warrant cannot exceed one year from the date of the Alberta EOP; and

(iv) the issuance of a piggyback warrant upon exercise of a Warrant is not permitted.

(e) Secondary Distributions

A secondary distribution of securities is permitted. However, if an offering consists of both a primary and a secondary distribution, the primary distribution must be completed before the commencement of the secondary distribution and the price of the secondary distribution must be the same as the primary distribution. The selling shareholders of any secondary offering must bear a proportionate share of the Member's commission and offering costs.

(f) Short Sales

Any securities purchased by the Member or a Member for which it is acting as jitney under an Alberta Distribution cannot be delivered directly or indirectly against a short sale made previously.

(g) Market Balancing

The Exchange may require that the Member make market balancing transactions on one or both sides of the market in the offered security so that trading remains orderly.

(h) Amendments to Alberta EOP

The Issuer must file with the Exchange and the ASC any amendment updating the Alberta EOP during any distribution when there is a Material Change in its affairs and when the Issuer releases each quarter's financial results. Any amendment must comply with the provisions of Alberta Securities Laws.

(i) Discretionary Powers

Any Alberta Distribution will be subject to acceptance by the Exchange and approval by the ASC. The Exchange and the ASC may, in their discretion, waive or impose additional requirements for Alberta Distributions or refuse to allow an Alberta EOP.

3.6 Special Warrant Conversions Using an Alberta EOP

(a) An Alberta EOP can be used to qualify for distribution securities issuable upon the exercise of special warrants. In all cases, the preliminary Alberta EOP and the Alberta EOP must include a signed underwriter's certificate prepared in accordance with Alberta Securities Laws. If the special warrant offering consists of an offering of units comprised of special warrants and warrants, the Alberta EOP may be used to qualify for distribution the securities issuable upon the exercise of special warrants, the warrants and the shares issuable upon exercise of the warrants. The requirements relating to units above also apply to a special warrant offering of units.

(b) The closing of the offering must not be less than one day after mailing of the Alberta EOP and not more than ninety days after the date of the final receipt.

(c) No additional consideration is required to be tendered by the holders of the special warrants upon the exercise of the special warrants.

(d) The Issuer or the Member must file with the Exchange by the close of business on the day before the closing of the offering a statement as to the holders of special warrants who intend to exercise their special warrants.

(e) On the completion of the Alberta Distribution, the Issuer must promptly issue a news release announcing the successful distribution. Commencement of trading may be delayed on the closing of the offering to allow for dissemination of the news release.

(f) If the Issuer has relied on the ASC Order in making a private placement offering of special warrants, the special warrant offering must comply with all terms of the ASC Order.

4. Agent Compensation for a BC Prospectus or Alberta EOP

4.1 Member's Commission

A Member is free to negotiate its selling commission with the Issuer.

4.2 Other Commissions

If persons receiving commissions are not Members, refer to Policy 5.1 – Loans, Bonuses, Finder's Fees and Commissions for a calculation of the maximum commission that can be paid.

4.3 Agent's Option

A Member may be granted a non-transferable agent's option ("Agent's Option") entitling it to subscribe for up to 25% of the total number of securities offered for sale under a BC Prospectus or Alberta EOP. The exercise price of the Agent's Option will be:

(a) the offering price per share if the option is exercisable for shares only; or

(b) the offering price per unit if the option is exercisable for units. Any Warrants underlying the units will be exercisable at the same price as the Warrants underlying the units offered to the public. The Agent's Option will expire if not exercised within two years from the date of issuance.

4.4 Selling Group Compensation

A Member may offer part of the commissions or Agent's Option from an offering to other licensed broker dealers and investment dealers who participate in a selling group. However, the allocation of the Agent's Option must be reported to the Exchange on conclusion of the offering.

4.5 Greenshoe Option

An Issuer may grant a greenshoe option to an Agent or Underwriter to acquire further securities offered under a BC Prospectus or Alberta EOP in accordance with the following:

(a) the option must be limited to the lesser of 15% of the total number of securities involved in the offering or the actual number of securities sold by way of over-subscription;

(b) the number of securities under option will be determined on the closing date;

(c) the exercise price of the option must be at or above the same price as the net price of the securities to the Issuer's treasury;

(d) the exercise period cannot exceed 60 calendar days after the closing date; and

(e) the Agent or Underwriter must advise the Exchange of the extent of any over-subscription at the time of closing of the offering.

POLICY 4.3

SHARES FOR DEBT

Scope of Policy

If an Issuer is unable, or in certain circumstances unwilling, to make payment in cash for debts, the Issuer can negotiate with its creditors to settle outstanding debts by issuing shares. This type of transaction requires Exchange Acceptance before the Issuer issues the shares.

This Policy outlines the Exchange's policies on the issuance of shares for debt.

The main headings in this Policy are:

1. General Requirements
2. Restrictions on Debt Restructuring Plans
3. Filing Requirements
4. Denial of Acceptance

1. General Requirements

1.1 **"Shares for Debt"** refers to the issuance of shares to settle trade or other accounts which would normally be paid in cash. Warrants cannot be issued to settle debt.

1.2 A shares for debt settlement must be accepted by the Exchange before any shares are issued. Shares for debt transactions are deemed material by the Exchange; the Issuer must issue a news release upon settlement. The Issuer must apply to the Exchange for acceptance within 30 days after the agreement to issue shares for debt is reached.

1.3 The Exchange will consider the individual circumstances of each shares for debt transaction, including the following matters:

(a) **Need**

The Issuer must have no funds or immediate source of funds, or all the Issuer's funds on hand must be otherwise committed.

(b) **Shareholder Approval**

If the issuance of shares could result in an effective or absolute change of control, the Issuer must obtain shareholder approval of the specific transaction. The information provided to shareholders when seeking approval must include the names of the new control person(s) and the details of the transaction relating to the change in control.

(c) **Hold Periods**

All Listed Shares issued in a shares for debt settlement (regardless of the prospectus exemption which is used) must be legended to impose a four month Exchange hold period on the Listed Shares from the date of issuance of the securities.

See Policy 3.2 - Filing Requirements and Continuous Disclosure for legending requirements.

(d) **Deemed Value**

The deemed price per share at which the debt is converted must be not less than the Discounted Market Price.

See the definition of Discounted Market Price in Policy 1.1 - Interpretation.

2. Restrictions on Debt Restructuring Plans

2.1 A Tier 2 Issuer must not issue, as part of a debt settlement plan, more than 100% of the number of the Issuer's Listed Shares outstanding, excluding any other securities which are proposed to be issued as part of a subsequent private or public financing, unless:

(a) the plan is approved by disinterested shareholders of the Issuer; and

(b) if the Issuer is Inactive, all Listed Shares issued to Insiders, or individuals who will become Insiders as a result of the transaction, are subject to an escrow requirement in accordance with Policy 5.4 - Escrow and Vendor Consideration.

2.2 The Exchange can waive the escrow requirement for arm's length creditors who become Insiders solely because of Listed Shares they received as a result of the debt settlement.

2.3 If, within one year after a debt settlement, the Issuer undertakes a Major Acquisition (as defined in Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets) where the business or asset acquired is not in the same industry sector as the Issuer's current business and the transaction results in the issuance of at least 100% of the Issuer's Listed Shares, the Exchange can deem the transaction to be a Change of Business or a Reverse Take-Over.

2.4 If a share consolidation is proposed or planned as part of an Issuer's debt settlement restructuring plan, then the minimum deemed issuance price of any shares to be issued as part of the debt settlement must be the Discounted Market Price multiplied by the consolidation ratio.

3. Filing Requirements

The Issuer must file with the Exchange the Shares for Debt Filing Form (Form 4H) together with the materials listed in the Shares for Debt Filing Form (many of which help establish that the debt is legitimate) and the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

4. Denial of Acceptance

The Exchange can deny acceptance of any shares for debt settlement and will generally deny acceptance if:

(a) the amount of debt is unsubstantiated by the financial statements or any other satisfactory evidence;

(b) the debt is alleged to be an accrued account but is not accounted for in the historical financial statements;

(c) the Issuer has conducted a series of shares for debt transactions and appears to use this procedure to raise funds rather than using other conventional methods available to it;

(d) the proposed agreement calls for the settlement of future debts by an issuance of shares at the Discounted Market Price in effect on the agreement date. The issuance of shares for debt must not be a pre-determined arrangement;

(e) the Issuer proposes a shares for debt settlement with a small number of preferred creditors, who are offered terms more favourable than terms offered other creditors who are approached around the same time;

(f) the debt relates to management fees of more than $2,500 per month;

(g) the debt arises from an investor relations services contract; or

(h) the debt arises in payment of outstanding property option payments.

POLICY 4.4

DIRECTOR, OFFICER AND EMPLOYEE STOCK OPTIONS

Scope of Policy

Director, officer and employee stock options, commonly referred to as incentive stock options, are a means of rewarding optionees for future services provided to the Issuer. They are not intended as a substitute for salaries or wages, or as a means of compensation for past services rendered.

This Policy sets out the Exchange's requirements for incentive stock options.

The main headings in this Policy are:

1. Introduction
2. General Requirements
3. Stock Option Plans
4. Required Documentation for Individual Grants not Pursuant to a Plan
5. Required Documentation for Stock Option Plans
6. Amending Stock Option Agreements

1. Introduction

1.1 Application

The Exchange requirements in this Policy apply to:

(a) an Issuer listed on the Exchange which proposes to grant stock options to its Directors, Employees and Consultants; and

(b) an unlisted Company planning to apply or in the process of applying for listing on the Exchange which proposes to grant stock options to its Directors and Employees which will remain outstanding after listing.

1.2 Interpretation

In this Policy:

"Consultant" means, in relation to an Issuer, an individual (or a Company wholly-owned by Individuals) who:

(a) provides ongoing consulting services to the Issuer or an Affiliate of the Issuer under a written contract;

(b) possesses technical, business or management expertise of value to the Issuer or an Affiliate of the Issuer;

(c) spends a significant amount of time and attention on the business and affairs of the Issuer or an Affiliate of the Issuer; and

(c) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer.

"Directors" means directors, senior officers and Management Company Employees of an Issuer, or of an unlisted Company seeking a listing on the Exchange, or directors, senior officers and Management Company Employees of an Issuer's or an unlisted Company's subsidiaries to whom stock options can be granted in reliance on a Prospectus exemption under applicable Securities Laws.

"Employee" means:

(a) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);

(b) an individual who works full-time for an Issuer providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source; or

(c) an individual who works for an Issuer on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source.

"Management Company Employee" means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person engaged in Investor Relations Activities.

"Optionee" means the recipient of an incentive stock option.

1.3 Only individuals which are Directors, Employees, Management Company Employees or Consultants may be granted stock options. It is the Issuer's responsibility to ensure exemptions from the Prospectus and registration requirements of applicable Securities Laws are available.

1.4 Types of Options

The Exchange recognizes that different types of Issuers have varying requirements for stock option terms depending on their stage of development, number of employees, employee turnover, etc. An Issuer can choose one of the following methods for structuring stock option grants:

(a) Individual Stock Option Grants;

(b) Stock Option Plan for Tier 2 Issuers;

(d) Stock Option Plan for Tier 1 Issuers (based on the policy of The Toronto Stock Exchange).

2. General Requirements

2.1 Limitations on Stock Option Grants

The aggregate number of Listed Shares that may be reserved for issuance as incentive stock options or other stock purchase or option plans must not exceed:

(a) 10% of the outstanding Listed Shares of the Issuer at the time of grant, unless the grant is under a stock option plan which has been accepted by the Exchange; and

(b) 5% of the issued shares of the Issuer to any one individual at the time of granting.

2.2 Consultants

The aggregate number of options granted to Consultants must not exceed 2% of the outstanding Listed Shares of the Issuer at the time of grant.

2.3 Investor Relations

The aggregate number of options granted to persons employed in Investor Relations Activities must not exceed 2% of the outstanding Listed Shares of the Issuer at the time of grant unless the Exchange permits otherwise. Options issued to consultants providing Investor Relations services must vest in stages over 12 months with no more than 1/4 of the options vesting in any three month period.

2.4 Restrictions

(a) The Exchange may refuse to accept an option for filing if the Exchange is not satisfied that the incentive stock options are distributed on an equitable basis, having regard to:

(i) the number of Optionees;

(ii) the frequency of Optionee turnover;

(iii) the size of allocations to new Optionees; and

(iv) the duties and qualifications of the Optionee in relation to his or her position.

(b) The Exchange will not permit an Issuer to use stock options primarily as a means of financing, without the disclosure documents and hold periods that would normally apply to a financing.

(c) The Exchange will not permit an Issuer to grant new stock options while it is Inactive.

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

(d) The Exchange will not accept an incentive stock option agreement for filing if the option was granted before the Issuer was listed, unless it was fully disclosed in the Issuer's Prospectus.

2.5 Optionees

(a) The Securities Laws provide Prospectus exemptions for securities issued to certain types of people such as directors or employees. An Issuer seeking to grant options must ensure the requirements of the applicable Securities Laws are satisfied and that exemptions from the Prospectus requirements are available.

(b) Under Exchange policy, an Optionee must either be a Director, Employee, Consultant or Management Company Employee of the Issuer or its subsidiary at the time the option is granted, in order to be eligible for the issuance of the stock option to the Optionee.

(c) Options may be granted only to an individual or to a Company that is wholly-owned by individuals eligible for an option grant. If the Optionee is a Company, it must provide the Exchange with a completed Form 4J - Certification and Undertaking Required from a Company Granted an Incentive Stock Option. The Company to be granted the incentive stock option must agree not to effect or permit any transfer of ownership or option of shares of the Company nor to issue further shares of any class in the Company to any other individual or entity as long as the incentive stock option remains outstanding, except with the written consent of the Exchange.

2.6 Minimum Exercise Price

(a) The minimum exercise price of an incentive stock option, whether granted by a Tier 1 or Tier 2 Issuer, must not be less than the Discounted Market Price. If the Issuer does not issue a news release to fix the price, the price will only be guaranteed if the Summary Form - Incentive Stock Options (Form 4K) is filed within two days after the date the stock options were granted.

(b) If an option is granted by a newly listed Issuer after listing, or by an Issuer which has just been recalled for trading following a suspension or halt, the Exchange will not accept the option agreement for filing until a satisfactory market has been established.

(c) A minimum exercise price cannot be established unless the options are allocated to particular persons.

(d) If incentive stock options are granted within 90 days of a distribution by a Prospectus, the minimum exercise price of those options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Listed Shares acquired under the distribution. The 90 day period begins:

(i) on the date a final receipt is issued for the Prospectus; and

(ii) in the case of an IPO, on the date of listing.

(e) For unit offerings, the minimum option exercise price will be the 'base' (or imputed) price of the shares included in the unit. For all other financings, the minimum option exercise price will be the average price paid by the public investors.

2.7 Hold Period

In addition to any Resale Restrictions under Securities Laws, all stock options and any Listed Shares issued on the exercise of stock options must be legended with a four month Exchange hold period from the date the stock options are granted. *See Policy 3.2 - Filing Requirements and Continuous Disclosure for the wording of the legend.*

2.8 Terms of the Agreement or Plan

(a) General

The following must be included in all incentive stock option plans and agreements:

(i) a condition that the option is non-assignable and non-transferable;

(ii) if a provision is included that the Optionee's heirs or administrators can exercise any portion of the outstanding option, the period in which they can do so must not exceed one year from the Optionee's death;

(iii) a condition that disinterested shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Issuer at the time of a proposed amendment; and

(iv) a provision requiring that, for stock options to Employees, Consultants or Management Company Employees, the Issuer represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Issuer or its subsidiary.

(b) Tier 2 Issuers

In addition to the general requirements above, the following restrictions apply to options granted by a Tier 2 Issuer:

(i) options can be exercisable for a maximum of five years;

(ii) an individual can receive grants of no more than 5% of the outstanding Listed Shares of the Issuer on a yearly basis;

(iii) options granted to an Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within 90 days after the Optionee ceases to be in at least one of those categories; and

(iv) options granted to an Optionee who is engaged in Investor Relations Activities must expire within 30 days after the Optionee ceases to be employed to provide Investor Relations Activities.

(c) Tier 1 Issuers

A Tier 1 Issuer can choose to comply with either the provisions of the TSE Stock Option policy or the policies applicable to Tier 2 Issuers for its stock option plan. The TSE policy has rights and restrictions similar to this Policy, but has some different filing requirements.

2.9 Shareholder Approval

(a) Subject to section 2.10, the Issuer's shareholders must approve any stock option plan or grant that, together with all of the Issuer's other previously established stock option plans or grants, could result at any time in the number of Listed Shares reserved for issuance under stock options exceeding 10% of the outstanding Listed Shares.

(b) Approval must take place at a meeting of the shareholders. Evidence that the majority of the Voting Shares are in favour of the proposal is not an acceptable substitute. Shareholder approval can be given at a meeting of the shareholders after the establishment of the plan, grant of options or amendment of options, provided that no options are exercised under the plan, individual grant or amendment before the meeting.

(c) Shareholder approval is not required if the Issuer is conducting an IPO on the Exchange and has disclosed the details of the stock option grants or plan in its Prospectus.

2.10 Disinterested Shareholder Approval

(a) An Issuer must obtain disinterested shareholder approval of stock options if:

(i) a stock option plan, together with all of the Issuer's previously established or proposed stock option grants, could result at any time in:

(A) the number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the outstanding Listed Shares;

(B) the issuance to Insiders, within a one year period, of a number of shares exceeding 10% of the outstanding Listed Shares; or

(C) except in the case of a Tier 1 Issuer, the issuance to any one Insider and such Insider's Associates, within a one year period, of a number of shares exceeding 5% of the outstanding Listed Shares; or

(ii) the Issuer is decreasing the exercise price of stock options previously granted to Insiders.

(b) If (a) applies, the stock option agreement or plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting excluding votes attaching to Listed Shares beneficially owned by:

(i) Insiders to whom options may be issued under the stock option plan; and

(ii) associates of persons referred to in (b)(i).

(c) Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution which requires disinterested shareholder approval.

2.11 Disclosure

(a) Subject to section 2.12, in accordance with Policy 3.3 - Timely Disclosure, a stock option plan or agreement to grant stock options is a Material Change and therefore must be disclosed to the public on the day the plan or option is granted. The news release should include the number of Listed Shares reserved for issuance under the plan or the terms of the stock options under individual grants and subsequent (shareholder and Exchange) approvals required.

(b) The Exchange can require an Issuer to change a proposed option exercise price if an option is granted before a news release disclosing a Material Change has been adequately disseminated, so that the trading price of the Issuer's Listed Shares does not reflect the announcement.

2.12 Exceptions to Disclosure Requirement

The Exchange does not require a news releases disclosing the grant of stock options if:

(a) the total number of options to be granted is less than 5% of the Issuer's outstanding Listed Shares; and

(b) the total number of options granted to any one individual is less than 2% of the Issuer's outstanding Listed Shares; or

(c) the Issuer is a Tier 1 Issuer, which has already made appropriate disclosure for its stock option plan,

except where the grant is a material change under applicable Securities Laws.

3. Stock Option Plans

3.1 An Issuer which chooses to grant stock options under a plan must obtain Exchange Acceptance of the plan before it grants the stock options. After the Exchange accepts the plan, the Issuer can grant stock options only under the plan.

3.2 In determining a plan's acceptability, the Exchange will take into account such factors as: (a) the number of shares reserved for issuance under the plan, (b) the number of Directors and Employees of the Issuer, (c) the average tenure of the eligible recipients (long vs. short term), (d) whether the Issuer has a long or short term development cycle, and (e) any other factors the Exchange finds relevant. If a Tier 2 Issuer has more than 10% of its outstanding Listed Shares reserved for issuance, its plan must contain a vesting schedule which is reasonably structured and equitable in relation to the size and duration of the plan. The Exchange will not normally accept plans which permit vesting over a period of less than 18 months, or that have vesting schedules which permit a majority of the shares to be released early in the vesting period rather than equally on a quarterly basis.

3.3 Shares reserved for issuance under a stock option plan can exceed 10% of the Issuer's outstanding shares only if the Issuer has received shareholder approval under section 2(9). The Exchange will not normally accept plans reserving more than 20% of the Issuer's outstanding Listed Shares, including any outstanding stock options previously granted on an individual basis.

3.4 Each stock option plan must specify a maximum number of shares issuable under it (not a rolling maximum such as a specified percentage of the number of Listed Shares outstanding from time to time). This number can later be increased to a higher specified amount if authorized by shareholders (where required by this Policy) and accepted by the Exchange.

4. Required Documentation for Individual Grants not Pursuant to a Plan

An Issuer must file the following documentation with the Exchange immediately after it grants any stock options which are not under a plan:

(a) the Summary Form - Incentive Stock Options (Form 4K);

(b) a Declaration of Incentive Stock Options (Form 4L), executed by a director or senior officer of the Issuer;

(c) if the Optionee is not an individual, a certificate and undertaking by the corporate Optionee (Form 4J), as described in section 2(5) above; and

(d) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

5. Required Documentation for Stock Option Plans

5.1 Filing a Stock Option Plan

To obtain Exchange Acceptance of a stock option plan, the Issuer must file the following documentation:

(a) a copy of the stock option plan;

(b) if the plan requires shareholder approval, a copy of the Information Circular for the meeting at which the plan was approved or is to be approved; and

(c) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

5.2 Filing Stock Option Grants Made Under the Plan (Tier 2 Issuers)

A Tier 2 Issuer must file the following documentation immediately after it grants any stock options under the plan:

(a) the Summary Form - Incentive Stock Options (Form 4K);

(b) a Declaration of Incentive Stock Options (Form 4L), executed by a director or senior officer of the Issuer;

(c) if the Optionee is not an individual, a certificate and undertaking by the corporate Optionee (Form 4J), as described in section 2(5) above; and

(d) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

6. Amending Stock Option Agreements

6.1 General Requirements

(a) The Exchange will permit an Issuer to amend the terms of a stock option agreement or plan to reduce the number of Listed Shares under option, increase the exercise price or cancel an option without the acceptance of the Exchange, provided the Issuer issues a news release outlining the terms of the amendment.

(b) An Issuer can amend the other terms of a stock option agreement or plan only if the following requirements are satisfied:

(i) if the Optionee is an Insider of the Issuer at the time of the amendment, the Issuer obtains disinterested shareholder approval (as described in section 2(10) above);

(ii) the option exercise price can be amended only if at least six months have elapsed since the later of the date of commencement of the term, the date the Issuer's shares commenced trading, or the date the option exercise price was last amended;

(iii) if the option price is amended to the Discounted Market Price, the Exchange hold period will apply from the date of the amendment. If the option price is amended to the Market Price, the Exchange hold period will not apply;

(iv) any extension of the length of the term of the stock option is treated as a grant of a new option, which must comply with pricing and other requirements of this Policy. An option must be outstanding for at least one year before the Issuer can extend its term; and

(v) the Exchange must accept a proposed amendment before the amended option is exercised.

For the purposes of this Policy, if an Issuer cancels a stock option and within one year grants new options to the same individual, the new options will be subject to the requirements in sections (i) to (iv) above.

(c) An amendment to the terms of a stock option may be considered to be a new grant under Securities Laws. Acceptance for filing by the Exchange does not provide assurance that the Issuer is complying with Securities Laws.

6.2 Filing Requirements - Amendment

To obtain Exchange Acceptance of a stock option amendment, an Issuer must file the following with the Exchange:

(a) a Summary Form - Incentive Stock Options (Form 4K);

(b) a Declaration of Incentive Stock Options (Form 4L), executed by a director or senior officer of the Issuer; and

(c) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

POLICY 4.5

RIGHTS OFFERINGS

Scope of Policy

A rights offering occurs when an Issuer issues to its own shareholders, at no cost to the shareholders, rights enabling the shareholders to purchase additional shares or other securities of the Issuer under certain conditions by exercising the rights. This Policy outlines the requirements for a rights offering.

The main headings in this Policy are:

1. Introduction
2. Procedure
3. Filing Requirements
4. Effecting the Offering
5. Terms of the Rights and Warrants
6. Minimum Subscription Standby Guarantee
7. Pro Rata Over-Subscription
8. Trading of Rights and Warrants

1. Introduction

1.1 A right issued in a rights offering is similar to a warrant or an option because it enables its holder to acquire another security. A rights offering is also similar to a public distribution of an Issuer's securities through the Exchange but has two significant distinguishing features:

(a) the rights do not have to be purchased; instead, they are given to the shareholders of the Issuer; and

(b) the rights are given only to the shareholders of the Issuer. The rights cannot be issued to investors who are not shareholders. The shareholders will, however, be able to sell their rights, if they so choose, to non-shareholder investors.

1.2 Several jurisdictions have Securities Laws which provide a Prospectus exemption for rights offerings. A **"Rights Offering Circular"**, along with certain other information, is usually required to be prepared by the Issuer and sent to the shareholders with the rights.

1.3 The Exchange requires that rights issued by an Issuer be transferable and be listed for trading on the Exchange.

2. Procedure

2.1 Whether a rights offering is to be effected by a Rights Offering Circular or by a Prospectus, the Issuer must make filings with both the Exchange and all applicable Securities Commissions. The Securities Laws of all jurisdictions where shareholders are resident must also be considered, which may require filings with other securities regulators. The offering cannot proceed until all the relevant regulators have accepted the documentation for filing. If some shareholders are resident in jurisdictions where the rights may not legally be given to them, the Issuer normally sends these rights to the transfer agent which uses its best efforts to sell the rights through the facilities of the Exchange and deliver the net proceeds pro rata to the shareholders residing in non-qualifying jurisdictions.

2.2 An Issuer proposing to make a rights offering should also review Proposed National Instrument 45-101 - Rights Offerings, Proposed Form 45-101F - Information Required in a Rights Offering Circular and Proposed Companion Policy 45-101CP for details about rights offerings and matters of concern to the Securities Commissions.

3. Filing Requirements

3.1 An Issuer should refer to the applicable Securities Laws to determine what documents must be filed with the Securities Commission(s).

3.2 An Issuer proposing to make a rights offering must file the following documents with the Exchange:

(a) a Rights Offering Circular or Prospectus, with the additional disclosure as described in subsection (4) below;

(b) a copy of the Issuer's filing letter to the relevant Securities Commission;

(c) a specimen rights certificate and, if applicable, share purchase warrant certificate. The CUSIP number for the security must be printed on the specimen certificate;

See Policy 3.1 for a discussion of the requirements regarding share certificates and CUSIP numbers.

(d) if there is a standby guarantee, a copy of the guarantee agreement and, unless the guarantor is a Member, satisfactory evidence of the guarantor's ability to perform the obligations contained in the guarantee (i.e. Posted Bond, Letter of Credit, etc.) and a description of the Prospectus exemptions to be used to:

(i) issue securities to the guarantor pursuant to the guarantee;

(ii) issue any guarantor's warrant to the guarantor; and

(iii) permit the guarantor to resell any of the securities acquired under (i) and (ii);

(e) a copy of the Issuer's latest audited and unaudited financial statements; and

(f) the applicable fee as prescribed in Policy 1.3 - Schedule of Fees.

3.3 After the Exchange and the relevant Securities Commission(s) have accepted the Rights Offering Circular, the following documents must be sent to each registered shareholder of the Issuer:

(a) a copy of the Rights Offering Circular;

(b) a copy of the Issuer's latest annual report (unless it has previously been provided to shareholders); and

(c) a copy of the Issuer's latest audited financial statements (unless they have previously been provided to shareholders).

3.4 The Rights Offering Circular or Prospectus must include all the information required in a Rights Offering Circular under applicable Securities Laws.

4. Effecting the Offering

4.1 The offering period must not be more than 30 days if a minimum amount has been fixed, and must not be more than 90 days if there is no minimum subscription. The offering period must not be less than 21 days. The term of rights will not normally be extended beyond the expiry date specified in the Rights Offering Circular or Prospectus. However, if circumstances which are beyond the control of the Issuer have arisen preventing the delivery of the rights to the Issuer's shareholders, the Exchange may consider an extension provided that the applicable Securities Commission(s) consent to the extension and provided that the rights issued under the Rights Offering Circular have not traded.

4.2 An Issuer proposing a rights offering must, not later than three business days after its Rights Offering Circular has been accepted for filing, issue and disseminate a news release and publish a notice in the daily press, addressed to the attention of its shareholders, containing the dates the rights offering begins and ends as well as the material details of the rights offering.

4.3 The rights offering cannot begin until seven business days after the date the Exchange accepts the documents. The Listed Shares of the Issuer will trade "ex rights" starting two business days before the record date for the offering, provided that the Issuer gave the Exchange two clear trading days notice of the "ex-rights" date. An Issuer should not announce a record date for a rights offering before receiving all necessary approvals in each of the applicable jurisdictions because if any approvals are delayed, the Issuer may have to change the record date at its own expense.

4.4 The following chart shows the typical timing for the Exchange Notice and ex-rights day in relation to a record date which falls on a Friday:

Day of the Month	1	2	3	4	5	6
Day of the week	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Event	Exchange publishes notice of rights offering	Clear Day	Clear Day	Clear Day	---	---
Day of the Month	7	8	9	10	11	12
Day of the Week	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Event	Clear Day	Clear Day; last day to trade cum-rights	Shares trade ex-rights; rights commence trading	Clear Day	Record Date	---

5. Terms of the Rights and Warrants

5.1 The subscription price for shares or units to be acquired on the exercise of rights during the rights offering can be less than the Market Price of the Listed Shares on the day the required information is accepted for filing by the Exchange, but must not be less than the following discounts from the Market Price:

Market Price	Maximum Discount
up to $0.50	50%
$0.51 to $2.00	40%
over $2.00	30%

and cannot in any case be less than $0.10 per share.

5.2 A Warrant forming part of a unit must expire within one year after the expiry of the rights for a Tier 2 Issuer and within two years after the expiry of the rights in the case of a Tier 1 Issuer. The exercise price of a Warrant forming part of a unit must not be less than the subscription price determined under section 5(1).

6. Minimum Subscription Standby Guarantee

6.1 If an Issuer requires a certain amount of funds for a specific use, the Issuer must determine a minimum subscription, which must be guaranteed by a Person which, in the opinion of the Exchange, has the financial ability to satisfy such standby guarantee.

6.2 A guarantor who provides a standby guarantee can receive a bonus from the Issuer in the form of a non-transferable share purchase warrant entitling the guarantor to acquire shares of the Issuer equal in number to not more than 40% of the total number of shares he has agreed to acquire on a standby basis. The warrant must be exercised within six months after the date on which performance under the guarantee could be required. The exercise price of the warrant must not be less than the exercise price of the rights.

7. Pro Rata Over-Subscription

If there is an over-subscription, a subscriber's pro rata entitlement on over-subscription will be determined by a pro rata formula acceptable to the Exchange and to the applicable Securities Commission.

8. Trading of Rights and Warrants

8.1 Rights issued in a rights offering must be transferable and will be called for trading on the Exchange on the date the Listed Shares of the Issuer commence trading "ex-rights" and will trade under normal settlement rules until three trading days before the expiry date of the rights during which time the rights will trade only on a cash basis. The Exchange will cease trading of rights on the Exchange at 9:00 a.m. (Vancouver time), 10:00 a.m. (Calgary time), 12:00 noon (Toronto time) on the expiry date.

8.2 There must be at least 200,000 transferable Warrants in a rights offering of units provided that the number of shares which may be issued on the exercise of the Warrants must not be more than the total number of shares issued as part of the unit offering.

8.3 The transferable Warrants will commence trading if, after completion of the rights offering, the Issuer submits a Distribution Summary Statement (Form 2E) or other evidence acceptable to the Exchange, that at least 75 Public Shareholders hold at least one Board Lot each of the Warrants.

8.4 If there is insufficient distribution of the outstanding Warrants for an orderly market, the Exchange can declare that the remaining Warrants will only be traded on a cash basis. During the last six trading days of the term of the Warrants, the Warrants will only trade on a cash basis.

8.5 If the number of issued Warrants which are called for trading is reduced to less than 75,000, the Warrants will be delisted from trading on the Exchange.

8.6 If the Warrants which form part of the unit offering are not transferable, then:

(a) the number of shares which may be issued on the exercise of those Warrants must not exceed the total number of shares issued as part of the unit offering;

(b) the certificates representing the non-transferable Warrants must be issued in the name of the holder and must have the words "non-transferable" prominently displayed on them;

(c) the Rights Offering Circular or Prospectus qualifying the unit offering must clearly disclose that the Warrants are non-transferable; and

(d) the Exchange will not list or trade the Warrants.

8.7 A Warrant comprising part of a unit must not entitle the holder to acquire a further Warrant, whether transferable or otherwise, upon its exercise.

8.8 The Exchange will not accept Warrants for filing if the warrant trust indenture (or equivalent document) entitles the directors of the Issuer to change the exercise price (except for anti-dilution purposes) or provides for the possibility of an accelerated expiry date.

8.9 The Exchange will cease trading of Warrants on the Exchange at 9:00 a.m. (Vancouver time), 10:00 a.m. (Calgary time), 12:00 noon (Toronto time), on the expiry date.

POLICY 4.6

PUBLIC OFFERING BY SHORT FORM OFFERING DOCUMENT

Scope of Policy

This Policy outlines the requirements for Issuers proposing to distribute securities pursuant to a Short Form Offering Document (or "Short Form"). A Short Form is an Exchange document that allows certain Issuers to undertake a public offering of securities in British Columbia and Alberta without preparing a Prospectus, but still allows public investors to receive free trading securities pursuant to British Columbia and Alberta Securities Laws. The Securities Laws of other jurisdictions may not permit the Issuer to use the Short Form, or may impose Resale Restrictions on shares issued pursuant to the Short Form.

The main headings in this Policy are:

1. Definitions
2. Use of the Short Form
3. Use of Proceeds
4. Process
5. Short Form Filing Requirements
6. Pricing and Offering Period
7. Delivery Requirements and Subsequent Material Changes
8. Contractual Rights of Action and Rights of Withdrawal
9. Agent or Underwriter Requirements
10. Agent or Underwriter Compensation
11. Final Filing Requirements
12. Audit

1. Definitions

1.1 In this Policy:

"AIF" means an annual information form prepared and filed in accordance with:

(a) in regard to a distribution in British Columbia, BCSC Local Polic y Statement 3-27 and BC Instrument 45-506– System for Shorter Hold Periods for Issuers Filing an AIF;

(b) in regard to a distribution in Alberta, ASC Rule 45-501 – System for Shorter Hold Periods for Issuers Filing an AIF; and

(c) if implemented in the j urisdiction, proposed Multilateral Instrument 45-102 – *Resale of Securities*, or any successor instrument.

"Alberta Blanket Order" means Blanket Order 45-503(AB) – *Offering By CDNX Short Form Offering Document*.

"BC Instrument" means British Columbia Instrument 45-509 - *Short Form Offerings of Listed Securities and Units Qualifying Issuers.*

"Designated Hold Purchaser" means a purchaser that is an Insider or Promoter of the Issuer, the Issuer' s Agent or Underwriter or a member of the Professional Group of that Agent or Underwriter;

"Designated Threshold Purchaser" means a purchaser who is not a member of the Professional Group, and:

(a) would be entitled to purchase securities of the Issuer under subsections 107(l)(a) or 107(l)(c) of the Securities Act (Alberta) or is a "sophisticated purchaser" as defined in section 1(j) of the Rules made pursuant to section 196.1 of the Securities Act (Alberta), or

(b) would be entitled to purchase securities of the Issuer under section 74(2)(l) or 74(2)(3) of the Securities Act (British Columbia) or is a "sophisticated purchaser" as defined in section 1(l) of the British Columbia Securities Rules;

"Gross Proceeds" means the gross proceeds that are required to be paid to the Issuer for Listed Shares distributed under a Short Form Offering Document.

"Insider" has the meaning under applicable Securities Laws.

"Professional Group" means the professional group as defined in Proposed National Instrument 33-105 *Underwriting Conflicts* in its most recently published form or in the form as adopted by the Commissions from time to time.

"Promoter" has the meaning under applicable Securities Laws.

"Subsequently Triggered Report" means a material change report required to be filed no later than 10 days after a Material Change under applicable Securities Laws, as a result of a Material Change that occurs after the date the Short Form is certified but before the purchaser enters into an agreement of purchase and sale.

"Threshold Amount" means the greater of $10,000 and 2% of the value of the Gross Proceeds.

2. Use of the Short Form

2.1 General

(a) The Short Form is a brief disclosure document which incorporates by reference the documents referred to in the Alberta Blanket Order and BC Instrument including the Issuer' s current AIF, the most recent audited annual financial statements and all quarterly interim financial statements, news releases disclosing Material Changes, Material Change reports, technical reports and consents required under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects,* that were filed on or after the current AIF, but before the date of the Short Form.

This existing current disclosure is not restated in the Short Form, but is incorporated by reference and must be available to investors on a publicly accessible database such as the SEDAR web site, the Issuer' s web site or the Exchange web site. The form to be used is *Form 4M - Short Form Offering Document*.

(b) Issuers that have filed a current AIF are eligible to use the Short Form under the conditions outlined below and in compliance with British Columbia and Alberta Securities Laws. The Short Form system may only be used for offerings in the Provinces of British Columbia and /or Alberta to British Columbia and/or Alberta residents unless permitted by Securities Laws and/or the Securities Commission or regulatory authority of each other applicable province or jurisdiction. Issuers that have connecting factors in other jurisdictions may be restricted in their use of the Short Form, and should consult the applicable Securities Laws to determine if such restrictions exist. Issuers cannot use the Short Form to qualify previously issued securities for sale. Issuers should refer to the BC Instrument and Alberta Blanket Order and seek legal advice in regard to the use of the Short Form.

2.2 Conditions to Use of Short Form

The offering must comply with the following:

(a) the Issuer must comply with the Alberta Blanket Order and the BC Instrument, and incorporate by reference all documents referred to in those instruments.

(b) the distribution must be of a class of Listed Shares, and may include Warrants exercisable into Listed Shares but may not be a distribution exclusively of Warrants;

(c) the number of Listed Shares that may be issued on exercise of the Warrants must not exceed the total number of shares that are issued pursuant to the distribution under the Short Form;

(d) the Gross Proceeds under the Short Form, when added to the Gross Proceeds from offerings under a Short Form completed during the twelve month period immediately preceding the date of the Short Form, do not exceed $2,000,000;

(e) the Listed Shares issued under the Short Form, when added to the Listed Shares of the same class issued as a result of other offerings under a Short Form completed during the 12 month period immediately preceding the date of the Short Form, do not exceed the number of Listed Shares of the same class outstanding at the later of the following dates:

(i) the date the Issuer first distributed securities of the same class under a Short Form; and

(ii) the date that is 12 months before the date of the Short Form;

(f) the aggregate acquisition cost to a purchaser, other than a Designated Hold Purchaser or Designated Threshold Purchaser, is no more than the Threshold Amount;

(g) no purchaser acquires more than 20% of the securities distributed under the offering;

(h) all securities purchased by a Designated Hold Purchaser will be subject to a four month hold period;

(i) a Designated Threshold Purchaser who acquires more than the Threshold Amount will be subject to a four month hold period on the portion of those securities acquired which are in excess of the Threshold Amount; and

(j) no more than 50% of the securities distributed pursuant to the offering are subject to the four month hold period imposed pursuant to sections 2.2(h) and (i) of this Policy or pursuant to section 6.1 of the Alberta Blanket Order or section 5 of the BC Instrument.

3. Use of Proceeds

3.1 The proceeds of the offering cannot be used for transactions which have not:

(a) received Exchange Acceptance; and

(b) been publicly disclosed via a comprehensive news release or disclosure document required by the Exchange.

3.2 If the proceeds will be used for work on a specific property, then the most recent Geological Report or valuation filed with the Exchange or the applicable Securities Commissions relating to that property must be available to the public, either through the SEDAR web site, the Exchange' s web site or the Issuer' s web site. If no Geological Report has been filed with the Exchange or the applicable Securities Commissions for the property, the Exchange can require one to be filed before it will accept the Short Form.

3.3 If the proceeds of the offering are to be used for purposes other than Working Capital, then the minimum offering must be adequate for the stated purpose.

5. Process

The filing and acceptance process for a Short Form Offering Document involves the following steps:

Step 1: The Company and/or its filing solicitor prepare the Short Form, ensuring all continuous disclosure material is up to date, and incorporated by reference.

Step 2: The Company' s agent reviews the document and material incorporated by reference, and does sufficient due diligence to sign the certificate page of the Short Form.

Step 3: The Company issues a news release announcing the financing by Short Form and disclosing the amount of funds to be raised, the price per share, the use of proceeds and the name of the agent.

Step 4: The Company submits the Short Form to the Exchange for review within two days from the date of the news release.

Step 5: The Exchange reviews the Short Form and if there are no significant deficiencies, accepts it within five business days and publishes an Exchange Bulletin indicating the acceptance of the financing.

Step 6: The agent has 60 days from Exchange acceptance to market and sell the offering.

Step 7: Following the closing of the offering, the agent must file a list of purchasers with the Exchange, indicating how many securities each purchaser has purchased, and which purchasers have taken securities subject to a hold period.

5. Short Form Filing Requirements

Within two days after the news release, the Issuer must file the following with the Exchange:

(a) a copy of the Short Form, signed by the Issuer' s officers, directors, Promoters and by the Member acting as Agent or Underwriter;

(b) a copy of the agency or underwriting agreement; and

(c) the minimum applicable fee as prescribed in *Policy 1.3 - Schedule of Fees*.

6. Pricing and Offering Period

6.1 The price for the securities offered cannot be less than the greater of:

(a) the closing price of the Listed Shares on the trading day before the news release disclosing the Short Form offering is disseminated, less a discount of 10%; and

(b) $0.10 per share or unit.

6.2 The exercise price of Warrants issued pursuant to a Short Form must not be less than the closing price of the Listed Shares on the trading day before the news release disclosing the Short Form is disseminated.

6.3 The Issuer must file the Short Form with the Exchange by the second business day after the date of the news release to ensure the offering price will be accepted. However, if the Issuer announces a Material Change during the offering period and the Exchange considers that the Issuer was likely aware of that pending Material Change when the offering price was set, the Exchange can require the offering to be re-priced to reflect the Material Change.

6.4 The Issuer and its Agent can market and sell the securities offered under the Short Form for 60 days after the date that the Exchange accepts the Short Form.

7. Delivery Requirements and Subsequent Material Changes

7.1 The Short Form, and any Subsequently Triggered Report filed by the Issuer after the date of the Short Form, must be delivered to a purchaser by the Issuer or the Agent or Underwriter:

(a) before the Issuer or its Agent or Underwriter enters into the written confirmation of the purchase and sale resulting from an order or subscription for securities being distributed under the offering; or

(b) not later than midnight on the second business day after the agreement of purchase and sale is entered into.

7.2 If a Material Change occurs after the Exchange has accepted the Short Form and before the completion of the offering, the Issuer and the Agent or Underwriter must cease distribution until a news release is disseminated and filed with the Exchange.

7.3 Any Subsequently Triggered Report to be delivered to a purchaser under section 7.1 is deemed to be incorporated by reference into the Short Form.

8. Contractual Rights of Action and Rights of Withdrawal

The Issuer must grant a contractual right of action and rights of withdrawal to the purchasers. The exact wording is in the form of Short Form set out in *Form 4M - Short Form Offering Document*.

9. Agent or Underwriter Requirements

9.1 The Agent or Underwriter who signs the Short Form certificate must be a Member that meets the criteria to act as a Sponsor pursuant to *Policy 2.2 – Sponsorship and Sponsorship Requirements.*

9.2 An Agent or Underwriter signing the Short Form certificate must comply with the due diligence requirements in *Appendix 4A - Due Diligence Report,* in relation to the Short Form.

9.3 An Underwriter selling the offering in British Columbia is reminded that it must be registered as an underwriter under British Columbia Securities Laws.

10. Agent or Underwriter Compensation

10.1 Commission

A Member is free to negotiate its selling commission with the Issuer.

10.2 Compensation Option

A Member may be granted a non-transferable option ("Compensation Option") entitling it to subscribe for up to 25% of the total number of securities offered for sale under the Short Form. The exercise price of the Compensation Option will be at least:

(a) the offering price per share if the option is exercisable for shares only; or

(b) the offering price per unit if the option is exercisable for units. Any Warrants underlying the units will be exercisable at the same price as the Warrants underlying the units offered to the public. Where units are issued, the Warrants issued pursuant to the unit will be deemed to have the value of one half of a share for the purposes of calculating the 25% option.

The Agent's Option must expire if not exercised within two years from the date of issue. Agent's Options are not included in the calculation of the yearly limits in section 2.2.

10.3 Selling Group Compensation

A Member may offer part of the commissions or Compensation Option from an offering to other licensed broker dealers and investment dealers who participate in a selling group. However, the allocation of the Compensation Option must be reported to the Exchange on closing of the offering.

11. Final Filing Requirements

11.1 Issuers are reminded that the Short Form must be filed via SEDAR with the applicable Securities Commission in accordance with applicable Securities Laws.

11.2 After the offering has been closed, the Agent or Underwriter must file a list of purchasers with the Exchange, indicating how many securities each purchaser has purchased and which purchasers have taken securities subject to a hold period.

11.3 The Issuer must file with the applicable Securities Commissions a report on the distribution (BCSC Form 45-902F and ASC Form 20) with applicable fees.

12. Audit

Although the Exchange does not conduct a full review of the Short Form and material incorporated by reference to ensure that the documents provide adequate disclosure and comply with applicable policies, the Exchange will audit certain Short Forms after the distributions are completed. If the audit reveals significant problems with an Issuer's filing, the Exchange can prohibit that Issuer from using a Short Form for future offerings.

POLICY 5.1

LOANS, BONUSES, FINDER'S FEES AND COMMISSIONS

Scope of Policy

This Policy outlines the Exchange's policies on loans to an Issuer, and bonuses, finder's fees, and commissions paid by an Issuer.

The main headings in this Policy are:

1. Loans to Issuers
2. Bonuses
3. Finder's Fees and Commissions
4. Application to Members
5. Filing Requirements

1. Loans to Issuers

1.1 Disclosure

In accordance with the Exchange's Timely Disclosure policies, an Issuer must disclose by news release any loan or advance of funds to the Issuer which involves any charge on or security interest in its assets or which otherwise constitutes a Material Change.

2.2 Notice to Exchange

(a) The Issuer must provide the Exchange with prompt written notice of the proposed loan if the lender is not a chartered bank, trust company or treasury branch, and:

(i) any arrangement exists to issue securities in connection with the loan, either at the time of the loan agreement or at some future date (e.g. bonus shares or convertible debt); or

(ii) the Issuer mortgages or charges all or substantially all of its assets as collateral for the loan.

(b) The notice, in the form of a formal letter, must provide the following information and accompanying documents:

(i) the loan agreement and any other loan documents (e.g. promissory note);

(ii) the relationship between the lender or guarantor (including any beneficial ownership of securities of the Issuer, which must be disclosed) and the Issuer;

(iii) a description of how the Issuer proposes to service and repay the loan;

(iv) a description of how the Issuer proposes to use the proceeds;

(v) details of any bonus to be paid pursuant to the loan or guarantee;

(vi) confirmation that the loan or guarantee is necessary and would not be granted without the bonus; and

(vii) the fee prescribed by Policy 1.3 - Schedule of Fees.

2. Bonuses

An Issuer can issue bonuses consisting of Listed Shares or non-transferable Warrants to a lender or guarantor in consideration of the risks taken by the lender or guarantor. The amount of the permitted bonus is based on the size of the loan and graduated in proportion to the apparent level of risk.

2.1 Filing Requirements

(a) The Issuer must give prompt notice of a bonus transaction to the Exchange as described in section 5.1. A Tier 2 Issuer must receive Exchange Acceptance of the proposed transaction before it issues the bonus shares or Warrants.

(b) The Issuer must issue a news release about the transaction if it represents a Material Change.

2.2 Bonus Limitations

Tier 1 Issuers can negotiate the amount of bonuses payable, but should use the limits set out below as guidelines to determine what is commercially appropriate. The following limitations on bonuses apply to Tier 2 Issuers:

(a) If the ability of the Issuer to repay a loan is not evident and/or if a guarantee represents the primary collateral for a loan, the Issuer can grant a bonus of shares with total Market Value of up to 20% of the amount loaned or guaranteed, or a non-transferable Warrant, exercisable by the earlier of two years or the term of the loan, to purchase shares with a value of up to 40% of the lesser of the value of the loan or amount guaranteed. The issue price of shares or exercise price of the Warrant must not be less than the Discounted Market Price.

(b) Any interest on the loans must be at a reasonable rate, reflecting the risk to the lender. Only one bonus can be granted on a loan regardless of the term of the loan.

(c) Warrants must provide that the number of Warrants will be reduced or cancelled if the loan is reduced or paid out before the Warrant expires and if one year of the warrant term has elapsed. The reduction or cancellation must take place within 30 days after the reduction or paying out of the loan.

3. Finder's Fees and Commissions

An Issuer which receives a measurable benefit through the efforts of a person who is neither an employee nor an Insider of the Issuer can reward those efforts by paying a finder's fee or commission in the form of cash, shares, Warrants or an interest in assets. Appropriate registration and Prospectus exemptions must be available for any issuance of securities.

3.1 Filing Requirements

(a) The Issuer must give prompt notice of the finder's fee or commission to the Exchange as described in section 5.1. A Tier 2 Issuer must receive Exchange Acceptance of the proposed transaction before paying the finder's fee or commission.

(b) All Issuers must issue a news release about the transaction if it represents a Material Change. Generally, for Tier 2 Issuers, any agreement to issue securities is deemed to be a Material Change under Policy 3.3 - Timely Disclosure.

3.2 Criteria

Arm's Length Finder or Agent

(a) The finder or agent must be at arm's length with the Issuer and its management except to the extent that an agent may have been specifically commissioned to locate, arrange or acquire a benefit for the Issuer which it would not have otherwise obtained. The Exchange can waive this requirement at its discretion if the Issuer provides satisfactory reasons for the finder's fee or commission.

When Payable

(b) The benefit to the Issuer can be the identification or introduction of subscribers to a private financing, or the sellers or buyers of an asset, or any other measurable benefit that has in fact been received by the Issuer. The Exchange will not normally accept a commission, fee or bonus for services or benefits not yet received. The amount of the benefit received is easily determined in the case of a specific financing. If the benefit is staged over time (for example an asset purchase or joint venture agreement), the Exchange focuses on the benefit received in the first year.

(c) If an Issuer proposes to pay fees for benefits to be received in the future, particularly more than one year, the fee or commission must be paid in stages as the benefits are received by the Issuer. However, if the outcome of a transaction is outside the control of the person receiving the fee, and the benefit can not reasonably be determined, the Exchange will generally only permit the Issuer to pay a finder's fee or commission based on the finder's actual costs plus a reasonable profit to compensate for time and effort.

Payment in Shares

(d) If the compensation is payable in Listed Shares, the number of shares issued as finder's fees or commission is calculated by dividing the dollar value of the fee or commission by the Discounted Market Price for the Issuer's Listed Shares. The restrictions as to the time of payment set out above apply to payments in shares as well.

See the definition of Discounted Market Price in Policy 1.1 - Interpretation.

Payment in Warrants

(e) If the compensation is payable in non-transferable Warrants, the Issuer can grant the finder or agent a Warrant to acquire up to double the number of Listed Shares that are permitted under the guidelines in section 3.2(d) at the Discounted Market Price for those shares. Any Warrants granted will be subject to a maximum two year term from the date of the grant.

3.3 Finder's Fee Limitations

The finder's fee limitations apply if the benefit to the Issuer is an asset purchase or sale, joint venture agreement, or if the benefit to the Issuer is not a specific financing. The consideration should be stated both in dollars and as a percentage of the value of the benefit received. Unless there are unusual circumstances, the finder's fee should not exceed the following percentages:

Benefit	Finder's Fee
On the first $300,000	Up to 10%
From $300,000 to $1,000,000	Up to 7.5%
From $1,000,000 and over	Up to 5%

As the dollar value of the benefit increases, the fee or commission as a percentage of that dollar value should generally decrease.

3.4 Commission Limitations

When a commission is paid as compensation to a Person other than a Member, for a specific financing, the Issuer can pay up to 10% of the gross proceeds of the financing as a commission.

4. Application to Members

4.1 Bonuses, finder's fees and commissions payable to Members are governed by all of this Policy except for the finder's fee and commission limitations set out in sections 3.3 and 3.4. Members can negotiate the amount of compensation payable, so long as the Issuer does not issue to the Member Warrants representing more than 25% of the value of the gross proceeds of the financing.

4.2 Under Exchange Rules, registered representatives, traders, assistant traders and employees of Members cannot directly or indirectly sell properties or other assets to, or acquire properties or other assets from, Issuers without the prior specific approval of the Exchange. Furthermore, those Persons cannot receive any direct or indirect compensation for acting as a finder for or agent of, an Issuer without the prior specific approval of the Exchange.

4.3 Except in very unusual circumstances, the Exchange will not give that approval. If an Issuer proposes to pay a bonus, finder's fee or commission which is not permitted by the Exchange Rules, the Issuer must disclosure the proposed payment and the fact that the finder or agent falls within the defined category when submitting materials to the Exchange for the relevant transaction.

4.4 These restrictions also apply to Persons who perform substantially the same functions as those Persons listed above, whether or not they are under the direct Membership jurisdiction of the Exchange. These restrictions do not apply to the Member itself or to a director, officer, or partner of a Member.

4.5 A Person who breaches these restrictions will be in a conflict of interest which may affect the fitness of that Person to continue to be registered under the applicable Securities Laws.

5. Filing Requirements

5.1 Notice

The Issuer must provide the Exchange with written notice of the proposed bonus, finder's fee or commission. The notice, in the form of a formal letter, must provide the following information and accompanying documents:

(a) notice from the Issuer or its counsel of any registration and Prospectus exemptions being relied upon by the Issuer and the registration exemption relied upon by the finder;

(b) a copy of the related Private Placement, acquisition or loan agreement if not already filed (the Exchange prefers these agreements to be filed together);

(c) in the case of a finder's fee or commission:

(i) confirmation that the finder or agent is neither an employee nor an Insider of the Issuer; or

(ii) if the proposed recipient of the finder's fee or commission is an employee or Insider, an explanation justifying the finder's fee or commission in light of employees' and Insiders' legal obligations to the Issuer; and

(d) the fee prescribed by Policy 1.3 - Schedule of Fees.

5.2 Further News Releases and Notice

The Issuer must issue a news release announcing the closing of the Private Placement, acquisition, loan agreement or any other transaction related to the issuance of the bonuses, finders' fees or commissions. The news release must disclose the expiry dates of the hold period(s) for the securities issued as bonuses, finders' fees or commissions, and for any securities issued as part of the related transaction.

POLICY 5.2

CHANGES OF BUSINESS AND REVERSE TAKE-OVERS

Scope of Policy

This Policy applies to a transaction or series of transactions entered into or proposed to be entered into by an Issuer, which result in a Change of Business ("COB") or Reverse Take-Over ("RTO"). This Policy describes the filing and related procedures for a COB or RTO. The provisions of this Policy relating to COBs do not generally apply to Tier 1 Issuers.

The main headings in this Policy are:

1. Definitions
2. Public Disclosure
3. Sponsorship and Trading Halt
4. Shareholder Approval
5. Procedural Steps
6. Minimum Listing Requirements and/or Tier Maintenance Requirements
7. Vendor Consideration and Escrow
8. Treasury Orders and Resale Restrictions
9. Financial Statements
10. Other Requirements

1. Definitions

In this Policy:

"Agreement in Principle" means any agreement or other similar commitment which identifies the fundamental terms upon which the parties agree or intend to agree, including:

(a) the assets, business, property or interest therein to be acquired, the acquisition of which will constitute the COB or RTO;

(b) the parties to the COB or RTO;

(c) the value of the assets, business, property or interest therein and the consideration to be paid or otherwise how the consideration will be determined; and

(d) the conditions to any further formal agreements or completion of the COB or RTO.

"Change of Business" or **"COB"** means a transaction or series of transactions which will redirect an Issuer's resources toward a business which is of a substantially different nature than its current business, so that over the next 12 months at least 25% of the assets, liabilities, planned expenditures or revenues, management time commitment or issued shares of the Issuer will be devoted to the new business.

"Completion Date" means the date an Exchange Notice is issued by the Exchange confirming that the COB or RTO has been completed and that final Exchange Acceptance has been granted.

"Initial Documents" means the documents referred to in section 5.2 of this Policy.

"Initial Submission Date" means the date the Initial Documents are received by the Exchange.

"Post-Meeting Documents" means the documents referred to in section 5.11 of this Policy.

"Pre-Meeting Documents" means the documents referred to in section 5.6 of this Policy.

"Related Parties to the Issuer" means any Person who is a Related Party of the Issuer and any Promoter, including as defined in Policy 3.4 - Investor Relations, Promotional and Market-Making Activities.

"Related Parties to the COB or RTO" means the Sellers, any Related Parties of the Sellers, the Target Issuer and any Related Parties of the Target Issuer.

"Resulting Issuer" means the Issuer existing on the Completion Date.

"Reverse Take-Over" or **"RTO"** means a transaction or series of transactions, which results in at least one item from each of paragraph (a) and (b) below:

(a) any one or more of:

(i) a Change of Business, or

(ii) a Fundamental Acquisition;

and

(b) any one or more of:

(i) a Change of Control; or

(ii) a Change of Management of the Issuer;

(iii) the issuance of more than 100% of the number of outstanding securities that were outstanding before the transaction(s); or

(iv) new shareholders owning more than 50% of the securities or voting control of the Issuer through newly issued securities, a transfer of previously issued securities privately or through the Exchange or a combination of such issuances and transfers;

unless:

(c) the newly issued securities as described in (b) are to be issued to the shareholders of an Issuer listed on a Canadian stock exchange or NASDAQ under a formal bid made pursuant to Securities Laws.

"Sellers" means one or all of the beneficial owners of the assets, property, business or interest being purchased, optioned or otherwise acquired in the COB or RTO.

"Target Issuer" means the beneficial owner of the assets, business, property or interest therein to be acquired as part of the COB or RTO, if the acquisition is to be conducted by acquiring the securities of the target issuer, by security purchase agreement, take-over bid, amalgamation, plan of arrangement or any other corporate reorganization. If the context reasonably requires, "Target Issuer" also means the beneficial owner of the assets, business, property or interest therein to be acquired, where the assets, business, property or interest therein will be acquired by asset acquisition (not security purchase), and the assets constitute the principal assets of the Seller or a division of the Seller.

2. Public Disclosure

2.1 Initial News Release

When an Agreement in Principle is reached, the Issuer must immediately prepare and submit to the Corporate Finance Department of the Exchange for review, a comprehensive news release that must include:

(a) the date of the agreement;

(b) a description of the assets, business, property or interest therein to be acquired, including:

(i) the industry sector in which the Issuer will be involved upon the Completion Date,

(ii) the history and nature of business previously conducted, and

(iii) a summary of any available significant financial information (with an indication as to whether such information is audited or unaudited and the date it was prepared);

(c) a description of the terms of the COB or RTO including the amount of proposed consideration, how the consideration will be paid and specifying the amounts to be paid by way of cash, securities, indebtedness or other means;

(d) the location of the assets, business, property or interest therein to be acquired and, in the case of the acquisition of a Target Issuer, the jurisdiction of incorporation or creation of the Target Issuer;

(e) the full names and jurisdictions of residence of each of the Sellers and, if any of the Sellers is a Company, the full name and jurisdiction of incorporation or creation of that Company and the name and jurisdiction of residence of each of the individuals who directly or indirectly beneficially holds a controlling interest in or who otherwise controls or directs that Company;

(f) identification of:

(i) any direct or indirect beneficial interest of any of the Related Parties of the Issuer in the assets, business or property to be acquired;

(ii) whether any Related Parties of the Issuer are Insiders of any Target Issuer; and

(iii) any relationship between or among the Related Parties of the Issuer and the Related Parties of the COB or RTO;

(g) the names and backgrounds of all Persons who will constitute Principals of the Resulting Issuer;

(h) a description of any financing arrangements for or in conjunction with the COB or RTO including the amount, security, terms and use of proceeds;

(i) a description of any deposit or loan to be made;

(j) an indication of any significant conditions required to complete the COB or RTO;

(k) if a Sponsor has been retained, identification of the Sponsor of the COB or RTO and the terms of sponsorship;

(l) the following statement:

"Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and disinterested shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the [Management Information Circular and/or Filing Statement] to be prepared in connection with the transaction, any information released or received with respect to the [COB or RTO] may not be accurate or complete and should not be relied upon. Trading in the securities of [insert name of Issuer] should be considered highly speculative.

The Canadian Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.";

(m) if a Sponsor has been retained, the following statement:

"[Insert name of Sponsor], subject to completion of satisfactory due diligence, has agreed to act as sponsor to [Insert name of Issuer] in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion;" and

(n) all other requirements of Policy 3.3 – Timely Disclosure.

The Exchange will coordinate the timing of the news release with the Issuer in order to ensure proper dissemination.

2.2 Subsequent News Releases

The Issuer must issue a news release:

(a) every 30 days following the trading halt referred to in section 3, to update the status of the COB and RTO;

(b) when a Sponsor is retained or if a Sponsor has not been retained at the date of the initial news release;

(c) every time there is a Material Change or material event relating to the COB or RTO; and

(d) when the COB and RTO has closed.

3. Sponsorship and Trading Halt

3.1 Trading Halt

As soon as an Issuer notifies the Exchange of a proposed COB or RTO, the Listed Shares of the Issuer will be immediately subject to a trading halt. Trading may be halted again if documentation is not submitted within the periods required or if the Sponsor terminates the Sponsorship Agreement.

3.2 When a Sponsor is Required

All Issuers must retain a Sponsor to prepare a Sponsor Report for an RTO. All Issuers, other than Tier 1 Issuers, must retain a Sponsor to prepare a Sponsor Report for a COB.

3.3 Requirements for Reinstatement of Trading

The Listed Shares of the Issuer will be reinstated for trading only after:

(a) the Exchange receives a Sponsorship Acknowledgement Form from a Sponsor, together with a letter from the Sponsor requesting that the Listed Shares of the Issuer be reinstated for trading;

(b) the Exchange receives a duly completed Personal Information Form for each person who will upon completion of the transaction be a director, senior officer, Promoter or other Insider of the Resulting Issuer;

(c) the Exchange completes all preliminary background searches; and

(d) the Issuer completes a pre-filing conference with the Exchange to assess, on a preliminary basis, the ability of the Issuer to satisfy Exchange Requirements following the COB or RTO and to review any potential significant issues involving the COB or RTO. *See Policy 2.7 – Pre-Filing Conferences.*

3.4 Sponsor Report

(a) The Sponsor Report must comply with the Exchange Requirements. *See Policy 2.2 - Sponsorship and Sponsorship Requirements*. The Exchange can waive the requirement for a Sponsor Report if it is not necessary based on the nature and extent of the new business to be entered into.

(b) A preliminary Sponsor Report must be submitted before the Exchange will give conditional acceptance of the proposed transaction and before the Issuer mails the Information Circular or publishes any Filing Statement. The preliminary Sponsor Report will only be provided when the Sponsor has substantially completed its due diligence and is reasonably satisfied that no significant issues will arise on completion of the balance of the due diligence review.

(c) A final Sponsor Report must be submitted to the Exchange before the Exchange issues the Exchange Notice confirming the Completion Date.

4. Shareholder Approval

4.1 An Issuer must obtain shareholder approval of a COB or RTO before the Completion Date.

4.2 Shareholder approval must be obtained by way of a resolution passed by a majority of the votes cast at a duly called meeting of shareholders other than votes attaching to securities beneficially owned by Related Parties to the COB or RTO.

5. Procedural Steps

5.1 Information Circular or Filing Statement

(a) The Issuer must prepare a draft Information Circular or Filing Statement disclosing all material facts relating to the COB or RTO. Any Information Circular must be prepared in accordance with the requirements of applicable Securities Laws. In addition, any Information Circular or Filing Statement prepared for an RTO must contain prospectus level disclosure and include the information required by the Exchange Information Circular Form (Form 3A). Any Information Circular or Filing Statement for a COB must include the information required by the Filing Statement for a Non-RTO Transaction (Form 5A).

(b) The cover page of the Information Circular or Filing Statement must contain the following statement:

> *"The Canadian Venture Exchange has not in any way passed upon the merits of the transactions described herein and any representation to the contrary is an offence."*

(c) The Information Circular or Filing Statement must include a manually executed certificate page signed by the Chief Executive Officer, Chief Financial Officer and two other directors of the Issuer which certifies as follows:

> *"The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of Issuer], assuming the completion of the [describe transaction]."*

(d) If an RTO or COB involves the acquisition of a Target Issuer, the Information Circular or Filing Statement must include a manually executed certificate page signed by the Chief Executive Officer, Chief Financial Officer and two other directors of the Target Issuer which certifies as follows:

> *"The foregoing, as it relates to [insert name of the Target Issuer] constitutes full, true and plain disclosure of all material facts relating to the [securities/assets] of the [insert name of the Target Issuer]."*

(e) If:

(i) the Resulting Issuer will be a mining issuer or an oil and gas issuer, the Principal Properties (as defined in Policy 2.1) of which are outside of Canada and:

(A) the majority of the board of directors will not be Canadian residents; or

(B) any control person of the Resulting Issuer is not a Canadian resident, or

(ii) the Resulting Issuer will be an industrial, technology, real estate, investment or research and development issuer and:

(A) a principal component of its business operations will be located outside of Canada; or

(B) the majority of the board of directors will not be Canadian residents; or

(C) any control person of the Resulting Issuer is not a Canadian resident,

the Information Circular or Filing Statement must include a manually executed certificate page signed by a duly authorized officer of the Sponsor that certifies as follows:

> *"To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of [insert name of Issuer], assuming the completion of the [describe transaction]."*

(f) The Initial Documents must be filed with the Exchange within 60 days after the news release announcing the Agreement in Principle. Failure to submit documents may result in trading being halted.

5.2 Initial Documents

The Initial Documents include:

(a) draft copies of the Information Circular, notice of meeting and form of proxy or the draft Filing Statement;

(b) a covering letter from the Issuer (or, with the consent of the Issuer, from the Target Issuer) giving notice of the proposed COB or RTO and providing the following information:

(i) the name of the Issuer;

(ii) a summary of the transaction, identifying any unusual terms;

(iii) the particular registration and prospectus exemptions, if any, being relied upon if securities are to be issued as part of the transaction;

(iv) a list of the documents enclosed; and

(c) one copy of each material contract that the Issuer has entered into in the last 12 months which has not been previously 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;

(d) a copy of each Geological Report or other technical report required to be filed with the Exchange and a certificate of qualifications and independence from the author of each report;

(e) a copy of the audited financial statements, unaudited financial statements (subject to review engagement report) and pro forma financial statements (subject to compilation report) as required pursuant to section 9 of this Policy;

(f) management prepared financial statements of any Target Issuer, to the most recent month's end;

(g) in the case of a non-resource Issuer, a copy of a business plan for the next 12 month period;

(h) each valuation or appraisal prepared in support of the valuation being ascribed to the Significant Assets, including a certificate of independence and qualification from the author;

(i) details of any other evidence of value as contemplated by Policy 5.4 – Escrow and Vendor Consideration; and

(j) the applicable fee for the initial review of the application as prescribed by Policy 1.3 - Schedule of Fees.

5.3 The Exchange reviews the Initial Documents, including the draft Information Circular or Filing Statement and advises the Issuer of any deficiencies.

5.4 The Issuer resolves all deficiencies to the satisfaction of Exchange staff.

5.5 The Sponsor provides the Exchange with the preliminary Sponsor Report. The application is submitted to the Listings Committee for consideration. If the transaction is accepted, the Exchange issues a conditional acceptance letter advising that the application has been accepted subject to certain conditions and submission and satisfactory review of all Pre-Meeting Documents and all Post-Meeting Documents.

5.6 Pre-Meeting Documents

The Issuer files its Pre-Meeting Documents with the Exchange. The Pre-Meeting Documents include:

(a) for an RTO, a copy of the Information Circular including the notice of meeting and the form of proxy;

(b) for a COB, a copy of the Information Circular including the notice of meeting and the form of proxy (or Filing Statement);

(c) the Information Circular or Filing Statement must include final copies of the financial statements as required by section 9 of this Policy, including balance sheets originally signed by two directors and originally signed auditor's reports, review engagement reports or compilation reports as the case may be;

(d) a copy of any material contract or agreement previously filed with the Exchange in draft form;

(e) a consent letter from any auditor, engineer, appraiser or other expert (an "Expert") named in the Information Circular or Filing Statement as having prepared or rendered a report, opinion or valuation (a "Report") on any part of the circular or named as having prepared a Report filed in connection with the Information Circular. The letter must consent to the inclusion or reference in the Information Circular (or Filing Statement) of the Expert's Report and state that he has read the Information Circular (or Filing Statement) and has no reason to believe that there are any misrepresentations contained in the Information Circular (or Filing Statement) which are derived from his Expert's Report or of which he is otherwise aware;

(f) a copy of the directors' resolution approving the Information Circular or Filing Statement and authorizing the signing of the Information Circular or Filing Statement, certified by an officer of the Issuer (or notarially certified) to be a true copy or true extract of a duly and properly authorized resolution of the board of directors of the Issuer;

(g) a copy of a directors' resolution authorizing the signing of the Information Circular or Filing Statement, certified by an officer of any Target Issuer (or notarially certified) to be a true copy or true extract of a duly and properly authorized resolution of the board of directors of the Target Issuer; and

(h) the final executed copy of the Sponsor Report.

5.7 Once the Exchange advises that the Pre-Meeting Documents have been accepted for filing, the notice of meeting, proxy and Information Circular are mailed to the shareholder of the Issuer and filed with the Exchange. In the case of a Filing Statement, the Filing Statement is filed with the Exchange and a news release is issued. The Issuer will then immediately file any notice of meeting, proxy and Information Circular or Filing Statement with the Securities Commission(s) via SEDAR.

5.8 Subject to section 4.3, the Issuer's shareholder meeting is held to consider the proposed COB or RTO. If the requisite shareholder approval is obtained, the Issuer closes the COB or RTO (subject to final Exchange Acceptance) and completes or closes any concurrent transactions. Any concurrent transactions must also be disclosed in the Information Circular or Filing Statement, accepted by the Exchange and, if necessary, approved by shareholders.

5.9 Upon closing of the COB or RTO, the Resulting Issuer issues a news release disclosing all material changes and any outstanding conditions before filing the Post-Meeting Documents. The Resulting Issuer should contact the Exchange before issuing of the news release to coordinate the timing of release.

5.10 Management of the Resulting Issuer must coordinate the timing of any name change or stock consolidation/split with the Exchange so that any change to a corporate name, any consolidation, stock split or reclassification of securities is effected as soon as possible for trading purposes after becoming legally effective. The Issuer must advise all Persons who are issued share certificates that give effect to any such change that their certificates may not be accepted for delivery or transfer until the change becomes effective for trading purposes. *See Policy 5.8 - Name Change, Share Consolidations and Splits.*

5.11 Post-Meeting Documents

The Issuer must file the Post-Meeting Documents with the Exchange. The Post-Meeting Documents include:

(a) a certified copy of the Scrutineer's Report which details the results of the vote on the resolution to approve the transaction (or other satisfactory evidence of shareholder approval) confirming that no Related Parties of the Issuer or Related Parties of the COB or RTO were included when compiling the results of the shareholder vote and, if applicable, confirming shareholder approval was obtained on any other matters in respect of which it was required;

(b) an original or notarially certified copy of any escrow agreement(s) required to be entered into by section 7 of this Policy;

(c) a legal opinion stating all closing conditions except Exchange Acceptance have been satisfied, that the Resulting Issuer is the legal and beneficial owner of the assets, business, property or interest therein that was acquired under the COB or RTO, that all securities issued were validly and properly issued, that all Listed Shares issued were issued as fully paid and non-assessable and that all Listed Shares issuable on the exercise of any convertible securities will be validly issued as fully paid and non-assessable shares; and

(d) the balance of the applicable fee prescribed by Policy 1.3 - Schedule of Fees.

5.12 If the Post-Meeting Documents are satisfactory, the Exchange issues an Exchange Notice confirming the Completion of the Transaction and indicating any new name or stock symbol.

5.13 On the day after the issuance of the Exchange Notice, the Resulting Issuer issues a news release confirming the Completion of the Transaction or and disclosing any material facts or material changes.

5.14 At the opening of trading on the next trading day, the shares of the Resulting Issuer will commence trading.

6. Minimum Listing Requirements and/or Tier Maintenance Requirements

6.1 When an Issuer undergoes an RTO, before the Completion Date, the Resulting Issuer must satisfy the Exchange's Minimum Listing Requirements for a particular industry sector in either Tier 1 or Tier 2 as prescribed by Policy 2.1 - Minimum Listing Requirements, except that public distribution must meet the Tier Maintenance Requirements as prescribed in Policy 2.5 - Tier Maintenance Requirements.

6.2 References in Policy 2.1 to prior expenditures of the applicant Issuer, will mean prior expenditures of the Target Issuer or Seller(s) of the Significant Assets. References in Policy 2.1 to Working Capital, Financial Resources or Net Tangible Assets of the Issuer will mean the consolidated working capital, financial resources and Net Tangible Assets of the Resulting Issuer.

6.3 When an Issuer undergoes a COB, before the Completion Date, the Resulting Issuer must satisfy the Exchange's Tier Maintenance Requirements for a particular industry sector in either Tier 1 or Tier 2 as prescribed by Policy 2.5 - Tier Maintenance Requirements.

6.4 The Resulting Issuer must meet certain distribution requirements upon completion of the COB or RTO. Subject to compliance by all parties with applicable Securities Laws and Exchange Requirements, with prior Exchange Acceptance, the Exchange will permit a trade or trades through the facilities of the Exchange if:

(a) the trade or trades take place immediately after the dissemination of the Information Circular or Filing Statement so that prospective purchasers have information on which to base their investment decision;

(b) the Sponsor makes the trade or trades to not more than 200 persons and advises all potential purchasers that they have no withdrawal or rescission rights;

(c) the Sponsor makes a bona fide offering of the total amount of the stock to be traded to "public investors" as defined in the Client Preference Rule (as defined in Exchange Rules);

(d) the price of the trades is determined by negotiation between the selling shareholders and the Sponsor as would be the case for an IPO; and

(e) the Sponsor provides a distribution list to the Exchange identifying the name of the selling shareholder and the Prospectus exemption or statutory order relied upon, if necessary.

6.5 The directors and management of the Resulting Issuer must meet the requirements set out in Policy 3.1 - Directors, Officers and Corporate Governance.

7. Vendor Consideration and Escrow

If a COB or RTO involves the issuance of securities in consideration for non-cash assets, the Issuer is subject to the provisions of Policy 5.4 - Escrow and Vendor Consideration, in respect of allowable consideration and escrow applicable to such securities.

8. Treasury Orders and Resale Restrictions

8.1 Securities issued may be subject to Resale Restrictions, including hold periods under applicable Securities Law. The Issuer must ensure that it complies with any requirement of applicable Securities Law to legend the securities for any Resale Restriction or hold period or any other requirement to advise the recipient of securities of Resale Restrictions or hold periods.

8.2 In addition to any Resale Restrictions or hold periods required by applicable Securities Law, the Exchange requires that all securities issued by an Issuer be legended with a four-month hold period. In addition, a treasury order evidencing the legend must be submitted to the Exchange within 10 days of the issuance of securities. *See Policy 3.2 - Filing Requirements and Continuous Disclosure for the wording of such legend and the calculation of the hold period.*

9. Financial Statements

9.1 Except as specifically modified below, the financial statements of the Target Issuer to be included in the Information Circular or Filing Statement must be the same as would be required in conjunction with a Prospectus under the applicable Securities Law. The following modifications are acceptable:

(a) subject to (b), audited comparative financial statements will generally be required for a three year historical period rather than five years as required in connection with a Prospectus; or

(b) the Exchange, in its discretion, can waive the three year history required in section (a) provided that the following financial statements for the Target Issuer are provided:

(i) audited financial statements for the most recently completed financial year; and

(ii) unaudited financial statements for the prior two financial years

9.2 Without limiting the requirements of applicable Securities Laws, any audited financial statements must be prepared by an auditor acceptable to the applicable Securities Commissions and must include a balance sheet signed by two directors, an income statement, a statement of retained earnings, a statement of changes in financial position (or, in respect of an Target Issuer engaged in the business of investing, a statement of changes in net assets) and a signed auditor's report.

9.3 If, at the Initial Submission Date, more than 120 days have elapsed from the date of the audited balance sheet of the Target Issuer (or such shorter period of time prescribed by applicable Securities Laws in relation to the financial statements included in a preliminary Prospectus), the Information Circular or Filing Statement must also include, as of a date not more than 90 days (or such shorter period of time prescribed by applicable Securities Laws in relation to the interim financial statements required in a preliminary Prospectus) before the Initial Submission Date, unaudited interim financial statements which have been reviewed by an auditor acceptable to the applicable Securities Commission(s). In all cases, an auditor's comfort letter or Review Engagement Report will be required to be filed with the Exchange in respect of any unaudited interim financial statements. The Issuer should consult with the applicable Securities Commissions or the Exchange to determine whether the Review Engagement Report is required to be included or excluded from the Information Circular.

9.4 Pro forma financial statements, which give effect to the acquisition, must be included in the Information Circular or Filing Statement and must be accompanied by an appropriate auditor's compilation report.

9.5 If more than 75 days have expired since the Initial Submission Date and the Information Circular has not yet been mailed to the Issuer's shareholders, the Exchange can require that updated financial statements be included in the Information Circular as would be required under applicable Securities Laws in connection with a Prospectus.

9.6 Management projections of future earnings will not generally be accepted for inclusion in an Information Circular or Filing Statement. If in the discretion of the Exchange such projections are accepted for inclusion, the projections must be made in compliance with National Policy No. 48 or any successor instrument.

10. Other Requirements

10.1 Subsequent RTO

The Exchange will not generally permit a Tier 2 Issuer which has been listed on the Exchange for less than one year or which has completed an RTO or Qualifying Transaction within the last year, to complete an RTO.

10.2 Minimum Price and Deemed Price

The deemed issue price for Listed Shares issued by an Issuer under or in conjunction with a COB or RTO must not be less than the Discounted Market Price. Securities convertible into Listed Shares issued by an Issuer under or in conjunction with a COB or RTO must not be issued at less than the Discounted Market Price.

10.3 Stock Options

The Exchange will generally not accept for filing stock options granted in connection with a COB or RTO:

(a) until at least 30 days have passed since the Completion Date and at least ten trading days have passed since the day on which trading in the Issuer's Listed Shares resumes; or

(b) unless the exercise price is equivalent to or greater than the price of a concurrent financing (of which a significant percentage of the subscribers are at arm's length to the Issuer or Resulting Issuer) done in conjunction with the COB or RTO, and the issuance was disclosed in the Information Circular, Filing Statement and any offering document.

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.

10.5 Securities Laws

If applicable, Issuers and the Resulting Issuer must comply with National Policy Statement No. 31 (Change of Auditor of a Reporting Issuer), National Policy Statement No. 51 (Changes in the Ending Date of a Financial Year and in Reporting Issuer Status) and National Policy No. 48 (Future-Oriented Financial Information) or any successor instruments. Acceptance for filing by the Exchange of an Information Circular or Filing Statement should not be construed as assurance of compliance with these policies.

Review and acceptance for filing by the Exchange of any Information Circular or Filing Statement prepared in connection with a COB or RTO or the issuance of an Exchange Notice confirming final acceptance should not be construed as assurance that the parties to the transaction are in compliance with applicable Securities Law, including any registration or Prospectus exemption or disclosure requirements for a securities exchange take-over bid circular, offering memorandum or other disclosure document.

Parties to a COB or RTO are reminded of the restrictions under Securities Laws and Exchange Requirements when dealing with confidential information and trading in securities while in possession of such information. *See Policy 3.1 - Directors, Officers and Corporate Governance.*

10.6 Delay and Inactivity

If the Information Circular has not been mailed to shareholders within 75 days after the Initial Submission Date and, in the opinion of the Exchange, the delay is due to inactivity of the Issuer or the person filing the Initial Documents, the Exchange may:

(a) close its file as "not proceeded with" and require the Issuer to issue a news release with respect to the status of the proposed transaction; or

(b) require that an updated Information Circular containing updated material facts and updated financial statements, Geological Reports, valuations or other reports be filed.

10.7 Assessment of a Significant Connection to Ontario

Where, pursuant to an RTO, a Resulting Issuer will have a Significant Connection to Ontario, it must immediately notify the Exchange and make an application to be deemed a reporting issuer pursuant to section 19.2 of *Policy 3.1 – Directors, Officers and Corporate Governance*.

POLICY 5.3

ACQUISITIONS AND DISPOSITIONS OF NON-CASH ASSETS

Scope of Policy

Non-cash asset transactions are divided into several different categories. The more significant the transaction, the more detailed the Exchange review and required disclosure of the transaction will be. In addition to the general reporting and filing policies of the Exchange, this Policy sets out acceptance and disclosure requirements for certain specific transactions. This Policy applies to all Issuers except Capital Pool Companies.

In some circumstances, an acquisition or disposition can constitute a Change of Business or Reverse Take-Over. In such cases, Issuers must comply with the requirements of Policy 5.2 – Changes of Business and Reverse Take-Overs. Inactive Issuers must comply with the provisions of Policy 2.6 – Inactive Issuers and Reactivation, in addition to the requirements of this Policy.

The main headings in this Policy are:

1. Overview
2. Exempt Transactions
3. Expedited Acquisitions
4. Reviewable Transactions - General
5. Reviewable Acquisitions - Procedure
6. Reviewable Dispositions - Procedure
7. Reviewable Transactions - Additional Documents and Requirements
8. Treasury Orders and Resale Restrictions

1. Overview

1.1 Categories of Transactions

The Exchange recognizes that there are many types of acquisitions and dispositions and that it is not appropriate to treat each transaction in the same manner. As a result, the Exchange has developed the following transaction categories with specific requirements to deal with the range of transactions:

"Exempt Transactions" are transactions which are relatively insignificant to an Issuer's operations and which involve no issuance of securities by the Issuer (or its subsidiaries). An Exempt Transaction can be conducted without Exchange acceptance or review and requires no filing with the Exchange. The criteria for a transaction to qualify as an **"Exempt Acquisition"** are described in section 2.1 and the criteria for a transaction to qualify as an **"Exempt Disposition"** are described in section 2.2.

"Minor Acquisitions" are acquisitions where:

(a) the number of securities issued does not exceed the greater of:

(i) 200,000 Listed Shares in the case of a mining or oil and gas exploration issuer or 500,000 Listed Shares in the case of other Issuers, or

(ii) 10% of the Issuer's outstanding Listed Shares; and

(b) either:

(i) if the transaction is arm's length, except in the case of Tier 1 Issuers, the total consideration payable (including securities issued) does not exceed $1,000,000; or

(ii) if the transaction is with any one or more Related Parties, the total consideration payable (including securities issued) does not exceed $250,000 for a Tier 2 Issuer or $500,000 for a Tier 1 Issuer.

(c) Minor Acquisitions are Reviewable Transactions unless they also meet the criteria for an Expedited Acquisition.

"Major Acquisitions" are Reviewable Acquisitions other than Minor Acquisitions.

"Expedited Acquisitions" are arm's length Minor Acquisitions that meet certain additional criteria described in section 3.1. The Exchange considers that because of their size and other built-in restrictions, these transactions do not require prior Exchange review. Issuers can obtain Exchange acceptance of an Expedited Acquisition without Exchange staff review, by complying with the filing requirements outlined in section 3.3.

"Reviewable Transactions" are transactions which are considered more significant than Exempt or Expedited transactions, relative to an Issuer's operations, either by virtue of the size of the acquisition or disposition or by virtue of the fact that it is a Related Party transaction. All acquisitions which do not qualify as either Exempt Transactions or Expedited Acquisitions (**"Reviewable Acquisitions"**) and all dispositions which do not qualify as Exempt Transactions (**"Reviewable Dispositions"**) are "Reviewable Transactions". Issuers must obtain prior Exchange acceptance for all Reviewable Transactions.

An Issuer which has been advised by the Exchange that it is no longer permitted to rely upon either the Expedited Acquisition filing procedures or the Expedited Private Placement filing procedures, must file all acquisitions and dispositions as if they were Reviewable Transactions.

"Fundamental Acquisitions" are the most significant Reviewable Acquisitions, are subject to additional filing requirements and will typically involve a halt. A Fundamental Acquisition is an acquisition, other than a Change of Business, of one or more assets, properties or businesses or an interest therein, in respect of which:

(a) at least 50% of the Issuer's assets, resources, planned expenditures or management time commitment will be devoted over the next 12 month period; or

(b) at least 50% of the Issuer's anticipated revenues for the next 12 months are expected to be derived.

1.2 Issuer's Obligations

(a) Whether or not the Exchange reviews a transaction, the Issuer should be satisfied with the material aspects of the transaction, including that:

(i) the consideration payable for the acquisition of the asset, business, property or interest therein (and any related finder's fee) is reasonable;

(ii) the seller or optionor has or will have title to, and has the power and authority to sell or option the applicable asset, property or business or interest therein;

(iii) the Issuer has the legal ability, power and authority to acquire such asset, business, property or interest therein;

(iv) the Issuer has the financial or other resources necessary to acquire and develop the assets or business being acquired without materially adversely affecting the Issuer's financial viability; and

(v) any securities to be issued, when issued, will be issued as fully paid.

(b) Issuers must obtain adequate evidence of value for consideration paid, such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, Geological Reports, financial statements or valuations. Although evidence of value is not always required to be filed with the Exchange, the Exchange can request this evidence of value if it conducts an audit of a filing.

(c) In addition to Exchange Requirements, the Issuer must also comply with applicable Securities Laws and corporate laws including such matters as the availability of prospectus exemptions, registration exemptions, take-over bid exemptions and compliance with continuous disclosure requirements.

1.3 Percentage Calculations

In this Policy, a reference to percentages of securities means percentages calculated on a non-fully diluted basis, so that any Warrants acquired in the transaction are excluded from the numerator and the denominator includes only the outstanding Listed Shares at completion of the transaction.

2. Exempt Transactions

2.1 Exempt Acquisitions

(a) An acquisition which meets the following criteria is exempt from Exchange review and no Exchange filing is required:

(i) none of the sellers (or optionors) is a Related Party of the Issuer or its Associates or Affiliates;

(ii) the acquisition is conducted in the normal course of the Issuer's operations;

(iii) the Issuer is not an Inactive Issuer;

(iv) the acquisition is not a Material Change in the business or affairs of the Issuer and is not being conducted in conjunction with or in contemplation of an undisclosed Material Change;

(v) the transaction is not a Change of Business or Reverse Take-Over and is not being conducted in conjunction with or in contemplation of a Change of Business or Reverse Take-Over;

(vi) the acquisition does not involve the issuance of securities; and

(vii) the total consideration to be paid for the assets, business or property to be acquired (including any finder's fee) does not exceed $250,000, or in the case of a Tier 1 Issuer, $500,000.

2.2 Exempt Dispositions

(a) A disposition of non-cash assets or property which meets the following criteria is exempt from Exchange review and no Exchange filing is required:

(i) none of the purchasers of the asset, business or property is a Related Party of the Issuer or its Associates or Affiliates;

(ii) the disposition is conducted in the normal course of the Issuer's operations;

(iii) the transaction is not being conducted in conjunction with or in contemplation of a Change of Business or Reverse Take-Over;

(iv) the disposition is not a Material Change in the business or affairs of the Issuer and is not being conducted in conjunction with or in contemplation of an undisclosed Material Change;

(v) the disposition will not result in the Issuer ceasing to meet Tier Maintenance Requirements;

(vi) the Issuer is not an Inactive Issuer; and

(vii) the assets, property or business being disposed of constitute less than 25% of the Issuer's operating assets, property or business and less than 25% of Issuer's revenues in the past 12 months have been derived from those assets, property or business.

3. Expedited Acquisitions

3.1 Eligibility

(a) A Minor Acquisition by an Issuer can be conducted on an expedited basis if:

(i) the seller (or optionor) of the asset, property or business is not a Related Party of the Issuer or its Associates or Affiliates;

(ii) the acquisition is not a Change of Business or Reverse Take-Over and is not being conducted in conjunction with or in contemplation of a Change of Business or Reverse Take-Over;

(iii) the acquisition does not involve a property or asset which is contiguous with or related to a property or asset which has been acquired from the same vendor within the previous six months and the acquisition is not being conducted in conjunction with or in contemplation of an undisclosed Material Change;

(iv) the only securities issued are Listed Shares or Warrants convertible into Listed Shares;

(v) any securities issued as consideration for the acquisition do not result in any person who was previously not an Insider becoming an Insider of the Issuer;

(vi) the Issuer is not an Inactive Issuer; and

(vii) the aggregate number of Listed Shares issued by the Issuer under the Expedited Private Placement or Expedited Acquisition filing procedures within the previous 12 months does not exceed 25% of the Issuer's outstanding Listed Shares.

An Issuer which has exceeded the 25% limit described in section 3.1(a)(vii), may apply by letter to the Exchange to have the limit reset.

3.2 Audit

(a) Although the Exchange does not review Expedited Acquisitions as they are submitted, it will undertake an audit process to review selected Expedited Acquisitions after they are processed. If the audit reveals significant problems with an Expedited Acquisition, the Exchange can prohibit the Issuer from using the Expedited Acquisition system in the future.

(b) The Issuer must obtain adequate evidence of value for the consideration paid. Although the Issuer is not required to file this evidence with the Expedited Acquisition Filing Form, the Exchange can request this evidence during an audit.

3.3 Expedited Acquisition Filing Procedures

(a) On or before the closing of an acquisition which qualifies as an Expedited Acquisition, the Issuer must file:

(i) the Expedited Acquisition Filing Form (Form 5B); and

(ii) the applicable fee as prescribed by Policy 1.3 - Schedule of Fees.

(b) The Exchange will send to the Issuer a final acceptance letter when it accepts the Expedited Acquisition, generally on the first business day after the Expedited Acquisition Filing Form and fee are filed.

(c) If the transaction changes from what was disclosed on the Expedited Acquisition Filing Form but the transaction still qualifies as an Expedited Acquisition, the Issuer must file an "Amended" Expedited Acquisition Filing Form as soon as it becomes aware of the change. If there is a change in the transaction or the circumstances of the Issuer so that the transaction no longer qualifies as an Expedited Acquisition, the Issuer must comply with the Reviewable Transaction procedures and any other applicable Exchange Requirements.

3.4 Fees and Warrants

Any finder's fees paid must comply with Policy 5.1 – Loans, Bonuses, Finder's Fees and Commissions. Finder's fees are not included in the calculation of eligible shares in section 3.1.

Any Warrants issued must comply with the provisions dealing with Warrants in Policy 4.1 – Private Placements.

4. Reviewable Transactions - General

4.1 Any transaction subject to this Policy which is not an Exempt or Expedited Transaction is a Reviewable Transaction.

4.2 News Release and Transaction Summary Form

(a) Subject to section 4.4, as soon as an agreement in principle for any Reviewable Transaction is reached, the Issuer must immediately issue a news release. The Issuer must then immediately file with the Exchange, a Transaction Summary Form (Form 5C), with the news release as an attachment.

(b) The news release must provide summary disclosure of:

(i) the nature of the asset, business or property to be acquired or disposed of,

(ii) the parties to the transaction,

(iii) the proposed consideration and method of payment,

(iv) whether any finder's fee is to be paid, and

(v) any Related Party relationship between the Issuer, its Insiders and the sellers or optionors of the asset, business or property.

The news release must also comply with Policy 3.3 - Timely Disclosure.

4.3 Exchange Acceptance

If the Exchange is satisfied with the Transaction Summary Form, the Exchange will issue a conditional acceptance letter. The Issuer must not close the transaction (except in trust, conditional upon Exchange Acceptance) until it has received the Exchange's final acceptance. The Exchange will not issue a final acceptance until all documents required by sections 5 and 6 of this Policy have been received and reviewed.

4.4 Trading Halts

(a) Before issuing any news release, an Issuer intending to announce a significant acquisition or disposition must contact the Exchange's Corporate Finance Department to discuss whether a trading halt is necessary. A trading halt will not be required in respect of a Minor Acquisition.

(b) Any trading halt will be brief provided that the news release is sufficiently comprehensive and it appears to the Exchange that the transaction will be acceptable upon filing of all materials, in due course.

(c) The Exchange will not typically halt trading except for:

(i) a Change of Control (as defined in Policy 5.2 - Changes of Business and Reverse Take-Overs);

(ii) a Fundamental Acquisition;

(iii) a transaction that will result in new shareholders holding more than 50% of the outstanding securities; or

(iv) a sale of more than 50% of an Issuer's assets, business or undertaking.

(d) A trading halt will generally be lifted after the Exchange has had an opportunity to review:

(i) a draft agreement in respect of the transaction;

(ii) Personal Information Forms for any new or proposed new Insiders;

(iii) for any natural resource property acquisition, a Geological Report; and

(iv) for the acquisition of any business or a material portion of the assets of a business, audited financial statements of the Company conducting that business or owning the assets.

(e) The Issuer must issue a news release regarding the status of the Reviewable Transaction (other than a Minor Acquisition) and filing every 30 days following any trading halt, until the transaction is complete and a news release confirming closing has been issued.

5. Reviewable Acquisitions - Procedure

5.1 Within 30 days after the Exchange's conditional acceptance and before closing of the acquisition, the Issuer must submit to the Exchange the following documents (if not already provided to resume trading):

(a) for any Major Acquisition of a natural resource property or an interest therein (including a share acquisition of another Company which holds title to the natural resource property), a Geological Report;

(b) for every Major Acquisition, a financial plan or other evidence demonstrating that the Issuer has, or will have upon closing, the financial resources to close the transaction and,

(i) if the acquisition is of a natural resource exploration or development property, that the Issuer has, or will have upon closing, the financial resources to fund its property payment obligations for a minimum of six months and the first stage of any recommended work program, or

(ii) if the acquisition is of non-natural resource assets, that the Issuer has sufficient working capital and financial resources for a six month period;

(c) for any Major Acquisition of another Company or material assets of another Company, audited financial statements of that Company (the Exchange can waive the requirement for audited financial statements provided other satisfactory financial statements or evidence is available);

(d) if required by section 7.2, evidence of value supporting the consideration to be paid for the asset, property, business or interest therein;

(e) if requested by the Exchange, an executed copy of any escrow agreement required by the Exchange under Policy 5.4 – Escrow and Vendor Consideration;

(f) a certified copy of the transaction agreement(s), including relevant underlying agreements;

(g) a duly completed Personal Information Form for any new Insiders of the Issuer;

(h) if a finder's fee is payable, a copy of the finder's fee agreement (Issuers are reminded that all finder's fees must be in compliance with Policy 5.1 - Loans, Bonuses, Finder's Fees and Commissions.);

(i) if required under section 7.1, an opinion of title;

(j) if requested by the Exchange, for the acquisition of a non-natural resource issuer or the assets of a non-natural resource issuer, a business plan;

(k) if required under section 7.3, a Filing Statement for a Non-RTO Transaction (Form 5A);

(l) if required under section 7.14, evidence of shareholder approval;

(m) if required under section 7.5, a Sponsor Report;

(n) any other documents or information requested by the Exchange in the conditional acceptance letter; and

(o) the applicable fee as prescribed by Policy 1.3 - Schedule of Fees.

6. Reviewable Dispositions - Procedure

6.1 Within 30 business days after entering into an agreement in principle for a Reviewable Disposition, the Issuer must submit to the Exchange the following documents:

(a) if the transaction consists of a disposition to a Related Party of a natural resource property or an interest therein, a Geological Report;

(b) if required under section 7.2, evidence of value;

(c) a certified copy of the transaction agreement(s), including relevant underlying agreements;

(d) any other documents or information requested by the Exchange in the conditional acceptance letter; and

(e) the applicable fee as prescribed by Policy 1.3 - Schedule of Fees.

7. Reviewable Transactions - Additional Documents and Requirements

7.1 Title Opinions

(a) The Exchange can require a title opinion if it considers one necessary or advisable. The Exchange generally considers a title opinion to be necessary for:

(i) a Major Acquisition of a foreign asset, business or property;

(ii) a transaction resulting in a Change of Control; and

(iii) any acquisition which results in new shareholders holding 50% or more of the outstanding securities of the Issuer.

7.2 Evidence of Value

(a) An Issuer can provide evidence of value in a number of ways as described in Policy 5.4 – Escrow and Vendor Consideration.

(b) The Exchange can require evidence of value if it considers it necessary or advisable. The Exchange will generally require evidence of value for:

(i) any Related Party acquisition, including a Minor Acquisition;

(ii) any transaction that results in a Change of Control;

(iii) a Fundamental Acquisition;

(iv) any transaction that results in new shareholders holding more than 50% of the outstanding securities of the Issuer;

(v) a Reviewable Disposition to one or more Related Parties; and

(vi) a Reviewable Disposition that is a sale of more than 50% of the Issuer's assets, business or undertaking.

7.3 Filing Statements

(a) The Exchange can require a Filing Statement for a Non-RTO Transaction (Form 5A) if it considers it necessary or advisable. The Exchange generally considers a Filing Statement for a Non-RTO Transaction to be necessary for:

(i) any transaction which results in a Change of Control;

(ii) a Fundamental Acquisition;

(iii) an acquisition which results in new shareholders holding 50% or more of the outstanding securities of the Issuer;

(iv) a Reviewable Disposition that is a sale of more than 50% of the Issuer's assets, business or undertaking; and

(v) a Major Acquisition that occurs concurrently with a Change of Management.

7.4 Shareholder Approval

(a) The Exchange can require shareholder approval if it considers it necessary or advisable. The Exchange generally considers shareholder approval to be necessary for:

(i) any transaction which results in a Change of Control;

(ii) a transaction which results in new shareholders holding 50% or more of the outstanding securities of the Issuer;

(iii) any acquisition which together with any concurrent or related transactions results in the issuance of more than 10% of the outstanding Listed Shares (calculated before the acquisition and the concurrent transaction) where Related Parties have a 20% or greater interest in the asset, property or business to be acquired;

(iv) any acquisition which together with any concurrent or related transactions results in the issuance of more than 20% of the outstanding Listed Shares (calculated before the acquisition and the concurrent transaction) where Related Parties have any interest in the asset, property or business to be acquired;

(v) any Reviewable Disposition which is a sale of more than 50% of the Issuer's assets, business or undertaking; and

(vi) if requested by the Exchange, a transaction for which the consideration to be paid exceeds the Exchange's vendor consideration guidelines set out in Policy 5.4 - Escrow and Vendor Consideration.

(b) The Exchange can accept the written consent of the shareholders holding over 50% of the issued shares of the Issuer, if the Exchange is satisfied that the shareholders were fully informed of the proposed transaction.

(c) If the sellers or optionors of any asset, property or business to be acquired are Related Parties of the Issuer, the Related Parties must be excluded from the calculation of shareholder approval.

7.5 Sponsor Reports

The Exchange does not generally require a Sponsor Report in connection with an acquisition governed by this Policy; however the Exchange can require a Sponsor Report if it considers it necessary or advisable.

8. Treasury Orders and Resale Restrictions

8.1 Securities issued can be subject to Resale Restrictions, including hold periods under applicable Securities Laws. The Issuer must comply with applicable Securities Laws, including any requirement to legend the securities with any Resale Restriction or hold period or any requirement to advise the recipient of the securities of any Resale Restriction or hold period.

8.2 In addition, the Exchange requires that all securities issued be legended with a four month hold period. The Exchange requirements for legending share certificates and instructions to transfer agents in treasury orders are described in Policy 3.2 - Filing Requirements and Continuous Disclosure.

POLICY 5.4

ESCROW AND VENDOR CONSIDERATION

Scope of Policy

This Policy outlines the Exchange's guidelines on acceptable ways to determine appropriate consideration for assets, properties, businesses, indebtedness or services. This Policy also identifies the escrow regime that the Exchange will apply to an Initial Listing, a New Listing or certain other transactions.

Except for sections 1, 6.4, 7, 8 and 9, this Policy does not apply to the escrow of shares of Capital Pool Companies.

The main headings in this Policy are:

1. General
2. Initial Applications for Listing
3. Reverse Take-Overs and Qualifying Transactions
4. Value Securities
5. Surplus Securities
6. Escrow Provisions
7. Other Transactions
8. Transfers Within Escrow
9. Discretionary Applications, Conversion of Escrow Agreements and Transitional Provisions

1. General

1.1 This Policy has been designed to harmonize with the Notice: Proposal for a National Escrow Regime Applicable to Initial Public Distributions (the "National Instrument") published for comment by the CSA in May, 1998. However, this Policy contemplates certain proposed changes to the National Instrument that have not yet been published. There is no assurance that the National Instrument will be published with the proposed changes, if at all. A reference in this Policy to the National Instrument includes the contemplated amendments, particularly those with respect to the revised escrow release provisions and the revised definition of "Principal" as described in this Policy. This Policy will change if there are further changes to the National Instrument.

1.2 The CSA has determined that the principal objective of escrow is to ensure that management and key principals retain an equity interest in an Issuer for an appropriate period following an IPO or following any other New Listing. The Exchange considers another significant reason for escrow to be to discourage the issuance of securities where the value of the securities issued does not reasonably correspond to the value of any asset, property, business, indebtedness or service in respect of which they are issued as payment or consideration. In response to this second reason for escrow, the Exchange has developed different escrow requirements for Surplus Securities which provide for delayed release as compared to the release contemplated by the National Instrument, which is substantially similar to the escrow requirements for Value Securities.

1.3 Interpretation

This Policy also provides for different escrow release provisions between Tier 1 Issuers and Tier 2 Issuers. For the purpose of this Policy, Tier 1 Issuers will be deemed to be Established Issuers as defined in the National Instrument and Tier 2 Issuers will be deemed to be Emerging Issuers as defined in the National Instrument.

This Policy also provides for various situations which are not covered by the National Instrument and requires that "Principal securities" issued pursuant to transactions, other than IPOs, in connection with alternative methods of "going public" will be subject to escrow requirements which are either the same as those required by the National Instrument or which result in slower release than permitted under the National Instrument. All "Principal securities" which will be outstanding at the completion of a New Listing will generally be subject to escrow requirements.

1.4 Definitions

In this Policy:

"Issuer" in connection with an Initial Listing means the applicant Issuer and in connection with any other New Listing refers to the Resulting Issuer (as defined in Policy 5.1 - Changes of Business and Reverse Take-Overs or Policy 2.4 - Capital Pool Companies).

"Option" means an option, warrant, right of conversion or exchange, or other right to acquire an equity security of an Issuer, but does not include a non-transferable incentive stock option exercisable solely for cash or cash equivalent (which for the purpose of this definition does not include property or services) at a price per underlying equity security not less at the price at which the equity securities of the Issuer are being issued or are deemed to be issued in connection with the Initial Listing or New Listing.

"Principal" means a Person that in the case of an IPO, immediately prior to the issuance of a final receipt is, or in all other cases at the time an Exchange Notice is issued confirming final acceptance of a transaction, will be:

(a) a Promoter of the Issuer;

(b) a director or senior officer of the Issuer or of a material operating subsidiary of the Issuer;

(c) a Person that:

(i) beneficially owns, directly or indirectly,

(ii) has control or direction over, or

(iii) has a combination of direct or indirect beneficial ownership of and or control or direction over,

securities of the Issuer carrying more than 20% of the voting rights attached to all the Issuer's outstanding Voting Shares, calculated in connection with an IPO, upon completion of the IPO or, in all other cases, at the time of the Exchange Notice;

(d) a Person that:

(i) beneficially owns, directly or indirectly,

(ii) has control or direction over, or

(iii) has a combination of direct or indirect beneficial ownership of and control or direction over

securities of the Issuer carrying more than 10% of the voting rights attached to all the Issuer's outstanding Voting Shares, calculated in connection with an IPO, upon completion of the IPO or, in all other cases, at the time of the Exchange Notice and

(iv) has selected or has the right to select, one or directors or senior officers of the Issuer, or

(v) one or more directors or senior officers of the Issuer:

(A) are directors, officers or employees of such persons or company;

(B) beneficially won, directly or indirectly, or have control or direction over, or have a combination of beneficial ownership of and control or direction over, more than 10% of the outstanding Voting Shares of such Person;

(vi) a Company

(A) if 20% or more of the Voting Shares of the Company are beneficially owned, directly or indirectly by any one or more of the Persons referred to in subsections (a) to (d), or

(B) if one or more of the Persons referred to in subsections (a) through (d) have control or direction over 20% or more of the Voting Shares of the Issuer, or

(C) if one or more of the Persons referred to in subsections (a) through (d) have a combination of beneficial ownership and of control or direction over 20% or more of the Voting Shares of the Issuer, or

(e) an Associate of a Person referred to in subsections (a) to (d).

"Principal securities" means

(a) all Options of the Issuer and

(b) all equity securities of the Issuer that carry a residual right to participate in the earnings of the Issuer and, on the liquidation or winding-up of the Issuer, in its assets,

which in the case of an IPO, immediately before completion of the Issuer's IPO are beneficially owned, directly or indirectly by Principals, or over which Principals have control or direction, or in al other cases, which immediately before the issuance of the Exchange Notice confirming final acceptance, are beneficially owned, directly or indirectly by Principals, or over which Principals have control or direction.

"Surplus Securities" means securities issued pursuant to a transaction which are not supported by a valuation method acceptable to the Exchange or for which the value of the asset is less than the deemed value of the securities, or securities which are otherwise determined by the Exchange to be Surplus Securities and required to be placed in escrow under a Surplus Security Escrow Agreement.

"Surplus Security Escrow Agreement" means an escrow agreement in Form 5D to which Surplus Securities will be subject and which will include Schedule B(3) of Form 5D if the Issuer is a Tier 1 Issuer or Schedule B(4) of Form 5D if the Issuer is a Tier 2 Issuer.

"Value Securities" means securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities which are otherwise determined by the Exchange to be Value Securities and required to be placed in escrow under a Value Security Escrow Agreement.

"Value Security Escrow Agreement" means an escrow agreement in Form 5D to which Value Securities will be subject and which will include Schedule B(1) of Form 5D if the Issuer is a Tier 1 Issuer or Schedule B(2) of Form 5D if the Issuer is a Tier 2 Issuer.

1.5 Applicable Escrow Requirements

For an Initial Listing which is conducted concurrently with an IPO, the Exchange will generally defer to any escrow requirements of applicable Securities Laws. The Exchange can require additional escrow beyond that imposed by Securities Laws.

1.6 Securities Which are Subject to Escrow

(a) For any New Listing, the Exchange will require that all Principal securities of an Issuer be escrowed. The Exchange can also require that any securities held by other parties be escrowed on the same terms as Principals or otherwise.

(b) If the number of securities being issued in connection with a New Listing is supported by value or are within parameters acceptable to the Exchange, all those securities held by Principals must be deposited into a Value Security Escrow Agreement. If the number of securities being issued is not supported by value or within parameters acceptable to the Exchange, all Principal securities must be deposited into a Surplus Security Escrow Agreement.

(c) The Exchange can also impose escrow requirements on securities beneficially owned directly or indirectly by any other party if:

(i) the securities were issued prior to listing at a price which the Exchange considers to be at a significant discount in relation to the prospectus offering price or any proposed concurrent financing; or

(ii) the issuance price of or consideration paid for such securities was materially below the Exchange's prescribed minimum issuance price of $0.10 per security or the Discounted Market Price.

(d) The Exchange will generally exempt from escrow those securities issued in connection with a Private Placement to a Person who will be a Principal of the Resulting Issuer where:

(i) the Private Placement is announced at least five trading days after the news release announcing an Agreement in Principle and the pricing for the financing is at not less than the Discounted Market Price; or

(ii) the Private Placement is announced concurrently with an Agreement in Principle and:

(A) at least 75% of the proceeds from the Private Placement are not from Principals of the Resulting Issuer;

(B) if subscribers other than Principals of the Target Issuer will obtain securities subject to hold periods, then, in addition to any Resale Restrictions under applicable Securities Laws, any securities issued to Principals will be required to be legended with the four month Exchange hold period referred to in Policy 3.2 - Filing Requirements and Continuous Disclosure; and

(C) none of the proceeds from the Private Placement are allocated to pay compensation to or settle indebtedness owing to Principals of the Resulting Issuer.

(e) The Exchange, in its discretion, can also impose escrow in connection with various other transactions, including a Change of Business, a Fundamental Acquisition, an acquisition resulting in a Change of Control, an acquisition of assets of indeterminate value (*see Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets*), shares for services and significant shares for debt arrangements (*see Policy 4.3 – Shares for Debt*).

(f) The Exchange reserves the right to require that any securities issued by an Issuer be placed in escrow pursuant to this Policy.

1.7 Securities Held by a Company

If Principal securities required to be held in escrow are held by a non-individual (a "holding company"), the Exchange can require that the securities of the holding company be placed in escrow or that all beneficial owners of the holding company sign undertakings to the Exchange not to transfer their holding company securities without the consent of the Exchange and the directors and senior officers of the holding company must sign undertakings not to permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the holding company. In addition to any of the foregoing, where in connection with a New Listing, a holding company acquires escrow securities, the Exchange will require from the Issuer an undertaking as contemplated in the National Instrument.

1.8 Form of Escrow Agreement

Every escrow agreement submitted to the Exchange pursuant to this Policy must be in the required form of Value Security Escrow Agreement or Surplus Security Escrow Agreement or any replacement form prescribed by the Exchange. Except as specifically contemplated by the form, no additions, deletions, exceptions, amendments or other modifications to such form can be made without the prior written approval of the Exchange. Acceptance or conditional acceptance of a proposed transaction does not constitute acceptance or approval by the Exchange of the amendments unless specifically stated in the acceptance or conditional acceptance letter. Modification in any way of the substance of the Exchange escrow agreement is a breach of Exchange Requirements unless prior Exchange Acceptance is obtained.

1.9 Relief from Certain Requirements

If the number of securities issued by an Issuer appears to exceed the value of the asset, property, business (or a partial interest) received by the Issuer, based on valuation methods acceptable to the Exchange, then the Exchange can still agree to accept a transaction for filing if the securities are placed in a Surplus Security Escrow Agreement. However, regardless of Exchange Acceptance, the directors and management of the Issuer have an obligation under corporate law and Exchange Requirements to act in the best interests of the Issuer in negotiating a transaction and to ensure that all securities are issued as fully paid. The directors and management of an Issuer must be satisfied that the Issuer is receiving appropriate consideration for any securities issued.

2. Initial Applications for Listing

2.1 In regard to any Issuer seeking a listing on the Exchange in connection with an IPO, the Exchange will generally require the Issuer to have entered into an escrow agreement as described in the Canadian Securities Administrators Notice 46-301, dated March 17, 2000, *Proposal for Uniform Terms of Escrow Applicable to Initial Public Distributions* (the "Notice") unless a preliminary receipt for the IPO Prospectus is issued by a CSA Jurisdiction prior to July 1, 2000. Where an Issuer has received a preliminary receipt for its IPO Prospectus prior to July 1, 2000, the Exchange will not generally impose additional escrow and will defer to the escrow regime of the applicable Securities Commission(s).

2.2 In connection with any Initial Listing, the Exchange reserves the right to impose escrow requirements on any person other than a Principal. The Exchange, in its discretion, can require securities to be placed in a Value Security Escrow Agreement or a Surplus Security Escrow Agreement or both.

2.3 For an Initial Listing by an Issuer that has previously traded in another market, to the extent possible, the Exchange will generally require that the Principals of the Issuer enter into escrow arrangements substantially similar to the escrow which would have been required if the Issuer conducted its IPO in a CSA Jurisdiction.

3. Reverse Take-Overs and Qualifying Transactions

3.1 Except pursuant to section 1(6)(d), all securities held by Persons who will be Principals of the Resulting Issuer at the time of the Exchange Notice confirming final acceptance of a Reverse Take-Over or a Qualifying Transaction must be placed in escrow.

3.2 The Exchange calculates the number of securities that constitute Value Securities. If all securities issued are Value Securities or the number of Surplus Securities does not exceed 25% of the number of Value Securities, then all securities issued, including Value Securities and Surplus Securities, will be placed in a Value Security Escrow Agreement.

3.3 If, in addition to issuing Value Securities, the Issuer issues Surplus Securities which exceed 25% of the number of Value Securities, then all securities issued, including Value Securities and Surplus Securities, will be placed in a Surplus Security Escrow Agreement.

4. Value Securities

4.1 General Application

(a) Securities are Value Securities if the supportable value of the asset, property, business (or interest), indebtedness or service for which the securities are being issued equals or exceeds the deemed value of the securities to be issued.

(b) The deemed value of the securities to be issued is calculated by multiplying the number of securities to be issued by the deemed price per security. The deemed price per security must not be less than the greater of the Discounted Market Price, $0.10 and such other higher price prescribed by the Exchange. *See Policy 2.4 - Capital Pool Companies for the deemed price of securities of CPCs.*

(c) After issuing all Value Securities, at least 20% of the outstanding Listed Shares of the Issuer must be in the hands of Public Shareholders.

4.2 Valuation Methods

The Issuer can provide evidence of value in any one of the following ways:

(a) a formal valuation or appraisal prepared by independent, qualified parties, such as Chartered Business Valuators and for resource transactions Qualified Persons as defined in National Instrument 43-101;

(b) for an oil and gas property, a Geological Report based on constant dollar pricing, discounted at 15% and probable reserves risked a further 50%;

(c) subject to section 4(4), for mining issuers and other exploratory natural resource issuers, deferred expenditures incurred within the five previous years for exploration or development of the property on which the Issuer intends to conduct a recommended work program in the next 12 months and, if applicable, such property is the Qualifying Property forming the basis for the Issuer's listing;

(d) for start-up industrial or technology issuers, deferred expenditures or expenses (excluding general and administrative expenses) incurred within the five previous years which have contributed to or can reasonably be expected to contribute to the future operations of the Issuer and which are supported by audited financial statements or an audited statement of costs. (Valuations will not generally be accepted for Issuers which have not yet generated significant revenue.);

(e) for research and development issuers, deferred expenditures (excluding general and administrative costs) incurred within the five previous years, as evidenced by audited financial statements or an audited statement of costs, which have contributed to or can reasonably be expected to contribute to the development of the product or technology for which the Issuer intends to conduct a recommended research and development program in the next 12 months and, if applicable, which constitutes the basis for the Issuer's listing;

(f) Net Tangible Assets;

(g) five times average annual cash flow;

(h) subject to section 4(3), the value of a concurrent majority Arm's Length private placement or public offering (a "Financing"), provided that the subscribers have been advised of the transaction and the number of securities to be issued pursuant to the Financing will represent at least 20% of the issued and outstanding Listed Shares of the Issuer upon completion of the transaction and the Financing; or

(i) some other determination of value acceptable to the Exchange.

4.3 Concurrent Financing

The value ascribed to the assets, business or property (or interest) which is indicated by a concurrent Financing generally is calculated as follows:

$$\frac{\text{Gross proceeds of Financing x Total \# of Securities Outstanding upon Completion of Transaction}}{\text{\# of Securities to be issued pursuant to Financing}}$$

4.4 Junior Exploration Issuers

Generally valuations of grassroots mining properties will not be accepted. Exploration and development expenditures must be out of pocket costs incurred by the vendor within the five previous years in arm's length transactions and can include the acquisition cost of the property by the vendor. Any payments made to non-arm's length parties will generally be excluded from these amounts.

4.5 Other Discretionary Valuation Methods

(a) If the Issuer provides the Exchange with satisfactory evidence of the value of services provided to an Issuer which have not otherwise been compensated, and the services have provided a demonstrable benefit to the Issuer, then any securities issued in consideration for those services can, at the discretion of the Exchange, be considered to be Value Securities.

(b) If an Issuer proposes to acquire another issuer (the "Target") and the Target has issued securities at or above prices which would constitute a Discounted Market Price applicable to the Issuer, then comparable securities issued by the Issuer in a one for one exchange for Target securities will generally be considered Value Securities. Securities issued by the Issuer in exchange for Target securities which were issued at least 12 months prior, at prices that are at least 50% of the current Market Price of the Issuer's Listed Shares, can be considered by the Exchange to be Value Securities.

(c) In the absence of evidence to the contrary, for Exempt, Minor and Major Acquisitions (as defined in Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets), the Exchange will generally presume that the consideration to be paid is supported by value unless the parties to a transaction are Related Parties.

5. Surplus Securities

5.1 All securities issued as consideration for an asset, business, property (or interest), services or debt settlement that do not constitute Value Securities are considered Surplus Securities.

5.2 After issuing all V alue Securities and all Surplus Securities, at least 20% of the outstanding Listed Shares of the Issuer must be in the hands of Public Shareholders

6. Escrow Provisions

6.1 General Application

(a) If the number of Surplus Securities issued does not exceed 25% of the number of permitted Value Securities, then all Principal securities (including both Value Securities and Surplus Securities) will be subject to a Value Security Escrow Agreement.

(b) If the number of Surplus Securities issued equals or exceeds 25% of the number of permitted Value Securities, then all Principal securities (including both Value Securities and Surplus Securities) will be subject to a Surplus Security Escrow Agreement.

(c) The first release of Value Securities escrowed in connection with a Reverse Take-Over or Qualifying Transaction is on the date of the Exchange Notice confirming final acceptance of the transaction. For Value Securities escrowed in conjunction with an Initial Listing, the initial release date is the date of the Exchange Notice confirming the Issuer has been or is to be listed.

6.2 Value Security Escrow Agreements

(a) Securities escrowed under Value Security Escrow Agreements are released from escrow as follows:

Tier 1 Issuers:		Tier 2 Issuers (excluding CPC's):	
%	Release Date	%	Release Date
25%	at the time of Exchange Notice	10%	at the time of Exchange Notice
25%	6 months from Exchange Notice	15%	6 months from Exchange Notice
25%	12 months from Exchange Notice	15%	12 months from Exchange Notice
25%	18 months from Exchange Notice	15%	18 months from Exchange Notice
		15%	24 months from Exchange Notice
		15%	30 months from Exchange Notice
		15%	36 months from Exchange Notice

6.3 Surplus Security Escrow Agreements

(a) The terms of the Surplus Security Escrow Agreements are substantially similar to the Value Security Escrow Agreements, except for the delayed release provisions, the certification required by section 6(3)(d) of this Policy and the requirement for cancellation of release upon loss or abandonment of any property or discontinuance of operations, as described below.

(b) Securities escrowed under Surplus Security Escrow Agreements are released from escrow as follows:

Tier 1 Issuers		Tier 2 Issuers (excluding CPCs):	
%	Release Date	%	Release Date
10%	upon Exchange Notice	5%	6 months from Exchange Notice
15%	6 months from Exchange Notice	5%	12 months from Exchange Notice
15%	12 months from Exchange Notice	5%	18 months from Exchange Notice
15%	18 months from Exchange Notice	5%	24 months from Exchange Notice
15%	24 months from Exchange Notice	10%	30 months from Exchange Notice
15%	30 months from Exchange Notice	10%	36 months from Exchange Notice
15%	36 months from Exchange Notice	10%	42 months from Exchange Notice
		10%	48 months from Exchange Notice
		10%	54 months from Exchange Notice
		10%	60 months from Exchange Notice
		10%	66 months from Exchange Notice
		10%	72 months from Exchange Notice

(c) The Surplus Security Escrow Agreements provide that the automatic release mechanism for Surplus Securities will terminate if the asset, business or property (or interest) for which the Surplus Securities were issued as consideration is lost or abandoned or the operations or development on the asset, business or property are discontinued.

(d) Under the Surplus Security Escrow Agreements, before any Surplus Securities can be released, two directors or senior officers of the Issuer must certify to the escrow agent that the relevant asset, property or business has not been lost or abandoned and that operations or development of such asset, property or business have not been discontinued. In addition, under the terms of the Surplus Security Escrow Agreements, the escrowed parties must agree to cancel their Surplus Securities if the applicable asset, property or business (or interest) is lost or abandoned or the operations or development on the property are discontinued.

6.4 Other Release Provisions and Graduation

(a) The release provisions in the National Instrument as described in the sections Release Upon Death and Release upon Take-Over Bid (Combination), and as may be amended upon publication of the revised National Instrument, are available to Principals whose securities are escrowed under this Policy.

(b) The graduation and release provisions contemplated by the National Instrument are available to an Issuer whose securities are escrowed under this Policy. However, an Issuer can graduate from the category of Emerging / Tier 2 to Established / Tier 1 only when the Exchange issues an Exchange Notice confirming final acceptance for listing on Tier 1. The filing procedures contemplated by section 6.3.1 of the National Instrument do not apply.

(c) The provisions of the National Instrument in Part 7 – Transfers within Escrow and Part 8 – Dealing with Escrow Securities are available to Issuers and Principals whose securities are escrowed pursuant to this Policy.

7. Other Transactions

7.1 Value Securities issued to non-Principals, in conjunction with transactions other than New Listings, will generally be free of any escrow. Value Securities issued to Principals, in conjunction with transactions other than New Listings, will generally be free of any escrow, provided the Exchange is satisfied that existing escrow arrangements or other factors are adequate to ensure management commitment.

7.2 In connection with an acquisition, shares for services or debt settlement transaction, the Exchange can require that all or part of any Surplus Securities, whether issued to Principals or otherwise, be escrowed under a Value Security Escrow Agreement or a Surplus Security Escrow Agreement.

8. Transfers Within Escrow

Transfers of securities escrowed pursuant to Exchange Requirements require the prior written consent of the Exchange. Principal securities may only be transferred to new or existing Principals of the Issuer in accordance with the terms of Form 5D and subject to any legal or other restriction on transfer and to the approval of the Issuer's board of directors, may only be transferred to continuing or, upon their appointment, incoming directors or senior officers of the Issuer or a material operating subsidiary of the Issuer. To apply for a transfer within escrow, the Issuer or owner of the escrowed securities must submit the following documents to the Exchange:

(a) a letter requesting transfer within escrow, identifying the registered and beneficial owner of the escrowed securities (including name and address) and the proposed registered and beneficial owner of the escrowed securities after giving effect to the transfer. If the transfer involves Principal securities, the letter must confirm that the transferee is a Principal of the Issuer;

(b) a notarially certified copy of the escrow security purchase agreement;

(c) Form 5E signed by the transferee consenting to be bound by the terms of the escrow agreement;

(d) a letter from the escrow agent confirming the escrow securities currently held in escrow under the escrow agreement, including the names of the registered owners and the number of securities held by each; and

(e) the applicable filing fee as prescribed by Policy 1.3 - Schedule of Fees.

POLICY 5.5

STOCK EXCHANGE TAKE-OVER BIDS AND ISSUER BIDS

Scope of Policy

The statutory rules regulating take-over bids form a closed system. That is, all purchases made by an offeror must proceed by way of the procedures stipulated by the relevant Securities Laws unless the transaction(s) can be brought within an exemption from the take-over bid requirements. One exemption in the Securities Laws of several provinces applies to a take-over bid made through the facilities of a recognized stock exchange (see for example section 132(1)(a) of the Alberta Securities Act).

This Policy applies to take-over bids and issuer bids made through the facilities of the Exchange where the Exchange is recognized for this purpose under applicable Securities Laws. This Policy should be read in conjunction with the Guidelines for Take-Over Bids and Issuer Bids Made Through the Facilities of the Exchange (the "Guidelines"), set out in Appendix 5A. Normal course issuer bids are addressed in Policy 5.6 - Normal Course Issuer Bids.

A bid not made in compliance with the rules and policies of the Exchange is deemed not to be made through the facilities of the Exchange and therefore must be made in reliance on other exemptions from the applicable Securities Laws.

The main headings in this Policy are:

1. Background
2. Stock Exchange Take-Over Bids
3. Normal Course Purchases
4. Restricted Shares
5. Insider Bids
6. Issuer Bids
7. Substantial Issuer Bids
8. Exchange Discretion

1. Background

1.1 This Policy sets out a comprehensive code covering any take-over bid or issuer bid made through the facilities of the Exchange. The rules that govern a particular transaction depend on the nature of that transaction. Separate rules exist for the following bids:

Take-Over Bids

"Formal" Take-Over Bids
Insider Bids
Normal Course Purchases

Issuer Bids

Substantial Issuer Bids
Certain Substantial Issuer Bids for Non-Equity and Non-Voting Securities
Normal Course Issuer Bids

1.2 The Exchange's Policies on take-over bids and issuer bids made through its facilities are intended to be simple and efficient, and to protect investors, while balancing the goals of maintaining confidence and neutrality as between the offerors, the offeree company management and competing offerors. They are not intended to reduce the effective protection available to shareholders in any transaction.

1.3 Except that offers made through the facilities of the Exchange are restricted to cash consideration, cannot be withdrawn (except in limited circumstances) and can not specify a minimum number of shares that must be tendered before the offeror is bound to take them up, they are very similar to bids made by way of circular. For example, as with the rules applicable to circular bids, these policies specify periods for disclosure, solicitation and take-up of shares tendered pursuant to an offer.

1.4 Additional requirements apply to insider bids and substantial issuer bids. In these cases, the offeror must normally prepare a valuation of the target company, so that shareholders will have the same information as that available to the offeror to judge whether the bid price is fair.

1.5 Small purchases by offerors are governed by section 3 of this Policy on Normal Course Purchases and by Policy 5.6 - Normal Course Issuer Bids.

1.6 Definitions

In this Policy:

"equity security" means a security that carries a residual right to participate both in the earnings of the Issuer and the assets of the Issuer upon liquidation or winding-up, and includes Restricted Shares that are listed on the Exchange if they fall within this definition;

"Issuer Bid" means an offer to acquire listed Voting Shares or listed equity securities made by or on behalf of an Issuer for securities issued by the Issuer;

"Normal Course Purchase" means a Take-Over Bid made by way of a purchase on the Exchange of a number of a class of securities of an Issuer that, together with all purchases of those securities made by the offeror and any Person acting jointly or in concert with the offeror in the preceding 12 months through the facilities of a stock exchange, or otherwise, other than purchases by way of a Stock Exchange Take-Over Bid or circular bid or purchases from treasury, do not aggregate more than 5% of the securities of that class outstanding at the time the purchase is made;

"Ranking Bid" means the Stock Exchange Take-Over Bid that yields the highest average bid value;

"Stock Exchange Take-Over Bid" means a Take-Over Bid, other than a Normal Course Purchase, made through the facilities of the Exchange;

"Take-Over Bid" means an offer to acquire a number of the listed Voting Shares or listed equity securities of an Issuer that, together with the offeror's securities, will in the aggregate:

(a) constitute 20% or more of the outstanding securities of that class, or

(b) in the case of an offeree issuer that is subject to the *Canada Business Corporations Act*, constitute 10% or more of the outstanding securities of a class of listed Voting Shares, on the date of the offer to acquire.

2. Stock Exchange Take-Over Bids

2.1 Calculation of Thresholds and Number of Shares

(a) Purchase thresholds are determined in accordance with the Securities Laws. To determine whether the threshold for a Take-Over Bid has been met and whether the Normal Course Purchase limits have been observed, each class of shares is viewed separately. Therefore, if a purchaser offers to acquire 20% or more of a particular class of Voting Shares or equity securities, it is a Take-Over Bid.

(b) A purchaser must count the number of target shares owned or controlled on the date of the offer to acquire by the purchaser and by any Person acting jointly or in concert with the purchaser, together with the number of target shares proposed to be acquired through the offer.

(c) The purchaser must also count the number of target shares that it has the right to acquire within 60 days after the date of the offer to acquire by conversion, subscription, option, warrant or otherwise. If the total number of target shares owned and proposed to be acquired is 20% or more of the total number of target shares outstanding, the purchaser is making a Take-Over Bid.

(d) If the offeree company is incorporated under the *Canada Business Corporations Act*, the threshold is 10% of the issued and outstanding securities in the case of Voting Shares, including securities already beneficially owned or controlled, directly or indirectly, by the offeror or an Affiliate or Associate of the offeror, and securities held by those Persons that are currently convertible or exercisable into Voting Shares or into convertible securities.

2.2 Restrictions on Acquisitions Before and After a Bid

The definition of "formal bid" in the Securities Laws includes a bid made pursuant to the stock exchange exemption. Under the Securities Laws, during a Take-Over Bid an offeror can make purchases only on a recognized stock exchange. Purchases cannot exceed 5% of the shares of the relevant class outstanding on the date of the bid. This Policy further limits purchases by an offeror, as explained below.

The Securities Laws govern private transactions in the 90 days preceding a bid and restrict acquisitions for 20 business days after expiry of a bid. Normal Course Purchases on a recognized stock exchange are exempt from these restrictions. If Normal Course Purchases are made on the Exchange, the requirements of this Policy must be observed. Offerors may also be restricted by the provisions contained in Ontario Securities Commission Policy 9.3 or any successor policy.

2.3 Going Private Transaction

If an offeror making a Stock Exchange Take-Over Bid anticipates that a "going private transaction" (as defined in the Securities Laws) will follow the Take-Over Bid, the valuation requirements set out in the applicable Securities Laws must be complied with.

2.4 Procedure for Stock Exchange Take-Over Bids

Intention to Make a Stock Exchange Take-over Bid

(a) Any Person proposing to make a Stock Exchange Take-Over Bid should first consult with the Exchange. This allows for effective market surveillance and timely disclosure, and provides an early opportunity to discuss applicable procedures.

Timely Disclosure

(b) Under Policy 3.3 - Timely Disclosure, an offeror must publicly announce its intention to make a bid as soon as the final decision to proceed with a bid is made.

(c) The offeror must prepare and submit to the Listings Department a draft notice (the **"Notice"**) disclosing the information set out in section 4 of the Guidelines. All drafts are filed on a confidential basis.

(d) Section 4(1)(m) of the Guidelines requires that the Notice include a statement of the rights provided by the Securities Laws. The following language is recommended:

> *"Securities legislation in certain of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to such security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer."*

Closing Price

(e) For the purpose of calculating the closing price under section 1(1)(d) of the Guidelines, the Exchange recognizes The Toronto Stock Exchange and the Montreal Exchange.

Evidence of Satisfactory Financial Arrangements

(f) Under section 4(1)(o) of the Guidelines, the offeror must provide the Exchange with satisfactory information about its identity and its financial resources. Normally, the Exchange will require a bank letter or other evidence that the offeror has access to sufficient funds to pay for any shares that it must take up under the offer.

Acceptance of the Notice

(g) When the draft Notice is in satisfactory form, the offeror submits a copy of the final version, duly executed, for acceptance by the Exchange, accompanied by the applicable fee as set out in Policy 1.3 - Schedule of Fees. A bid commences once the Notice is formally accepted by the Exchange.

News Release

(h) The offeror must issue a news release announcing that the Notice has been accepted by the Exchange and indicating the terms of the offer.

Communication with Shareholders

(i) The offeror must notify all holders of the target securities of the terms of the offer by first class mail and advertising, or by such other means as may be acceptable to the Exchange, in each jurisdiction where such communication is permitted by law. Normally, the Exchange requires that the offer be mailed to all shareholders and that an advertisement containing a summary of the offer be placed in a national newspaper of sufficiently wide circulation to assure dissemination of the offer to all shareholders resident in Canada. The offer must also be mailed to each registered holder of securities convertible or exchangeable into the class of securities that the bid is for, and to each holder that has a right to participate in the offer on some other basis.

(j) If the offer is to remain open for a period equal to or longer than the period required for circular bids, the Exchange will consider waiving the advertising requirement.

(k) If there is a disruption in postal service, or if there are only a few Shareholders in a particular province, direct communication with these Shareholders, by telephone, telegraph or telex is acceptable.

(l) Members must make reasonable efforts to communicate the terms of the bid to all clients who are shown on their books as holding target shares.

Time Period within which Bid Must Remain Open

(m) The book for receipt of tenders may not be opened until the morning of the twenty-first calendar day after acceptance of the Notice. The time begins to run from acceptance of the Notice, not from the time of mailing. If the Notice is not mailed to shareholders within a reasonably short period after acceptance, the Exchange will require that the time for the offer be extended in order to ensure adequate dissemination. If the offer is to remain open for the minimum period, i.e., until the morning of the 21st calendar day after acceptance of the Notice, the Notice should be mailed within 24 hours after acceptance of the Notice by the Exchange.

Purchases During a Take-over Bid

(n) An offeror making a Stock Exchange Take-Over Bid can purchase shares through the facilities of the Exchange only if granted an exemption by the Exchange. The purchases are limited to the amounts permitted by the Normal Course Purchase rules. The Exchange will normally grant an exemption only if there is a competing circular bid. If an exemption is granted, the purchases are limited to 5% of the issued and outstanding shares including purchases by the offeror and Persons acting jointly or in concert with the offeror during the preceding 90 days.

Competing Take-over Bids

(o) Section 10 of the Guidelines contains specific provisions regarding competing Stock Exchange Take-Over Bids.

(p) In the case of competing Stock Exchange Take-Over Bids, neither the Ranking Bid nor the last bid may be withdrawn.

(q) Each competing bid's average bid value should be calculated at the time of the announcement of the last bid.

(r) The books in respect of the competing Stock Exchange Take-Over Bids must be opened on the same date, which is fixed by the Exchange.

Amendments to Bids

(s) The terms of a Stock Exchange Take-Over Bid can be amended to increase the price offered per share or the number of shares sought or to agree to pay an amount in respect of the seller's commission or a combination thereof. Notice must be given under section 8 of the Guidelines. Ranking Bids may not be altered except to increase the average bid value.

Withdrawal of Bids

(t) A Stock Exchange Take-Over Bid cannot be withdrawn unless the Exchange is satisfied that an undisclosed action before the date of the offer or an action after that date by the board of directors or senior officers of the target company or by any Person other than the offeror, effects an adverse Material Change in the affairs of the target company. If there are competing Stock Exchange Take-Over Bids, a bid that is neither the Ranking Bid nor the last bid can also be withdrawn.

Book for Receipt of Tenders

(u) Normally, a book for receipt of securities tendered to a Stock Exchange Take-Over Bid is opened on the trading floor between 5:30 a.m. and 6:30 a.m. (Vancouver time) on a particular day. However, the Exchange recognizes that in certain circumstances – for example, to facilitate simultaneous acceptance and settlement – it may be desirable to open the book at other times, such as before 1:30 p.m. (Vancouver time). The regular settlement rules normally apply to bids made before the opening; however, the Exchange can determine that other settlement rules apply to a particular bid. For bids made after the close, it may not be possible to enter the trades until the following morning. In that case, settlement will be as determined by the Exchange.

Extension of the Bid

(v) The Exchange can, in its discretion, and at the request of the offeror, grant an extension of the bid after the book has closed. An extension will normally be granted if the offeror has failed to acquire the number of securities that it originally intended to acquire.

Rounding Up

(w) In order to simplify the pro-rating and to reduce the number of odd lots, the Exchange can request the offeror to take up a number of securities slightly in excess of the number for which it originally bid.

Conduct of Members

(x) Members of the Exchange are prohibited from knowingly assisting or participating in the tendering of more listed Voting Shares than are owned by the tendering party. The Exchange's trading and tendering rules will be designed in each case to protect the integrity of the prorate.

(y) Securities tendered by professional trading or house accounts may be included in the securities tendered in determining the number of securities to be taken up by the offeror.

(z) A Member must not record a price on the Exchange that, in the case of a sale by a customer, is lower than the actual net price to the customer. In other words, negative commissions are prohibited in the interests of the integrity of the market. A customer may not be paid more for his shares than the actual price of the trades pursuant to a Take-Over Bid.

3. Normal Course Purchases

3.1 A "Normal Course Purchase" is defined in section 1(1)(j) of the Guidelines as a purchase of such number of a class of securities that, together with all other purchases in the preceding 12 months, constitutes no more than 5% of the securities outstanding.

3.2 A Normal Course Purchase is defined as a Take-Over Bid, and therefore only applies to outstanding purchasers that hold, or would hold after the purchase, at least 20% of the outstanding shares (10% in the case of a Company incorporated under the *Canada Business Corporations Act*).

3.3 The Normal Course Purchase rules apply only to purchases of listed Voting Shares or listed equity securities.

3.4 Securities purchased by Persons acting jointly or in concert with the offeror are included in determining the total number of securities purchased.

3.5 An offeror may acquire up to 5% of the outstanding shares in a given 12 month period without filing with the Exchange.

3.6 For the purpose of determining whether an offeror is making a Normal Course Purchase (i.e. calculating whether the 20% threshold has been or will be reached)

(a) the beneficial ownership of securities by the offeror and any Person acting jointly or in concert with the offeror; and

(b) the number of outstanding securities

are determined in accordance with applicable Securities Laws.

4. Restricted Shares

Under the Securities Laws, purchases of Restricted Shares which are listed on the Exchange must comply with the same requirements imposed on the purchase of listed Voting Shares under the Guidelines and this Policy. When determining whether the threshold for a Take-Over Bid has been met and whether the Normal Course Purchase limits have been observed, each class of Restricted Shares is viewed separately. A Normal Course Purchase is considered to have been made, for example, if the purchases of Restricted Shares of the class made in the preceding 12 months through the facilities of a stock exchange, or otherwise, other than purchases by way of a Stock Exchange Take-Over Bid or circular bid or shares issued from treasury, does not aggregate more than 5% of the class of Restricted Shares outstanding at the time that the purchase is made.

5. Insider Bids

5.1 If the Stock Exchange Take-Over Bid is made by an Issuer or any Associate or Affiliate of an Insider, the Notice shall include the information required in an issuer bid circular under the applicable Securities Laws.

5.2 Unless a waiver is obtained from the relevant Securities Commission(s), a valuation of the target company must be prepared in accordance with the requirements of the applicable Securities Laws.

6. Issuer Bids

6.1 An Issuer can purchase its Listed Shares through the facilities of the Exchange only in accordance with the Exchange requirements. Issuer Bids fall into two categories:

(a) **Normal Course Issuer Bids** - Normal course issuer bids are limited to market purchases made at the market price over an extended period of time. The Exchange's requirements with respect to normal course issuer bids are set out in Policy 5.6 - Normal Course Issuer Bids. Generally, purchases must not exceed the greater of 5% of issued and outstanding shares or 10% of the Public Float over a 12 month period and 2% in any 30 day period.

(b) **Substantial Issuer Bids** - Substantial issuer bids are Issuer Bids that are not normal course issuer bids. The Exchange's requirements for substantial issuer bids are set out in section 7 below.

7. Substantial Issuer Bids

7.1 The rules for substantial issuer bids for Voting Shares or equity securities are basically the same as those for a Take-Over Bid. An Issuer making a substantial issuer bid for Voting Shares or equity securities through the facilities of the Exchange must file a Notice with the Exchange in accordance with section 4 of the Guidelines, and with the procedures described in section 2 of this Policy. Unless a waiver is obtained from the relevant Securities Commission(s), a valuation of the target company must be prepared in accordance with the applicable Securities Laws.

7.2 A simpler procedure is available for Issuer Bids for securities that are neither Voting Shares nor equity securities if there is no requirement to provide a valuation or if exemptions from all applicable valuation requirements have been obtained. In this case, the Issuer can file a less detailed form of Notice with the Exchange, and is not required to mail a copy of the Notice to each shareholder. The book for receipt of tenders may be held on the twenty-first day after the Exchange accepts the Notice of Issuer Bid.

7.3 The Issuer must issue a news release indicating its intention to make a substantial issuer bid immediately after the Exchange has accepted Notice of the bid. The news release must summarize the material aspects of the Notice, including the class of securities sought, the maximum number of securities sought, the date of the book and procedures for tendering. Once a news release has been issued, the Issuer is committed to making the bid.

8. Exchange Discretion

The Exchange may relieve any Person or Issuer from the provisions of the Guidelines if it would not be prejudicial to the public interest to do so, and may impose such other obligations as circumstances may warrant, on the terms and conditions that the Exchange considers appropriate. The Exchange can deny any Person or Issuer the use of Exchange facilities.

POLICY 5.6

NORMAL COURSE ISSUER BIDS

Scope of Policy

This Policy sets out the procedures and policies of the Exchange with respect to normal course issuer bids made through its facilities. In general, an Issuer can, subject to certain restrictions described in this Policy, purchase by normal market purchases up to 2% of a class of its own shares in a given 30-day period up to a maximum in a 12 month period of the greater of 5% of the outstanding shares or 10% of the Public Float.

The objectives of this Policy are to:

(a) provide Issuers with a reasonable and flexible framework within which they may purchase their own shares;

(b) provide shareholders with satisfactory disclosure;

(c) encourage Issuers to treat shareholders equally; and

(d) ensure that purchases by an Issuer do not have a significant effect on the market price of the Issuer's securities.

The main headings in this Policy are:

1. Exemption from Securities Laws
2. Substantial Issuer Bid
3. Definitions
4. Restricted Shares
5. Procedure for Making a Normal Course Issuer Bid
6. Application Requirements for a Normal Course Issuer Bid
7. Trustee or Agent
8. Reporting Purchases
9. Prohibited Transactions
10. Designation of Broker
11. Powers of the Exchange

1. Exemption from Securities Laws

1.1 The Securities Laws of most provinces exempt from their take-over bid requirements an issuer bid (as defined in the Securities Laws) if it is made through the facilities of a stock exchange recognized by the relevant Securities Commission. The *Canada Business Corporations Act* has similar provisions.

1.2 Under the Securities Laws, a bid made through a stock exchange pursuant to any exemption must be made in accordance with rules and policies of that exchange. An Issuer must not make an Issuer Bid through the facilities of the Exchange except in accordance with Exchange Requirements. If a notice filed with the Exchange contains a misrepresentation or if the Issuer otherwise fails to comply with any of the provisions of this Policy, the Exchange will advise the relevant Securities Commission(s) that the requirements for an exemption have not been met. The Issuer will therefore be in contravention of the Securities Laws as well as Exchange Requirements.

1.3 An Issuer purchasing shares of a class of the Issuer through the facilities of the Exchange in reliance on any applicable exemption from the Securities Laws other than the stock exchange exemption must also follow this Policy.

2. Substantial Issuer Bid

An Issuer can repurchase more of its shares than the number permitted under the normal course issuer bid rules by making a formal bid under Policy 5.5 - Stock Exchange Take-Over Bids and Issuer Bids. Contact the Exchange with questions about formal bids.

3. Definitions

3.1 In this Policy:

"Issuer Bid" means an offer, to acquire listed Voting Shares or listed equity securities made by or on behalf of an Issuer for securities issued by the Issuer;

"Normal Course Issuer Bid" means an Issuer Bid where the purchases (other than purchases by way of a substantial issuer bid):

(a) do not, when aggregated with the total of all other purchases in the preceding 30 days, whether through the facilities of a stock exchange or otherwise, exceed 2% of the total issued and outstanding securities of that class outstanding at the time the purchases are made; and

(b) over a 12-month period beginning on the date specified in the notice of the bid do not exceed the greater of:

(i) 10% of the Public Float; and

(ii) 5% of that class of securities issued and outstanding;

on the first day of the 12-month period.

3.2 Unless otherwise defined in this Policy or Policy 1.1 - Interpretation, all terms have the meanings assigned in the Rules of the Exchange.

4. Restricted Shares

If the Issuer has a class of Restricted Shares, the Notice of Intention to Make a Normal Course Issuer Bid (Form 5G) must describe the voting rights of all equity securities of the Issuer. If the Issuer does not propose to make the same Normal Course Issuer Bid for all classes of Voting Shares and equity securities, item 8 of the Notice must state the business reasons for limiting the Normal Course Issuer Bid. *See Policy 3.5 - Restricted Shares.*

5. Procedure for Making a Normal Course Issuer Bid

5.1 Intention to Acquire Securities

Any Issuer wishing to conduct a Normal Course Issuer Bid must submit a Notice of Intention to Make a Normal Course Issuer Bid (Form 5G) (the "Notice") to the Exchange in accordance with the requirements of section 6 of this Policy. The Notice must specify the number of shares that the Issuer's board of directors has determined may be acquired rather than simply reciting the maximum number of shares that may be purchased under this Policy. If the Issuer does not have a present intention to purchase securities, the Notice should not be filed. The Exchange will not accept a Notice if the Issuer would not meet the Exchange's Tier Maintenance Requirements after making all the purchases contemplated by the Notice.

5.2 Duration

A Normal Course Issuer Bid must not extend for a period of more than one year from the date on which purchases may commence.

5.3 News Release

The Issuer can issue a news release indicating its intention to make a Normal Course Issuer Bid, subject to regulatory approval, before the Exchange accepts the executed Notice. The news release should summarize the material aspects of the Notice, including the number of shares sought, the percentage of the outstanding shares or Public Float sought, the reason for the bid and previous purchases. If a news release has not already been issued, a draft news release should be provided to the Exchange and the Issuer must issue a news release as soon as the Notice is accepted by the Exchange.

5.4 Disclosure to Shareholders

The Issuer must include a summary of the material information contained in the Notice in the next annual report, information circular, quarterly report or other document mailed to its shareholders. The disclosure must indicate that shareholders can obtain a copy of the Notice, without charge, by contacting the Issuer.

5.5 Commencement of Purchases

An Issuer can make purchases under a Normal Course Issuer Bid beginning three or four trading days after the date the Exchange receives all documents, including the originally executed Notice in final form.

5.6 Publication by the Exchange

On acceptance of the Notice, the Exchange will publish an Exchange Notice announcing the Normal Course Issuer Bid.

5.7 Amendment

During a Normal Course Issuer Bid, an Issuer can amend its Notice to increase the number of securities to be purchased provided it does not exceed the maximum amounts prescribed in this Policy. The Issuer must advise the Exchange in writing of the proposed amendment, and after receiving Exchange Acceptance, must issue a news release disclosing the change.

6. Application Requirements for a Normal Course Issuer Bid

6.1 In connection with a Normal Course Issuer Bid, the Issuer must submit to the Exchange a draft Notice of Intention to Make a Normal Course Issuer Bid (Form 5G).

6.2 When the Notice is in a form acceptable to the Exchange, the Issuer must file the Notice in final form, duly executed by a senior officer or director of the Issuer, accompanied by:

(a) confirmation that the Issuer has complied in all respects with the corporate legislation of the Issuer's jurisdiction of incorporation;

(b) a draft news release as required by section 5(3);

(c) disclosure of the Member that will be conducting the Normal Course Issuer Bid on behalf of the Issuer;

(d) confirmation of the date when the Issuer will mail the documentation relating to the Normal Course Issuer Bid to the Issuer's shareholders; and

(e) the applicable filing fee as set out in Policy 1.3 - Schedule of Fees.

7. Trustee or Agent

7.1 A trustee or other purchasing agent (a "Trustee") for a pension, stock purchase, stock option, dividend reinvestment or other plan in which employees or shareholders of an Issuer can participate is deemed to be making an offer to acquire securities on behalf of the Issuer where the Trustee is deemed to be non-independent. Trustees that are deemed to be non-independent must comply with section 8 of this Policy to the purchase limits for a Normal Course Issuer Bid. Trustees that are non-independent must notify the Exchange before beginning to make purchases.

7.2 A Trustee is deemed to be non-independent if:

(a) the Trustee (or one of the Trustees) is an employee, director, Associate or Affiliate of the Issuer; or

(b) the Issuer, directly or indirectly, has control over the time, price, amount and manner of purchases or the choice of the broker through which the purchases are to be made. The Issuer is not considered to have control if the purchases are made on the specific instructions of the employee or shareholder who will be the beneficial owner of the securities.

7.3 If it is not clear whether the Trustee is independent, contact the Exchange.

8. Reporting Purchases

8.1 Within 10 days after the end of each month in which purchases are made, whether the securities were purchased through the facilities of the Exchange or otherwise, the Issuer must report to the Exchange the number of securities purchased in the preceding month, providing the dates of the purchases, the average price paid and stating whether the securities have been cancelled, reserved for issuance or otherwise dealt with. No reports are required during any period in which no purchases are concluded.

8.2 Section 8(1) also applies to non-independent Trustees under section 7 of this Policy and to purchases by any Person acting jointly or in concert with the Issuer.

8.3 The Issuer can delegate the reporting requirements to the Member appointed to conduct the Normal Course Issuer Bid on its behalf. However, it is the Issuer's responsibility to ensure that the filing requirements are met.

9. Prohibited Transactions

The following rules apply to all Issuers conducting a Normal Course Issuer Bid and to all Members and their employees conducting the transactions on behalf of any Issuer:

9.1 Price Limitations

It is inappropriate for an issuer making a Normal Course Issuer Bid to abnormally influence the market price of its shares. Therefore, purchases made by Issuers pursuant to a Normal Course Issuer Bid must not be transacted at a price which is higher than the last independent trade of a Board Lot of the class of shares which is the subject of the Normal Course Issuer Bid.

9.2 Prearranged Trades

All holders of identical securities must be treated in a fair and even-handed manner by the Issuer. Therefore, Issuers must not knowingly participate in a put-through (i.e. a cross) or a pre-arranged trade where the vendor is an Insider of the Issuer, an Associate of an Insider, or an Associate or

Affiliate of the Issuer or related in any other way to the Issuer or its management. In particular, the following are not "independent trades":

(a) trades directly or indirectly for the account of (or an account under the direction of) an Insider of the Issuer, or any Associate or Affiliate of either the Issuer or an Insider of the Issuer;

(b) trades for the account of (or an account under the direction of) the Approved Trader making purchases for the bid; and

(c) trades solicited by the Approved Trader making purchases for the bid.

9.3 Private Agreements

Unless specifically exempted by the Exchange, no Issuer can conduct any transactions pursuant to a Normal Course Issuer Bid other than by means of open market transactions through the facilities of the Exchange.

9.4 Sales from Control Person

Under the Securities Laws and Exchange Requirements, purchases pursuant to a Normal Course Issuer Bid must not be made from a Person effecting a sale from a control block. The Member acting as agent for the Issuer must ensure that it is not bidding in the market for the Normal Course Issuer Bid at the same time as a Member is offering the same class of securities of the Issuer under a sale from a Control Person.

9.5 Purchases During a Take-Over Bid

An Issuer must not make any purchases of its securities pursuant to a Normal Course Issuer Bid during a Take-Over Bid for those securities. This restriction applies from the first public announcement of the Take-Over Bid until the last day on which securities may be deposited under the bid, including any extension. This restriction does not apply to purchases made solely as a Trustee with a pre-existing obligation under a pension, stock purchase, stock option, dividend reinvestment or other plan.

9.6 Prohibited Trading During a Distribution

The Issuer and the Member acting as agent for the Issuer must not make purchases under a Normal Course Issuer Bid when the security subject to the offer is of the same class as the security subject to a distribution under a Prospectus, is convertible into such a security or is underlying the security being distributed.

10. Designation of Broker

10.1 Every Normal Course Issuer Bid by an Issuer must be conducted through one designated Member only and all transactions under the bid must be conducted through the facilities of the Exchange.

10.2 The Issuer must appoint only one Member at any one time as its broker to make purchases. The Issuer must provide the Member with a copy of the Notice and instruct the Member to make purchases in accordance with the provisions of this Policy and the terms of the Notice. The Member and the broker acting as agent for the Normal Course Issuer Bid must comply in all respects with the provisions of this Policy and the Notice filed by the Issuer.

10.3 The Issuer must inform the Exchange in writing of the name of the Member and the individual broker through which the Normal Course Issuer Bid will be conducted. The Issuer must advise the Exchange in writing before changing its broker.

11. Powers of the Exchange

11.1 The Exchange can, subject to any terms and conditions it may impose:

(a) exempt any Issuer from the requirements of this Policy if, in the Exchange's opinion, it would not be prejudicial to the public interest to do so; and

(b) require such further disclosure by, or impose such further obligations on, an Issuer as, in its discretion, it considers to be beneficial to the public interest.

11.2 If an Issuer or its agent fails to comply with any requirement of this Policy or the Rules, the Exchange can suspend the Issuer's Normal Course Issuer Bid.

POLICY 5.7

SMALL SHAREHOLDER SELLING AND PURCHASE ARRANGEMENTS

Scope of Policy

Holders of less than a Board Lot (**"odd lot holders"**) who wish to sell their shares or buy enough shares to increase their holding to a Board Lot are frequently charged a minimum commission by Members or Participating Organizations to execute a transaction. The minimum commission rates can make the sale or purchase of an odd lot relatively costly.

Issuers may reduce the number of odd lot holders by using the procedure set out in this Policy. The benefits to Issuers of reducing the number of odd lot holders include reducing the expenses of printing and distributing quarterly reports, annual reports, proxy solicitation materials, mailing dividend cheques, as well as expenses relating to the transfer agent. In addition, Members and Participating Organizations benefit by a reduction in the administrative costs of distributing shareholder materials to odd lot holders with shares registered in nominee form.

The procedure described below must be followed if an Issuer seeks the assistance of a Member to solicit odd lots for resale on the Exchange, or to offer to defray the commissions payable by odd lot holders in acquiring additional shares on the Exchange to make up a Board Lot. The main headings are:

1. General Requirements
2. Trading Odd Lots
3. Rules Applicable to Arrangements Through Members
4. Rules Applicable to Arrangements Through the Issuer
5. Obligations to Odd Lot Holders
6. Shareholders Eligible to Participate
7. Duration of an Arrangement
8. Dissemination of Information
9. Normal Course Issuer Bids
10. Powers of the Exchange

1. General Requirements

1.1 A **"Selling Arrangement"** exists when an Issuer agrees to pay a fee per odd lot account to Members to sell shares on behalf of odd lot holders. A **"Purchase Arrangement"** exists when an Issuer agrees to pay a fee per odd lot account to Members to purchase a sufficient number of shares on behalf of odd lot holders to constitute a Board Lot. An **"Arrangement"** means either a Selling Arrangement or a Purchase Arrangement.

1.2 The Issuer must request odd lot holders wishing to take advantage of an Arrangement to either:

(a) place orders under the Arrangement with any Member of the Exchange; or

(b) transmit orders under the Arrangement directly to the Issuer or an agent (such as a Member, broker or transfer agent) designated by it.

1.3 If the option under subsection 1.2(a) is selected, a Member must be appointed as manager of the Arrangement and will be responsible for maintaining records of transactions and remitting the fees payable to other Members. Special procedures applicable to the options outlined in subsections 1.2(a) and (b) are set out in sections 4 and 5 below.

2. Trading Odd Lots

Under a Selling Arrangement the shares tendered by odd lot holders must be aggregated into Board Lots and sold promptly by a Member on the Exchange. Similarly, under a Purchase Arrangement a Member must promptly acquire a sufficient number of shares to increase an odd lot holder's holdings to a full Board Lot by purchases by the Member on the Exchange.

3. Rules Applicable to Arrangements Through Members

If odd lot holders will place orders with any Member of the Exchange for the Arrangement (option (a) under section 1.2):

(a) Many odd lot holders may not have an account with a Member. To simplify administration of the Arrangement, new account forms are not required to be completed for odd lot holders and transactions under the Arrangement can be effected through an omnibus account. However, the Member must maintain proper records of orders as required by Exchange Requirements.

(b) If required by the Issuer, Members selling odd lots on behalf of clients under a Selling Arrangement or purchasing shares under a Purchase Arrangement will prepare a signed statement that, to the best of the knowledge of the representative of the Member, the securities of each named beneficial owner sold under a Selling Arrangement constitute all of the securities owned by that beneficial owner and that the number of securities purchased under a Purchase Arrangement for each named beneficial owner is the number of securities required to increase that beneficial owner's holding to the level of one Board Lot, and will keep these statements in its files for inspection by the Exchange. Members are not required to disclose the names of their clients to the manager of an Arrangement or the Issuer.

(c) If an odd lot is held in the name of a Member on behalf of a customer who wishes to sell his securities under a Selling Arrangement, the Member must either:

(i) sell the securities on behalf of the customer under the Arrangement,

(ii) provide to the customer deliverable securities (so that the customer can tender securities to another Member) and a certificate stating that, to the best of the Member's knowledge, the customer held a stated number of shares as of the record date of the Arrangement, or

(iii) tender the securities to another Member who is willing to sell the securities under the Arrangement on behalf of the customer.

(d) The Member appointed as manager of an Arrangement must maintain records of the transactions effected by Members under the Arrangement. Members must report these transactions to the manager on a weekly basis. The manager must remit the amount offered by the Issuer per odd lot account promptly after receiving each weekly report. The amount receivable by each Member is required to be used, in its entirety, to replace or reduce the normal brokerage commissions otherwise payable by odd lot holders.

(e) The price received or to be paid for an odd lot must be the market price at which the trade is executed by the Member. If the securities of an odd lot holder are sold or purchased as part of more than one Board Lot and different prices are received or paid, the amount remitted to the customer, or paid by the customer, will be the average price and the confirmation must disclose that an average price has been used and must list the prices at which the trades were made.

(f) The Member appointed as manager of an Arrangement will advise the Exchange and the Issuer concerning a reasonable fee payable per odd lot account.

4. Rules Applicable to Arrangements Through the Issuer

If odd lot holders will place orders through the Issuer or an agent designated by it (option (b) under item 1.2):

(a) The Issuer or its agent must send orders received under the Arrangement to one or more Members for execution immediately after the orders are cleared for trading. Orders received and cleared for execution will be placed with the Member no later than 12:00 p.m., Vancouver time (1:00 p.m., Calgary time, 3:00 p.m., Toronto time) on the next business day for execution on the Exchange. Orders can be aggregated, but not netted, by the Issuer or its agent.

(b) The Member will execute aggregated buy or sell orders as soon as possible, subject to its discretion to obtain the best available price for the customer and to avoid any undue impact on the market price.

(c) The price received or to be paid for an odd lot must be the average price received on all orders placed with the Member for execution on a given day, regardless of when any of such orders are executed.

(d) In addition to the information required by section 8, the disclosure document must state that the price received or to be paid for an odd lot will be the average price received on all orders placed with the Member for execution on a given day, regardless of when any orders are executed. The disclosure document must also contain an estimate of the time required for mailing and clearing an order, and state that the market price of the stock may change during that time.

5. Obligations to Odd Lot Holders

5.1 A Member must obtain the best price available for its customer (the odd lot holder) in executing trades under an Arrangement. Notwithstanding any financial arrangement with the Issuer, a Member must satisfy its fiduciary duty to odd lot holders in accordance with Exchange Requirements. The Issuer must not, directly or indirectly, influence the time, price, amount or manner of sales or purchases of odd lots.

5.2 Subject to any agreement to the contrary, a Member can acquire or sell odd lots in principal transactions in accordance with Exchange Requirements. Members must not be a prominent influence in the market for the securities at a time when a principal transaction is proposed to be executed.

6. Shareholders Eligible to Participate

6.1 Only persons who hold less than one Board Lot can participate in either type of Arrangement. Whether a person holds an odd lot is determined as of a record date established by the Issuer. The record date must be before the public announcement in accordance with section 8(2) to ensure that Board Lots will not be broken up in order to participate in the Arrangement.

6.2 An Arrangement must be made available to both registered holders of odd lots and beneficial owners of odd lots registered in nominee form. The Exchange may accept an Arrangement directed to the holders of a specified number of securities or less that does not include all odd lot holders if it is satisfied that holders of more than the specified number of securities are not disadvantaged by minimum commission rates.

6.3 Participants in security ownership plans established by an Issuer for its employees or participants in dividend reinvestment plans can be excluded from an Arrangement. Examples of security ownership plans are bonus, profit-sharing, pension, retirement, incentive, stock option or similar plans instituted for employees of the Issuer or its subsidiaries.

7. Duration of an Arrangement

An Arrangement must remain open for at least thirty days after it is accepted by the Exchange, to ensure adequate dissemination of the information. An Arrangement can continue for three months and can be renewed on application to the Exchange.

8. Dissemination of Information

8.1 Draft Documents

At least one week before the proposed record date, the Issuer must file with the Exchange a copy of a draft news release announcing an Arrangement and a draft disclosure document which includes the information required under subsection (3) below. The news release must not be issued and the disclosure document must not be distributed to shareholders until the Exchange has accepted them.

8.2 News Release and Record Date

The news release must be issued on the first business day after the record date. The record date must not occur until acceptance has been given by the Exchange.

8.3 Disclosure Document

(a) The Issuer must send a disclosure document to each shareholder of record that holds an odd lot. If a shareholder of record holds securities on behalf of other persons, the Issuer must provide, on request by the holder, a sufficient number of copies for each beneficial owner of an odd lot.

(b) The original of the disclosure document must be signed by a duly authorized officer of the Issuer and filed with the Exchange. The disclosure document must include the following information:

(i) the name of the Issuer and the nature of the Arrangement being made available to odd lot holders;

(ii) a description of the class or classes of securities subject to the Arrangement and the holders eligible to participate;

(iii) confirmation that the Issuer will pay one or more Members a fee to sell or purchase odd lots, as the case may be, in the open market on behalf of odd lot holders, disclosure of the amount payable by the Issuer to Members per odd lot account and confirmation that for the purpose of the Arrangement, the odd lot holder is the customer of the Member agreeing to sell or purchase securities, as the case may be, under the Arrangement and that the Member must obtain the best available price for the odd lot holder;

(iv) if applicable, confirmation that the Member may purchase or sell odd lots under the Arrangement as principal in accordance with Exchange requirements;

(v) the duration of the Arrangement;

(vi) the purpose of the Arrangement;

(vii) a description of the procedure to be followed by both registered odd lot holders and beneficial owners of odd lots held in nominee form to participate in the Arrangement;

(viii) if applicable, the statement required under section 4(d) regarding the calculations of the price received or to be paid for an odd lot;

(ix) the name, address and telephone number of the department or person at the Issuer or Member to contact for additional information; and

(x) a recommendation that the odd lot holder contact his broker for advice before participating in the Arrangement.

8.4 Renewal

To renew an Arrangement, the Issuer must provide the Exchange with a statement of the number of securities previously sold or purchased, as the case may be, under the Arrangement. Upon acceptance by the Exchange, the Issuer must issue a news release announcing the renewal of the Arrangement.

9. Normal Course Issuer Bids

9.1 The procedure described in this Policy is the only method that an Issuer can use to solicit odd lots for sale on the Exchange, or to offer to assist odd lot holders in acquiring additional securities on the Exchange to make up a Board Lot.

9.2 However, an Issuer can also purchase odd lots offered in the marketplace under a normal course issuer bid implemented and conducted in accordance with Policy 5.6 - Normal Course Issuer Bids. An Issuer can have a Normal Course Issuer Bid and either a Selling Arrangement, or a Purchase Arrangement, or both, in effect at the same time.

10. Powers of the Exchange

The Exchange can, in its discretion and subject to any terms and conditions that it may impose:

(a) exempt any Issuer from the requirements of this Policy if, in the Exchange's opinion, it would not be prejudicial to the public interest to do so; and

(b) require further disclosure by, or impose further obligations on, an Issuer if, in the Exchange's opinion, it would be beneficial to the public interest.

POLICY 5.8

NAME CHANGE, SHARE CONSOLIDATIONS AND SPLITS

Scope of Policy

This Policy provides guidelines for reserving a name for an Issuer which is or will be listed on the Exchange and obtaining a stock symbol to be used by the Issuer. It also sets out the Exchange's requirements for share consolidations (also known as reverse splits or rollbacks) and for share splits.

The main headings of this Policy are:

1. Name and Stock Symbol
2. Name Change
3. Consolidation or Split

1. Name and Stock Symbol

1.1 Name

(a) Before a Company adopts a name, the name must be approved by the regulatory body responsible for registering the Company (the "Corporate Regulator") in its jurisdiction of incorporation (for example, the Director of Corporations under the *Canada Business Corporations Act* for federally incorporated corporations). The Corporate Regulator may object to a name for certain reasons, for example that the name is identical to that of another existing Company or so nearly resembles that name that it is likely to confuse or mislead the public.

(b) However, even if a name is approved by the Corporate Regulator, the Exchange can object to the name at the time a listing application or name change application is submitted. To avoid this problem, a Company can obtain acceptance of a name before incorporation if the Company plans to apply for listing on the Exchange, or change its name once it is listed.

(c) The following guidelines may assist Companies in selecting an acceptable name:

(i) The Exchange generally will not accept a name which is identical or substantially similar to the name of a Company already listed on a North American stock exchange or stock market such as Nasdaq. In addition, if a similar name was formerly used by a Company listed on any stock exchange or stock market, the Exchange can reject the name or require consent from that Company.

(ii) The Exchange can reject a name which could be confused with registered trademarks, trade names or other proprietary rights of a Company, whether listed on any stock exchange or not.

(iii) The Exchange can reject a name that does not represent the activities of the Company or which may cause offence.

(iv) There may be legitimate reasons to accept a proposed name even if that name is substantially similar to an existing Issuer's name. In such cases, the Exchange will require that the trading symbol of the applicant be different by at least two letters, that the security certificates of the applicant have a different coloured backing and that the printed name for financial quotations be distinctive.

1.2 Name Check and Reservation Service

(a) Before applying for a New Listing, an Initial Listing or a name change, an Issuer or applicant Issuer must contact the Exchange to determine whether a proposed name is acceptable. Up to three proposed names can be reserved by the Exchange for six months and the Exchange will grant an extension for another six months at the applicant's request. To extend a reservation beyond the first year, an applicant must pay additional fees. When a reservation expires, the name can be reallocated if the Exchange does not receive confirmation that the applicant is using or intends to use that name. However, the Exchange cannot guarantee the availability of any reserved name at the time of listing or name change because of listing activities on other Canadian stock exchanges.

(b) An applicant must submit a name reservation request in writing to "Name Checks and Reservations", Corporate Finance Department, separately from any other correspondence or information not related to the name reservation. The following information must be provided:

(i) up to three proposed names (if the applicant requests more than three names, a processing fee will be charged for each additional name request);

(ii) the reason for the name reservation (e.g. new listing, name change);

(iii) the name, telephone number and fax number (if any) of the applicant; and

(iv) any applicable filing fee.

(c) The reservation is effective from the time the Exchange receives the required correspondence. The Exchange will normally advise the applicant by telephone or fax if the name is acceptable within two business days.

1.3 Stock Symbols

(a) The Exchange allocates a two or three letter alphabetic stock symbol to each Issuer and co-ordinates stock symbols with exchanges throughout Canada. Listing and name change applicants may request up to three different stock symbols, but the Exchange may not be able to satisfy requests.

(b) Because certain letters of the alphabet are more frequently used, it is not always possible to allocate a stock symbol whose first letter is the same as the first letter of the Issuer's name, particularly if a stock symbol begins with "C" or "I". Although the Exchange tries to devise a symbol to be as abbreviated and as mnemonic to the Issuer's name as possible, the stock symbol allocated may bear little or no resemblance to the Issuer's name.

(c) The stock symbol of a security which is no longer listed on the Exchange is not made immediately available to new applicants. The Exchange requires at least a one year lapse before the stock symbol will be reallocated.

(d) As stock symbols are co-ordinated throughout Canada but not the United States, an Issuer may be unable to use the same symbol when listing on a U.S. exchange or Nasdaq.

1.4 CUSIP Application Procedures

(a) All security certificates must have a CUSIP (Committee for Uniform Securities Identification Procedures) number, which is assigned by the CUSIP Service Bureau of the Standard & Poor's Corporation in New York. The bureau assigns CUSIP numbers for all securities listed throughout North America.

(b) All applications for a CUSIP number by Canadian companies must be made through the Canadian Depository for Securities Limited ("CDS"). To apply for a CUSIP number, send a request in letter form to:

Attention: CUSIP Department
The Canadian Depository for Securities Limited
85 Richmond Street West
Toronto, ON
M5H 2C9
Telephone: (416) 365-3552
Fax: (416) 365-7691

The request should state:

(i) the name of the Issuer;

(ii) the head office and registered office address of the Issuer;

(iii) the applicable law and date of incorporation or creation;

(iv) the authorized and issued capital for all classes authorized;

(v) a description of the security for which the number is being requested;

(vi) if applicable, the nature and description of the offering to be made;

(vii) the name of the stock exchange that the Issuer is listed and/or intended to be listed on; and

(viii) in the case of name changes, the old name and CUSIP number and the new name,

and should include the following documents, where applicable, in draft form (to be followed up in final form):

(ix) Prospectus;

(x) Rights Offering Circular;

(xi) Information Circular; and/or

(xii) Articles of Amendments in the case of reclassifications, Reorganizations, or name changes.

(c) The CUSIP application should be accompanied by a cheque payable to the Canadian Depository for Securities Limited for the applicable fee. Call 1-800-663-8429 to determine the current fee.

2. Name Change

2.1 A name change is deemed by the Exchange to be a Material Change for any Issuer. Accordingly, an Issuer must disclose the proposed name change in accordance with Policy 3.3 - Timely Disclosure and obtain Exchange Acceptance.

2.2 An Issuer should request Exchange Acceptance for the change of name not later than the date on which the shareholders' meeting to approve the change is held. An Issuer should not file name change documents with its Corporate Regulator until the Exchange has accepted the name under its name check and reservation system.

See Form 5H - Name Change without Consolidation or Split Filing Form.

2.3 The effective date of the name change with the Exchange should be as close as possible to the date the Corporate Regulator issues the certificate of name change. The Issuer should avoid having its shares trade under a name which is not its legal corporate name for any significant period of time.

2.4 Filing Requirements

To request final Exchange Acceptance to a proposed name change, the Issuer must file the Name Change without Consolidation or Split Filing Form (Form 5H).

3. Consolidation or Split

3.1 A share consolidation or split is subject to various Exchange Requirements. In general, the Issuer should consider the following:

(a) all share consolidations or splits are subject to both Exchange Acceptance and shareholder approval;

(b) the Exchange will generally require the name of the Issuer to be changed as part of the process, in which case the new name must be acceptable to the Exchange, the Corporate Regulator and any other relevant regulatory authority;

See section 1 of this Policy for details on selecting a new name.

(c) regardless of an Issuer's Tier classification, a consolidation or split is a Material Change, which must be disclosed in accordance with the Exchange's corporate disclosure policies;

(d) the Issuer must obtain new share certificates, and may require a new CUSIP number, for the consolidated or split shares, even if no name change is required, except for a stock split effected by way of a "push out"; and

See section 1(4) for details on CUSIP numbers. CDS may advise the Issuer in response to its application that a new CUSIP is not required.

(e) the Issuer must amend its incorporation documents in accordance with the applicable corporate law, and must provide full disclosure of the consequences in its Information Circular.

3.2 Disclosure

An Issuer proposing a share consolidation or split must issue a news release disclosing the proposed consolidation or split not later than the date the Issuer mails its Information Circular and proxy material to its shareholders. The news release and Information Circular should disclose:

(a) the proposed consolidation or split ratio;

(b) the number of shares currently outstanding and the number which would be outstanding after the proposed consolidation or split;

(c) the reason(s) for the share consolidation or split;

(d) the date of the shareholders' meeting;

(e) the fact that the consolidation or split is subject to shareholder approval and to Exchange Acceptance;

(f) whether the Issuer's name will be changed in conjunction with the consolidation or split and if so, the new name; and

(g) any other actual or proposed Material Changes.

The effective date of the consolidation or split (and name change) should be co-ordinated with the Exchange to coincide as closely as possible with the documents being accepted by the Corporate Regulator. An Issuer should avoid having its shares trade under a name which is not its legal corporate name for any significant period of time.

3.3 Filing Requirements

(a) To request Exchange Acceptance to a proposed consolidation or split, the Issuer must file the following:

(i) Name Change and Consolidation/Split Filing Form (Form 5I); and

(ii) the applicable filing fees as prescribed in Policy 1.3 - Schedule of Fees.

(b) The Exchange will not accept the consolidation unless the Issuer will continue to meet the Tier Maintenance Requirements relating to shareholder distribution after the consolidation.

See Policy 2.5 - Tier Maintenance Requirements for shareholder distribution requirements.

(c) For an Inactive Issuer, the Exchange will not accept the documentation disclosing the consolidation unless the Issuer is undergoing a Reactivation in accordance with the reactivation policies outlined in Policy 2.6 - Inactive Issuers and Reactivation.

(d) The Exchange will not generally accept a share consolidation which has reduced the number of issued Listed Shares of the Issuer to less than 1,000,000, excluding any escrowed shares which are proposed to be issued and any other shares which are proposed to be issued as part of a subsequent Private Placement or public financing.

(e) If the proposed consolidation results in a significant portion of the shareholders holding less than a Board Lot, the Exchange can require the Issuer to adopt a small shareholder selling arrangement.

See Policy 5.7 - Small Shareholder Selling and Purchase Arrangements.

POLICY 5.9

INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Scope of Policy

This Policy incorporates Ontario Securities Commission ("OSC") Rule 61-501, Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (the "OSC Rule"), together with the Companion Policy 61-501CP (the "OSC Policy"), as they exist as at September 1, 2000 as a policy of the Exchange, subject to certain modifications. In addition to the stated exemptions in the OSC Rule, this Policy also provides certain **additional exemptions**. A complete copy of the OSC Rule and OSC Policy can be found on the OSC's website at www.osc.gov.on.ca. The text of the OSC Rule and OSC Policy have also been incorporated, respectively, as Appendix 5B and Appendix 5C to the Exchange's Corporate Finance Manual.

The main headings of this Policy are:

1. Definitions
2. Effective Date of this Policy
3. Application of the OSC Rule and OSC Policy
4. Exchange Valuation Exemptions

1. Definitions

1.1 Definitions contained in the OSC Rule and OSC Policy that are inconsistent with definitions contained within other Exchange policies shall be applicable only to the interpretation of this Policy.

1.2 References in the OSC Rule and OSC Policy to the "Director", for the purposes of this Policy, shall refer to a Vice-President, Corporate Finance of the Exchange.

1.3 **"Feasibility Study"** for the purpose of this Policy, means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail to serve as the basis for a qualified person experienced in mineral production activities, acting reasonably, to make a final decision on whether to proceed with development of the deposit for mineral production.

1.4 **"Independent Committee"** for the purpose of this Policy, means a committee consisting exclusively of two or more Independent Directors.

1.5 **"Independent Directors"** for the purpose of this Policy, means for an Issuer, a director who is neither an employee, senior officer, Control Person or management consultant of the Issuer or its Associates or Affiliates and is otherwise independent as determined in accordance with section 7.1 of the OSC Rule.

1.6 **"Related Party" and "Related Party Transaction"** have the meaning ascribed to such terms in the OSC Rule.

1.7 **"Unrelated Investors"** for the purpose of this Policy, means Persons who are not Related Parties of the Issuer or the Target Issuer and who are not members of the Pro Group.

2. Effective Date of this Policy

2.1 This Policy shall become effective June 30, 2001 (the "Effective Date"). Prior to the Effective Date of this Policy, the Exchange may nevertheless use this Policy as a guideline.

3. Application of the OSC Rule and OSC Policy

3.1 The Exchange considers it appropriate to have policies providing guidance in respect of insider bids, issuer bids, going private transactions and related party transactions, and in particular concerning the circumstances in which disinterested shareholder approval, valuations, independent board committee approval and enhanced disclosure are required. On May 1, 2000, the OSC Rule and the OSC Policy became effective, replacing the former OSC Policy 9.1. Although the Exchange is considering adoption of its own separate policy, the Exchange considered the OSC Rule and the OSC Policy and determined that in an effort to create a national, harmonized set of rules, it would adopt the OSC Rule and the OSC Policy as a CDNX policy.

3.2 On the Effective Date, this Policy will apply to all Issuers listed on CDNX or seeking listing on CDNX, regardless of whether the Issuer is a reporting issuer in Ontario. References in either the OSC Rule or the OSC Policy to their application to Ontario reporting issuers, for the purposes of this policy, shall be considered to be references to Issuers listed on CDNX.

3.3 Subject to the modifications described in this Policy, and in particular the additional exemptions set forth in section 4 of this Policy, the OSC Rule and the OSC Policy are adopted, in their entirety, as a Corporate Finance policy of the Exchange as at the Effective Date.

3.4 Prior to the Effective Date, the Exchange will be reviewing its other corporate finance policies to minimize any conflicts or inconsistencies created by the introduction of this Policy and to provide appropriate cross-references and clarifications.

3.5 A number of Exchange policies may be impacted by the adoption of the OSC Rule and the OSC Policy, including the following:

(a) Policy 2.4, Capital Pool Companies,

(b) Policy 4.1, Private Placements,

(c) Policy 5.2, Changes of Business and Reverse Take-Overs,

(d) Policy 5.3, Acquisitions and Dispositions of Non-Cash Assets,

(e) Policy 5.5, Stock Exchange Take-Over Bids and Issuer Bids, and

(f) Policy 5.6, Normal Course Issuer Bids.

4. Exchange Valuation Exemptions

4.1 The OSC Rule contains various provisions exempting issuers from its application. In regard to valuations, the OSC Rule sets out various situations in which an Issuer is exempt from the requirement to obtain an independent valuation. In addition to the stated exemptions in the OSC Rule and subject to sections 4.3 and 4.4 below, the Exchange will also generally exempt an Issuer from the requirement of an independent valuation ("Exchange Valuation Exemptions") in the course of Exchange acceptance of a Related Party Transaction in connection with a:

- Qualifying Transaction by a CPC;
- Change of Business;
- Reviewable Acquisition;
- Reviewable Disposition; or
- Reverse Take-Over or such other transaction deemed to be a Reverse Take-Over by the Exchange notwithstanding that the transaction may not be a reverse take-over for accounting purposes;

provided that one of the following circumstances is met:

(a) the fair market value of the assets, business or securities is "indeterminate" with reference to the criteria described in section 4.5 below; or

(b) the transaction constitutes the acquisition or disposition of an oil and gas property in North America and the Issuer has obtained an independent engineering or geological report, which provides a value of proved and probable reserves based on constant dollar pricing presented at discount rates of 10%, 15% and 20%, with probable reserves discounted a further 50%; or

(c) the transaction constitutes the acquisition or disposition of a mineral resource property and the Issuer has obtained a Feasibility Study based on proven and probable reserves that demonstrates a minimum three year mine life; or

(d) the transaction constitutes an acquisition by either a CPC or an Issuer that does not meet Tier 2 Tier Maintenance Requirements such that the Issuer could be designated Inactive, and the consideration to be paid consists solely of equity securities of the Issuer and the Issuer is conducting a concurrent financing constituting the issuance of equity securities provided that:

(i) the product obtained by multiplying the gross proceeds of the financing by the inverted fractional interest that the concurrent financing subscribers will own of the Issuer, less net tangible assets of the Issuer, is equal to or greater than the total of the deemed value of the securities being issued for the assets, business or securities to be acquired;

(ii) Unrelated Investors purchase equity securities in the concurrent financing representing 20% or more of the total issued and outstanding equity securities of the Issuer after giving effect to both the concurrent financing and the transaction; and

(iii) Unrelated Investors contribute at least 2/3 of the aggregate proceeds of the concurrent financing.

E.g. An Issuer has 5,000,000 Listed Shares outstanding and is conducting an acquisition of a private start-up technology company, Targetco. The purchase price for all of the issued and outstanding shares of Targetco is to be the issuance by the Issuer of 10,000,000 Listed Shares at $0.30 (ie. a deemed value of $3,000,000) to acquire all of the issued and outstanding shares of Targetco. Concurrently with the acquisition, the Issuer is conducting a financing to arm's length subscribers, issuing 5,000,000 Listed Shares at $0.30 to raise total gross proceeds of $1,500,000. In this example, the Issuer has no net tangible assets other than the cash raised on the financing in the amount of the $1,500,000

The subscribers to the concurrent financing will own 25% of the Resulting Issuer, assuming completion of both the acquisition and the financing. Accordingly, the required 20% minimum has been met and the financing can be used as an alternative method of valuation.

Based on the financing, the Exchange will accept a deemed value for Targetco of up to $4,500,000.

The $4,500,000 is calculated by multiplying the gross proceeds of the concurrent financing (ie. $1,500,000) by the inverted fractional interest that the concurrent financing subscribers will own of the Resulting Issuer. (i.e. 25% is 25/100 which, when inverted is 100/25) less net tangible assets of the Issuer (which, in this case, are confined to $1,500,000). $4,500,000 ($1,500,000 x 100/25 - $1,500,000) is the

maximum deemed value attributable to Targetco. Since the Issuer only intends to pay a deemed price of $3,000,000, the consideration to be paid is acceptable.

4.2 Subject to sections 4.3 and 4.4 below, an Exchange Valuation Exemption will also generally be available to an Issuer in the course of Exchange acceptance of a Private Placement which is a Related Party Transaction:

(a) where the fair market value of the Issuer's securities is "indeterminate" with reference to the criteria described in section 4.5 below; or

(b) where:

(i) a liquid market (as defined in paragraph 1.3(1)(a) of the OSC Rule) does not exist for the securities of the Issuer at the time the transaction is agreed to;

(ii) the Exchange's normal pricing policies will be applied in fixing the price of the equity securities purchased on the Private Placement;

(iii) Unrelated Investors contribute at least 2/3 of the aggregate proceeds of the Private Placement; and

(iv) the pro rata share of the total issued and outstanding equity securities of the Issuer owned by any Related Party of the Issuer will not increase after giving effect to the Private Placement.

4.3 Where an Issuer relies upon the Exchange Valuation Exemptions:

(a) the Issuer must provide to the Exchange a certificate in accordance with section 4.4 below, executed by either a majority of the board of directors of the Issuer which must include two or more Independent Directors or an Independent Committee;

(b) the contents of the Certificate must be disclosed in any Information Circular or Filing Statement provided to shareholders in connection with the transaction; and

(c) any securities issued in consideration for such assets, business or securities will be subject to escrow or other resale restrictions as prescribed by the Exchange. See *Policy 5.4 - Escrow and Vendor Consideration.*

4.4 The certificate referred to in section 4.3 above shall provide:

(a) disclosure with respect to the Exchange Valuation Exemption being relied upon and the basis for such reliance;

(b) disclosure of the manner in and basis upon which price or value was determined;

(c) that either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee , having made reasonable inquiry, have:

(i) no knowledge of a Material Change or Material Fact concerning the Issuer or its securities that has not been generally disclosed; and

(ii) no reason to believe it is inappropriate to apply the Exchange's normal pricing policies; and

(d) in respect of the exemptions set forth in subsections 4.1(a) and 4.2(a) above, the certificate must also state that:

(i) either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee , acting in good faith, reasonably believe that the fair market value of the assets, business or securities is "indeterminate" with reference to the criteria described in section 4.5; and

(ii) there has been disclosure of the manner and basis upon which the consideration to be paid for the assets, business or securities was determined including, without limitation, reference to net tangible asset value;

(e) in respect of the exemption set forth in subsection 4.1(d) above, the certificate must also state that:

(i) prior to making their investment, the Unrelated Investors will have received disclosure in the Information Circular or offering memorandum, as the case may be, of all matters relating to or affecting the concurrent financing and the transaction;

(ii) prior to voting on the transaction, the shareholders of the Issuer will have received disclosure in the Information Circular of all matters relating to or affecting the concurrent financing and the transaction; and

(iii) either a majority of the board of directors of the Issuer including two or more Independent Directors or the Independent Committee, having made reasonable inquiry, have no knowledge of any matter that might impact upon the deemed value determined in subsection 4.1(d).

(f) in respect of the exemption set forth in subsection 4.2(b) above, that the pro rata share of the total issued and outstanding equity securities of the Issuer owned by any Related Party of the Issuer will not increase after giving effect to the Private Placement.

4.5. The Exchange will generally consider assets, businesses or securities to be of "indeterminate" value where:

(a) the Issuer has demonstrated, to the satisfaction of the Exchange, a minimal history of commercial operations (less than one full fiscal year); and

(b) financial statements relating to such assets, business or securities evidence:

(i) no cumulative earnings since commencement of operations;

(ii) either no sales or revenues or minimal cumulative sales or revenues derived from operations (less than $1,000,000 since the commencement of operation of such assets or business); and

(iii) no positive cash flow or a minimal history of positive cash flow (two or fewer quarterly reporting periods).

4.6 The Exchange exemptions from the valuation requirements are only exemptions from the application of this Policy. An Issuer that is a reporting issuer in Ontario and is therefore directly subject to the OSC Rule and OSC Policy cannot rely upon the Exchange Valuation Exemptions to exempt them from the requirements of the OSC Rule and OSC Policy.

4.7. Where an Issuer is a reporting issuer in Ontario and the Issuer seeks an exemption from the OSC Rule or OSC Policy from the OSC, the Issuer must make application to the OSC with a copy of such application and all subsequent correspondence being provided to the Exchange. Where an exemption or waiver is permitted by the OSC, the Exchange will generally defer to the decision of the OSC.

4.8. Where an Issuer is not a reporting issuer in Ontario and is not directly subject to the OSC Rule and OSC Policy and seeks only an exemption from this Policy 5.9, the Issuer will make application for exemption or waiver of this Policy solely to the Exchange.

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-Overs, 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 September15, 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 September29, 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 the ir 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.

POLICY 6.2

TRANSITIONAL PROVISIONS FOR ISSUERS PREVIOUSLY LISTED ON THE ASE AND VSE

1. General – Issuers Listed on the VSE or ASE as at November 26, 1999

1.1 Except as specifically provided in this Policy, all issuers listed on the ASE as at November 26, 1999 ("Former ASE Issuers") will generally be permitted to continue to use either CDNX policies or ASE policies until March 1, 2000. Except as specifically provided in this Policy, all issuers listed on the VSE as at November 26, 1999 ("Former VSE Issuers") will generally be permitted to continue to use either CDNX policies or VSE policies until March 1, 2000. However, a Former VSE Issuer or a Former ASE Issuer which commences using CDNX policies will be expected to continue to use CDNX policies.

1.2 Any Issuer (for the purposes of this policy, a "CDNX Issuer") which submits its Application for Listing on CDNX on or after November 29, 1999 will be required to comply in full with CDNX policies.

2. Stock Options

2.1 Stock options granted by Former VSE Issuers which have received final acceptance from the VSE or the CDNX as at March 1, 2000 will not be required to be amended to conform to the CDNX policies.

2.2 Stock options granted by Former ASE Issuers which have received conditional acceptance from the ASE (and in respect of which all requested documentation has been received by March 1, 2000) or which have received final acceptance from the CDNX as at March 1, 2000 will not be required to be amended to conform to the CDNX policies.

2.3 Former ASE Issuers with stock option plans based on ASE policies will not be required to cancel their stock option plans. However, effective March 1, 2000, any requirements for vesting of stock options as contemplated by Policy 4.4 - Director, Officer and Employee Stock Options will be required to comply with that Policy.

3. Private Placements, Shares for Debt, Acquisitions and Other Distributions of Securities

3.1 Any application which is received by CDNX from a Former ASE Issuer or a Former VSE Issuer on or after March 1, 2000 will be required to comply in full with CDNX policies.

3.2 Any application which is received by a CDNX Issuer will be required to comply in full with CDNX policies.

3.3 The ASE requirement for a Form 15, Notice of Securities Issued upon Exercise or Cancellation of Reserved Securities, will cease to be applicable effective November 29, 1999. However, all Issuers will be required to file copies of treasury orders with CDNX.

4. Listing and Filing Fees

4.1 Effective November 29, 1999, fees charged on any application which has not yet been conditionally approved by the ASE will be CDNX fees.

4.2 Effective November 29, 1999, fees charged on any application which has not yet been finally accepted by the VSE will be CDNX fees.

5. Applications for Listing - General

5.1 Until March 1, 2000, an issuer seeking a listing on CDNX AS AN Initial Listing or by an RTO, may opt to comply with the Minimum Listing Requirements of CDNX or, if the issuer files its application with the Calgary office of CDNX, with the minimum listing requirements of the ASE. Similarly, until March 1, 2000, an issuer seeking a listing on CDNX may opt to comply with the Minimum Listing Requirements of CDNX or, if the issuer files its application with the Vancouver office of CDNX, with the initial listing requirements of the VSE.

5.2 Effective November 29, 1999, every new Application for Listing will be required to comply with CDNX Policy 2.3 - Listings Procedures and Policy 2.2 - Sponsorship. Former VSE Issuers which have received Pre-Assessment Stage approval as at November 26, 1999, will be permitted, although not required, to comply with the VSE Listing Applications Procedures Policy and Sponsorship Policy.

5.3 In the event that the BCSC eliminates the requirements for due diligence reports and assessment reports pursuant to Local Policy Statement 3-17 prior to March 1, 2000, issuers seeking listing on CDNX pursuant to VSE initial listing requirements and Listing Application Procedures will generally be required to comply with CDNX policies relating to the requirement for a Sponsor.

5.4 Issuers seeking listing on CDNX who as at November 29, 1999 have already structured their transaction in accordance with ASE Minimum Listing Requirements or VSE Initial Listing Requirements (including VSE Policy 19, Performance and Trading Shares and Other Consideration) and BCSC Local Policy 3-07, will generally also be subject to escrow in accordance with the applicable VSE or ASE policies.

5.5 Where:

(a) an issuer has received a receipt from one or more of the Securities Commissions for a preliminary Prospectus but has yet to receive a receipt for its final Prospectus;

(b) the preliminary Prospectus was prepared in anticipation of listing on the VSE or the ASE; and

(c) the issuer wishes to amend its application to seek listing pursuant to CDNX Minimum Listing Requirements,

if the disclosure in the preliminary Prospectus is no longer accurate, then the issuer may be required to file an amended Prospectus and should accordingly consult with the applicable Securities Commissions. If such issuer opts to comply with CDNX Minimum Listing Requirements, then it will also be required to comply with all other CDNX policies, including Policy 2.2 - Sponsorship and Sponsorship Requirements and Policy 3.1 - Directors, Officers and Corporate Governance.

6. Capital Pool Companies, Junior Capital Pools and Venture Capital Pools

6.1 Until March 1, 2000 applications for listing may be made pursuant to ASE Circular No. 7, Junior Capital Pools and ASC Rule 46-501, VSE Policy 30, Venture Capital Pools or pursuant to the CDNX Policy 2.4 - Capital Pool Companies.

6.2 An issuer seeking to follow the VCP Policy must file documents with the Vancouver office of CDNX. An issuer seeking to follow the JCP Policy must file documents with the Calgary office of CDNX. *See Policy 1.2 - Filing Locations and Procedures*. *See also Policy 2.4 - Capital Pool Companies.*

7. Timely Disclosure

7.1 Effective, November 29, 1999 all timely disclosure news releases are required to be filed with the Vancouver office of CDNX. Fax: (604) 689-1430.

7.2 In addition, news releases relating to Major Transactions, Qualifying Transactions, Reverse Take-Overs, Changes of Business and other transactions that are expected to result in a trading halt should be filed in advance of release with the Corporate Finance Department. *See Policy 1.2 - Filing Locations and Procedures.*

8. Sponsorship

8.1 Transactions announced after November 29, 1999 which require a sponsor or a reporting letter pursuant to VSE or ASE policies, will be required to comply with the CDNX Policy 2.2 - Sponsorship and Sponsorship Requirements.

8.2 The Exchange will continue to conduct due diligence searches on behalf of sponsors for a fee until March 1, 2000.

9. Seed Share Resale Restrictions (Pooling Requirements)

The Exchange has adopted, for an interim period only, the former resale restrictions of the Vancouver Stock Exchange that previously applied to seed securities of VSE issuers. The hold periods prescribed by the resale restrictions only apply to seed securities distributed in British Columbia in so far as the issuer meets the terms described below.

9.1 Purpose

The purposes of the Exchange's Seed Share Resale Restrictions are:

a) to assist listed companies to receive more money for treasury shares by encouraging the holders of Seed Capital (the "**seed shareholders**") which is of the same class as shares to be listed on the Exchange (the "**seed shares**") to pay more for their **seed shares**;

b) to lessen the dilution to shareholders purchasing shares in the Initial Public Offering; and

c) to improve the aftermarket of a listed company's shares following listing on the Exchange by easing the **seed shares** into the Public Float.

9.2 The purchase price of **seed shares** and the time of their purchase relative to the date of the preliminary prospectus receipt determine how quickly investors may sell their **seed shares** after the company's shares are listed and have commenced trading on the Exchange.

9.3 Application

The Seed Share Resale Restrictions do not apply to Performance Shares escrowed in accordance with Policy 19 of the Policies of the VSE. **The Resale Matrix does not apply to Venture Capital Pool or Capital Pool Companies. Seed shares of VCPs and CPCs are subject to the 12 month hold period dating from the date the issuer becomes a reporting issuer.**

The Seed Share Resale Restrictions are part of the resale rules of the BC Securities law: see ss. 140-143 of the Securities Rules as amended by BOR #95/21, BOR # 51-501 and NIN #2000/09. The Seed Share Resale Restrictions apply to any issuer that meets the following conditions:

a) the issuer's final prospectus for its initial public offering ("IPO") is receipted on or before June 30, 2000;

b) the issuer's securities are listed on CDNX on or before Sept. 30 , 2000;* and

c) if the issuer completed its IPO distribution between November 26, 1999 and February 22, 2000, the issuer confirms to CDNX that it has notified the affected holders of seed securities of the change in the resale requirements and has corrected any disclosure record relating to the applicable resale restrictions by filing a material change report and press release.

* Please note that the issuer's securities must receive final listing acceptance as evidenced by an Exchange Bulletin announcing such acceptance.

9.4 In order to determine the hold periods imposed by the Seed Share Resale Restrictions, it is necessary to:

a) have a list of the security holders (including **seed shareholders**) of the applicant company (the "**shareholders' list**"), with the addition of:

i) the date the issuer received payment in full for each of the **seed shares**. This list is required to designate which **seed shareholders** are "**underwriters**", which, for the purposes of this policy, are defined to be all registrants permitted to act as an underwriter:

A) in British Columbia under Section 34(1)(b) of the Securities Act (not limited to the underwriter(s) of the Initial Public Offering); and

B) in another jurisdiction in Canada in which the issuer's offering is being conducted, under a similar section;

and their directors, officers, employees, shareholders, partners, and "associates" (as defined in the Securities Act);

ii) which **seed shareholders** are "**control persons**" as defined in the Securities Act; and

iii) the information required to be calculated in the rest of this Part 9;

b) know the offering price of the applicant company's Initial Public Offering shares or units (the "**IPO share price**"); and

c) know the date the BC Securities Commission issued the receipt for the applicant company's preliminary Prospectus (the "**preliminary receipt date**").

9.5 Subject to Sections 9.6 and 9.7 below, for each group of **seed shares** subscribed for at a particular price (the "**seed share price**") and paid for on a particular date (the "**payment date**")

a) if the length of time between the **payment date** and the **preliminary receipt date** is equal to or greater than two years [24 calendar months ("**months**")], regardless of the **seed share price**, no hold period will be imposed on the **seed shares** and immediately upon commencement of trading of the applicant company's shares on the Exchange, all of the **seed shares** may be sold;

b) if the length of time between the **payment date** and the **preliminary receipt date** is less than 2 years (24 **months**), and if the percentage that the **seed share price** is of the **IPO share price** (the "**percentage paid**") is equal to or greater than 50% of the **IPO share price** then:

i) immediately upon commencement of trading of the applicant company's shares on the Exchange, the **percentage paid** of the **seed shares** may be sold; and

ii) 3 calendar **months** following the date the applicant company's shares commenced trading on the Exchange, the balance of the **seed shares** may be sold; or

c) if the length of time between the **payment date** and the **preliminary receipt date** is less than two years (24 **months**) but equals or exceeds one year (12 **months**) and if the **seed share price** is less than 50% of the **IPO share price** then:

i) immediately upon commencement of trading of the applicant company's shares on the Exchange, 50% of the **seed shares** may be sold;

ii) 3 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to the greater of the **percentage paid** or 25% of the **seed shares** may be sold; and

iii) 6 **months** following the date the applicant company's shares commenced trading on the Exchange, any remaining **seed shares** may be sold; or

d) if the length of time between the **payment date** and the **preliminary receipt date** is less than one year (12 **months**) and the **seed share price** is less than 50% but equal to or greater than 25% of the **IPO share price** then:

i) immediately upon commencement of trading of the applicant company's shares on the Exchange, none of the **seed shares** may be sold;

ii) 3 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold;

iii) 6 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold;

iv) 9 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold; and

v) 12 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold; or

e) if the length of time between the **payment date** and the **preliminary receipt date** is less than one year (12 **months**), and the **seed share price** is less than 25% of the **IPO share price**, then:

i) immediately upon commencement of trading of the applicant company's shares on the Exchange, none of the **seed shares** may be sold;

ii) 6 **months** following the date the applicant company's shares commenced trading on the Exchange, 25% of the **seed shares** may be sold;

iii) 9 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold;

iv) 12 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold; and

v) 15 **months** following the date the applicant company's shares commenced trading on the Exchange, an additional amount equal to 25% of the **seed shares** may be sold.

****** **See the Matrix following for an illustration of how the Seed Share Resale Restrictions work.**

9.6 For **seed shareholders** who are **underwriters**, if Sections 9.5(c), (d) or (e) applies, all sales must be deferred an additional 6 **months** from the release dates set out in Sections 9.5(c), (d) or (e).

9.7 For **seed shareholders** who are **control persons** after the IPO as a result of the control person's holdings of seed shares, add to the above Seed Share Resale Restrictions, the greater of:

a) the additional hold period specified in s.128(d)(i)(iii)(iv) and (v) of the Securities Rules; or

b) six months.

9.8 Avoidance

The Seed Share Resale Restrictions may not be avoided by:

a) qualifying the resale of the **seed shares** under the applicant company's Prospectus; or

b) companies which are not reporting issuers in British Columbia but are listed on an exchange or trading system elsewhere which are applying for listing and not conducting a public offering. The Exchange may use the original Initial Public Offering share price or where the applicant company has never done an Initial Public Offering, may determine a deemed **IPO share price**.

9.9 Exceptions

The Exchange consents to and authorizes issuers and transfer agents to effect the following trades and/or re-registrations of **seed shares** notwithstanding these resale restrictions:

a) a transfer of **seed shares** from the registered shareholder to a registered retirement savings plan the sole beneficiary of which is the shareholder; and

b) upon the death or bankruptcy of a shareholder, a transfer of **seed shares** from the registered shareholder to the person that is legally entitled to become the registered owner of the **seed shares**.

Upon receipt of a written application and the required fee, the Exchange will, unless it is contrary to the public interest, consent to and authorize issuers and transfer agents to effect a trade and/or re-registration of **seed shares** notwithstanding these resale restrictions pursuant to other applicable prospectus exemptions but the transferee will take subject to the remaining Resale Restrictions.

9.10 Enforcement

It is the responsibility of the listed company to apply and enforce the Seed Share Resale Restrictions, either by:

a) splitting the **seed shareholders' seed share** certificates into appropriate denominations and legending each **seed share** certificate with the statement, "These shares may not be assigned, dealt in, pledged, sold, traded, or transferred until [specify date]." and instructing its transfer agent not to remove the legend until the specified date has passed, except in accordance with the Seed Share Resale Restrictions; or

b) requiring each **seed shareholder** to enter into a pooling agreement with the company's transfer agent whereby the transfer agent will hold the share certificates representing the **seed shares** until the Seed Share Resale Restrictions have expired.

** The required form of pooling agreement is Form 6A.

9.11 Filing Requirements

The applicant company is to add to the **shareholders' list**:

a) opposite the relevant shares, if 9.5(b) applies the **percentage paid**, the **payment date**, and the number of **seed shares** able to be transferred in accordance with these Seed Share Resale Restrictions and when, relative to the date the applicant company's shares commence trading on the Exchange;

b) at the top, the **IPO share price** and the **preliminary receipt date**; and

c) a certification by a director or officer of the applicant company that all the information on the **shareholders' list** is correct.

9.12 The applicant company must file this annotated **shareholders' list** with the Exchange prior to the acceptance of its final Prospectus or application for listing, accompanied by a letter from the applicant company's Filing Solicitor or transfer agent, addressed to the Exchange, which states that the author has:

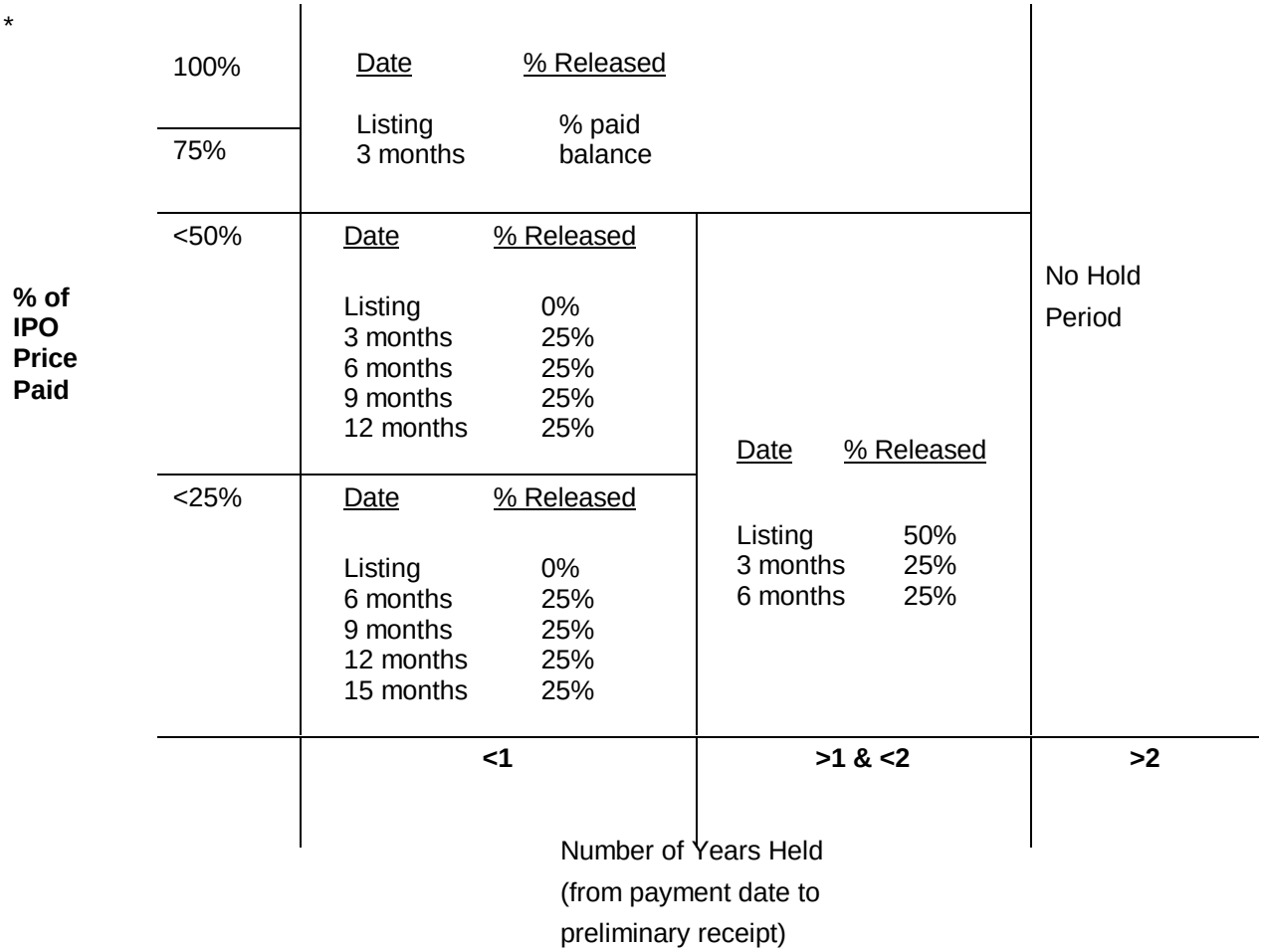
a) reviewed Part 9 of Policy 6.2 of the Exchange's Corporate Finance Manual;

b) reviewed the attached annotated and certified **shareholders' list**;

c) checked the accuracy of the calculations of the **percentage paid** and the number of shares and release dates for each group of shares purchased by a **seed shareholder** with the same **payment date** and **seed share price**; and

d) checked that the Seed Share certificates are legended or all **seed shareholders** have entered into and delivered to the transfer agent signed pooling agreements and the **seed share** certificates are held by the transfer agent pursuant to the pooling agreements in the form and with the Seed Share Resale Restrictions required by Part 9 of Policy 6.2.

SEED SHARE RESALE RESTRICTIONS



NOTE:

i) If the Seed Shareholders are underwriters and have purchased for less than 50% of the IPO price, a minimum additional six months should be added to the hold period above.

ii) If the Seed Shareholders are control persons, after the initial public offering as a result of the control person's holdings of Seed Shares, add to the above Seed Share Resale Restrictions the greater of: the additional hold period specified as s.128(d)(i)(iii)(iv) and (v) of the Securities Rules, or six months.

POLICY 6.3

TRANSITIONAL PROVISIONS FOR WSE ISSUERS AND PROSPECTIVE WSE ISSUERS

Scope of Policy

Pursuant to an agreement entered into between the Exchange and the Winnipeg Stock Exchange (the "WSE") effective November 24, 2000, the WSE will cease operations and the Exchange will commence operations as a stock exchange in Manitoba. This Policy applies to those companies that were either listed on the WSE and in good standing, as determined by the WSE, as at November 3, 2000 ("WSE Issuers") or companies that submitted a complete application to list on the WSE by November 24, 2000 ("Prospective WSE Issuers") and were invited to list on the Exchange under a modified listing process applicable to certain WSE Issuers and Prospective WSE Issuers (the "Eligible Company" or "Eligible Companies").

The main headings in this Policy are:

1. General
2. Eligibility
3. Listing Requirements
4. Corporate Finance Policies
5. Maintenance Requirements
6. Sponsorship and Escrow Requirements
7. Reporting Issuer Status
8. Trading System
9. Fees

1. General

1.1 Where a matter is not specifically dealt with in this Policy, Issuers must comply with Exchange policies relating to Tier 1 or Tier 2 Issuers.

2. Eligibility

2.1

(a) Eligible Companies may apply to list on the Exchange by submitting the following listin g documentation:

(i) an executed Listing Agreement (Form 2D);

(ii) executed 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; and

(iii) if the Eligible Company is a WSE Issuer and is not a reporting issuer in either of Alberta or British Columbia, an executed WSE Certificate and Acknowledgement in the form attached as Appendix "A"

The materials identified in (i), (ii) and (iii) above are the Eligible Company's "Complete CDNX Application".

(b) Eligible Companies that are undertaking a Reverse Take-Over but have not made a complete application to the WSE with respect to the Reverse Take-Over by November 3, 2000 will no longer be considered to be Eligible Companies nor entitled to rely on this Policy. As a condition of listing on the Exchange, such Companies will be required to comply in full with all other Exchange Requirements including those relating to Reverse Take-Overs, sponsorship, MLR, escrow and corporate governance.

(c) WSE Issuers that comply with section 3.3 of this Policy by November 3, 2000 will be listed and will commence trading on the Exchange on November 27, 2000.

(d) WSE Issuers that do not comply with section 3.3 of this Policy by November 3, 2000, will not be listed or traded on the Exchange on November 27, 2000 and will no longer to considered to be Eligible Companies nor entitled to rely on this Policy. Such Companies will be required to submit an Application for Listing for Tier 1 or Tier 2 in accordance with all other Exchange Requirements.

(e) Prospective WSE Issuers will be listed and posted for trading on the Exchange upon complying with the modified listing process described in section 3.4 of this Policy.

(f) Prospective WSE Issuers that have not submitted a complete application to the WSE and a Complete CDNX Application by November 24, 2000, will not be considered to be Eligible Companies nor entitled to rely on this Policy and will not be permitted to continue to pursue a listing on the Exchange on the basis of the WSE listing requirements in existence on November 24, 2000. In such cases, the Prospective WSE Issuer will be required to submit an Application for Listing for Tier 1 or Tier 2 in accordance with all other Exchange Requirements.

3. Listing Requirements

3.1 Suitability Review

Once a Complete CDNX Application from an Eligible Company has been received by the Exchange, the Exchange will review the directors, senior officers, control persons, Insiders and parties conducting Investor Relations Activities on behalf of the Eligible Company to assess their suitability. Where the Exchange has concerns regarding the suitability of such parties, it will notify the applicable Eligible Company of its concerns. The Exchange will require the resignation of any directors, senior officers and parties conducting Investor Relations Activities on behalf of the Eligible Company who are determined to be unsuitable prior to listing on the Exchange and may decline the application for listing on the Exchange or impose such terms and conditions as the Exchange, in its sole discretion, may require .

3.2 Tier Designation

Eligible Companies that meet Tier 1 MLR, as assessed by the Exchange, will be listed on Tier 1. Eligible Companies that meet Tier 2 TMR, as assessed by the Exchange, will be listed on Tier 2.

3.3 WSE Issuers

Those WSE Issuers that have:

(i) filed their Complete CDNX Application by November 3, 2000; and

(ii) not been notified by the Exchange of any concerns relating to the directors, senior officers, control persons, Insiders and parties conducting Investor Relations Activities on behalf of the WSE Issuer

will be listed on Tier 1 or Tier 2, as applicable, effective November 27, 2000.

3.4 Prospective WSE Issuers

General

(a) Prospective WSE Issuers submitting an application for listing either in connection with WSE's KeyStone Company ("KSC") program ("KSC Program") or other listing application must submit such application to the WSE and their Complete CDNX Application to the Exchange by November 24, 2000 and comply with section 3.4 of this Policy.

Non KSC Companies

(b) A Prospective WSE Issuer submitting an application for listing on the WSE, other than in connection with the KSC program, must:

(i) submit a complete application to the WSE by November 24, 2000;

(ii) submit a Complete CDNX Application to the Exchange by November 24, 2000;

(iii) obtain by January 23, 2001 conditional acceptance for listing pursuant to WSE listing requirements in effect on November 24, 2000;

(iv) close, if applicable, its initial public offering by March 24, 2001; and

(v) Subsequently fulfill the conditions of listing.

Initial Listings of KSC Companies

(c) In order to be listed on the Exchange, a Prospective WSE Issuer submitting an application for listing in connection with WSE's KSC Program must:

(i) submit its complete KSC application to the WSE by November 24, 2000;

(ii) submit a Complete CDNX Application to the Exchange by November 24, 2000;

(iii) obtain by January 23, 2001 conditional acceptance for listing pursuant to WSE listing requirements in effect on November 24, 2000;

(iv) obtain a final receipt from the Manitoba Securities Commission ("MSC") for a KSC prospectus by January 23, 2001; and

(v) subsequently fulfill the conditions of listing.

(d) Any Prospective WSE Issuer that submits by November 24, 2000 both its complete KSC application to the WSE and a Complete CDNX Application to the Exchange, and does not obtain a final receipt from the MSC for its KSC prospectus by January 23, 2001, will only be permitted to list on the Exchange if it files an amended prospectus under the CPC Program and complies in all respects with the CPC Program. In such case, the Prospective WSE Issuer will be subject to Exchange policies and procedures and will be listed on the Exchange only after issuance of a receipt by the MSC for the amended CPC prospectus filed under the CPC Program. Among other things, this will mean that such Prospective WSE Issuers will be required to obtain sponsorship from an Exchange member, comply with Exchange MLR and corporate governance policies and securities of the Prospective WSE Issuer will be subject to such escrow requirements as prescribed by the Exchange.

Major Transactions

(e) Any KSC that wishes to conduct its Major Transaction (as defined under the KSC Program) in accordance with KSC rules must make a complete application in regard to the Major Transaction by January 23, 2001 and must complete the Major Transaction by March 24, 2001.

(f) Any KSC that does not complete its proposed Major Transaction by March 24, 2001, will be required to conduct its Major Transaction as a Qualifying Transaction (as defined under the CPC Program) within 18 months of the date the KSC was initially listed.

(g) Any KSC that has not made a complete application in connect ion with its proposed Major Transaction by January 23, 2001 will be required to conduct a Qualifying Transaction.

4. Corporate Finance Policies

4.1 Applications Prior to Listing on the Exchange

(a) Eligible Companies that have filed or made application to the WSE prior to listing on the Exchange, in respect of financing and transactional activities such as private placements, options, acquisitions and changes of business, will be required to comply with, and complete, the financing and transactional activities in accordance with WSE policies and procedures. Eligible Companies will be required to make all such filings (excluding the Complete CDNX Application) with the WSE or the Winnipeg office of the Exchange, as applicable.

(b) Eligible Companies that are undertaking a Reverse Take-Over, and that have made a complete application to the WSE with respect to the Reverse Take-Over by November 3, 2000, can complete the Reverse Take Over in accordance with WSE policies and procedures, and will be required to make all filings relating to the Reverse Take Over with the WSE or the Winnipeg office of the Exchange, as applicable.

4.2 Applications After Listing On the Exchange

(a) After listing on the Exchange, Eligible Companies will be required to comply with all Exchange Requirements applicable to Exchange listed issuers (including TMR) and may choose a filing office in accordance with Exchange Policies.

(b) Eligible Companies that are undertaking a Reverse Take-Over after November 3, 2000 will be required to make all filings in connection with the Reverse Take-Over with the Calgary office of the Exchange.

5. Maintenance Requirements

5.1 Any Eligible Company that does not meet Tier 2 TMR will be listed on Tier 2 and immediately designated as "Inactive". Eligible Companies designated Inactive will be given 18 months to continue to trade on Tier 2 and to attempt to attain Tier 2 TMR. In the event that an Eligible Company designated as Inactive fails to meet Tier 2 TMR within the 18 month period, it will be suspended and then delisted.

6. Sponsorship and Escrow Requirements

6.1 Eligible Companies listing on the Exchange are not required to retain a Sponsor nor are they required to enter into an escrow arrangement in accordance with Policies 2.2 *Sponsorship and Sponsorship Requirements* and 5.4 *Escrow and Vendor Consideration* as a condition of an Exchange listing.

7. Reporting Issuer Status

7.1 Eligible Companies that list on the Exchange will automatically become reporting issuers in each of Alberta and British Columbia and will automatically become exchange issuers in British Columbia. Subject to any transitional relief provided by the ASC and the BCSC, those Eligible Companies will be required to comply in full with the requirements of Alberta and British Columbia securities law relating to reporting issuers and exchange issuers. Eligible Companies that obtain a listing on the Exchange will not automatically become reporting issuers in Ontario. 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 - *Directors, Officers and Corporate Governance.*

8. Trading System

8.1 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.

9. Fees

9.1 Listing and Sustaining Fees

(a) Eligible Companies will not be required to pay Initial Listing fees.

(b) All former Eligible Companies listed on the Exchange will become subject to the standard Exchange annual sustaining fees commencing January 1, 2001.

9.2 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 4.1 and accordingly, will be required to pay such fees as are applicable to all Issuers in connection with Exchange filings from the time the Eligible Companies are listed on the Exchange. 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.*

9.3 SEDAR Filing Fees

Eligible Companies listed on the Exchange will also be subject to applicable SEDAR filing fees associated with multi-jurisdictional filings.

CANADIAN VENTURE EXCHANGE

CORPORATE FINANCE MANUAL

TABLE OF FORMS

Form	Title
4H	Shares for Debt Filing Form
4I	Declaration of Certified Filing – Shares for Debt
4J	Certification and Undertaking Required from a Company Granted an Incentive Stock Option
4K	Summary Form – Incentive Stock Options
4L	Declaration of Incentive Stock Options
4M	Short Form Offering Document
4N	Price Reservation Form
5A	Filing Statement for Non-RTO Transaction
5B	Expedited Acquisition Filing Form
5C	Transaction Summary Form
5D	Escrow Agreement
5E	Agreement by Escrow Transferee to be bound by Escrow Agreement
5F	Escrow Agreement Indemnity
5G	Notice of Intention to Make Normal Course Issuer Bid
5H	Name Change without Consolidation or Split Filing Form
5I	Name Change and Consolidation/Split Filing Form
5J	Letter to Intermediaries re: Share Distribution
6A	Seed Share Resale Restrictions Pooling Agreement

FORM 2A
PERSONAL INFORMATION FORM

This form is to be completed by every individual who is an Insider of the Issuer, including any individual who, at the time of listing or subsequent to listing:

(a) is or becomes a senior officer, director or promoter of the Issuer;

(b) provides investor relations, promotion or market maintenance services for the Issuer or to any of its securityholders;

(c) beneficially owns or controls, directly or indirectly, securities representing more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;

(d) where a person referred to in paragraph (c) is not an individual, any director, senior officer or Insider of that person; or

(e) by any individual from whom the Exchange, at any time, requests a completed Personal Information Form.

General Instructions On How To Complete This Form:

The Form The Exchange requires the originally completed Form with the original signatures for processing purposes. Photocopies of the completed Form will not be accepted for processing.

All Questions **All questions must have a response.** The Exchange will not accept the response of "N/A" or "Not Applicable" for any question except for the following Questions 1(B), 2(D), 2(E)(iii), 2(F)(ii), 2(G), and 4(B).

If you are having difficulty completing a question or would like further information regarding the information required to be included within this form, please contact the Exchange for additional information.

Question 2 For the purposes of Question 2(E), "permanent resident" is a person lawfully in Canada as an immigrant but who is not yet a Canadian Citizen.

Question 6A Responses must be all-inclusive, they are not limited to a particular period of time.

Question 6B Responses must include all issuers in which the applicant has been involved, within the past 10-year period.

Questions 7 to 11 Please check (√) in the appropriate space provided. Refer to the definitions below and on page 7-2 of this form. If your answer to any of questions 7 to 11 is "YES", you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. **Any attachment must be initialled by the Notary Public.** Responses must be all-inclusive and must not omit any time period.

For the purposes of Questions 7 to 11 the following definitions will apply:

- "guilty", in relation to a plea or a finding, includes an absolute or conditional discharge;
- "offence" means:

  (a) a summary conviction or indictable offence under the Criminal Code (Canada),

  (b) a misdemeanour or felony under the criminal legislation of the United States of America or of any state or territory of the United States of America,

  (c) an offence under the criminal legislation of any other jurisdiction,

  (d) quasi-criminal offence, for example under the Income Tax Act (Canada) or the tax legislation of any other jurisdiction, the Immigration Act (Canada) or the immigration legislation of any other jurisdiction, or the securities legislation of any jurisdiction,

  and excludes

  (e) an offence for which a pardon has been granted and has not been revoked under the Criminal Records Act (Canada) or the comparable legislation of any other jurisdiction, and

  (f) an offence which is an offence only under the motor vehicles legislation of any jurisdiction.

NOTE: With the exception of offences under the Young Offenders Act (Canada) or its predecessor, the granting of a Pardon with respect to an offence is **not** automatic, but must be formally applied for and granted to the offender pursuant to the Criminal Records Act (Canada). Therefore, it is not considered appropriate to omit reference to an offence under any statute other than the Young Offenders Act (Canada) or its predecessor on the basis of an assumption that a Pardon of the offence is automatic after a given period of time. Wrongful omission of an offence on that basis may be treated as a non-disclosure of material information.

- "securities regulatory authority" means a body created by statute in any jurisdiction to administer securities law, regulation and policy, but does not include a stock exchange or other self regulatory organization.
- "self regulatory organization" means:

  (a) a stock, commodities, futures or options exchange,

  (b) an association of investment, securities, mutual fund, commodities, or future dealers,

  (c) an association of investment counsel or portfolio managers,

  (d) an association of other professionals, for example legal, accounting, engineering, and

(e) any other recognised institution or group responsible for the enforcement of rules, disciplines or codes, under any legislation, or considered a self regulatory organization in another country.

Acknowledgement and Consent

The person completing this form must sign both thespace available for the Acknowledgement and the Statutory Declaration portion of the form.

Declaration and Related Attachments

The official before whom this form is declared must mark as exhibits and initial any attachments to this form. Persons completing this form must also initial any attachments. This form and any attachments must contain original signatures or initials as appropriate. Photocopies are not accepted for filing with the Exchange.

CAUTION

Please carefully review the Personal Information Form before submitting it to the Exchange. Please also ensure that this Form is properly signed. You must sign this Form and the truth of its contents before a Notary Public. The Notary Public must confirm that you made such a declaration.

If you leave any question unanswered or you otherwise fail to properly complete this Form, it will NOT be accepted for filing by the Exchange and will be returned. This could result in significant delay to the processing of an application. Failure to fully disclose any information required by this Form or submission of false or misleading disclosure will generally result in your disqualification from involvement with Exchange issuers.

1. A. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

LAST NAME	FIRST AND MIDDLE NAMES
NAME OF ISSUER (State the name of the company that is listed on CDNX. If this form is submitted in connection with an **initial** application for listing, state the name of the company which has made application for listing)	

PRESENT AND PROPOSED POSITION(S) WITH THE ISSUER – check (√) all positions below that are applicable.	IF DIRECTOR / OFFICER PROVIDE THE DATE ELECTED / APPOINTED						IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS
	M		D		Y		
☐ DIRECTOR ☐ OFFICER ☐ INSIDER ☐ CONTROL PERSON ☐ PROMOTER/FOUNDER ☐ INVESTOR RELATIONS/MARKET-MAKING ☐ OTHER							

B.

Provide any legal names, other than the name given in Question 1 A, and assumed names or nicknames under which you have carried on business or have otherwise been known. ***Note:** Please include information regarding any name change(s) resulting from marriage, divorce, court order or any other process	FROM		TO	
	M	Y	M	Y

2. PERSONAL INFORMATION

****Attach a photocopy of a piece of identification issued by a government authority (such as a driver's license or passport) that contains your photograph.**

A.

TELEPHONE NUMBERS:		
RESIDENTIAL Area Code ( )	BUSINESS Area Code ( )	FAX Area Code ( )

B.

DATE OF BIRTH					PLACE OF BIRTH		
Month		Day		Year	City	Province/State	Country

C.

Sex	Height	Weight	Eye Colour	Hair Colour
☐ MALE ☐ FEMALE				

D.

MARITAL STATUS	FULL NAME OF SPOUSE - include common-law	OCCUPATION OF SPOUSE

E.

CITIZENSHIP	YES	NO
(i) Are you a Canadian Citizen?		
(ii) Are you a permanent resident/landed immigrant of Canada? (see the definition of permanent resident in the instructions at the beginning of this form)		
(iii) If "Yes" to Question 2E(ii), the number of years of continuous residence in Canada: _____ Years		

F.

DUAL CITIZENSHIP	YES	NO
(i) Do you hold citizenship in any country other than Canada?		
(ii) If "Yes" to Question 2F(i), the name of the Country(s): _____		

G.

COUNTRY WHERE PASSPORT WAS ISSUED	CITY WHERE PASSPORT WAS ISSUED	DATE PASSPORT WAS ISSUED						PASSPORT NUMBER
		M		D		Y		

H.

DRIVER'S LICENCE NUMBER	PROVINCE/STATE WHERE DRIVER'S LICENCE WAS ISSUED	SOCIAL INSURANCE/SECURITY NUMBER

3. RESIDENTIAL HISTORY - Provide all residential addresses for the past **10 YEARS** starting with your current principal residential address. If you are unable to correctly identify the complete residential address for a period which is beyond five years from the date of completion of this Form, the municipality and province or state and country must be identified. The Exchange reserves the right to nevertheless require the full address.

STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY & POSTAL/ZIP CODE	FROM				TO			
	M		Y		M		Y	

4. A. EDUCATIONAL HISTORY - Provide your educational history starting with the most recent. Include secondary (eg. high school) and post secondary education (eg. university, college, technical institute etc.).

SCHOOL	LOCATION	DEGREE OR DIPLOMA	DATE OBTAINED					
			M		D		Y	

B.

Professional designation(s) -Provide any professional designation held. For example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., and C.F.A., etc. and indicate by whom and the date the designations were granted.

PROFESSIONAL DESIGNATION	GRANTER OF DESIGNATION	DATE GRANTED			IN EFFECT?	
		M	D	Y	Y	N

5. EMPLOYMENT HISTORY - Provide your employment history for the **10 years** immediately prior to the date of this form starting with your current employment. Use an attachment if necessary.

EMPLOYER NAME	EMPLOYER ADDRESS	POSITION HELD	FROM		TO	
			M	Y	M	Y

6. POSITIONS WITH OTHER ISSUERS

		YES	NO
A.	While you were a director, senior officer or insider of an issuer, did any stock exchange or similar self regulatory organization ever refuse approval for listing or quotation of that issuer? If yes, attach full particulars.		

B. Provide the names of each reporting issuer and each other issuer with continuous disclosure obligations (ie. a "public company") of which you are now, or during the last 10 years, have been a director, officer, promoter, insider or control person. State the position(s) you held and the periods during which you held those positions. Use an attachment if necessary.

NAMES OF (REPORTING) ISSUERS	POSITIONS HELD WITH ISSUER	NAME OF STOCK MARKET ON WHICH IT TRADED	FROM				TO			
			M		Y		M		Y	

7. OFFENCES

		YES	NO
A.	OFFENCES (See General Instructions for definition of "offence".)		
	Have you ever pleaded guilty to or been found guilty of an offence?		
B.	CURRENT CHARGES, INDICTMENTS OR PROCEEDINGS		
	Are you the subject of any current charge, indictment or proceeding for an offence?		

If you answered "Yes" to any of the items in Question 7, attach full particulars.

8. ADMINISTRATIVE PROCEEDINGS

		YES	NO
A.	PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY (Refer to definitions) Has any securities commission or other securities regulatory authority ever:		
	(i) prohibited or disqualified you under securities, corporate or any other legislation from acting as a director or officer of an issuer?		
	(ii) refused to register or license you to trade securities or restricted, suspended or cancelled your registration or licence?		
	(iii) refused to issue a receipt for a prospectus or other offering document or denied any application for listing or quotation or any other similar application?		
	(iv) issued a cease trading or similar order against you?		
	(v) issued an order that denied you the right to use any statutory prospectus or registration exemptions?		
	(vi) taken any other proceeding of any nature or kind against you?		
B.	PROCEEDINGS BY STOCK EXCHANGE OR OTHER SELF REGULATORY ORGANIZATION		
	Have you been reprimanded, suspended, fined or otherwise been the subject of any disciplinary proceedings of any nature or kind whatsoever, in any jurisdiction, by a self regulatory organization?		
C.	CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ORGANIZATION. Are you now, in any jurisdiction, the subject of:		
	(i) a notice of hearing or similar notice issued by a securities commission or similar securities regulatory authority?		
	(ii) a proceeding or to your knowledge, under investigation, by a stock exchange or any self regulatory organization?		
	(iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with any securities commission or other securities regulatory authority or any stock exchange or any self regulatory organization?		
D.	SUSPENSION OR TERMINATION OF EMPLOYMENT		
	Has a firm or company registered under the securities laws of any jurisdiction as a securities dealer, broker, investment adviser or underwriter, suspended or terminated your employment for cause?		
	Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?		
E.	SETTLEMENT AGREEMENT		
	Have you entered into a settlement agreement with a securities regulatory authority, self regulatory organization or an attorney general or comparable official or body in any jurisdiction in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct by you, or any other settlement agreement with respect to any other violation of securities legislation or the rules of any self regulatory organization?		

If you answered "YES" to any of the items in Question 8, attach full particulars.

9. CIVIL PROCEEDINGS

		YES	NO
A.	JUDGEMENT, GARNISHMENT AND INJUNCTIONS Has a civil court in any jurisdiction:		
	(i) rendered a judgement or ordered garnishment against you in a civil claim by consent or otherwise based in whole or in part on fraud, theft, deceit, misrepresentation, civil conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct?		
	(ii) issued an injunction or similar ban against you by consent or otherwise in a civil claim described in question 9A(i)?		
B.	CURRENT CLAIMS		
	Are you now the subject, in any jurisdiction, of a civil claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, civil conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct on your part?		
C.	SETTLEMENT AGREEMENT		
	Have you entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, civil conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct on your part?		

If you answered "YES" to any of the items in Question 9, attach full particulars.

10. PERSONAL BANKRUPTCY

		YES	NO
A.	Have you in any jurisdiction within the past **10 years**:		
	(i) had a petition in bankruptcy issued against you or made a voluntary assignment in bankruptcy?		
	(ii) made a proposal under any legislation relating to bankruptcy or insolvency?		
	(iii) been subject to or instituted any proceeding, arrangement or compromise with creditors?		
	(iv) had a receiver, receiver-manager or trustee appointed by or at the request of creditors, either privately or through court process, to hold your assets?		
	(v) Are you now an undischarged bankrupt?		

If you answered "YES" to any of the items in Question 10, attach a copy of any discharge, release or other applicable document.

11. PROCEEDINGS AGAINST ISSUER

		YES	NO
A.	To the best of your knowledge, were you or have you **ever** been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction, at the time of events that led to or resulted:		
	(i) in the issuer pleading guilty to, or being found guilty of, an offence based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct?		
	(ii) in a pending charge, indictment or proceeding against the issuer, for an offence described in question 11A(i)?		
	(iii) in a securities regulatory authority (and, where indicated, other regulatory authority):		
	(a) refusing, restricting, suspending or cancelling the registration or licensing of the issuer to trade securities or any other regulatory authority authorized to licence the sale of real estate, insurance or mutual funds refusing , restricting, suspending or cancelling the registration or licensing of the issuer to sell or trade real estate, insurance or mutual fund products?		
	(b) issuing a cease trading or similar order of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance?		
	(c) issuing an order that denied the issuer the right to use any statutory prospectus or registration exemptions?		
	(d) taking any other proceeding of any nature or kind against the issuer?		
	(e) issuing a current notice of hearing or similar notice against the issuer?		
	(iv) in a trading halt, suspension or delisting of the issuer by a self regulatory organization or similar organization (other than in the normal course for proper dissemination of information, including in the normal course pursuant to a reverse take-over or similar		
	(v) in a current proceeding of any nature or kind against the issuer by a self regulatory organization?		
	(vi) in a civil court:		
	(a) rendering a judgment or ordering garnishment in a claim against the issuer by consent or otherwise based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct?		
	(b) issuing an injunction or similar ban against the issuer by consent or otherwise in a claim described in question 11A(i)?		

11. PROCEEDINGS AGAINST ISSUER (continued)

		YES	NO
A.	(vii) in a current civil claim against the issuer that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct?		
	(viii) in the issuer entering a settlement agreement with a securities regulatory authority, self regulatory organization or attorney general or comparable official or body in any jurisdiction in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, unregistered distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved in any other violation of securities legislation or a self regulatory organization's rules?		
	(ix) in the issuance of a petition in bankruptcy against the issuer or a voluntary assignment in bankruptcy?		
	(x) in a proposal by the issuer under any legislation relating to bankruptcy or insolvency?		
	(xi) in proceedings against the issuer under any legislation relating to winding up, dissolution or companies' creditors arrangements?		
	(xii) in a proceeding, arrangement, proposal or compromise by the issuer with creditors?		
	(xiii) in the appointment of a receiver, receiver-manager or trustee by or at the request of creditors, either privately or through court process, to hold the issuer's assets?		
B.	Is an issuer in any jurisdiction of which you are now a director, officer, promoter or control person, now an undischarged bankrupt?		

If you answered "YES" to any of the items in Question 11, attach full particulars and attach a copy of any discharge, release or other applicable document.

CAUTION

A person who makes a false statement by statutory declaration commits an indictable offence under the *Criminal Code* (Canada). The offence is punishable by **imprisonment** for a term not exceeding **fourteen years**. Steps may be taken to verify the answers you have given in this form, including verification of information relating to any previous criminal record.

ACKNOWLEDGEMENT AND CONSENT

As evidenced by my signature below, I, the undersigned, hereby acknowledge and provide my express consent to the Canadian Venture Exchange Inc. to request, obtain and provide any information whatsoever (which may include personal, confidential, non-public, criminal or other information) from or to any source, including, but not limited to any regulatory, securities regulatory, investigative, criminal or self-regulatory agency or organization as permitted by law in any jurisdiction in Canada or elsewhere.

_____ _____

Date Signature of Person Completing this Form

STATUTORY DECLARATION

I, _____ solemnly declare that:
(Print Name of Person Completing this Form)

(a) I have read and understand the questions, cautions, acknowledgement and consent in this form and the answers I have given to the questions in this form and in any attachments to it are true and correct except where stated to be to the best of my knowledge in which case I believe the answers to be true;

(b) I make this solemn declaration conscientiously believing it to be true and knowing it is of the same legal force and effect as if made under oath and by virtue of the *Canada Evidence Act;* and

(c) in consideration for the approval of the Canadian Venture Exchange Inc. in regard to my involvement with any Exchange Issuer, I hereby agree to submit and attorn to the jurisdiction of the courts in the Province of Alberta, to the jurisdiction of the Canadian Venture Exchange Inc., and wherever applicable, the Governors, directors and committees thereof. I further agree to be bound by and comply with all Exchange Requirements. I agree that any acceptance or non-disapproval granted by the Exchange pursuant to this form may be revoked, terminated or suspended at any time in accordance with the then applicable rules, policies, by-laws, rulings and regulations of the Exchange. In the event of any revocation, termination, or suspension, I agree to immediately terminate my association with any Exchange Issuer to the extent required by the Exchange and I agree that thereafter I will not accept employment with or perform services of any kind for any Exchange Issuer, except with the prior written acceptance of the Exchange.

DECLARED before me at the City of _____ in the Province (or State) of

_____ this _____ day of _____, _____.

_____
(Signature of Person Completing this Form)

_____ _____

Signature of Notary Public Seal or Stamp of Notary Public

My Appointment Expires: _____

***Note: THIS FORM MUST BE DECLARED BEFORE A PERSON WHO IS A NOTARY PUBLIC IN AND FOR THE JURISDICTION IN WHICH IT IS DECLARED.**

FORM 2B

LISTING APPLICATION

Applicant Issuers should review Policy 2.1 – Minimum Listing Requirements.

This Listing Application must be used for all initial Applications for Listing where an Issuer is not conducting a Prospectus offering in conjunction with its Initial Listing and has not recently completed a Prospectus offering. The Exchange can require prospectus level disclosure in the Listing Application and can require that the Issuer include additional disclosure, including that prescribed by Form 5A – Filing Statement for a Non-RTO Transaction. Where the Issuer publishes continuous disclosure information equivalent to that required by any Securities Commission, the Exchange may permit or require the Issuer to incorporate all the continuous disclosure documents filed by the Issuer within the preceding 12 months with applicable securities regulatory authorities and stock markets as appendices to the Listing Application, as supplementary disclosure in lieu of requiring such information to be restated in the Listing Application. The Exchange will consider:

1. whether the Issuer trades publicly in another market;

2. the regulatory framework of that market;

3. the length of time the Issuer has been trading; and

4. whether the applicant Issuer has substantially changed its business recently.

General Instructions

(a) The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the applicant issuer and any if its subsidiaries.

(c) "Material" where used in relation to a fact or change, means a fact or change that could reasonably be expected to have a significant effect on the market value of the shares of the Issuer, unless otherwise defined.

(d) "Year" means the twelve months before the date of the certificate.

(e) "Associate", "Insider" and "Promoter" are defined in Policy 1.1 - Interpretation.

(f) Geological Reports submitted with the Application for Listing must comply with National Instrument 43-101.

(g) If the answer to any item refers to a company other than the Issuer, disclose the name of any Insider or Promoter of the Issuer who is also an Insider, a Promoter or an Associate of an Insider of that other company.

(h) The filing fee listed in the Schedule of Fees must accompany the Listing Application.

1. General Information

(a) State the full corporate name, law and date of incorporation of the Issuer, including a summary of any material amendments to the articles, memorandum or other constating documents since incorporation.

(b) State the date the Issuer first became a "reporting issuer" in at least one of the Principal Jurisdictions. Identify each jurisdiction in which the Issuer is a "reporting issuer" and indicate whether it is in default of any requirements under applicable Securities Laws.

(c) State the address of the Issuer's head office and any other offices. State the address of the Issuer's registered office.

(d) State whether all or certain of the directors and officers of the Issuer reside outside of Canada and whether substantially all of the assets of the Issuer and its directors and officers are located outside of Canada. If so, state the name and address of an agent for service in Alberta and that the Issuer has agreed to attorn to the laws of Alberta and the federal laws of Canada applicable therein.

(e) State the name, address and telephone number of the Issuer's solicitors. Also, give the name and address of the solicitor or attorney who certifies that the applicant is a valid and subsisting Issuer and that the shares which have been allotted and issued were legally created and are fully-paid and non-assessable.

(f) State the name and address of the Issuer's principal registrar and transfer agent and, if the Issuer has more than one registrar and transfer agent, state the name and address of its registrar and transfer agent in the applicable city: Vancouver, BC, Calgary, AB, Toronto, ON, Montreal, PQ or Halifax, NS.

(g) State the date of last Annual General Meeting and of last report to shareholders.

(h) State the name, address and telephone number of the Issuer's auditors.

2. Financial Information

(a) State the Issuer's approximate working capital as of a specific date within the two months preceding the date of the Listing Application.

(b) If assets include investments in securities of other entities, give an itemized statement, showing cost or book value and present market value.

3. Directors, Officers, Promoters and Persons Holding More Than 10% of the Issued Equity Shares

(a) In table format, for each director, officer and Promoter of the Issuer provide the following information:

(i) state full name and residential or postal address;

(ii) identify all positions held with the Issuer (such as chairman, director, president, secretary, promoter, etc.);

(iii) state the number of equity shares of the Issuer directly or indirectly beneficially owned or controlled, separated by type into (a) escrowed, (b) pooled, (c) options and (d) all other securities; and

(iv) state the name of each employer and give chief occupation in the previous five years. If the employer is a self-owned company, so state (describe the function actually performed; avoid vague descriptions such as "businessman").

(b) If any director, officer or Promoter of the Issuer is, or has been within the past three years, a director, officer or Promoter of any other reporting issuer, provide the following information:

(i) state the number of other issuers of which he is currently a director, officer, or promoter and the names of any reporting issuers with which he was involved in the past five years, including the names, markets upon which they trade, and the approximate start and ending dates; and

(ii) state the name of any issuer which was, during the period he was a director, officer or promoter of the Issuer, struck from the applicable corporate registry, or whose securities were the subject of a cease trade or suspension order for a period of more than thirty consecutive days. Describe as well the reasons for the striking off, cease trade or suspension order.

(c) State whether any director, officer, promoter or Insider has received from the Issuer:

(i) direct or indirect remuneration within the past year and provide particulars, including name of recipient, level of remuneration, and duties performed; or

(ii) anything of value within the past year which has not been disclosed elsewhere in the Listing Application and provide particulars. Anything of value includes money, securities, property, contracts, options or rights of any kind, whether received directly or indirectly.

(d) If any director, officer, promoter or other member of Management of the Issuer has, within the ten years before the date of this Listing Application been subject to any penalties or sanctions imposed by a court or a securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud, describe the penalties or sanctions imposed.

(e) If any director, officer, promoter or other member of Management of the Issuer has, within the five years before the date of this Listing Application been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual, state the fact.

(f) Give the full name, residential or postal address and number of equity shares, separated by type into (a) escrowed, (b) legended, and (c) all other shares, beneficially owned by the 5 largest shareholders and by each person who is known by the Issuer's directors to directly or indirectly beneficially own or control more than 10% of the voting securities of the Issuer other than those persons disclosed in Item 6(a). If the beneficial owner is a non-individual, provide the information required by General Instruction (g).

4. Corporate Information

(a) State the authorized and issued share capital of the Issuer and briefly outline any material rights and restrictions attached to the share capital, such as voting, preference, conversion or redemption rights.

(b) In table format, provide details of securities sold for cash in the past 24 months. Indicate by month and year each block of securities sold, price per share, commissions per share, total cash received and total commission paid. Indicate whether the securities were issued as part of a public offering or private placement.

(c) In table format, provide details of securities issued for other than cash in the past 24 months. Give a brief description of the properties or other assets acquired, debts or services settled and value attributed thereto.

(d) Provide details of any dividends paid indicating date, amount per share and total amount paid on each distribution.

(e) Provide the date of the Issuer's fiscal year end.

(f) Provide in table format, a list of all subsidiaries or other companies controlled by the Issuer, together with the date and manner of incorporation, the authorized and issued share capital, the nature of business and the percentage of each class of shares directly or indirectly beneficially owned or controlled by the Issuer.

(g) State the distribution of issued capital as of the most recent month-end in the following form:

		NUMBER AND TYPE OF SECURITIES	NUMBER OF HOLDERS
I.	**Securities not subject to escrow, pooling or other restrictions on transfer:**		
A)	Distributed and in the hands of the public (excluding the promoters, officers, directors, and insiders of the Issuer and their associates).		
B)	Distributed and in the hands of the promoters, officers, directors, and insiders of the Issuer and their associates.		
II.	**Securities subject to escrow, pooling or other restrictions on transfer:**		
A)	Distributed and in the hands of the public (excluding the promoters, officers, directors, and insiders of the Issuer and their associates).		
B)	Distributed and in the hands of the promoters, officers, directors, and insiders of the Issuer and their associates.		
	TOTAL		

(h) As of the execution date, there were more than 300 shareholders holding a Board Lot of free trading shares.

5. Shares of the Issuer Held in Escrow, Legended, or Subject to Hold Restrictions

(a) Briefly describe the number and the material terms governing release and cancellation of all escrow shares.

(b) Briefly describe the number and the material terms governing release of all legended shares.

(c) State the number and briefly describe the material terms governing any other securities which are subject to an unexpired hold period originally imposed pursuant to any applicable Securities Laws, stock exchange or other similar regulatory authority.

(d) State the names and addresses of owners of more than a 5% interest in the escrowed shares, and the number and type of shares held by each.

6. Options to Purchase Securities of the Issuer

(a) Disclose in the aggregate all options, share purchase warrants, rights or agreements to issue securities by the Issuer, or by a present shareholder, which have not been disclosed elsewhere in the Listing Application.

(b) Options granted to employees (other than management employees) can be shown in the aggregate.

7. Natural Resource Properties

For each resource property:

(a) Describe the interest owned, leased, held under option, or to be acquired by the Issuer. The description should include:

(i) the total consideration paid and payable,

(ii) nature and state of title or interest,

(iii) the geographical area, including lot and range numbers or claim numbers and acreage, as applicable,

(iv) plant and equipment on the property and Issuer's contribution to costs and share in revenues where these are not identical, and

(v) any applicable royalties, profit sharing, carried interests, etc.

(b) State whether an Insider or Promoter has held any interest in the property in the past 3 years, and if so, state the date and terms of the acquisition and the cost of the property to the vendor.

(c) Describe any material exploration and development work carried out on the property to date, the cost of the work, the results of such work and any exploration and development work which the Issuer proposes to carry out on the property, the cost of the proposed work and the proposed source of funds.

(d) State the date and the author of any Geological Report on the properties, and include one copy of any Geological Report prepared regarding the properties.

(e) Disclose any commitments respecting the property such as instalments of cash or shares required to maintain an option, or exploration programs or drilling obligations to maintain a lease.

(f) For each property which is currently producing revenue for the Issuer, state the total revenue, net to the Issuer, (i) in the latest complete fiscal year and (ii) currently, on a monthly basis. State the nature of any royalties or other charges against production.

Mining Properties - If work done on the property has established the existence of reserves of proven, probable or possible ore, disclose the estimated tonnage and grade of each class of ore reserves as well as the name of the person making the estimates and the nature of his relationship to the Issuer. If the property has no known ore reserves, disclose.

Oil and Gas Properties - If reserves have been assigned in a Geological Report acceptable to the regulatory authorities, identify the report by author and date, and state the category (proved producing, proved non-producing, probable additional), type (crude oil, synthetic oil, natural gas, natural gas liquids, sulphur) and values assigned. Provide in table format the proven and probable reserves indicating physical volumes and future net cash flows discounted at 0%, 10%, 15% and 20%. Estimates should be based on constant current prices and costs. Tabulate the current status of the wells. If the property has no known reserves of oil and gas, disclose.

8. Particulars of Non-Resource Assets

For each material non-resource asset:

(a) Describe the interest owned or to be acquired by the Issuer.

(b) Describe the business carried on or intended to be carried on by the Issuer, and the general development of such business to date.

(c) If the business consists of the production or distribution of various products or the rendering of various services, describe the principal products or services.

(d) Describe the method of marketing and distributing the products and, in tabular form, if possible, the character and amount of the annual output for the preceding five years (in terms of physical units).

(e) Provide a summary of any valuation, feasibility or technical report.

(f) If the Issuer has not commenced business or is entering or has recently entered a new business, include a summary of the management plan for the next 24 months.

(g) State the location and general character of any material properties including buildings and plants, of the Issuer. If any property is not held as freehold property (eg. leased property), state and briefly describe the nature of title. If a property is subject to any material encumbrance (eg. mortgage) briefly describe the encumbrance.

(h) If an Insider or Promoter of the Issuer has held any interest in the asset, property or business during the past 3 years, disclose.

9. Listing and Trading of Issuer's Shares

(a) Show listings on other stock exchanges or markets with date of listing.

(b) Is an application for listing on any other stock exchange or market pending or contemplated? If so, give details.

(c) Have the Issuer's shares ever been delisted or suspended by any stock exchange? If so, give details.

(d) Has any application for listing the Issuer's shares on any stock exchange or market ever been refused, deferred, or withdrawn? If so, give details.

(e) Are the Issuer's shares quoted over-the-counter in any jurisdiction? If so, give details.

10. Particulars of any Other Material Facts

(a) Describe any actual or pending material legal proceedings to which the Issuer is or is likely to be a party or of which any of its property is or is likely to be the subject and particulars of any other circumstances which might affect the Issuer's position or title adversely.

(b) Disclose particulars of any bonds, debentures, notes, mortgages, charges, liens, hypothecations, loans or other debt obligations outstanding.

(c) Give the dates and parties to and the general nature of every material contract entered into by the Issuer which is still in effect and is not disclosed in the foregoing, including any management or employment agreements or any agency or underwriting agreement or any corporate finance, investor relations, promotion or market making agreement.

(d) Briefly describe any other material facts not previously disclosed in this application.

(e) List by date each prospectus or amendment issued by the Issuer during the past 3 years and indicate the name of the securities administration(s) which accepted each.

(f) Indicate whether any application for registration or approval by a securities commission or corresponding government body ever been refused, cancelled, suspended or revoked. Provide details.

(g) Give the name, address, telephone number, fax number, and e-mail address (if applicable) of the person or persons who may be contacted for additional information. If the Issuer maintains a web site, provide the address of the web site.

Certificate of the Issuer

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the applicant), hereby applies for the listing of the above mentioned shares on the Canadian Venture Exchange. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

Dated at _____

this _____ day of _____, _____.

_____ _____

Director Director

[print or type names beneath signatures]

This certificate must be signed by two directors of the Issuer.

FORM 2C

STATUTORY DECLARATION

(WHERE APPLICATION FOR LISTING MADE CONCURRENTLY WITH PROSPECTUS OFFERING)

Dominion of Canada/_____ In the Matter of an application for listing the securities of

Province/State of _____ _____
[Name of applicant Issuer]

I, _____
[Print full legal name of the Officer of the applicant Issuer making this Declaration]

of the _____ of _____
[Indicate whether district, town, city, etc.] [Print name of both district, town, city and province or state.]

DO SOLEMNLY DECLARE THAT

1. I am the _____ of _____
[Print your title or office with the applicant Issuer] [Print the name of the applicant Issuer]

   (the "Issuer"), and as such have knowledge of the facts herein deposed to.

2. The Prospectus of the Issuer dated _____, when read together with the material change report(s) dated _____ and the Appendix(ces) _____, attached to this Statutory Declaration and incorporated by reference herein, contain, as at the date hereof, all material facts in relation to the Issuer and contain no untrue statement of a material fact and do not omit to state a material fact that is required to be stated or omit to state a material fact that is necessary to be stated to prevent a statement that is made from being false or misleading in the circumstances in which it was made.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

_____
[Signature of the Officer of applicant Issuer making Declaration]

Declared before me, _____ , a Notary Public in and for the
[Print name of Notary Public]

_____, this _____ day of _____
[Print jurisdiction in which Notary is authorized to act as a Notary Public] [Print month and year]

at _____ , _____
[Print name of town or city and province or state at which this declaration is made] [Print name of country]

_____
[Signature of Notary Public]

My appointment expires: [Affix Seal of Notary Public Here]

_____

**Instructions:
(1) The Declarant and the Notary Public must initial any attachments and number the attached pages in the form "Page X of Y", X being the number of the page and Y being the total number of pages attached.
(2) If there are no material change reports being attached and/or no other appendices, such as updated financial statements, mark N/A in the blank spaces.
(3) A separate Statutory Declaration form must be completed by each of the two authorized directors or officers.

FORM 2D
LISTING AGREEMENT

Name of Issuer

Head Office Address and Telephone Number of Issuer

Name and Address of Issuer's Registrar and Transfer Agent

Sponsor

In consideration of the listing on the Canadian Venture Exchange Inc. (the "Exchange") of securities of the undersigned entity (the "Issuer"), the Issuer hereby agrees with the Exchange as follows:

1. Interpretation

In this Agreement, unless the subject matter or context otherwise requires:

1.1 All terms used herein which are defined in Policy 1.1, Interpretation, shall have the meanings ascribed to those terms in that Policy.

1.2 Where used herein, the term "Exchange Requirements" shall have the same meaning as defined in Exchange Rule A.1.00.

1.3 Where used herein, the term "Issuer" shall include all subsidiaries of the Issuer.

2. General

2.1 The Issuer shall, and shall cause its directors, officers, employees, agents, consultants, and, where applicable, partners, to comply with all Exchange Requirements and all applicable legal requirements including, but not limited to, those of its incorporating statute, all laws, rules, regulations, policies, notices and interpretation notes, decisions, orders and directives of all securities regulatory authorities having jurisdiction over it and with all other laws, rules and regulations applicable to its business or undertaking.

2.2 The Issuer shall file with the Exchange all such material, information and documents as may be required by the Exchange from time to time and in such manner and form and by such date as may be specified by the Exchange.

2.3 This Agreement and all other documents, information and material (collectively, the "Information"), in whatever form, provided to or filed with the Exchange shall become the property of the Exchange and the Exchange shall have full and irrevocable authority to sell, license, copy, distribute, make available for public inspection, provide copies of same to other regulatory authorities and otherwise deal with all or any part of the Information at any time without notice to the Issuer.

2.4 Except as otherwise permitted by the Exchange Requirements, the Issuer shall not issue securities to any person without the prior approval of the Exchange. Further, the Issuer shall notify the Exchange in such manner and form and by such date as may be specified by the Exchange Requirements of any changes to the number of its issued securities of any class.

2.5 All documents filed by the Issuer and all correspondence with the Exchange shall be in the English language. In addition, the Issuer shall also concurrently file with the Exchange any original language documents. The Issuer warrants that all English translations will be complete and accurate.

3. Reimbursement for Independent Advice

3.1 The Issuer shall pay to the Exchange on a timely basis the annual sustaining fee, the applicable listing or filing fee at the time of each filing, and any other fees, expenses or charges which may be specified from time to time by the Exchange within the time limits specified by the Exchange.

3.2 The Exchange, at the Issuer's cost, may obtain independent advice or consulting services with respect to any matter relating to the Issuer provided that the Exchange has first afforded the Issuer the opportunity to satisfy the particular filing requirements of the Exchange with respect to such matter. The Issuer hereby agrees to fully reimburse and indemnify the Exchange for all such expenses, costs and fees incurred by the Exchange.

4. Directors, Officers and other Personnel

4.1 The affairs of the Issuer shall at all times be managed or supervised by at least three directors, all of whom shall:

(a) be individuals qualified to act as directors under the Issuer's incorporating statute and Exchange Requirements;
(b) act honestly and in good faith and in the best interests of the Issuer;

(c) exercise the care, diligence and skill of a reasonably prudent person in the exercise of their duties as directors;
(d) not be personally indebted to or subject to an unsatisfied or incomplete term of a sanction of the Exchange or any securities regulatory body; and
(e) be otherwise acceptable to the Exchange.

Officers, employees, agents and consultants of the Issuer, and others engaged by or working on behalf of the Issuer, shall be subject to all other specified Exchange Requirements and, at the discretion of the Exchange, shall be subject to clauses 4.1(d) and 4.1(e) above.

4.2 The Issuer shall at all times have at least two directors who are neither control persons of the Issuer nor employees, senior officers or management consultants of the Issuer or any of its associates or affiliates. The Issuer will have an audit committee consisting of at least three directors, a majority of whom must be neither control persons of the Issuer nor employees or senior officers of the Issuer or any associates or affiliates. The Issuer will use its best efforts to have its audit committee act in accordance with the Canadian Securities Administrators' Notice on Audit Committees or any successor policy, notice or instrument.

4.3 Insofar as the Issuer requests that the Exchange rely on auditors, lawyers, consultants or other agents, the Issuer shall ensure that such persons are not unacceptable to the Exchange.

4.4 The Issuer shall require a minimum of two signatures by persons authorized by the board of directors of the Issuer to sign all cheques issued by the Issuer.

5. Rights and Remedies of the Exchange

5.1 The Exchange shall have all the rights and remedies set out in the Exchange Requirements or otherwise available to it at law or equity. Without limiting the generality of the foregoing, the Issuer acknowledges that the Exchange may halt or suspend trading in the Issuer's securities, and may delist securities of the Issuer, at any time, with or without giving any reason for, or notice of, such action.

5.2 A breach by any director, officer, employee, agent, consultant or, where applicable, partner of the Issuer of any term of this Agreement or the Exchange Requirements shall be deemed to be a breach by the Issuer and the Exchange shall be entitled to exercise against the Issuer all rights and remedies it may have in respect thereof.

5.3 The Issuer hereby agrees to and does hereby release and indemnify the Exchange, its governors, directors, officers, agents and employees from and against all claims, suits, demands, actions, costs, damages and expenses, including legal fees on a solicitor and his own client basis, which may be incurred by the Exchange as a result of or in connection with the enforcement by the Exchange of any provision of this Agreement or any Exchange Requirement.

6. Miscellaneous

6.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the parties hereby irrevocably submit to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this Agreement or any of the transactions contemplated hereby

6.2 The Issuer hereby agrees to submit and attorn to the jurisdiction of the Canadian Venture Exchange Inc., and wherever applicable, the governors, directors and committees thereof.

6.3 All notices and other communications to be provided pursuant to this Agreement may be delivered, sent by facsimile or prepaid post to the following addresses.

(a) except as otherwise directed by Exchange Policy or other direction of the Exchange, if to the Exchange:

The Canadian Venture Exchange Inc.
10th Floor, 300 – 5th Avenue S.W.
Calgary, Alberta
T3A 5Z4

Attention: Corporate Finance Department
Phone: (403) 974-7400
Fax: (403) 237-9050

(b) if to the Issuer:

_____
[Name]

_____

_____
[Address]

_____ _____
[Phone] [Fax]

provided that in the event of a general disruption of postal services, notices and communications shall be delivered or sent by facsimile. Any notice or communication delivered or sent by facsimile shall be deemed to have been given on the day so delivered or sent by facsimile. Any notice or communication sent by mail shall be deemed to have been received on the fifth business day following deposit in the mail in Canada. A party may change its address as provided herein by notice to the other party as set out in this section.

6.4 This Agreement has been duly authorized, executed and deli vered on behalf of the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

6.5 The Issuer may not assign the whole or any part of this Agreement without the written consent of the Exchange.

6.6 The Exchange may terminate or amend this Agreement at any time and, upon notice to the Issuer given in accordance with the provisions of this Agreement, any such amendments will be binding on the Issuer. It is acknowledged by the Issuer that the Exchange shall not incur any liability with respect to any loss or damage that the Issuer or any other person may suffer, directly or indirectly, by reason of any amendment or termination of this Agreement.

6.7 No approval, consent or waiver by the Exchange to or of any breach by the Issuer in the performance or observance of its obligations under this Agreement or any of the Exchange Requirements is an approval, consent or waiver to or of any other breach or continuing breach. Failure by the Exchange to complain of any breach by or enforce any Exchange Requirement against the Issuer in the performance or observance of its obligations under this Agreement or any of the Exchange Requirements irrespective of how long the breach may continue, is not a waiver of the rights of the Exchange under or relating to this Agreement or any of the Exchange Requirements.

6.8 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision herein and any invalid provision shall be deemed to be severable.

6.9 Any reference to a statute includes all rules and regulations made pursuant thereto and, unless otherwise expressly provided, includes a reference to all amendments made thereto and in force from time to time and any statute, rule or regulation that may be passed which has the effect of supplementing or superseding that statute or those rules or regulations.

6.10 The Issuer agrees that it shall be bound by the terms and conditions of this Agreement immediately upon Exchange acceptance hereof, notwithstanding that confirmation of such acceptance may not have been provided to the Issuer.

6.11 This Agreement has been drafted in the English language at the express request of the parties. Les parties ont exige que le present contrat soit redige en anglais.

In witness whereof, the parties hereto have executed this Agreement by their duly authorized signing officers as of the date indicated below.

DATED at _____ ,

this _____ day of _____ , _____ .

_____

Issuer's Name

_____

Printed Name of Authorized Signatory

_____ _____

Title of Authorized Signatory Signature of Authorized Signatory

_____

Printed Name of Authorized Signatory

_____ _____

Title of Authorized Signatory Signature of Authorized Signatory

*** To be executed by at least two duly authorized signing officers of the Issuer and, if required pursuant to applicable law, under the Issuer's corporate seal.**

This application shall be deemed to have been accepted by the Exchange, and shall become effective immediately upon commencement of trading of any securities of the Issuer on the Exchange.

FORM 2E
DISTRIBUTION SUMMARY STATEMENT

Name of Issuer: _____

Class of Security: _____

Tier to be listed on: _____

	Number of Security-Holders	Number of Securities	Percentage of IPO
Total number of Board Lot Securityholders issued securities pursuant to the IPO	_____	_____	100% _____
LESS THE FOLLOWING:			
Securities held by the Pro Group and its Associates (including "In Trust" Accounts)	_____	_____	_____
Securities held by Insiders, Associates and Affiliates of the Insider (including "In Trust" Accounts)	_____	_____	_____
TOTAL PUBLIC SECURITYHOLDERS	_____	_____	_____

CERTIFICATE OF SPONSOR

The Sponsor hereby confirms that the applicable distribution requirements of the Canadian Venture Exchange Inc. as prescribed by Exchange Policy 2.1 - Minimum Listing Requirements have been satisfied and certifies that all the information contained herein is true.

_____
Name of Sponsoring Firm

_____ _____
Signature and of an Authorized Officer of the Sponsor — Date

_____
Title of Authorized Signatory

General Instructions:

Only purchasers of the prospectus offering, (i.e. not securityholders prior to the offering), should be included in the calculations above.

A separate form should be completed for each class of securities to be listed.

Definitions for Insider, Associates, Affiliates, Pro Group, Sponsor and Public Securityholder can be found in Exchange Policy 1.1, Interpretation.

Sponsors are reminded of the restrictions on Pro Group participating contained in the Exchange Rules and Policies.

The Exchange, in its discretion, may request a subscribers' list.

FORM 2F

ESCROW AGREEMENT - CPC

THIS AGREEMENT is made as of the ..... day of ....., ...

BETWEEN:

• (the "Issuer");

AND:

•(the "Escrow Agent");

AND:

THE UNDERSIGNED SECURITY HOLDERS OF THE ISSUER (the "Security Holders")

(collectively, the "Parties").

WHEREAS the Issuer is a CPC as defined in Policy 2.4 – Capital Pool Companies (the "Exchange Policy") of the Canadian Venture Exchange Inc. (the "Exchange");

AND WHEREAS the Security Holders are required to deposit in escrow with the Escrow Agent certain securities of the Issuer, to be held in accordance with the Exchange Policy;

AND WHEREAS the Escrow Agent has agreed to hold such securities in accordance with the terms of this Agreement;

NOW, THEREFORE, in consideration for the mutual covenants contained herein and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1 — Interpretation

In this Agreement:

(a) "Acknowledgement" means an acknowledgement and agreement to be bound in the form prescribed by Form 5E of the Exchange;

(b) "Additional Securities" means securities (including a right to acquire securities) that a Security Holder acquires after the date upon which the Security Holder executes this Agreement or an Acknowledgement that are:

(i) securities of the Issuer issued pursuant to the IPO; or

(ii) securities of the Issuer acquired from treasury after the IPO but prior to the closing of the Qualifying Transaction (other than shares acquired upon the exercise of stock options or pursuant to a private placement which meets the requirements of section 1(6)(d) of Policy 5.4); or

(iii) securities of the Issuer acquired in the secondary market by a Control Person of the Issuer after the IPO but prior to closing of the Qualifying Transaction; or

(iv) securities of the Issuer acquired:

(A) as a dividend or other distribution on Securities;

(B) upon the exercise of a right of purchase, conversion or exchange attaching to Securities; or

(C) upon a subdivision or compulsory conversion or exchange of Securities; or

(v) securities of an issuer acquired in exchange, substitution or consideration for Securities tendered pursuant to a bona fide formal take-over bid, plan of arrangement, amalgamation, merger or similar transaction;

(c) "Discount Seed Shares" has the meaning set out in the Exchange Policy 2.4;

(d) "Final Exchange Notice" has the meaning set out in the Exchange Policy 2.4;

(e) "Issuer's Certificate" means a certificate signed by a duly authorized director or officer of the Issuer, such authorization being evidenced by a resolution of the board of directors attached to such certificate;

(f) "Option Securities" means any shares of the Issuer acquired by a Security Holder upon the exercise of a stock option granted by the Issuer prior to the completion of a Qualifying Transaction;

(g) "Securities" means, in relation to a Security Holder, those securities of the Security Holder, including Additional Securities and Option Securities, that are held in escrow by the Escrow Agent pursuant to this Agreement;

(h) "Security Holder" means a holder of securities of the Issuer who executes this Agreement or an Acknowledgement; and

(i) "Seed Shares" has the meaning set out in the Exchange Policy.

Capitalized terms not defined in this Agreement have the meanings set out in the Exchange Policy.

2 — Deposit of Securities in Escrow

2.1 Each Security Holder hereby deposits with the Escrow Agent, to be held in escrow under this Agreement, the Securities described in Schedule A, and agrees to deliver to the Escrow Agent forthwith any certificates evidencing such Securities.

2.2 Each Security Holder shall deposit in escrow with the Escrow Agent all Additional Securities and shall deliver to the Escrow Agent forthwith upon receipt thereof any certificates evidencing Additional Securities and any replacement certificates which may at any time be issued for any Securities held in escrow.

2.3 Each Security Holder shall deposit in escrow with the Escrow Agent all OptionSecurities and shall deliver to the Escrow Agent forthwith upon receipt thereof any certificates evidencing Option Securities and any replacement certificates which may at any time be issued for any Option Securities held in escrow.

3 — Direction to Escrow Agent

The Issuer and each Security Holder direct the Escrow Agent to retain the Securities in escrow and the Escrow Agent agrees to retain the Securities in escrow until the Securities are released from escrow pursuant to the terms of this Agreement.

4 — Restrictions on Dealing with Securities

4.1 ***Dealings with Securities in Escrow***

Securities may only be dealt with as specifically allowed by this Agreement. No Securities and no interest in, control or direction over or certificate evidencing Securities shall directly or indirectly be sold, assigned, transferred, redeemed, surrendered for consideration, mortgaged, hypothecated, charged, pledged, or encumbered or otherwise dealt with in any manner except as provided in this Agreement

4.2 ***Indirect Dealings with Securities in Escrow***

Except with the prior written consent of the Exchange, a Security Holder that is not an individual shall not issue securities of its own issue or effect or permit a transfer of ownership of securities of its own issue that would have the effect of changing the beneficial ownership of, or control or direction over, Securities.

5 — Voting of Securities in Escrow

Subject to any restrictions found in this Agreement, a Security Holder may exercise voting rights attaching to Securities. No Security Holder, while his or her Securities are held in escrow, shall vote any securities (whether in escrow or not) in support of one or more arrangements that would result in the repayment of capital being made on the Securities prior to a winding up of the Issuer.

6 — Dividends and Distributions on Securities in Escrow

6.1 Subject to any specific restrictions found in this Agreement, escrow of Securities will not impair any right of a Security Holder to receive a dividend or other distribution on Securities or to elect the form and manner in which the dividend or other distribution on Securities is paid.

6.2 Subject to subsection 6.3, if, during the period in which any of the Securities are retained in escrow pursuant to this Agreement, any dividend or other distribution, other than one paid in securities of the Issuer, is received by the Escrow Agent in respect of Securities, the Escrow Agent shall forthwith transfer such dividend or distribution to the Security Holder entitled thereto.

6.3 Additional Securities distributed on Securities shall be subject to the same terms and conditions under this Agreement as the Securities on which the distribution was made. Additional Securities distributed on Securities, if received by the Escrow Agent, shall be retained in escrow. Additional Securities distributed on Securities, if received by the Security Holder, shall be deposited in escrow in accordance with section 2. All such Additional Securities shall be held in and released from escrow on the same terms and conditions as apply to the Securities on which the distribution was paid.

7 — Exercise of Other Rights Attaching to Securities

Subject to any specific restrictions found in this Agreement, escrow of Securities will not impair any right of a Security Holder to exercise a right attaching to a Security that entitles the Security Holder to purchase or otherwise acquire another security or to exchange or convert a Security into another security.

8 — Permitted Transfers Within Escrow

8.1 ***General***

Securities may not be transferred except with the consent of the Exchange and any permitted transfers will be on such terms and conditions as it shall determine in its sole discretion. Securities may be transferred within escrow provided that the Escrow Agent receives written notice from the Exchange.

8.2 ***Transfer Upon Bankruptcy***

Notwithstanding subsection 8.1, in the event of bankruptcy of a Security Holder, the Securities of the Security Holder may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such Securities, provided that:

(a) the Security Holder provides written notice to the Exchange of the intent to transfer as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed transfer and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) a certified copy of either

(A) the assignment in bankruptcy of the Security Holder filed with the Superintendent of Bankruptcy; or

(B) the receiving order adjudging the Security Holder bankrupt;

(ii) a certified copy of a certificate of appointment of the trustee in bankruptcy;

(iii) a transfer power of attorney, duly executed by the transferor; and

(iv) an Acknowledgement signed by the trustee in bankruptcy or other person legally entitled to the Securities or an amended Agreement reflecting the transfer.

8.3 ***Transfer to Certain Plans***

Notwithstanding subsection 8.1, Securities may be transferred within escrow by a Security Holder to a registered retirement savings plan ("RRSP") or registered retirement income fund ("RRIF") or subsequently between RRSPs or from an RRSP to an RRIF, provided that:

(a) the Security Holder provides written notice to the Exchange of the intent to transfer as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed transfer and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) evidence from the trustee of the RRSP or RRIF, as applicable, stating that, to the best of the trustee's knowledge, the Security Holder is, during the Security Holder's lifetime, the sole beneficiary of the RRSP or RRIF;

(ii) a transfer power of attorney, duly executed by the transferor; and

(iii) an Acknowledgement signed by the trustee of the RRSP or RRIF, as applicable, or an amended Agreement reflecting the transfer.

8.4 *Effect of Transfer Within Escrow*

Upon completion of a transfer of Securities pursuant to this section 8, the transferee will be a Security Holder and the Securities transferred will remain in escrow, to be held in and released from escrow on the same terms and conditions as were applicable prior to the transfer.

9 — Release of Securities and Securities Certificates

9.1 *Release Schedule*

Subject to sections 10, 11 and 12, Securities will be released from escrow under this Agreement as set out in Schedule B(1) or B(2), as applicable.

9.2 *Delivery of Certificates to Security Holder*

If a Security Holder wishes to receive a certificate evidencing Securities released or to be released from escrow on a release date set out in Schedule B(1) or B(2), as applicable, the Security Holder will provide written notice to the Escrow Agent to that effect. If the Escrow Agent receives notice from a Security Holder that the Security Holder wishes to receive certificates for released Securities, the Escrow Agent will, as soon as reasonably practicable after the applicable release date or after receipt by the Escrow Agent of the notice from the Security Holder, whichever is later, deliver to or at the direction of the Security Holder, certificates evidencing the Securities released from escrow on the applicable release date.

9.3 ***Replacement Securities***

Where a Security Holder has, in accordance with section 9.2, provided notice to the Escrow Agent that the Security Holder wishes to receive a certificate evidencing Securities released or to be released from escrow, and where the relevant certificate held by the Escrow Agent evidences a combination of Securities released from escrow on the applicable release date and Securities that are to remain in escrow, the Escrow Agent, as soon as reasonably practicable after the applicable release date or after receipt by the Escrow Agent of the notice from the Security Holder, whichever is later, shall deliver such certificates to the Issuer or its transfer agent, together with a request that separate replacement certificates be prepared and delivered to the Escrow Agent. Where certificates evidencing Securities are delivered to the Issuer in accordance with the foregoing, the Issuer, as soon as reasonably practicable, shall cause separate replacement certificates to be prepared and delivered to the Escrow Agent. As soon as reasonably practicable after the receipt by the Escrow Agent of the replacement certificates, the Escrow Agent shall deliver, to or at the direction of the Security Holder, all replacement certificates evidencing Securities released from escrow on the applicable release date.

9.4 ***Exchange Discretion to Terminate***

If the Escrow Agent receives a request from the Exchange to halt or terminate the release of Securities from escrow, then the Escrow Agent shall comply with that request, and shall not release any Securities from escrow unless and until the written consent of the Exchange is received.

9.5 ***Discretionary Applications***

The Exchange may consent to the release from escrow of Securities in such other circumstances and on such terms and conditions as it shall determine in its sole discretion. Securities may be released from escrow provided that the Escrow Agent receives written notice from the Exchange.

10 — Release upon Death

Upon the death of a Security Holder, the Securities of that Security Holder shall be released from escrow and the Escrow Agent shall deliver all certificates evidencing such Securities to the legal representative of the deceased Security Holder, provided that:

(a) the legal representative of the deceased Security Holder provides written notice to the Exchange of the intent to release the Securities as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed release and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) a certified copy of the death certificate; and

(ii) such evidence of the legal representative's status that the Escrow Agent may reasonably require.

11 — Take-Over Bid or Other Transaction

11.1 *Deliveries to Escrow Agent*

A Security Holder who wishes to tender Securities (the "Tendered Securities") to a bona fide formal take-over bid, plan of arrangement, amalgamation, merger or similar transaction (a "Transaction") shall deliver to the Escrow Agent:

(a) a written direction signed by the Security Holder (a "Direction") that directs the Escrow Agent to deliver to a specified person (the "Depositary") either:

(i) certificates evidencing the Tendered Securities; or

(ii) where the Security Holder has provided the Escrow Agent with a notice of guaranteed delivery or similar notice of the Security Holder's intent to tender the Tendered Securities to the Transaction, that notice;

(b) a letter of transmittal or similar document;

(c) where required, a transfer power of attorney duly executed by the transferor;

(d) the written consent of the Exchange;

(e) any other documentation required to be delivered to the Depositary under the terms of the Transaction; and

(f) such other information concerning or evidence of the Transaction that the Escrow Agent may reasonably require.

11.2 *Deliveries to Depositary*

Forthwith after its receipt of the information and documentation specified in subsection 11.1, the Escrow Agent shall deliver to the Depositary, in accordance with the Direction, the documentation specified or provided under clause 11.1(a), together with a letter addressed to the Depositary that:

(a) identifies the Tendered Securities;

(b) states that the Tendered Securities are held in escrow;

(c) states that the Tendered Securities are delivered only for the purposes of the Transaction and that the Tendered Securities will be released from escrow only upon receipt by the Escrow Agent of the information and documentation described in subsection 11.3;

(d) where certificates for Securities have been delivered to the Depositary, requires the Depositary to return to the Escrow Agent, as soon as practicable, the certificates evidencing Securities that are not releasable from escrow as described in clause (c) above; and

(e) where applicable, requires the Depositary to deliver or cause to be delivered to the Escrow Agent, as soon as practicable, certificates representing Additional Securities acquired by the Security Holder under the Transaction.

11.3 ***Release of Securities***

Tendered Securities shall be released from escrow under this section provided that:

(a) the Issuer or Security Holder provides written notice to the Exchange of the intent to release the Tendered Securities as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed release and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date;

(b) the Escrow Agent first receives a declaration signed by the Depositary or, if the Direction identifies the Depositary as acting on behalf of another person in respect of the Transaction, by that other person, stating that:

(i) the terms and conditions of the Transaction have been met; and

(ii) the Tendered Securities have either been taken up and paid for or are subject to an unconditional obligation to be taken up and paid for under the Transaction.

11.4 ***Exchange of Securities***

The Escrow Agent shall hold any Additional Securities acquired by a Security Holder under a Transaction in escrow on the same terms and conditions as applied to the Securities for which they were exchanged or substituted, or for which they constituted consideration.

12 — Early Release / Cancellation

The provisions of Schedule**[s] [Insert schedule reference(s)]** are incorporated into and form part of this Agreement.

[Select applicable schedule(s):]
[Seed Share Escrow Agreement – attach Schedule B(1)]
[Discount Seed Share Escrow Agreement – attach Schedule B(2)]
[Additional Securities – attach Schedule B(1)]

13 — Escrow Agent has no Responsibility after Release

The Escrow Agent shall have no further responsibility for Securities that have been delivered to or at the direction of the Security Holder in accordance with the terms of this Agreement.

14 — Release, Undertaking not to Sue, and Indemnity

14.1 In this section,

(a) "Act or Omission" means any good-faith act or omission that is in any way connected with this Agreement, and includes:

(i) the performance, and non-performance, of duties under this Agreement;

(ii) the exercise of discretion, and failure to exercise discretion, in connection this Agreement;

(iii) the interpretation of this Agreement, or of any law, policy (including the Exchange Policy), rule, regulation or order; and

(iv) the enforcement of, and failure to enforce, this Agreement.

(b) "Escrow Agent" includes the directors, officers, employees, assigns and insurers of the Escrow Agent, and

(c) "Exchange" includes the directors, governors, officers, employees, assigns and insurers of the Exchange.

14.2 The Security Holders and the Issuer, jointly and severally,

(a) release, indemnify and save harmless the Escrow Agent from all costs (including legal costs), charges, claims, demands, damages, losses and expenses incurred by the Escrow Agent resulting from the Escrow Agent's performance, in good faith, of its duties under this Agreement;

(b) agree not to make or bring a claim or demand, or commence any action, against the Escrow Agent in respect of its performance in good faith of its duties under this Agreement; and

(c) agree to indemnify and save harmless the Escrow Agent from all costs (including legal costs) and damages that the Escrow Agent incurs or is required by law to pay as a result of any person's claim, demand, or action in connection with the Escrow Agent's good faith performance of the Escrow Agent's duties under this Agreement.

14.3 The Security Holders and the Issuer, jointly and severally,

(a) release, indemnify and save harmless the Exchange from all costs (including legal costs), charges, claims, demands, damages, losses and expenses incurred by the Exchange;

(b) agree not to make or bring a claim or demand, or commence any action, against the Exchange; and

(c) agree to indemnify and save harmless the Exchange from all costs (including legal costs) and damages that the Exchange incurs or is required by law to pay as a result of any person's claim, demand or action,

arising from any and every Act or Omission committed or omitted by the Exchange, even if said Act or Omission was grossly negligent, or constituted a fundamental breach of the terms of this Agreement or any other agreement.

15 — Responsibility for Furnishing Information

The Escrow Agent shall bear no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of, any information or document that must be received by the Escrow Agent as a condition under this Agreement to a release of Securities from escrow or a transfer of Securities within escrow. The Exchange shall bear no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of, any information or document that must be or is received by the Exchange as a condition under this Agreement or any Exchange Requirement to a release of Securities from escrow or a transfer of Securities within escrow.

16 — Resignation or Termination of Escrow Agent

16.1 The Escrow Agent may resign by providing written notice of resignation to the Issuer.

16.2 The Issuer may terminate the services of the Escrow Agent under this Agreement by providing written notice of termination to the Parties.

16.3 The resignation or termination of the Escrow Agent shall be effective, and the Escrow Agent shall cease to be bound by this Agreement:

(a) 60 days after the date of receipt by the Escrow Agent or Issuer, as applicable, of a notice referred to in subsections 16.2 or 16.3; or

(b) upon such date as may be mutually agreed to by the Escrow Agent and the Issuer;

provided that the resignation or termination date must not be less than 10 business days before a release date set forth in subsection 9.1.

16.4 If the Escrow Agent resigns or is terminated, the Issuer shall be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date.

16.5 The Issuer's appointment of a replacement escrow agent shall be binding on the Issuer and the Security Holders.

17 — Notices

17.1 Documents delivered to a Party's Address for Notice shall be considered to have been received:

(a) on the next business day following the date of transmission, if delivered by telecopier;

(b) on the date of physical delivery, if delivered by hand or by prepaid courier; or

(c) five business days after the date of mailing, if delivered by mail.

17.2 The Address for Notice:

(a) of the Escrow Agent is [Name, address, contact person, telecopier number];

(b) of the Issuer is [Name, address, contact person, telecopier number]; and

(c) of a Security Holder is the applicable Address for Notice noted in Schedule "A".

17.3 The Issuer and the Escrow Agent may change their respective Addresses for Notice by delivering written notice to all other Parties of such change.

17.4 A Security Holder may change his or her Address for Notice, and Schedule A shall be deemed to have been amended accordingly, by delivering written notice of such change to the Issuer and to the Escrow Agent.

17.5 A change in a Party's Address for Notice shall not be effective with respect to another Party until that other Party has received written notice of the change.

17.6 A Party shall not effect a delivery by mail if the Party is aware of an actual or impending disruption of postal service.

18 — Enforcement by Third Parties

The Issuer enters this Agreement both on its own behalf and as trustee for the Exchange and the security holders of the Issuer, and this Agreement may be enforced by either the Exchange, or the security holders of the Issuer, or both.

19 — Time

Time is of the essence of this Agreement.

20 — Governing Laws

This Agreement shall be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

21 — Counterparts

This Agreement may be executed by facsimile and in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement.

22 — Language

Singular expressions used in this Agreement shall be deemed to include the plural, and plural expressions the singular, where required by the context.

23 — Enurement

This Agreement will enure to the benefit of and be binding upon the Parties and their heirs, executors, administrators, successors and permitted assigns.

24 — Issuer's Certificate

The signing authority of the director or officer of the Issuer who signs an Issuer's Certificate shall be evidenced by a certified copy of a resolution of the board of directors of the Issuer, which resolution shall be attached to the Issuer's Certificate.

25 — Entire Agreement

This Agreement, including the Schedules attached hereto, constitute the entire understanding between the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties and there are no warranties, representations or other agreements between the parties in connection with this Agreement, except as specifically set forth herein.

26 — Termination, Amendment, and Waiver of Agreement

26.1 Subject to subsection 26.3, this Agreement shall only terminate:

(a) with respect to all the Parties:

(i) as specifically provided in this Agreement;

(ii) subject to subsection 26.2, upon the agreement of all Parties; or

(iii) when the Securities of all Security Holders have been released from escrow pursuant to this Agreement; and

(b) with respect to a Party:

(i) as specifically provided in this Agreement; or

(ii) if the Party is a Security Holder, when all of the Security Holder's Securities have been released from escrow pursuant to this Agreement.

26.2 An agreement to terminate this Agreement pursuant to subclause 26.1(a)(ii) shall not be effective unless and until the agreement to terminate

(a) is evidenced by a memorandum in writing signed by all Parties;

(b) has been consented to in writing by the Exchange; and

(c) has been approved by a majority of security holders of the Issuer who are not Security Holders.

26.3 Notwithstanding any other provision in this Agreement, the obligations set forth in section 14 shall survive the termination of this Agreement.

26.4 No amendment or waiver of this Agreement or any part of this Agreement shall be effective unless the amendment or waiver:

(a) is evidenced by a memorandum in writing signed by all Parties;

(b) has been approved in writing by the Exchange; and

(c) has been approved by a majority of security holders of the Issuer who are not Security Holders.

26.5 No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether similar or not), nor shall any waiver constitute a continuing waiver, unless expressly provided.

27 — Severance of Illegal Provision

Any provision or part of a provision of this Agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability, and the rest of the Agreement and all other provisions and parts thereof shall remain in full force and effect and be binding upon the parties hereto as though the said illegal and/or unenforceable provision or part thereof had never been included in this Agreement.

28 — Further Assurances

The Parties will execute and deliver any further documents and perform any further acts necessary to carry out the intent of this Agreement.

29 — Remuneration of Escrow Agent

29.1 The Issuer shall pay the Escrow Agent reasonable remuneration for services provided by the Escrow Agent under this Agreement.

29.2 The Issuer shall reimburse the Escrow Agent for reasonable disbursements incurred by the Escrow Agent in providing services under this Agreement.

THE PARTIES HAVE EXECUTED AND DELIVERED this Agreement as of the date set out above.

The Corporate/Common Seal of [Escrow Agent] was affixed in the presence of	)	Escrow Agent
_____	)	_____
The Corporate/Common Seal of [Issuer] was affixed in the presence of	)	Issuer:
_____	)	_____
[Individual Security Holders:] This Agreement was signed by [Security Holder] in the presence of:	)	Security Holders:
[Corporate Security Holders:] The Corporate/Common Seal of [Security Holder] was affixed in the presence of:	)	
_____	)	_____
_____	)	_____

SCHEDULE A – ESCROW AGREEMENT

Security Holder

Name: _____

Signature: _____

Address for Notice: _____

_____

_____

Securities Held:

Class and Type (i.e. Seed Shares, Discount Seed Shares or Additional Securities)	Number	Certificate(s) (if applicable)

[To be completed for each Security Holder]

SCHEDULE B(1) – SEED SHARE ESCROW AGREEMENT

RELEASE OF SECURITIES

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Final Exchange Notice]	**10%**	
[Insert date 6 months following Final Exchange Notice]	**15%**	
[Insert date 12 months following Final Exchange Notice]	**15%**	
[Insert date 18 months following Final Exchange Notice]	**15%**	
[Insert date 24 months following Final Exchange Notice]	**15%**	
[Insert date 30 months following Final Exchange Notice]	**15%**	
[Insert date 36 months following Final Exchange Notice]	**15%**	
TOTAL	**100%**	

Early Release – Graduation to Tier 1

If the Issuer reasonably believes that upon closing of the Qualifying Transaction it shall meet the Minimum Listing Requirements of a Tier 1 Issuer as described in Policy 2.1 – Minimum Listing Requirements, the Issuer may make application to the Exchange in accordance with Exchange Policy to be listed as a Tier 1 Issuer and shall concurrently provide notice to the Escrow Agent of such application.

If the Exchange issues a Notice confirming final acceptance for listing of the Issuer on Tier 1, the Issuer shall forthwith issue a news release disclosing that it has been accepted for graduation to Tier 1, and disclosing the number of Securities to be released and the dates of release and shall promptly provide such news release, together with a copy of the Exchange notice, to the Escrow Agent and the foregoing Schedule shall be deemed to be replaced with the following Schedule:

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Final Exchange Notice]	**25%**	
[Insert date 6 months following Final Exchange Notice]	**25%**	
[Insert date 12 months following Final Exchange Notice]	**25%**	
[Insert date 18 months following Final Exchange Notice]	**25%**	
TOTAL	**100%**	

In the event the early release Schedule becomes effective, the Escrow Agent within 10 days of the issuance by the Exchange of a Notice confirming final acceptance for listing on Tier 1, shall release from escrow any Securities which pursuant to the early release Schedule would have been releasable at a date prior to the issuance of the Notice confirming final acceptance for listing on Tier 1.

Release of Option Securities

The Escrow Agent shall release any Option Securities held in escrow pursuant this Agreement upon receipt of notice from the Exchange that the Issuer has completed a Qualifying Transaction.

Cancellation

Any Securities which have not been released from escrow under this Agreement as at 4:30 p.m. (Vancouver time) or 5:30 p.m. (Calgary time) on the date which is the 10th anniversary of the date of this Agreement shall forthwith be cancelled. The Escrow Agent shall deliver a notice to the Issuer, and shall include with the notice any certificates possessed by the Escrow Agent which evidence the escrowed securities. The Issuer and Escrow Agent shall take all actions as may be necessary to expeditiously effect cancellation.

For the purposes of cancellation of Securities under the foregoing section of this Schedule to the Agreement, each Security Holder hereby irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

SCHEDULE B(2) – DISCOUNT SEED SHARE ESCROW AGREEMENT

RELEASE OF SECURITIES

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Final Exchange Notice]	**10%**	
[Insert date 6 months following Final Exchange Notice]	**15%**	
[Insert date 12 months following Final Exchange Notice]	**15%**	
[Insert date 18 months following Final Exchange Notice]	**15%**	
[Insert date 24 months following Final Exchange Notice]	**15%**	
[Insert date 30 months following Final Exchange Notice]	**15%**	
[Insert date 36 months following Final Exchange Notice]	**15%**	
TOTAL	**100%**	

Early Release – Graduation to Tier 1

If the Issuer reasonably believes that upon closing of the Qualifying Transaction it shall meet the Minimum Listing Requirements of a Tier 1 Issuer as described in Policy 2.1 – Minimum Listing Requirements, the Issuer may make application to the Exchange in accordance with Exchange Policy to be listed as a Tier 1 Issuer and shall concurrently provide notice to the Escrow Agent of such application.

If the Exchange issues a Notice confirming final acceptance for listing of the Issuer on Tier 1, the Issuer shall forthwith issue a news release disclosing that it has been accepted for graduation to Tier 1, and disclosing the number of Securities to be released and the dates of release and shall promptly provide such news release, together with a copy of the Exchange notice, to the Escrow Agent and the foregoing Schedule shall be deemed to be replaced with the following Schedule:

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Final Exchange Notice]	**25%**	
[Insert date 6 months following Final Exchange Notice]	**25%**	
[Insert date 12 months following Final Exchange Notice]	**25%**	
[Insert date 18 months following Final Exchange Notice]	**25%**	
TOTAL	**100%**	

In the event the early release Schedule becomes effective, the Escrow Agent within 10 days of the issuance by the Exchange of a Notice confirming final acceptance for listing on Tier 1, shall release from escrow any Securities which pursuant to the early release Schedule would have been releasable at a date prior to the Notice of the Exchange confirming final acceptance for listing on Tier 1.

Release of Option Securities

The Escrow Agent shall release any Option Securities held in escrow pursuant to this Agreement upon receipt of notice from the Exchange that the Issuer has completed a Qualifying Transaction.

Cancellation

1. If the Issuer fails to complete a Qualifying Transaction, as defined in the Exchange Policy, within 18 months following the date of listing of the Issuer and the Exchange issues an Exchange Notice that the Issuer will be delisted, the Issuer shall forthwith notify the Escrow Agent.

2. If the Issuer is delisted,

   (a) the Escrow Agent shall deliver a notice to the Issuer, and shall include with the notice any certificates possessed by the Escrow Agent which evidence the Discount Seed Shares; and

   (b) the Issuer and the Escrow Agent shall take such action as is necessary to cancel the Discount Seed Shares which are held by Insiders of the CPC.

3. For the purposes of cancellation of Discount Seed Shares, each Security Holder irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

4. Any Securities which have not been released from escrow under this Agreement as at 4:30 p.m. (Vancouver time) or 5:30 p.m. (Calgary time) on the date which is the 10th anniversary of the date of this Agreement shall forthwith be cancelled. The Escrow Agent shall deliver a notice to the Issuer, and shall include with the notice any certificates possessed by the Escrow Agent which evidence the escrowed securities. The Issuer and Escrow Agent shall take all actions as may be necessary to expeditiously effect cancellation.

5. For the purposes of cancellation of Securities under section 4 of this Schedule to the Agreement, each Security Holder hereby irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

FORM 3A

EXCHANGE INFORMATION CIRCULAR FORM

Information Circular for a Qualifying Transaction or Reverse Take-Over

1. General Instructions

(a) Issuers are required by Exchange Policy to provide prospectus level disclosure, that is, full, true and plain disclosure of all material facts in connection with a Reverse Take-Over or a Capital Pool Company ("CPC") Qualifying Transaction. The disclosure required must be made in accordance with this Form. This Form is intended to incorporate the form requirements of both an information circular and a prospectus. However, unless an applicable Securities Commission has provided an exemption from compliance with the applicable Securities Law, an Issuer must still ensure that any Information Circular prepared is also prepared in compliance with the provisions of applicable Securities Law, including any prescribed form requirements. Issuers are required to comply with all other provisions of applicable corporate law and Securities Law in relation to an Information Circular. Depending on the circumstances of the particular Issuer, additional disclosure may be necessary.

(b) Financial statements as required pursuant to Exchange Policy 2.4 – Capital Pool Companies or Exchange Policy 5.2 – Changes of Business and Reverse Take-Overs must be attached to and incorporated into this Information Circular.

(c) All disclosure contained in this Information Circular must be factual and non-promotional. This Information Circular is required to contain material facts. Statements of opinions, beliefs or views must not be made unless the statements are made on the authority of experts and consents are obtained and filed. The Exchange may require verification of disclosure.

(d) The information contained in this Information Circular must be clearly presented. The statements made must be divided into groups according to subject matter and preceded by appropriate headings.

(e) The disclosure contained in the Information Circular must be understandable to readers and, in particular, should avoid the use of jargon. If technical terms are required, these terms must be defined in a glossary included in the Information Circular.

(f) The disclosure should be in narrative form using the headings in this Form, but the order may be varied. Where practicable and appropriate and where indicated in this Form, information required shall be presented in tabular form. All amounts must be stated in figures.

(g) References to "Target Issuer" and "Resulting Issuer" include reference to all subsidiaries or proposed subsidiaries, except where the context reasonably otherwise requires. References to "Listed Issuer" include reference to all subsidiaries except where the context reasonably otherwise requires.

(h) Unless otherwise specified in this Form, references in this form to a "Reverse Take-Over" include a "Qualifying Transaction".

(i) Where information as to the identity of a person is disclosed, disclose whether the person is at Arm's Length to the Listed Issuer or, if the person is a Related Party, disclose the nature and extent of the relationship. Where the person is a Related Party and such Related Party is not an individual, disclose the name of any individual who is an Insider of that Related Party.

(j) Whenever disclosure is required to be made of costs paid or to be paid by the Listed Issuer, Target Issuer or Resulting Issuer, disclose the portion of the costs paid or to be paid to Insiders.

(k) The information contained in this Information Circular must be given for a specified date not more than 30 days before the date on which it is first sent to any security holder. When disclosure is required as of a specific date and there has been a significant or material change in the information subsequent to the date, the information must be presented as of a date that reflects this change.

(l) Each item outlines disclosure requirements. Instructions to assist in providing this disclosure are printed in smaller type.

(m) Certain terms used in this Form are defined in Policy 1.1 - Interpretation or Policy 5.2 - Changes of Business and Reverse Take-Overs. Other defined terms used in this Form, which are capitalized and in bold, are as follows:

"Available Funds" means the estimated minimum working capital (total current assets less total current liabilities) available to the Listed 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 Listed Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of the Reverse Take Over or Qualifying Transaction.

"Breakdown of Costs" means a schedule of costs associated with the specific classification, separately itemizing each component that represents 10% or more of the total costs, with all other costs being grouped together under the heading "miscellaneous costs".

"Development Costs" means costs incurred by the Listed Issuer, its subsidiaries and proposed subsidiaries relating to product research and development, material acquisitions of plant, equipment, technology, and marketing rights, and does not include general and administrative costs.

"Listed Issuer" means the Issuer listed on the Exchange as it exists prior to the RTO or Qualifying Transaction.

"Management" means all directors, officers, employees and contractors whose expertise is critical to an issuer, its subsidiaries and proposed subsidiaries in providing the Issuer with a reasonable opportunity to achieve its stated business objectives.

"Material" where used in relation to a fact or change, means a fact or change that could reasonably be expected to have a significant effect on the market value of the securities of an Issuer, unless otherwise defined.

"Most Recent Month End" means the latest month end prior to the date of the Information Circular or, where the date of the Information Circular is within ten days of the end of the latest month, the month end prior to the end of that month.

"Principal Properties" means the Properties on which the issuer intends to expend a material part of the Available Funds.

"Product" means any product, service or technology of an issuer:

(i) that has a net book value representing more than 10% of the Issuer's total assets;

(ii) that generates more than 10% of the Issuer's gross revenues;

(iii) on which more than 10% of the Available Funds will be spent; or

(iv) that is or will be the focus of Issuer's stated business objectives.

"Properties" includes all the properties, mines, plants, facilities and installations presently owned, leased, held under option, or presently intended to be owned, leased or held under option by the Issuer, subsidiaries and proposed subsidiaries.

"Qualifying Transaction" has the meaning set forth in Policy 2.4 - Capital Pool Companies.

"Resulting Issuer" means the Listed Issuer as it exists upon completion of the RTO or Qualifying Transaction.

"RTO**"** means a Reverse Take-Over as defined in Policy 5.2 – Changes of Business and Reverse Take-Overs, and for the purposes of this Form, unless otherwise required by the context, includes a Qualifying Transaction.

"Seller" means the beneficial owner(s) of the assets, property, business or interest therein which are to be purchased, optioned or otherwise acquired pursuant to the RTO or Qualifying Transaction.

"Stub Period" means the period between the Listed Issuer's most recently completed financial year and the Most Recent Month End.

"Target Issuer" means an issuer which is the beneficial owner of the assets, business, property (or interest) to be acquired as part of the RTO or Qualifying Transaction, where such acquisition is to be conducted by acquisition of the securities of such target issuer, whether by security purchase agreement, take-over bid, amalgamation, plan of arrangement or similar or other corporate reorganization. Where the context reasonably requires, "Target Issuer" shall also mean any issuer which beneficially owns the assets, business, property (or interest) to be acquired, where such assets, business, property (or interest) are to be acquired by asset acquisition and such assets constitute the principal assets of the Seller.

2. Disclosure of Listed Issuer and Matters to Be Acted Upon

2.1 Table of Contents

Include a table of contents setting out the headings of each section in the Form and the page number on which each section starts.

2.2 Revocability of Proxy

(a) State whether the Person giving the proxy has the power to revoke it.

(b) If any right of revocation is limited or is subject to compliance with any formal procedure, briefly describe the limitation or procedure.

2.3 Person Making the Solicitation

1. If solicitation is made by or on behalf of the management of the Listed Issuer, state that fact. If a solicitation is made otherwise than by or on behalf of the management of the Listed Issuer, so state and give the name of the Person by whom or on whose behalf it is made.

2. If the solicitation is to be made otherwise than by mail, describe the method to be employed.

3. If the solicitation is to be made by specially engaged employees or soliciting agents, state:

   (a) the material features of any contract or arrangement for the solicitation and identify the parties to the contract or arrangement; and

   (b) the cost or anticipated cost thereof.

4. State the name of the Person by whom the cost of soliciting has been or will be borne, directly or indirectly.

5. Give the name of any director of the Listed Issuer who has informed the management in writing that he intends to oppose any action intended to be taken by the management and indicate the action that he intends to oppose.

2.4 Interest of Certain Persons in Matters to be Acted Upon

Give brief particulars of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted on other than the election of directors or the appointment of auditors:

(a) if the solicitation is made by or on behalf of the management of the Listed Issuer, each individual who has been a director or senior officer of the Listed Issuer at any time since the beginning of the last financial year of the Listed Issuer;

(b) if the solicitation is made otherwise than by or on behalf of the management of the Listed Issuer, each Person on whose behalf, directly or indirectly, the solicitation is made;

(c) each proposed nominee for election as a director of the Listed Issuer; and

(d) each Associate or Affiliate of any of the foregoing Persons.

2.5 Voting Securities and Principal Holders of Voting Securities

1. State as to each class of voting securities of the Listed Issuer entitled to be voted at the meeting, the number of securities outstanding and the particulars of voting rights for each security of each such class.

2. Give the record date as of which the security holders entitled to vote at the meeting will be determined or particulars as to the closing of the security transfer register, as the case may be, and, if the right to vote is not limited to security holders of record as of a specified record date, indicate the conditions under which security holders are entitled to vote.

3. If, to the knowledge of the directors or senior officers of the Listed Issuer, any Person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Listed Issuer:

(a) name each of those persons or companies;

(b) state the approximate number of the securities beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of those persons or companies;

(i) as at the date of the Information Circular; and

(ii) as at the date of closing of the RTO; and

(c) state the percentage of the class of outstanding voting securities of the Listed Issuer represented by the number of voting securities so owned, controlled or directed:

(i) as at the date of the Information Circular; and

(ii) as at the date of closing of the RTO.

2.6 Election of Directors

1. If directors are to be elected, provide the following information, in tabular form to the extent practicable, for each individual proposed to be nominated for election as a director and each other individual whose term of office as a director will continue after the meeting:

(a) name and identify as such each proposed director of the Listed Issuer and name each director of the Listed Issuer whose term of office will continue after the meeting;

(b) state when the term of office for each director and proposed director will expire;

(c) state whether the Listed Issuer has an executive committee of its board of directors or is required to have an audit committee and, if so, name those directors who are members of each such committee;

(d) if a director or officer has held more than one position in the Listed Issuer, or a parent or subsidiary thereof, state only the first and last position held;

(e) state the present principal occupation, business or employment of each director and proposed director and give the name and principal business of any Person in which that employment is carried on, and the principal occupations, businesses or employments of each proposed director within the five preceding years, unless he is now a director and was elected to his present term of office by a vote of security holders at a meeting, the notice of which was accompanied by an information circular;

(f) if the proposed director is or has been a director of the Listed Issuer, state the period or periods during which he has served as such;

(g) state the number of securities of each class of voting securities of the Listed Issuer or of any subsidiary of the Listed Issuer beneficially owned, directly or indirectly or over which control or direction is exercised by each proposed director:

(i) as at the date of the Information Circular; and

(ii) as at the closing of the RTO;

(h) if voting securities carrying more than 10% of the voting rights attached to all voting securities of the Listed Issuer or of a subsidiary of the Listed Issuer are beneficially owned, directly or indirectly, or controlled or directed by any proposed director and his associates or affiliates, state the number of securities of each class of voting securities beneficially owned, directly or indirectly, or controlled or directed by the associates or affiliates, naming each associate or affiliate whose security holdings are 10% or more.

2. If any proposed director is to be elected pursuant to any arrangement or understanding between the nominee and any other Person, except the directors and senior officers of the Listed Issuer acting solely in that capacity, name the other Person and describe briefly the arrangement or understanding.

3. If any proposed director is a Related Party of any party to the RTO so state.

4. If any proposed director has agreed to or is anticipated to resign in connection with or contemporaneously with the closing of the RTO, so state.

5. If any person is not being nominated for election as a director but is anticipated to be a director upon completion of the RTO (by way of an appointment to fill a vacancy or as may otherwise be permitted pursuant to applicable corporate law and the Issuer's constating documents) the information required in this section 2.7 must be provided in regard to such person in a separate table. In addition, bold face disclosure must be included as to the method by which the person will be appointed and the fact that shareholders are not provided with a right to vote for the election of such director.

2.7 Executive Compensation

1. In regard to the Listed Issuer, disclose the information on executive compensation as required by applicable Securities Laws. In addition, provide disclosure of the compensation of each of the President and CEO and each of the four highest paid executive officers regardless of the amount of compensation.

2. In the event the Listed Issuer has agreed to or reasonably anticipates any material change in the compensation to be paid to any executive officer, bold face disclosure shall be included disclosing the details of the anticipated material change.

3. The Exchange may require disclosure of the compensation of any other individual.

4. In the event the Issuer pays any indirect compensation pursuant to any management contract, a cross-reference should be provided to the disclosure under section 2.11, Management Contracts.

2.8 Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

1. The information required by this section, must be provided for:

   (a) each director, senior officer or executive officer of the Listed Issuer;

   (b) each promoter of the Listed Issuer;

   (c) each other member of Management of the Listed Issuer;

   (d) each proposed nominee for election as a director of the Listed Issuer/Resulting Issuer; and

   (e) each associate or affiliate of any of the persons referred to in a) through d),

who is or has been indebted to the Listed Issuer or any of its subsidiaries at any time during the most recently completed financial year of the Listed Issuer, or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Listed Issuer or any of its subsidiaries.

1. State in tabular form and as otherwise required in Appendix 3 to this Form, "Indebtedness of Directors, Senior Officers, Executive Officers and Other Management":

   (a) the indebtedness of the persons described in paragraph (a) of this item (other than in connection with a securities purchase program); and

   (b) if the Listed Issuer has a securities purchase program, indebtedness of such persons that is in connection with a securities purchase program:

2. For the purposes of this Item, "executive officer" of an issuer for a financial year means an individual who at any time during the year was:

   (a) the chair of the issuer, if that individual performed the functions of the office on a full-time basis;

   (b) a vice-chair of the issuer, if that individual performed the functions of the office on a full-time basis;

   (c) the president of the issuer;

(d) a vice-president of the issuer in charge of a principal business unit, division or function such as sales, finance or production; or

(e) an officer of the issuer or any of its subsidiaries or any other person who performed a policy making function in respect of the issuer,

whether or not the individual was also a director of the issuer or any of its subsidiaries.

3. For the purposes of this Item, "support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

2.9 Interests of Insiders in Material Transactions

Where not previously disclosed in an information circular, describe briefly, and where practicable, state the approximate amount of any material interest, direct or indirect, of:

(a) any Insider of the Listed Issuer;

(b) any proposed nominee for election as a director of the Listed Issuer; or

(c) any Associate or Affiliate of the Insider or proposed nominee,

in any transaction since the commencement of the Listed Issuer's last financial year or in any proposed transaction that has materially affected or would materially affect the Listed Issuer or any of its subsidiaries.

Instructions:

1. Give a brief description of the material transaction. State the name and address of each Person whose interest in any transaction is described and the nature of the relationship by reason of which the interest is required to be described.

2. As to any transaction involving the purchase or sale of assets by or to the Listed Issuer or any subsidiary, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost of the assets to the seller if acquired by the seller within two years prior to the transaction.

3. This item does not apply to any interest arising from the ownership of securities of the Listed Issuer where the security holder receives no extra or special benefit or advantage not shared on a pro rata basis by all holders of the same class of securities or by all holders of the same class of securities who are resident in Canada.

4. Information must be included as to any material underwriting discounts or commissions on the sale of securities by the Listed Issuer where any of the specified persons or companies was or is to be an underwriter who was or is to be in a contractual relationship with the Listed Issuer with respect to securities of the Listed Issuer or is an associate or affiliate of a Person that was or is to be such an underwriter.

5. No information need be given in answer to this item as to any transaction or any interest therein where:

(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(b) the interest of the specified Person in the transaction is solely that of a director of another Person that is a party to the transaction;

(c) the transaction involves services as a chartered bank or other depositary of funds, transfer agent, registrar, trustee under a trust indenture or other similar services; or

(d) the transaction does not directly or indirectly, involve remuneration for services, and:

(i) the interest of the specified Person arose from the beneficial ownership, direct or indirect, of less than 10% of any class of voting securities of another Person that is a party to the transaction,

(ii) the transaction is in the ordinary course of business of the Listed Issuer or its subsidiaries, and

(iii) the amount of the transaction or series of transactions is less than 10% of the total sales or purchases, as the case may be, of the Listed Issuer and its subsidiaries for the last financial year.

6. Information must be provided in answer to this item with respect to transactions not excluded above that involve remuneration, directly or indirectly, to any of the specified persons for services in any capacity unless the interest of the Person arises solely from the beneficial ownership, direct or indirect, of less than 10% of any class of voting securities of another Person furnishing the services to the Listed Issuer or its subsidiaries.

2.10 Appointment of Auditor

1. If action is to be taken with respect to the appointment of an auditor, name the auditor of the Listed Issuer.

2. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.

2.11 Management Contracts

1. Where management functions of the Listed Issuer or any subsidiary are to any substantial degree performed by a Person other than the directors or senior officers of the Listed Issuer or subsidiary:

(a) give details of the agreement or arrangement under which the management functions are performed, including the name and address of any Person who is a party to the agreement or arrangement or who is responsible for performing the management functions:

(b) give:

(i) the names and home addresses in full or, alternatively, solely the municipality of residence or postal address, of the Insiders of any Person with which the Listed Issuer or subsidiary has any agreement or arrangement referred to in clause (a); and

(ii) if the following information is known to the directors or senior officers of the Listed Issuer, the names and addresses of any Person that would be an Insider of any Person with which the Listed Issuer or subsidiary has any such agreement or arrangement if the Person were a reporting issuer;

(c) with respect to any Person named in answer to clause (a) state the amounts paid or payable by the Listed Issuer and its subsidiaries to the Person since the commencement of the last financial year and give particulars; and

(d) with respect to any Person named in answer to clause (a) or (b) and their associates or affiliates, give particulars of:

(i) any indebtedness of the Person , associate or affiliate to the Listed Issuer or its subsidiaries that was outstanding; and

(ii) any transaction or arrangement of the Person , associate or affiliate with the Listed Issuer or subsidiary,

at any time since the commencement of the Listed Issuer's last financial year.

Instructions:

1. In giving the information called for by this section, it is not necessary to refer to any matter that in all the circumstances is of relative insignificance.

2. In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of the indebtedness presently outstanding and the rate of interest paid or charged on the indebtedness

3. It is not necessary to include as indebtedness amounts due from the particular Person for purchases subject to usual trade terms, for ordinary travel and expense advances and for other like transactions.

2.12 Particulars of Matters to be Acted Upon

1. If action is to be taken on any matter to be submitted to the meeting of security holders other than the approval of financial statements, the substance of the matter, or related groups of matters, should be briefly described, except to the extent described pursuant to the foregoing items, in sufficient detail to permit security holders to form a reasoned judgment concerning the matter.

2. Without limiting the generality of subsection 1. these matters include:

   (a) alterations of share capital;

   (b) charter amendments;

   (c) property acquisitions or dispositions;

   (d) amalgamations; and

   (e) mergers or reorganizations.

3. Where a reorganization or similar restructuring is involved, reference should be made to a prospectus form or issuer bid form for guidance as to what is material.

4. If the matter is one that is not required to be submitted to a vote of security holders:

   (a) the reasons for submitting it to security holders should be given; and

   (b) a statement should be made as to what action is intended to be taken by management in the event of a negative vote by the security holders.

Briefly describe the substance of the RTO or other transaction to be approved in sufficient detail to permit security holders to form a reasoned judgement concerning the matter.

3. Disclosure of Target Issuer, RTO and Resulting Issuer

3.1 Summary of Transaction and Resulting Issuer and Business

Provide a brief description of the following items:

   (a) material changes in the affairs of the Listed Issuer, including updated information with respect to all matters required to be disclosed pursuant to the press release issued in connection with the announcement of the RTO;

   (b) the principal business of the Resulting Issuer, its subsidiaries and proposed subsidiaries;

   (c) in the case of a natural resource issuer, the name and location of the Principal Properties and the natural resource(s) being targeted;

   (d) the stated business objectives that the Resulting Issuer expects to accomplish using the Available Funds; and

the specific risks relating to the business disclosed in paragraph (b) and (c).

3.2 Available Funds

Provide a breakdown of Available Funds as follows:

(a) the estimated pro-forma consolidated working capital available to the Resulting Issuer, its subsidiaries and proposed subsidiaries as of the Most Recent Month End; and

(b) the amounts and sources of other funds that will be available to the Resulting Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of the Reverse Take-Over.

Instructions:

1. The amount of working capital must be updated to the Most Recent Month End as at the date of the Information Circular.

2. Itemize the source of the Available Funds, including reference to those that are available from the Listed Issuer, from each subsidiary or proposed subsidiary, from any Target Issuer and from any concurrent financing or other source.

3. Where other sources of funds will be available to the Listed Issuer, identify the material terms, including the timing and identity of the person providing the funds.

3.3 Principal purposes

Provide in tabular form a description of each of the principal purposes, with amounts, for which the Available Funds will be used.

For any Resulting Issuer, other than an exploration resource issuer, state the following (with the bracketed information completed as appropriate):

> [The Resulting Issuer] will spend the funds available to it on the completion of the [RTO/Qualifying Transaction] to further its stated business objectives set out in "Business of [the Resulting Issuer]". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for [the Resulting Issuer] to achieve its stated business objectives.

For any Resulting Issuer that will be an exploration resource issuer, state the following (with the bracketed information completed as appropriate):

> [The Resulting Issuer] will spend the funds available to it on completion of the RTO/Qualifying Transaction] to carry out its proposed exploration and development program set out in "Properties of [the Resulting Issuer]". There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. The issuer will only redirect the funds to other properties and will only do so on the basis of a written recommendation from an independent professional geologist or engineer.

Except in the case of a Resulting Issuer which will have material operating revenues, state the following (with the bracketed information completed as appropriate):

> The issuer's working capital available to fund ongoing operations will be sufficient to meet its administration costs for [*] months.

Instructions:

1. Statements as to principal purposes for which the Available Funds are to be used must be specific and be cross referenced to the estimated costs disclosed in Item 4. Where the Listed Issuer has had no sales or limited sales, the table must include the administrative costs required for the Listed Issuer to achieve its stated business objectives.

2. Available Funds not allocated to one of the principal purposes must be identified as "Working Capital To Fund Ongoing Operations" and must be sufficient to meet Exchange Minimum Listing Requirements, including to fund the Resulting Issuer's operations following completion of the RTO and to maintain the Resulting Issuer as a Listed Issuer during the time frame contemplated by its stated business objectives.

3. Where Available Funds will be paid to a Related Party of the Listed Issuer or Target Issuer, or any holder of escrowed securities of the Listed Issuer, disclose either in the table or by way of a note to the table, the person, amount of the payments and principal purposes to which the payments relate.

4. Where more than 10% of the Available Funds will be used to reduce or retire indebtedness and where the indebtedness was incurred within the two preceding years, the principal purposes for which the indebtedness was used must be disclosed and where the creditor is a Related Party of the Listed Issuer or Target Issuer or a holder of escrowed securities of the Listed Issuer, identify the creditor and the nature of the relationship.

3.4 Conflicts of Interest

Where the Listed Issuer and/or the Target Issuer is a related party or connected party of the Sponsor, provide a summary of the nature of the relationship between the Sponsor and the Listed Issuer and/or Target Issuer, as applicable.

State the extent to which the proceeds of the distribution will be applied, directly or indirectly, for the benefit of the Sponsor or any related party or connected party of the Sponsor. Provide a cross reference to the information required by Item 9.3.

Instructions:

1. For example, disclosure would be required in most cases where the Listed Issuer or Target Issuer received a loan from the Sponsor and thus would be a connected party of the Sponsor. Reference should be made to the Exchange Rules for further requirements.

2. For the purpose of this section, reference to a Sponsor includes a special selling group member, as defined in the Exchange Rules.

4. Business of the Resulting Issuer

Instructions:

1. Where securities of an industrial or technology issuer are being acquired, include disclosure as specified in Appendix 1 to this Form.

2. Where securities of a mining issuer or an oil and gas issuer are being acquired, include disclosure as specified in Appendix 2 to this Form.

3. Where securities of a research and development issuer are being acquired, include disclosure as specified in Appendix 1 to this Form. However, disclosure must also be included as to nature and extent of the proposed research and development program. A timetable for the proposed program, describing each significant component of the program and identifying the planned commencement and completion dates of each significant component must be included. A summary of the material aspects of any technical report or feasibility study prepared for or on behalf of the issuer must be included.

4. Where securities of a finance issuer and any real estate issuer principally engaged in the short term buying and selling of real estate are being acquired, include disclosure as specified in Appendix 1 to this Form. However, disclosure must also be included as to the investment objectives of the issuer, including identification of the estimated number and types of investments, relative size and value, and the risks associated with such investments.

5. Where assets of a Target Issuer are being acquired, item 4.2 of Appendix 1 or 2, as applicable and items 4.5 and 4.6 of Appendix 1, may be omitted.

5. Corporate Information

5.1 Name and incorporation

Provide:

(a) the full name of the Target Issuer and the address of its registered office and, if applicable, its address for service in Canada;

(b) the laws under which the Target Issuer was incorporated or organized and the date the Target Issuer came into existence;

(c) the full name of the Resulting Issuer, the laws under which it will be organized or incorporated and an address for service within Canada for the Resulting Issuer;

(d) the full name of the Resulting Issuer's subsidiaries or proposed subsidiaries, the laws under which they were incorporated or organized and the date they came into existence;

(e) if applicable, that the Target Issuer has been or that the Resulting Issuer will be, a party to any amalgamation, arrangement or continuance or has changed its name or will, in connection with the RTO, change its name, and the laws governing the event; and

(f) relevant details of the Target Issuer's and Resulting Issuer's form of organization and structure, where either is not or will not be a corporation.

5.2 Intercorporate relationships

Illustrate by way of a diagram or otherwise the intercorporate relationships among the Resulting Issuer, and any subsidiaries, proposed subsidiaries and affiliates. For each subsidiary, state the percentage of voting securities which are anticipated to be owned**.**

5.3 Existing share capital and prior sales

(a) *Target Issuer Prior Sales*

Provide, in the tabular form indicated or, where appropriate, in notes to the table, particulars of the share capital of any Target Issuer. State the prices at which securities have been sold within the last 12 months prior to the date of the Information Circular. State the number of securities sold at each price.

TARGET ISSUER SHARE CAPITAL TABLE

	Column 1	**Column 2**	**Column 3**
	Number of Issued Securities	**Price per Security**	**Total Consideration**
(a) Prior sales of securities within the last 12 months			
(b) Issued as of [the Most Recent Month End]			

(b) *Listed Issuer*

Provide, in the tabular form indicated or, where appropriate, in notes to the table, particulars of the share capital of the Listed Issuer. State the prices at which securities have been sold within the last 12 months prior to the date of the Information Circular. State the number of securities sold at each price.

LISTED ISSUER SHARE CAPITAL TABLE

	Column 1	**Column 2**	**Column 3**
	Number of issued securities	**Price per security**	**Total consideration**
(a) Prior sales of securities within the last 12 months			
(b) Issued as of [the **Most Recent Month End**]			

Instructions:

1. Where the consideration for any of the prior sales included in the tables is other than cash, describe in a note cross referenced to the prior sale set out in (a) of the table the method of determining the value of the consideration (e.g. out of pocket costs, valuation opinion, Arm's Length negotiation or, in the case of services, determination by directors based on estimated fair market value).

2. Set out in the tables or a note thereto the number of securities of each class authorized to be issued.

3. In columns 1 and 3 of the table, (b) is equal to the total of (a).

4. The information shall be updated to the Most Recent Month End.

5. In (a) of the tables list prior sales aggregated on the basis of the same price per security and type of consideration.

6. If there is a concurrent financing, with a minimum and maximum subscription, disclose the number of securities that are offered and that would be issued on both a minimum and maximum basis.

7. A separate table shall be prepared for each class or kind of securities

8. As a note to the table, indicate whether there are any restrictions on the transferability of the securities (e.g. hold periods, escrow or pooling agreement) and summarize the nature of the restrictions. Where the information is provided elsewhere the disclosure may be provided by a cross-reference to the page in the Information Circular where the disclosure is contained.

(c) *Listed Issuer Trading History*

For each exchange or quotation system upon which the Listed Issuer's securities are listed or quoted, provide a weekly trading history (high, low, volume) for at least six weeks prior to the date of the Information Circular and monthly for the preceding 12 months.

5.4 Fully diluted share capital and consolidated share and loan capital

(a) *Fully diluted share capital*

Provide the information indicated in the table set out below for each class of securities of the Listed Issuer and Resulting Issuer.

FULLY DILUTED SHARE CAPITAL TABLE

	Number of securities	**Percentage of Total**
(a) Issued by Listed Issuer as of the Most Recent Month End		
(b) Securities reserved by Listed Issuer for future issue as of the Most Recent Month End (excluding securities to be issued pursuant to the RTO		
(c) Securities to be issued in consideration for the asset, business or property to be acquired pursuant to the RTO		
(d) Securities to be issued pursuant to any concurrent or contemporaneous financing		
(e) Securities to be reserved for issuance in connection with the RTO		
Total		100%

Instructions:

1. (a) is the amount indicated in (b) of column 1 of the table in section 5.3.

2. If there is a minimum and maximum on any financing, disclose the number of securities offered and indicate the totals assuming each of the minimum and maximum.

3. (e) is the amount indicated in paragraph (b) from section 7.1

4. A separate table shall be prepared for each class or kind of securities that the Resulting Issuer will have issued upon completion of the RTO and any concurrent financing.

5. The information shall be updated to the Most Recent Month End.

6. Clearly disclose any stock consolidation, stock split or other security reclassification or capital reorganization that has been effected by the issuer or which is intended to be effected in conjunction with or contemporaneous to the RTO. Indicate whether shares are shown prior to or after giving effect to such consolidation, split or reclassification.

(a) Consolidated Share and Loan Capital

Provide particulars of share and loan capital of the Listed Issuer and of the Resulting Issuer, including subsidiaries (other than loan capital owned by the issuer or its wholly owned subsidiaries) whose financial statements are included in the Information Circular on either a consolidated or individual basis.

Provide the aggregate amount of the minority interest in the preference shares, if any, and the aggregate amount of minority interest in the common shares and surplus of all subsidiaries whose financial statements are contained in the Information Circular on a consolidated basis.

Provide the aggregate amount of the minority interest in the preference shares, if any, and the aggregate amount of minority interest in the common shares and surplus of all subsidiaries whose financial statements are contained in the prospectus on an individual basis and not included in the consolidated financial statements.

Designation of Security	**Amount authorized or to be authorized**	**Amount outstanding as of the date of the most recent balance sheet in the Information Circular**	**Amount outstanding as of the Most Recent Month End**	**Amount to be outstanding in Resulting Issuer upon completion of the RTO (including any concurrent financing)**

Instructions:

1. Include all indebtedness for borrowed money as to which a written understanding exists that the indebtedness may extend beyond one year. Do not include indebtedness classified as current liabilities unless secured.

2. Include in the table the amount of obligations under financial leases capitalized in accordance with generally accepted accounting principles. Set out in a note to the table a cross reference to any note in the financial statements containing information concerning the extent of obligations arising by virtue of other leases on real property.

3. Individual items of indebtedness that are not in excess of 3% of total assets as shown in the balance sheet referred to in the third column may be set out in a single aggregate amount under an appropriate caption such as "Sundry Indebtedness".

4. Where practicable, state in general terms the respective priorities of the indebtedness shown in the table.

5. Give particulars of the amount, general description of and security for any substantial indebtedness proposed to be created or assumed by the issuer or its subsidiaries.

6. Set out in a note the amount of contributed surplus and retained earnings or deficit as of the date of the most recent balance sheet contained in the Information Circular.

7. Set out in a note the number of shares subject to rights, options and warrants.

8. No information need be given under the second column with respect to the common and preference shares of subsidiaries.

9. For the purpose of the third column, in computing the amount of the minority interest in the subsidiaries whose financial statements are contained in the Information Circular on an individual basis and not included in the consolidate financial statements, the computation may be based on the financial statements of each subsidiary contained in the Information Circular.

10. In computing the minority interest in the subsidiaries for the purposes of the fourth column, the amount set out in the third column may be used provided that the appropriate adjustment is made to that amount to reflect any change in the percentage of ownership in the capital and surplus of any subsidiary by the minority interest.

11. The information to be set out in the fifth column may be based on the information contained in the fourth column, adjusted to take into account any amounts set out in the fourth column to be retired out of the proceeds of any concurrent financing or otherwise in connection with the RTO.

5.5 Foreign Listed Issuers

If the Target Issuer is or the Resulting Issuer will be incorporated or continued under the laws of a jurisdiction other than Canada or a province or territory of Canada or if any of the directors, officers or experts are or will be resident outside of Canada or any material portion of the business or assets are or will be located outside of Canada, state the following (with the bracketed information completed as appropriate):

[All of] [Certain of] the directors and officers of the [Resulting Issuer and [all of] [certain of] the experts named herein reside outside of Canada. [[Substantially] all of the assets of [those persons and/or the Resulting Issuer] [are/may be] located outside of Canada.] Although the Listed Issuer has appointed [insert name and address of agent for service] as its agent for service of process in Canada, it may not be possible for investors to effect service of process within Canada upon the directors, officers and experts referred to above. It may also not be possible to enforce against the [Resulting Issuer], [certain of] its directors and officers and [certain of] the experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

6. Directors, Officers, Promoters and Persons Holding More Than 10% of the Issued Equity Shares

Instructions

1. In sections 6.3 and 6.6, the Canadian Venture Exchange may require information for periods prior to those indicated in the section depending upon the materiality of the events.

2. Provide the information required by this Item for each proposed director of the Resulting Issuer and indicate clearly the individual whether the individual is a current director of the Target Issuer, a proposed nominee for election by shareholders or, if applicable, whether such person is intended to be appointed by the board of directors.

6.1 Name, address, occupation and security holding

List the names and the municipality of residence of all directors, officers and promoters of the Resulting Issuer and each material proposed subsidiary, for each person, disclose:

(a) the current positions and offices with the Listed Issuer or Target Issuer;

(b) the principal occupations during the five years prior to the date of the Information Circular and, where the principal occupation is that of an officer of an issuer other than the Listed Issuer or the Target Issuer, state the name of the other issuer and the principal business in which it was engaged; and

(c) the number of securities of each of the Listed Issuer and Target Issuer beneficially owned, directly or indirectly, indicating the number of performance shares held in escrow and the number and percentage of the class to be held on conclusion of the RTO.

Instructions:

1. Where a director, officer or promoter is an associate of another director, officer or promoter, disclose as a footnote the relationships.

2. The description of the principal occupation of a director, officer or promoter must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

3. Where the director, officer or promoter is a member of Management, the information in (b), other than a current occupation, may be disclosed by a cross reference to the page on which the information required by section 4.6 is disclosed.

4. If in regard to any concurrent financing there is a maximum subscription that differs from the minimum subscription, disclose the percentage of the class held by the directors, officers and promoters on both a minimum and maximum basis.

6.2 Aggregate ownership of securities

State the aggregate number of each class of voting securities of the Resulting Issuer that at the completion of the RTO are beneficially owned, directly or indirectly, by all directors, officers and promoters of the Resulting Issuer, as a group, and then state the percentage that number will represent of the total issued and outstanding voting securities of the Resulting Issuer upon the completion of the RTO.

6.3 Other reporting issuers

Where any proposed director, officer or promoter of the Resulting Issuer is, or within the five years prior to the date of the prospectus has been, a director, officer or promoter of any other reporting issuer (or equivalent), state the name of the individual, the number of reporting issuers for which the individual acted, the names of those reporting issuers and the periods during which the individual has so acted.

6.4 Corporate cease trade orders or bankruptcies

Where any proposed director, officer or promoter of the Resulting Issuer is, or within the five years prior to the date of the Information Circular has been, a director, officer or promoter of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days, state the fact and describe the reasons and whether the order is still in effect; or

(b) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person, state the fact.

6.5 Penalties or sanctions

Where any proposed director, officer or promoter of the Resulting Issuer has, within the ten years prior to the date of the Information Circular, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud, describe the penalties or sanctions imposed.

Instructions:

1. Penalties or sanctions include charges that have been laid or notices of hearing that have been issued as of the date of the Information Circular.

2. The Exchange may require information relating to other penalties and sanctions depending on the materiality of the events.

6.6 Individual bankruptcies

Where any proposed director, officer or promoter of the Resulting Issuer has, within the five years prior to the date of the Information Circular, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual, state the fact.

6.7 Conflicts of interest

Disclose particulars of any existing or potential conflicts of interest of any of the directors, officers or promoters of the Resulting Issuer as a result of their outside business interests.

6.8 Indebtedness of directors, officers, promoters and other management

State the name of each director, officer, promoter and member of Management of the Target Issuer and each of their respective associates or affiliates who is or has been indebted to the Target Issuer at any time during the preceding financial year and the Stub Period and state, for each person:

(a) the largest amount of indebtedness outstanding at any time;

(b) the nature of the indebtedness and the purpose for which it was incurred;

(c) the amount presently outstanding;

(d) the rate of interest paid or charged;

(e) the terms of repayment;

(f) the nature of any security granted to the Target Issuer; and

(g) if the person is an associate or affiliate of a director, officer or member of Management, the person's relationship to the director, officer or member of Management of the Target Issuer.

Instructions:

1. In this Item, "Target Issuer" includes the Target Issuer's subsidiaries and proposed subsidiaries.

2. Provide the information required by this Item for each proposed nominee for election as a director of the Target Issuer and indicate clearly that the individual is a proposed nominee.

6.9 Executive compensation

For the management of the Target Issuer**,** provide the information required by applicable Securities Laws with the following additions:

(a) disclosure must be provided for each of the Target Issuer's four most highly compensated executive officers, in addition to the CEO, regardless of the amount of their compensation: and

(b) in addition to the periods required under applicable Securities Laws, disclosure must be provided for the Stub Period.

6.10 Related party transactions

Where, during the five preceding financial years and the Stub Period, or such shorter period as the Target Issuer may have been in existence, the Target Issuer has acquired assets or services from an Insider, promoter or member of Management and their respective associates or affiliates, disclose the following for each acquisition:

(a) the name of the individual;

(b) the nature of the assets or services;

(c) the form and value of the consideration; and

(d) where the Target Issuer has acquired assets:

(i) the cost of the assets to the seller; and

(ii) where the consideration referred to in paragraph (c) above exceeds the seller's out-of-pocket costs, a cross reference to the valuation opinion disclosed in section 4.5.

Instructions:

1. Information with respect to executive compensation need not be disclosed in this section.

2. Any debt settlement made by the Target Issuer to any Insider or promoter must be disclosed in this section.

3. For acquisitions where the consideration is not in excess of the greater of 10% of the aggregate compensation or consideration paid to the individual under sections 6.9 and 6.10 or $5,000, the information required by this item may be aggregated together and classified as "miscellaneous".

4. As an alternative to the disclosure required in (b), provide a cross reference to the page(s) of the Information Circular where the required disclosure is made.

6.11 Proposed compensation

Where known, provide executive compensation disclosure in the form required by applicable Securities Laws, as modified by section 6.9 with respect to the amounts that the Resulting Issuer anticipates it will pay during the 12 month period following completion of the RTO.

Instruction:

The amounts referred to in this section include the forms of compensation referred to in sections 6.9 and 6.10 above.

6.12 Principal holders of voting securities

Provide as of the Most Recent Month End and as at the completion of the RTO, the information indicated in the table set out below for each person who has, or is known by the Listed Issuer to currently have or to have upon completion of the RTO:

(a) direct or indirect beneficial ownership of;

(b) control or direction over; or

(c) a combination of direct or indirect beneficial ownership of and of control or direction over,

voting securities that constitute more than 10 per cent of any class of such securities of the Listed Issuer, or the Resulting Issuer upon completion of the RTO.

PRINCIPAL SECURITY HOLDER TABLE

Column 1	**Column 2**	**Column 3**	**Column 4**
Name and municipality of residence	Number of securities	Percentage of class prior to the RTO [Most Recent Month End]	Percentage of class after the RTO

Instructions:

1. Where a person that is not an individual is shown as owning directly or indirectly more than 10 per cent of any class of such securities, identify the individual shareholders of the person as required by the General Instructions . The name of such individuals should be disclosed in a note to the table.

2. If voting securities will be issued prior to, concurrently with or immediately following the RTO indicate as far as practicable the respective holding of voting securities that will exist after giving effect to the issue.

3. If there is a concurrent financing being conducted in regard to which the maximum subscription that differs from the minimum subscription, disclose the percentage of the class held by the principal holders on both a minimum and maximum basis.

4. If, to the knowledge of the Listed Issuer/Target Issuer or the Sponsor, more than 10 per cent of any class of voting securities of the Listed Issuer are held or of the Resulting Issuer will be held subject to any voting trust or other similar agreement/arrangement, state the designation of such securities, the number or amount held or to be held and the duration of the agreement. Give the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

5. Where a person identified in the table is a control person of the Listed Issuer and is not a director, officer or promoter of the Listed Issuer, provide the disclosure required for sections 6.3 - 6.6 for the control person. If the control person is a corporation, the disclosure must be provided for the control persons of the corporation.

6. A separate table shall be prepared for each class or kind of voting securities that the Listed Issuer has issued or the Resulting Issuer will have issued upon completion of the RTO.

7. The information shall be updated to the Most Recent Month End.

6.13 Public and Insider ownership

Disclose the aggregate number of voting securities that will be held by the public and the aggregate number of voting securities that will be held by promoters and Insiders each as a percentage of the total issued and outstanding voting securities of the Resulting Issuer upon completion of the RTO.

7. Options to Purchase Securities

7.1 Options and other rights to purchase securities

(a) Disclose, as of the effective date of the Information Circular, the following information respecting each option that is held and each option that will be held upon completion of the RTO, by any person:

(i) the name of each person and the reasons that the option was or is to be granted;

(ii) the name of the grantor and the nature of the option granted to each person (e.g. options, or other warrants);

(iii) the designation and number of the securities subject to the option;

(iv) the purchase price of the securities subject to the option or the formula by which the purchase price will be determined;

(v) the expiration date of the option; and

(vi) if there is a published market for the securities, the market value of the securities subject to the option as of the date of grant and the Most Recent Month End.

(b) State the aggregate number of each class or kind of securities that are subject to options described in paragraph (a)(iii) above.

(c) State the following:

There are no assurances that the options, warrants or other rights described above will be exercised in whole or in part.

Instructions:

1. In this section, "option" means option, warrant or other right to purchase securities of the Listed Issuer/Resulting Issuer granted or to be granted by the Listed Issuer, selling security holder, Insider, promoter or, control persons or to be granted by the Resulting Issuer.

2. In this section, "Listed Issuer" and "Resulting Issuer" includes subsidiaries and proposed subsidiaries.

3. The information shall be updated to the Most Recent Month End.

8. Securities of the Issuer Held in Escrow, in Pool or Subject to Hold Restrictions

8.1 Escrowed securities

Where the Listed Issuer has issued securities subject to escrow restrictions or in connection with the RTO will issue escrowed securities state:

(a) the number of escrow securities currently outstanding and to be outstanding upon completion of the RTO;

(b) the estimated percentage that the escrowed securities will represent of the total issued and outstanding voting securities of the Resulting Issuer, upon the completion of the RTO;

(c) the names of the beneficial owners of the escrowed securities and the number of escrowed securities owned or to be owned by each;

(d) the name of the escrow agent or escrow agents;

(e) the date of the escrow agreement(s) and the material conditions governing the transfer, release and cancellation of the escrowed securities; and

(f) the rights or obligations of a person who ceases to be a principal, dies or becomes bankrupt to retain, transfer or surrender to the Resulting Issuer for cancellation the escrowed securities.

9. Particulars of any Other Material Facts

9.1 Sponsorship

(a) State the name and address of the Sponsor. If the Listed Issuer or Target Issuer is a related or connected party (as defined in applicable Securities Law and Exchange Requirements) of the Sponsor summarize the nature of the relationship and provide a cross reference to "Relationship between Listed Issuer and Sponsor.

(b) In relation to Sponsorship, and if the Listed Issuer or Target Issuer has entered into any agreement with any registrant to provide corporate finance services, either now or in the future, disclose the following information regarding these services:

(i) the date of the agreement;

(ii) the name of the registrant;

(iii) the consideration, both monetary and non-monetary, paid or to be paid; and

(iv) a summary of the nature of the services to be provided, including the period during which the services will be provided, activities to be carried out and, where market making services will be provided, whether the registered broker or dealer will commit its own funds to the purchase of securities of the Resulting Issuer or whether the registered broker or dealer will act as agent for others to do so.

Instruction:

In this subsection, "Listed Issuer" and "Target Issuer" include subsidiaries and proposed subsidiaries.

9.2 Investor relations arrangements

If the Listed Issuer or Target Issuer has entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Listed Issuer or Resulting Issuer or its securities, either now or in the future, disclose the following information regarding these services:

(a) the date of the agreement and the anticipated date that the services will commence;

(b) the name, principal business and place of business of the person providing the services;

(c) the background of the person providing the services;

(d) whether the person has, or is known by the Listed Issuer or Target Issuer to have:

(i) direct or indirect beneficial ownership of;

(ii) control or direction over; or

(iii) a combination of direct or indirect beneficial ownership of and of control or direction over

securities of the Listed Issuer;

(e) whether the person has any right to acquire securities of the Listed Issuer, either in full or partial compensation for services;

(f) the consideration both monetary and non-monetary paid or to be paid by the Listed Issuer, including whether any payments will be made in advance of services being provided;

(g) if the Listed Issuer does not have sufficient funds to pay for the services, how the Listed Issuer intends to pay for the services; and

(h) the nature of the services to be provided, including the period during which the services will be provided.

Instructions:

1. Include any arrangements made by the Listed Issuer or any other person on behalf of the Listed Issuer or on the person's own initiative where the Listed Issuer knows, after reasonable enquiry, that such an arrangement exists.

2. The disclosure in (c) and (h) need only summarize the background and nature of services.

3. If there are no promotional or investor relations arrangements, so state.

9.3 Relationship between Listed Issuer/Target Issuer and the Sponsor

Where the Listed Issuer or Target Issuer is a related party or connected party, as defined in applicable Securities Law of the Sponsor describe:

(a) the nature of the relationship or connection with the Sponsor including:

(i) the basis on which the Listed Issuer/Target Issuer or selling security holder is a related party or connected party of the Sponsor;

(ii) the name of each relevant related party of the Sponsor;

(iii) the details of the ability of the Sponsor or any related party of the Sponsor to affect materially the operations of the Listed Issuer/Resulting Issuer; and

(iv) whether the Listed Issuer/Target Issuer is indebted to the Sponsor or any related party of the Sponsor and, if so, provide particulars of such indebtedness, and

(b) the extent to which the proceeds of the issue will be applied, directly or indirectly, for the benefit of the Sponsor or any related party of the Sponsor.

Instruction:

In this item, "Listed Issuer" and "Target Issuer" includes subsidiaries and proposed subsidiaries.

9.4 Relationship between Listed Issuer/Target Issuer and professional persons

Disclose the nature and extent of any beneficial interest, direct or indirect, in any securities or property, of the Listed Issuer or Target Issuer or of an associate or affiliate of either of them, held by a "professional person" or any associate of the professional person. For the purposes of this subsection, "professional person" means, any person whose profession gives authority to a statement made by the person in the person's professional capacity and includes a barrister and solicitor (attorney), a public accountant, an appraiser, valuator, auditor, engineer or geologist.

Also, disclose whether the professional person or any associate of the professional person, is or is expected to be elected, appointed or employed as a director, senior officer or employee of the Listed Issuer/Resulting Issuer, or of an associate or affiliate of the Listed Issuer/Resulting Issuer, or is a promoter of the Listed Issuer/Target Issuer, or of an associate or affiliate of the Listed Issuer/Target Issuer.

Instructions:

1. The interest of a professional person and all associates of that professional person may be shown in the aggregate. Disclosure of the interest in or held by an associate of the professional person is only required where known by the professional person after reasonable inquiry.

2. In this section, "Listed Issuer", "Target Issuer" and "Resulting Issuer" includes subsidiaries and proposed subsidiaries.

9.5 Legal proceedings

Describe any outstanding or contemplated legal proceedings that are material to the business and affairs of the Resulting Issuer.

Instruction:

Include the name of the court or agency, the date the proceedings were instituted, the principal parties to the proceedings, the nature of the proceedings, the amount claimed, if any, whether the proceedings are being contested, the present status of the proceedings and, if a legal opinion is referred to in the prospectus, the name of counsel providing that opinion.

9.6 Auditor

State the name and address of the auditor of the Listed Issuer and the name and auditor of the proposed auditor of the Resulting Issuer.

9.7 Registrar and transfer agent

State the name of the Listed Issuer's registrar and transfer agent. Where the Listed Issuer has branch registers for transfers of its securities, state the location (by municipalities) of the registers. If any of the foregoing will be different for the Resulting Issuer, so state.

9.8 Material contracts

(a) Disclose all material contracts to which the Resulting Issuer will be a party upon completion of the RTO, including:

(i) the date of each contract;

(ii) the parties to each contract;

(iii) the consideration paid or payable; and

(iv) the general nature of each contract.

Instruction:

As an alternative to the disclosure required in this section, provide a cross reference to the page(s) of the Information Circular where the required disclosure with respect to a particular contract is made.

(b) State a reasonable time and place in the Province of Alberta or British Columbia at which a copy of any material contract may be inspected for the 30 days following the effective date of this Information Circular.

9.9 Other Material Facts

Give particulars of any other material facts in respect of the Listed Issuer's, Target Issuer's or Resulting Issuer's affairs and not disclosed elsewhere in this Information Circular.

9.10 Financial statements, reports and other exhibits

Include the financial statements, reports and other exhibits required by applicable Exchange Policies. *See Policy 2.4 – Capital Pool Companies and Policy 5.2 – Changes of Business and Reverse Take-Overs.*

9.11 Certificates

Provide a certificate attached to the Information Circular signed by the chief executive officer, the chief financial officer and any two directors, other than the aforementioned officers, who are duly authorized by the board of directors to sign the certificate on behalf the Listed Issuer:

> "The foregoing constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon the securityholders."

Provide a certificate attached to the Information Circular signed by the chief executive officer, the chief financial officer and any two directors, other than the aforementioned officers, who are duly authorized by the board of directors to sign the certificate on behalf any Target Issuer:

> "The foregoing as it relates to [the Target Issuer] constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the securityholders."

Where required by Exchange Policy, include a certificate of the Sponsor which states:

> "To the best of our knowledge and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the securityholders."

It is a breach of Exchange Requirements for a person to make a statement in a document required to be filed or furnished under Exchange Policy that, at the time and in the light of the circumstances under which it is made, is a misrepresentation.

APPENDIX 1 TO EXCHANGE INFORMATION CIRCULAR FORM
DISCLOSURE REQUIRED BY AN INDUSTRIAL/TECHNOLOGY ISSUER

4.1 Description and general development of the Business

Describe the business currently carried on by the Listed Issuer and, if applicable, any Target Issuer and intended to be carried on after completion of the Reverse Take-Over by the Resulting Issuer, including Products to be developed or produced, and the stage of development of each of the Products.

Disclose the year of commencement of operations and summarize the general development of the business of the Target Issuer during the five preceding financial years and the Stub Period, or such shorter period as the Target Issuer may have been in existence. Provide disclosure for earlier periods if material to an understanding of the development of the business.

Instructions:

1. In describing developments, include disclosure of the following: the nature and results of any bankruptcy, receivership or similar proceedings; the nature and results of any material reorganization; material prior litigation (including any series of proceedings based on similar causes of action); the nature and date of any prior trading suspensions or cease trade orders made against the Target Issuer by any regulatory authority; material changes in the types of Products produced or services rendered; and any material changes in the method of conducting the business.

2. In this section, "Target Issuer" includes the Target Issuer's subsidiaries, proposed subsidiaries and predecessor(s).

4.2 Summary and analysis of financial operations

Provide the information indicated in the table set out below with respect to the Target Issuer's financial operations during the last two financial years and any period subsequent to the most recent financial year end for which financial statements are included in the Information Circular.

TABLE

	*** Month Period Ending**	**Year Ending ***	**Year Ending ***
Sales			
Gross profit			
Research and Development Expenses			
Sales and Marketing Expenses			
General and Administrative Expenses			
Net Income (Loss)			
Working Capital			
Property, Plant and Equipment			
Deferred Research and Development			
Other Intangibles			
Long Term Liabilities			
Shareholders' equity			
Dollar amount			
Number of securities			

State the following as a note to the number of shares in the table (with the bracketed information completed as appropriate):

There are [* shares] in the capital of the [Listed Issuer] issued and outstanding as of the effective date of this [Information Circular] of which [*] are subject to a [indicate type of escrow agreement] that will be released from escrow [describe escrow release terms.]

In addition, [* shares] of the [Listed Issuer] are to be issued pursuant to the [RTO], of which [* shares] will be required to be escrowed pursuant to a [describe the type of escrow agreement] with shares being released from escrow [describe escrow release terms].

Discuss and compare the Target Issuer's results of operations, including the reasons for any substantial variations, for the periods included in the table, and the anticipated impact of these historical operations on the future activities of the Listed Issuer. Include, to the extent reasonably practicable, a description of the impact of acquisitions or dispositions disclosed in section 4.5 on the operating results and financial position of the Target Issuer/Resulting Issuer.

Include a discussion of liquidity on a historical and prospective basis in the context of the Target Issuer's business and focus on the ability of the Target Issuer'/ Resulting Issuer's to generate adequate amounts of cash and cash equivalents when needed. This discussion, at a minimum, should identify and describe the following,

(a) any known trends or expected fluctuations in the Target Issuer's/Resulting Issuer's liquidity, taking into account known demands, commitments, events or uncertainties, and where a deficiency is identified indicate the course of action that has been taken or is proposed to be taken to remedy the deficiency;

(b) those balance sheet conditions or income or cash flow items that may be indicators of the Target Issuer's liquidity condition;

c) the requirements relating to working capital items (e.g. where significant quantities of inventory are required to be carried to meet rapid delivery requirements of customers or where extended payment terms have been provided to customers);

(d) the nature and extent of legal or practical restrictions on the ability of subsidiaries to transfer funds to the Target Issuer/Resulting Issuer and the impact such restrictions have had or are expected to have on the ability of the Target Issuer/Resulting Issuer to meet its obligations;

(e) whether the Target Issuer is in arrears on the payment of dividends, interest, or principal payment on borrowing; and

(f) whether the Target Issuer is in default on any debt covenants at the present time or was in default during the most recently completed financial year and any period subsequent to the most recent financial year end for which financial statements are included in the Information Circular.

Instructions

1. The sales and gross profit disclosed in the table must be separately presented by industry and geographic segment.

2. Net income disclosed in the table is net income after tax.

3. Where it would be meaningful to an investor, include in the table any prior periods covered by the financial statements included in the Information Circular and provide an analysis of the Target Issuer's results of operations for those periods.

4. Where the Target Issuer has not had significant sales, the analysis must discuss all material expenditures. Related or similar types of expenditures representing in the aggregate greater than 10% of total expenditures would generally be considered material.

5. In the discussion identify any unusual or extraordinary events or transactions or any significant economic changes that materially affect income from continuing operations and describe the extent to which income from continuing operations was affected.

6. Describe in the discussion the extent to which any changes in net sales or revenues are attributable to changes in selling prices or to changes in the volume or quantity of goods or services being sold or to the introduction of new Products or services. Where management knows of events that are expected to materially affect costs or revenues, describe the event(s).

7. Where there has been a significant or material change in operations from the date of the information in the table, the analysis of operations and variations in operations must discuss the change.

4.3 Stated business objectives

State the business objectives that the Resulting Issuer expects to accomplish after completion of the Reverse Take-Over and the time period in which these business objectives are expected to be achieved.

Instruction:

The Resulting Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is prepared in accordance with National Policy Statement No. 48 (or any successor instrument). Where sales performance is considered to be an important objective, it must be stated in general terms. For example, a statement may be included that the Resulting Issuer anticipates generating sufficient cash flow from sales to pay its operating costs for a specified period following completion of the Reverse Take-Over.

4.4 Milestones

Describe each significant event that must occur for the business objectives to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

Instructions:

1. Examples of significant events would include hiring of key personnel, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.

2. The milestones must be cross referenced to the related items in the Information Circular.

4.5 Acquisitions and dispositions

Disclose any material acquisitions and dispositions relating to the Target Issuer's current business made by the Target Issuer during the five preceding financial years and the Stub Period, or such shorter period as the Target Issuer may have been in existence, and any intended material acquisitions or dispositions, including particulars of:

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each acquisition or disposition;

(c) the name of the vendor or purchaser and whether the transaction was or will be at Arm's Length;

(d) for an acquisition or disposition from a Related Party, the vendor's out of pocket costs;

(e) the consideration, both monetary and non-monetary, paid by the Target Issuer or to be paid to or by the Listed Issuer;

(f) any material obligations that must be complied with in order to keep any acquisition or disposition agreement in good standing;

g) how the consideration was determined (e.g. limited to out of pocket costs, valuation opinion or Arm's Length negotiations); and

h) any evidence of value required pursuant to Exchange Policy 5.4 – Escrow and Vendor Consideration to support the value of the consideration paid in connection with a transaction, including in regard to any formal appraisal or valuation, the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets.

Instructions:

1. Out of pocket costs must be supported by either audited financial statements or an audited statement of costs.

2. The granting or acquiring of any material licence agreement by the Target Issuer or any predecessor is considered to be an acquisition or disposition for purposes of this section.

4.6 Management

Provide the following information for each member of Management:

(a) in regard to each individual who is currently a member of Management of the Target Issuer, state such individual's, name, age, position and responsibilities with the Target Issuer and relevant educational background and indicate whether the individual is intended to be a member of Management of the Resulting Issuer and, if such individual's position with the Resulting Issuer will be different than the position held with the Target Issuer also indicate the new position that will be held;

(b) in regard to each individual not referenced in paragraph a) who is intended to be a member of Management of the Resulting Issuer, state such individual's, name, age, and anticipated position and responsibilities;

(c) state whether each individual referenced in paragraph a) works full time or what proportion of the individual's time is devoted to the Target Issuer and in regard to each individual in paragraph a) and b) state what proportion of the individual's time will be devoted to the Resulting Issuer;

(d) state whether the individual is an employee or independent contractor of the Target Issuer;

(e) in regard to each individual who will be a member of Management of the Resulting Issuer, state the individual's principal occupations or employment during the five years prior to the date of the Information Circular, disclosing with respect to each organization as of the time such occupation or employment was carried on:

  (i) its name and principal business;

  (ii) if applicable, that the organization was an affiliate of the Target Issuer;

  (iii) positions held by the individual;

  (iv) whether it is still carrying on business, if known to the individual; and

  (v) if the issuer was a public company, the stock exchange or market upon which it traded,

(f) describe the individual's experience in the Target Issuer's/Resulting Issuer's industry; and

(g) state whether the individual has entered or intends to enter into a non-competition or non-disclosure agreement with the Target Issuer/Resulting Issuer.

Instructions:

1. The description of the principal occupation of a member of Management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

2. The disclosure in (d)(iv) and (d)(v) is only required where the individual was or is an officer or director of the organization.

4.7 Organizational structure

Provide a chart setting out the number of full and part time employees currently in each department and the approximate number of full and part time employees or contractors in each department required to meet the Listed Issuer's stated business objectives.

4.8 Products

Describe:

(a) the Products developed or to be developed as part of the (stated business objectives;

(b) the history of development of the Products, including estimated Development Costs to the Most Recent Month End;

(c) the stage of development of the Products, including whether they are at the design, prototype, market test or commercial production stage;

(d) if the Products are not at the commercial production stage or if part of the Available Funds will be used for research and development:

  i) the stage of development that Management anticipates will be reached using the Available Funds;

  ii) the major components of the proposed development program that will be funded using the Available Funds and provide a Breakdown of Costs; and

  iii) whether the Target Issuer has or the Resulting Issuer will conduct its own research and development, will subcontract out the research and development or will use a combination of those methods,

(e) any material regulatory approvals that are required for the Resulting Issuer to achieve its stated business objectives;

(f) where the development of documentation is considered to be necessary in the Resulting Issuer's industry, the stage of development of documentation, including manuals, relating to the Products; and

(g) the potential impact of any laws, such as industry or environmental regulations or controls on ownership or profit repatriation, or economic or political conditions that may materially affect the Resulting Issuer's operations.

4.9 Future developments

If the Products are not at the commercial production stage or if the Products will not be in commercial production at conclusion of the proposed development program, describe the additional steps required to get to commercial production, including any material regulatory approvals, and provide an estimate of the Development Costs and time periods, to the extent known, and describe any uncertainties relating to the completion of the steps, the estimate of the costs or the time periods.

4.10 Proprietary protection

Where proprietary protection is normally obtained for products similar to the Products, describe:

(a) the proprietary protection of the Products including the duration of all material patents, copyrights and trade marks;

(b) if no proprietary protection has been obtained, the steps Management intends to take to secure proprietary protection and, if known, the time periods for completing these steps, or explain why this proprietary protection has not or will not be obtained; and

(c) the steps taken by the Target Issuer and to be taken by the Resulting Issuer to protect its know how, trade secrets and other intellectual property, including physical possession of source codes and any use of confidentiality or non-competition agreements.

Instruction:

Where the Target Issuer is the licensee under any material licence agreement, provide the information required by this section, where known after reasonable investigation, with respect to the licensor.

4.11 Operations

If the Target Issuer is currently marketing its Products or the Resulting Issuer will be marketing its Products as part of its stated business objectives, provide the following information regarding the production and sales of its Products:

(a) describe the actual or proposed method of production of the Products or, if the Products are services, the method of providing the services;

(b) state whether the Target Issuer is or the Resulting Issuer will be producing the Products itself, is subcontracting out production, is purchasing the Products or is using a combination of these methods;

(c) disclose the location of existing property, plant and equipment, indicating whether the property, plant or equipment is owned or leased by the Target Issuer;

(d) state the payment terms, expiration dates and the terms of any renewal options of any material leases or mortgages, whether the leases or mortgages are in good standing and, if applicable, that the landlord or mortgagee is not at Arm's Length with the Target Issuer;

(e) disclose any specialized skill or knowledge requirements necessary for the Products to be produced and describe the extent that this skill or knowledge will be available to the Resulting Issuer;

(f) disclose sources and availability of raw materials, component parts, or finished products including factors that may have a material impact on the Resulting Issuer's operations such as:

(i) dependence on a limited number of suppliers for essential raw materials, component parts, or finished products;

(ii) potential shortages of raw materials, component parts or finished products; or

(iii) any unusual payment terms under any agreements or other arrangements with the Target Issuer's principal suppliers, that may impact on the Resulting Issuer's cash flow,

(g) where any principal supplier of raw materials, component parts or finished products is not at Arm's Length with the Target Issuer, disclose its name, relationship with the Target Issuer and the material terms of any existing contract or arrangement with the Target Issuer;

(h) disclose the extent to which the Target Issuer's/Resulting Issuer's business is dependent upon a single or a limited number of customers;

(i) where any existing or proposed principal customer is not at Arm's Length with the Target Issuer/Resulting Issuer, disclose its name, the nature and extent of the relationship, the material terms of any contract or arrangement and the proportion of the Target Issuer's total net sales made to that customer during the preceding financial year and the Stub Period;

(j) describe any unusual payment terms under any agreements or other arrangements with the Target Issuer's principal customers that may impact on the Resulting Issuer's cash flow; and

(k) disclose any proposed material changes to plant, property and equipment, manpower or sources of supply required to enable the Resulting Issuer to meet its stated business objectives and provide a Breakdown of Costs for the major components of the proposed material changes that will be funded using the Available Funds.

4.12 Market

Provide the following information regarding the market for the Products:

(a) describe the market segment and specific geographical area in which the Target Issuer is selling or the Resulting Issuer expects to sell its Products as contemplated by its stated business objectives or intends to sell its Products upon completion of its product development;

(b) describe material industry trends within the market segments and specific geographical areas referred to in paragraph (a) that may impact on the Resulting Issuer's ability to meet the Target Issuer's/Resulting Issuer's stated business objectives;

(c) describe the competition within the market segments and specific geographical areas referred to in paragraph (a) including, to the extent known after reasonable investigation by the Target Issuer:

(i) names of the Resulting Issuer's principal competitors;

(ii) a comparison of the principal aspects of competition (e.g. price, service, warranty or product performance) between the Target Issuer and its principal competitors; and

(iii) potential sources of significant new competition,

(d) disclose the extent of market acceptance of the Products and the method used to determine whether market acceptance exists (e.g. market testing or surveys), including the names of the parties who performed the appropriate procedures and, if not at Arm's Length with the Target Issuer, the nature and extent of the relationship;

(e) if applicable, state that obsolescence is a factor in the Target Issuer's industry and describe how the Resulting Issuer intends to maintain its competitive position;

(f) describe the effect of any material market controls or regulations within the market segment and specific geographical area referred to in paragraph (a) that may affect the marketing of the Products (e.g. marketing boards or export quotas); and

(g) describe the effect of any seasonal variation within the market segment and specific geographical area referred to in paragraph (a) that may affect the sales of the Products.

Instruction:

In discussing competition, consideration must be given to substitute or alternative products that may impact on the Resulting Issuer's ability to meet its stated business objectives.

4.13 Marketing plans and strategies

If the Target Issuer is currently marketing its Products or the Resulting Issuer will be marketing its Products in order to achieve its stated business objectives, provide the following information regarding the marketing plans and strategies:

(a) describe when, how and by whom the Products are or will be marketed and, if not at Arm's Length with the Target Issuer/Resulting Issuer, disclose the nature and extent of any relationship;

(b) disclose any marketing programs actual or proposed to meet the Target Issuer's/Resulting Issuer's stated business objectives and the major components of the marketing programs (e.g. trade shows, magazines, television or radio advertising);

(c) provide a Breakdown of Costs for major components of the marketing programs;

(d) disclose the Target Issuer's/Resulting Issuer's pricing policy (e.g. at market, discount or premium); and

(e) where after sales service, maintenance or warranties are a significant competitive factor, describe the differences between the Target Issuer's policies and those of its principal competitors.

4.14 Administration

Provide:

(a) the estimated aggregate monthly and total administration costs that will be incurred in order for the Resulting Issuer to achieve its stated business objectives, the time period during which these costs will be incurred and any anticipated variations in the monthly amounts during that period; and

(b) a Breakdown of Costs of the monthly administration costs disclosed in paragraph (a), including any anticipated variations.

Instruction:

Administrative support includes professional fees, transfer agent fees, management fees, rent, travel, investor relations and other administrative costs, such as those costs required to maintain a reporting issuer in good standing, whether incurred by the issuer or its subsidiaries.

4.15 Risk factors

List the risks that could be considered to be material to an investor as follows:

(a) risks relating to the nature of the business of the Target Issuer/Resulting Issuer;

(b) risks relating to the nature of the Reverse Take-Over and the likelihood of completion; and

(c) any other risks.

Instructions:

1. Risk factors may include but are not limited to such matters as cash flow and liquidity problems, inexperience of Management in start up operations, reliance upon key Management, inexperience of Management in the particular industry in which the issuer operates, dependence of the issuer on an unproven Product, environmental regulations, economic or political conditions, absence of an existing market for the Product, absence of an operating history, absence of profitable operations in recent periods, an erratic financial history, significant competition, conflicts of interest of Management, reliance on the efforts of a single individual, reliance upon a limited number of suppliers or customers, illiquidity and/or instability in the market for the Listed Issuer's securities.

2. Foreign issuer risks, if applicable, should also be disclosed pursuant to section 5.5. Disclosure should be made that as a result of the directors or officers having residence outside of Canada or as a result of any of the material assets of the Resulting Issuer being situated outside of Canada, their may be risks associated with effecting service of process on such persons and that there may be risks associated with enforcement against such persons and against the Resulting Issuer of any judgement obtained in Canadian courts. Furthermore, any material differences between the laws governing the incorporation, continuance or organization of the Listed Issuer and the corporate laws applicable to Canadian issuers [for comparison purposes refer to the *Canada Business Corporations Act*] relating to security holders' rights and remedies. Any risks related to political, economic or legal instability of any applicable foreign jurisdiction should also be disclosed.

3. With respect to (a) and (b) the most significant risk factors should be disclosed at the top of the list.

APPENDIX 2 TO EXCHANGE INFORMATION CIRCULAR FORM
DISCLOSURE REQUIRED OF A MINING ISSUER
OR AN OIL AND GAS ISSUER

4.1 Description and general development of the Business

Describe the nature of the business carried on and intended to be carried on by the Listed Issuer. State whether the Listed Issuer's Properties are primarily in the exploration stage or in the development stage.

Disclose the year of commencement of operations and summarize the general development of the business of the Target Issuer during the five preceding financial years and the Stub Period, or such shorter period as the Target Issuer may have been in existence. Provide disclosure for earlier periods if material to an understanding of the development of the business.

Instructions:

1. In describing developments, include disclosure of the following: the nature and results of any bankruptcy, receivership or similar proceedings; the nature and results of any material reorganization; material prior litigation (including any series of proceedings based on similar causes of action); the nature and date of any prior trading, suspensions, or cease trade orders made against the Target Issuer by any regulatory authority; and material changes in the type of business undertaken.

2. In this section, Target Issuer includes the Target Issuer's subsidiaries, proposed subsidiaries and predecessor(s).

4.2 Summary and analysis of financial operations

Provide the information indicated in the table set out below with respect to the Target Issuer's financial operations during the last two financial years and any period subsequent to the most recent financial year end for which financial statements are included in the Information Circular.

TABLE

	*** Month Period Ending**	**Year Ending ***	**Year Ending ***
Revenues			
Gross profit			
Exploration and Development Expenses			
General and Administrative Expenses			
Net Income (Loss)			
Working Capital			
Properties Deferred Research and Development			
Other Assets			
Long Term Liabilities			
Shareholders' equity			
Dollar amount			
Number of securities			

State the following as a note to the number of securities in the table (with the bracketed information completed as appropriate):

There are [* shares] in the capital of the [Listed Issuer] issued and outstanding as of the effective date of this [Information Circular], of which [*] are subject to a [indicate type of escrow agreement] that will be released from escrow [describe escrow release terms].

In addition, [* shares] of the [Listed Issuer] are to be issued pursuant to the [RTO], of which [* shares] will be required to be escrowed pursuant to a [describe the type of escrow agreement] with shares being released from escrow [describe escrow release terms].

Discuss and compare the results of the Target Issuer's operations and activities, including the reasons for any substantial variations, for the periods included in the table, and the anticipated impact of these historical operations on the future activities of the Listed Issuer. Include, to the extent reasonably practicable, a description of the impact of acquisitions or dispositions of Properties disclosed in this Section on the operating results and financial position of the Target Issuer/Resulting Issuer.

Include a discussion of liquidity on a historical and prospective basis in the context of the Target Issuer's business and focus on the ability of the Target Issuer/Resulting Issuer to generate adequate amounts of cash and cash equivalents when needed. This discussion, at a minimum, should identify and describe the following:

(a) any known trends or expected fluctuations in the Target Issuer's/ Resulting Issuer's liquidity, taking into account known demands, commitments, events or uncertainties, and where a deficiency is identified indicate the course of action that has been taken or is proposed to be taken to remedy the deficiency;

(b) those balance sheet conditions or income or cash flow items that may be indicators of the Target Issuer's liquidity condition;

(c) the nature and extent of legal or practical restrictions on the ability of subsidiaries to transfer funds to the Target Issuer/Resulting Issuer and the impact such restrictions have had or are expected to have on the ability of the Issuer to meet its obligations;

(d) whether the Target Issuer is in arrears on the payment of dividends, interest, or principal payment on borrowing; and

(e) whether the Target Issuer is in default on any debt covenants at the present time or was in default during the most recently completed financial year and any period subsequent to the most recent financial year end for which financial statements are included in the Information Circular.

Instructions:

1. Net income disclosed in the table is net income after tax.

2. Where it would be meaningful to an investor, include in the table any prior periods covered by the financial statements included in the Information Circular and provide an analysis of the Target Issuer's results of operations for those periods.

3. The analysis must discuss all significant expenditures. An expenditure would generally be considered significant where the expenditure represents 20% or more of the total expenditures included in a material classification, such as deferred or expensed exploration and development, properties, or general and administrative expenses.

4. In the discussion identify any unusual or extraordinary events or transactions or any significant economic changes that materially affect income from continuing operations and describe the extent to which income from continuing operations was affected.

5. Describe in the discussion the extent to which any changes in net sales or revenues are attributable to changes in selling prices or to changes in the volume or quantity of products being sold.

6. Where there has been a significant or material change in operations from the date of the information in the table, the analysis of operations and variations in operations must discuss the change.

4.3 Mineral Properties/Oil and Gas Properties

Instructions:

1. The information required by this Section shall be derived from or supported by information obtained from Geological Reports and/or from material contracts to which the issuer is a party. Where information is based on property reports, identify the report title, author and date, and that they are available for inspection upon request.

2. All information required in this Section shall be presented on a property by property basis.

3. When disclosure is required for the Properties of the Target Issuer, describe all Principal Properties first, identifying them as such, before discussing the remaining Properties of the Target Issuer.

4. Sufficient detail should be included in this item, so as to provide a shareholder with an opportunity to adequately evaluate the geological merits and/or economic prospects of the Principal Properties without having to refer to Geological Reports.

5. At a minimum, include a property location map and a property plan map. Additional maps that would facilitate an investor's evaluation of the Properties may be required.

6. In this item, Target Issuer includes the Target Issuer's subsidiaries, proposed subsidiaries and predecessors.

4.3A Mineral Properties

1. Location, description and acquisition

Provide the following information for each of the Properties of the Target issuer:

(a) the name of, the location of, the size of, and the number of claims and concessions of the Property;

(b) the nature (claim, title, lease, option, or other interest) and status (patented, unpatented, etc.) of the interest under which the issuer has or will have the rights to hold or operate the Property, and the expiry date, if applicable; and

(c) the details of the acquisition or proposed acquisition of the Property by the issuer, including particulars of:

(i) the actual or proposed date of each acquisition;

(ii) the name of the vendor and whether the transaction was or will be at Arm's Length;

(iii) for an acquisition not at Arm's Length, the vendor's out of pocket costs;

(iv) the consideration, both monetary and non-monetary, including securities, carried interest, royalties and finders fees, paid or to be paid by the issuer;

(v) any material obligations that must be complied with in order to keep any acquisition agreement and property in good standing, including work progress with stated due dates where applicable;

(vi) how the consideration was determined (e.g., limited to out of pocket costs, valuation opinion, or Arm's Length negotiations); and

(vii) any valuation opinion required by a policy of a securities regulatory authority or a stock exchange to support the value of the consideration paid in connection with a transaction not previously approved by the Executive Director or the stock exchange, or that has been approved within the preceding financial year and the Stub Period, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets.

Instructions:

1. A description of the location of the Properties will include such things as the country, province, state, latitude and longitude, township and range, distance from a geographic marker, and elevation.

2. In providing the information requested by (b), indicate the type of interest (e.g., fee simple, leasehold, royalty, reservation, option, farmout, farmin or other type of interest and any variation thereof), including the percentage interest in the Properties held by the Target Issuer, as well as the date on which the Target Issuer has the right to hold or operate the Properties. In addition, indicate whether or not a title report has been obtained. If so, disclose any material qualifications to the title report and the relationship to the Target Issuer of the individual providing the title report.

3. Out of pocket costs must be supported by either audited financial statements or an audited statement of costs.

4. The disclosure required by (c) need only be provided for all acquisitions within the last three years and for all acquisitions where material obligations under the terms of the acquisition are still outstanding.

2. Exploration and development history

Describe:

(a) all prospecting, exploration, development and operations previously done by operators other than the Target Issuer on the Principal Properties, including the names of the previous operators, years during which the work was done and the results they achieved, in so far as known after reasonable inquiry; and

(b) all prospecting, exploration, development and operations previously done by the Target Issuer on the Properties, including a Breakdown of Costs (for the Principal Properties only) for the work done, referring to section 5.2, where appropriate.

3. Geology, mineral deposits and reserves

For each of the Principal Properties, describe:

(a) the general geology and structure of the Principal Property;

(b) the type of, dimensions of, and grade of any mineralization:

(i) the mineral deposits and their dimensions, including the identity of their principal metallic or other constituents, in so far as known, and where the work done has established the existence of reserves of proven, probable or possible ore, or other mineralization;

(ii) the estimated tonnage and grade of such class of mineral reserves;

(iii) whether the reserve is mineable or in situ; and

(iv) the name of the person making the estimates, the nature of the person's relationship to the Target Issuer, and the date the estimates were made,

(c) the current extent and condition of any underground exploration and development, and any underground plant and equipment;

(d) the current extent and condition of any surface exploration and development, and any surface plant and equipment; and

(e) any other results that would allow for a more accurate evaluation of the geological merits of each Principal Property.

Instructions:

1. In providing the disclosure requested in (a), include such information as the rock type, amount of alluvial cover, faults, fissures and alterations.

2. Disclose whether any of the Principal Properties are without a known body of commercial ore and whether the proposed program is an exploratory search for ore.

4. Proposed exploration and development program

Disclose the nature and extent of the proposed exploration and development program that is to be carried out by the Target Issuer using the Available Funds or by third parties under farmout or option agreements. Additionally, provide:

(a) a timetable for this program, describing each significant component of the program, and identifying the planned commencement and completion date of each significant component;

(b) a Breakdown of Costs for this proposed program with reference to Item 7; and

(c) a description of the general topography, vegetation, climate, infrastructure, means of access, source of labour and power sources that may affect the program.

Instructions:

1. In (a) include approximate dates for commencing and completing the planned exploration program, for releasing exploration results, and for obtaining the necessary regulatory approvals.

2. Significant components of the program include geological mapping, trenching, drilling, underground works, bulk sampling, feasibility study, etc.

3. If the exploration and development program is divided into stages, indicate whether proceeding with a subsequent stage in the program is contingent upon the results achieved on an earlier stage.

4. Disclose the name and relationship to the Target Issuer of the engineer on whose recommendation or report the Target Issuer is relying in formulating its exploration and development program.

5. The disclosure in (c) is only required when these factors may be potential impediments to commercial exploration. Examples may include limitations on the exploration season due to climate or effects on operations due to environmental regulations.

5. Other properties

Describe the plans that the Target Issuer/Resulting Issuer has for the Properties other than Principal Properties.

6. Dispositions

Disclose any material dispositions of Properties made by the Target Issuer within the previous three years or for which material obligations are still outstanding. Provide details of the disposition including particulars of the consideration, how the consideration was determined and whether the vendor was at Arm's Length.

7. Administration

Provide:

(a) the estimated aggregate monthly and total administration costs that will be incurred in order for the Target Issuer/Resulting Issuer to carry out its proposed exploration and development program or that will be incurred over a period of twelve months (whichever is greater), the time period during which these costs will be incurred, and any anticipated variations in the monthly amounts during that period; and

(b) a Breakdown of Costs for the monthly administration costs disclosed in paragraph (a), including any anticipated variations.

Instructions:

1. Administrative support includes professional fees, transfer agent fees, management fees, rent, travel, investor relations and other administrative costs, such as those costs required to maintain a reporting issuer in good standing, whether incurred by the issuer or its subsidiaries.

2. The disclosure under this item is not required where the Listed Issuer is listed on Tier 1 of the Exchange and has material operating revenues.

4.3B Oil and Gas Properties

Instruction:

The disclosure required under this item with respect to minor interests in Properties that are not material to the Target Issuer, may be aggregated in summary form by geographical location provided that the interest and the consideration paid is set out for each of the Properties in which the minor interest is held.

1. Location, description and acquisition

Provide the following information for each of the Properties of the Target Issuer:

(a) the name and location by field (or geographical area if a field name has not been designated);

(b) the nature (title, lease, option or other interest) and status of the interest under which the Target Issuer has or will have the rights to hold or operate the Property, and the expiry date, if applicable;

(c) the working interest, the net revenue interest (both before and after pay out), together with the gross area of the lease, the assigned petroleum and natural gas rights (all depths, certain depths or formation), the expiry date of the lease and the royalties payable;

(d) the total number of wells, including producing, shut-in, disposal, suspended and abandoned (identifying separately oil and gas wells in each category), and the amount of acreage available for further exploration and/or development;

(e) the proximity of the Property to pipelines or other means of transportation; and

(f) the details of the acquisition or proposed acquisition of the Property by the Target Issuer, including particulars of:

(i) the actual or proposed date of each acquisition;

(ii) the name of the vendor and whether the transaction was or will be at Arm's Length;

(iii) for an acquisition not at Arm's Length, the vendor's out of pocket costs;

(iv) the consideration, both monetary and non-monetary, including securities, carried interest, royalties and finders fees, paid or to be paid by the Target Issuer;

(v) any material obligations that must be complied with in order to keep any acquisition agreement and property in good standing, including work progress with stated due dates where applicable;

(vi) how the consideration was determined (e.g., limited to out of pocket costs, valuation opinion or Arm's Length negotiations); and

(vii) any valuation opinion required to support the value of the consideration paid, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets.

Instructions:

1. In providing the information requested by (b), indicate the type of interest (e.g., fee simple, leasehold, royalty, reservation, option, farmout, farmin or other types of interests and variations thereof) including the percentage interest in the Properties held by the Target Issuer. In addition, indicate whether or not a title report has been obtained. If so, disclose any material qualifications to the title report and the relationship to the Target Issuer of the individual providing the title report.

2. Out of pocket costs must be supported by either audited financial statements or an audited statement of costs.

3. The disclosure required by (f) need only be provided for all acquisitions within the last three years and for all acquisitions where material obligations under the terms of the acquisition are still outstanding.

2. Production history

Provide details on the net crude oil, natural gas liquids, natural gas and sulphur production of the Target Issuer, or in which the Target Issuer has had any type of interest, for each of the last five completed financial years preceding the date of the preliminary prospectus, and for the current year as of the Most Recent Month End. The details should include the net cash flow to the Target Issuer derived from the production.

3. Drilling activity

As of the Most Recent Month End, state:

(a) the number of wells the Target Issuer has drilled or has participated in the drilling of;

(b) the number of such wells completed as producing wells and the number abandoned as dry holes; and

(c) the amount expended by the issuer and its subsidiaries on these drilling and exploration activities with reference to item 8.

Instruction:

In providing the information requested in (c), do not include amounts expended for payments made for and under leases or other similar interests.

4. Geology and reserve summaries

For all Principal Properties, describe:

(a) the petroleum geology in the area using the available geophysical, geochemical, geological and production data;

(b) the net quantity (after the deduction of royalties) and type (crude oil, natural gas, natural gas liquids, sulphur, etc.) of the estimated reserves of the Target Issuer, together with the value assigned to the reserves on a net cash flow basis, using discount rates at 0, 10, 15, and 20%; and

(c) any other relevant details that will be of assistance to a shareholder in evaluating the geological merits of each Principal Property;

(d) State in bold print that the values reported under paragraph (b) above may not necessarily be fair market value of the reserves. Indicate whether the values are before or after income tax. Provide disclosure regarding the degree of risk assigned to the values, particularly of probable additional reserves, including a statement in bold print disclosing the approximate amount, or alternatively the approximate average percentage, by which the volume of probable reserves or their values have been reduced to allow for the risk associated with obtaining production from probable reserves. Where no percentage or calculated amounts as contemplated in the preceding sentence have been used to allow for the risk, describe the method otherwise employed to allow for such risk.

Instruction:

1. In paragraph (b), reserves include reserves as defined in National Policy Statement No. 2-B

2. The information required by (b) should be provided by jurisdiction, category (producing, non-producing, etc.) and type of reserve.

3. In accordance with National Policy Statement No. 2-B, dollar values must be calculated at current prices and costs, unless under contract as to price, to all future time.

4. Provide a summary table of the assumptions employed regarding prices, costs, inflation and other factors used. Identify the source of the data used in the estimates, including any comments the author of the report might have respecting the soundness of the data.

5. Provide the estimated total capital costs necessary to achieve the net cash flow and the amount of such costs estimated to be incurred in each of the first two years of cash flow estimates.

5. Proposed exploration and development program

Disclose the nature and extent of the proposed exploration and development program that is to be carried out by the Target Issuer/Resulting Issuer using the Available Funds or by third parties under farmout or option agreements. Additionally, provide:

(a) a timetable for this proposed program, describing each significant component of the program, and identifying the planned commencement and completion dates of each significant component;

(b) a Breakdown of Costs for this proposed program with reference to the section entitled "Available Funds"; and

(c) a description of the general topography, vegetation, climate, infrastructure (including pipelines), means of access, source of labour and power sources that may affect the program.

Instruction:

1. In (a) include approximate dates for commencing and completing the planned exploration program, for releasing exploration results, and for obtaining the necessary regulatory approvals.

2. If the exploration and development program is divided into stages, disclose whether proceeding with a subsequent stage in the program is contingent upon the results achieved on an earlier stage.

3. The disclosure in (c) is only required when these factors may be potential impediments to commercial exploration. Examples may include limitations on the exploration season due to climate or effects on operations due to environmental regulations.

4. Disclose the name and relationship to the Target Issuer of the engineer on whose recommendation or report the Target Issuer is relying in formulating its exploration and development program.

6. Other properties

Describe the plans that the Target Issuer/Resulting Issuer has for the Properties other than Principal Properties.

7. Dispositions

Disclose any material dispositions of Properties made by the Target Issuer within the previous three years or for which material obligations are still outstanding. Provide details of the disposition including particulars of the consideration, how the consideration was determined and whether the vendor was at Arm's Length.

8. Administration

Provide:

(a) the estimated aggregate monthly and total administration costs that will be incurred in order for the Target Issuer/Resulting Issuer to carry out its proposed exploration and development program or that will be incurred over a period of twelve months (whichever is greater), the time period during which these costs will be incurred, and any anticipated variations in the monthly amounts during that period; and

(b) a Breakdown of Costs for the monthly administration costs disclosed in paragraph (a), including any anticipated variations.

Instructions:

1. Administrative support includes professional fees, transfer agent fees, management fees, rent, travel, investor relations and other administrative costs, such as those costs required to maintain a reporting issuer in good standing, whether incurred by the issuer or its subsidiaries.

2. The disclosure under this item is not required where the issuer is listed on Tier 1 of the Exchange and has material operating revenues.

APPENDIX 3 TO EXCHANGE INFORMATION CIRCULAR FORM
INDEBTEDNESS OF DIRECTORS, SENIOR OFFICERS, EXECUTIVE OFFICERS AND OTHER MANAGEMENT

Part A. Disclosure of Indebtedness Other Than Under Securities Purchase Programs

1. State in the tabular form under this section, for any indebtedness referred to in Section 2.8 of the Exchange Information Circular Form, that was not entered into in connection with a purchase of securities of the issuer or any of its subsidiaries:

   (a) The name of the borrower (column (a)) and, if the borrower is a director, executive officer or senior officer, the principal position of the borrower. If the borrower was, during the year, but no longer is a director or officer, include a statement to that effect. If the borrower is a proposed nominee for election as a director, include a statement to that effect. If the borrower is included as an associate describe briefly the relationship of the borrower to an individual who is or, during the year, was a director, executive officer or senior officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual (column (a)).

   (b) Whether the issuer or a subsidiary of the issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).

   (c) The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).

   (d) The aggregate amount of indebtedness outstanding as at a date within thirty days of certification of the information circular (column (d)).

TABLE OF INDEBTEDNESS, OTHER THAN UNDER SECURITIES PURCHASE PROGRAMS

Name and Principal Position (a)	Involvement of Issuer or Subsidiary (b)	Largest Amount Outstanding During [Last Completed Financial Year] ($) (c)	Amount Outstanding as at [current date] ($) (d)

2. State in the introduction immediately preceding the table required in Part A, section 1, the aggregate indebtedness (other than under securities purchase programs),

   (a) to the issuer or any of its subsidiaries; and

(b) to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries,

of all officers, directors, employees and former officers, directors and employees of the issuer or any of its subsidiaries outstanding as at a date within thirty days of certification of the information circular.

Part B. Disclosure of Indebtedness Under Securities Purchase Programs

1. State in the tabular form under this Part, for any indebtedness referred to in Section 2.8 of the Exchange Information Circular Form that was entered into in connection with a purchase of securities of the issuer of any of its subsidiaries:

(a) The name of the borrower (column (a)) and, if the borrower is a director, executive officer or senior officer, the principal position of the borrower. If the borrower was, during the year, but no longer is a director or officer, include a statement to that effect. If the borrower is a proposed nominee for election as a director, include a statement to that effect. If the borrower is included as an associate describe briefly the relationship of the borrower to an individual who is or, during the year, was a director, executive officer or senior officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual (column (a)).

(b) Whether the issuer or a subsidiary of the issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).

(c) The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).

(d) The aggregate amount of indebtedness outstanding as at a date within thirty days of certification of the information circular (column (d)).

(e) Separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (column (e)).

(f) The security for the indebtedness, if any, provided to the issuer, any of its subsidiaries or the other entity (column (f)).

TABLE OF INDEBTEDNESS UNDER SECURITIES PURCHASE PROGRAMS

Name and Principal Position (a)	Involvement of Issuer or Subsidiary (b)	Largest Amount Outstanding During [Last Completed Financial Year] ($) (c)	Amount Outstanding as at [current date] ($) (d)	Financially Assisted Securities Purchases During [Last Completed Financial Year] (#) (e)	Security for Indebtedness (f)

2. State in the introduction immediately preceding the table required by Part B, section 1, the aggregate indebtedness (under securities purchase programs),

   (a) to the issuer or any of its subsidiaries; and

   (b) to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries,

   of all officers, directors, employees and former officers, directors and employees of the issuer or any of its subsidiaries outstanding as at a date within thirty days of certification of the information circular.

Part C. Additional Footnote or Narrative Disclosure Accompanying Tables

1. Disclose in a footnote to, or a narrative accompanying, each table required by this Appendix,

   (a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including without limitation the term to maturity, rate of interest and any understanding, agreement or intention to limit recourse, and for the table required by Part A only, any security for the indebtedness and the nature of the transaction in which the indebtedness was incurred;

   (b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding; and

   (c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including but not limited to provisions for exchange, conversion, exercise, redemption, retraction and dividends.

2. No disclosure need be made under this Item of an incidence of indebtedness that has been entirely repaid on or before the date of certification of the information circular or of routine indebtedness.

"Routine indebtedness" means indebtedness described in any of the following clauses:

(a) If an issuer makes loans to employees generally, whether or not in the ordinary course of business, loans are considered routine indebtedness if made on terms, including those as to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the issuer to employees generally, but the amount at any time during the last completed financial year remaining unpaid under the loans to any one director, executive officer, senior officer or proposed nominee together with his or her associates that are treated as routine indebtedness under this clause must not exceed $25,000.

(b) Whether or not the issuer makes loans in the ordinary course of business, a loan to a director, executive officer or senior officer is considered routine indebtedness if:

(i) the borrower is a full-time employee of the issuer;

(ii) the loan is fully secured against the residence of the borrower; and

(iii) the amount of the loan does not exceed the annual salary of the borrower.

(c) If the issuer makes loans in the ordinary course of business, a loan is considered routine indebtedness if made to a Person other than a full-time employee of the issuer, and if the loan:

(i) is made on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the issuer with comparable credit ratings: and

(ii) involves no more than usual risks of collectibility.

(d) Indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons is considered routine indebtedness if the repayment arrangements are in accord with usual commercial practice.

FORM 3B

DECLARATION OF CERTIFIED FILING PROMOTIONAL AND MARKET-MAKING ACTIVITIES

Re: _____ (the "Issuer").

SEDAR Project #:_____.

The undersigned hereby certifies that:

1. He or she is a director or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this declaration.

2. Attached is a letter which:

   (a) fully describes any arrangements, oral or written, for the provision of investor relations, promotional and/or market-making activities of the Issuer (the "Activities");

   (b) briefly describes:

      (i) the background, ownership, business and place of business of the person providing the services;

      (ii) the relationship between the Issuer and the person providing the services; and

      (iii) any interest, direct or indirect, in the Issuer or its securities, or any right to acquire such an interest held by the person providing the services;

   (c) fully describes the Activities to be provided, including:

      (i) the period during which the services will be provided;

      (ii) the activities to be carried out;

      (iii) the anticipated total costs of those activities to the Issuer; and

      (iv) for market-making arrangements, the identity and relationship to the Issuer of any person providing funds or securities for the market-making activities; and

   (d) fully describe all direct and indirect consideration and the timing of payment and source of funds.

3. A news release dated _____ has disclosed all Activities of the Issuer and, if these arrangements are in place while the Issuer's prospectus or filing statement is in progress, the Activities are disclosed in the prospectus or filing statement.

4. The compensation for the Activities will neither render the Issuer insolvent nor cause the Issuer financial hardship. The Issuer undertakes not to settle any amount owed for the Activities by issuing shares, either by a private placement or a shares for debt transaction, and acknowledges that the resale restrictions in the securities legislation would prohibit the resale of securities of the Issuer by someone preparing the market or creating a demand for the securities.

5. The undersigned confirms that any stock options issued as consideration for the provision of the Activities are in accordance with Policy 4.4 – Director, Officer and Employee Stock Options, including the limitation to 2% of the issued shares and the required vesting provisions.

6. If the Issuer is a Tier 2 Issuer on the Exchange and has entered into an agreement for Activities with total payments or commitments in any 12 month period of $100,000 or more, the following items are enclosed for filing:

   (a) Copy of the agreement, which provides that the agreement is subject to prior review and acceptance by the Exchange and that no payments can be made until the Exchange has accepted the agreement;

   (b) Particulars of the identity of the person or firm providing the Activities including Personal Information Forms for the persons, principals and key employees who will be providing the Activities;

   (c) Copies of all promotional or investor relations literature; and

   (d) The required fee.

7. If the Issuer is a Tier 2 Issuer on the Exchange and has entered into an agreement for Activities with total payments or commitments in any 12 month period of less than $100,000, the following items are enclosed for filing:

   (a) Copy of the agreement and any related agreements;

   (b) Particulars of the identity of the person or firm providing the Activities including Personal Information Forms for the persons, principals and key employees who will be providing the Activities;

   (c) An undertaking to provide the Exchange with copies of any materials prepared in conjunction with the agreement that are intended for external distribution; and

   (d) The required fee.

8. The undersigned confirms that the agreements entered into by the Issuer for the provision of Activities are in all respects in accordance with Policy 3.4 – Investor Relations, Promotional and Market – Making Activities except for any provisions specifically identified as non-complying in the covering letter to this filing.

There are no material changes in the affairs of the Issuer which have not been publicly disclosed.

Dated this _____ day of _____, _____.

_____
Name of Director or Senior Officer
(please type or print)

_____
Signature of Director or Senior Officer

_____
Official Capacity/Title

Enclosures:

Letter describing the services (Item 2)	[ ]
All agreements (Items 6(a) or 7(a))	[ ]
Personal Information Form(s) (Item 6(b) or 7(b))	[ ]
All promotional and investor relation literature (Item 6(c))	[ ]
Further particulars	[ ]
Undertaking to provide additional materials (Item 7(c))	[ ]

FORM 4A

PRIVATE PLACEMENT NOTICE FORM

Re: _____ (the "Issuer").

Trading Symbol: _____.

Issued and Outstanding Listed Shares Prior to Private Placement _____.

Date Price Reservation Form filed (if applicable) _____.

Date of News Release Announcing the Private Placement _____.

---

1. Total amount of funds to be raised: _____ .

2. Description of securities to be issued:

   (a) Class _____ .

   (b) Number _____ .

   (c) Price per security _____ .

3. If Warrants are to be issued, provide the following information:

   (a) Number _____ .

   (b) Number of Listed Shares eligible to be purchased on exercise of Warrants _____ .

   (c) Exercise price of Warrants _____ .

   (d) Expiry date of Warrants _____ .

4. If Debt Securities are to be issued, provide the following information:

   (a) Aggregate principal amount _____ .

   (b) Maturity date _____ .

   (c) Interest rate _____ .

   (d) Conversion terms _____ .

(e) Default provisions _____ .

5. Placees - Please complete the following chart for each placee

(a) who will hold =5% of the issued and outstanding Listed Shares of the Issuer post-closing of the placement;

(b) who is an Insider; and

(c) who is a member of the Pro Group.

**Name & Address of Purchaser	Number of Securities Purchased	Section of Act/Rules Prospectus Exemption	Present Direct & Indirect Holdings in the Issuer	Payment Date if applicable	*Insider=Y ProGroup=P Not Applicable=N/A

*If the placee is an Insider prior to closing or will be an Insider post-closing, please indicate with a "Y".

**If placee is not an individual and a Corporate Registration Form has not been filed, state the names of the beneficial owners holding = 20% of the placee.

6. If a Tier 1 Issuer, please disclose the proposed use of proceeds.

_____

_____

If the Issuer is a Tier 2 Issuer, please disclose the use of proceeds and provide a comparison to expenditures on similar categories in the preceding 12 month period.

Use of Proceeds	Expenditures on Similar Categories in Preceding 12 Months

7. State the estimated working capital on hand as at the preceding month end.

_____

8. Provide the following information for any bonus, finder' s fee, commission or Agent's Option to be paid in connection with the placement:

   (a) Sales Agent/broker (name, address, beneficial ownership where applicable) _____ .

   (b) Cash _____ .

   (c) Securities _____ .

   (d) Expiry date of any Agent's Option _____ .

   (e) Exercise price of any Agent's Option _____ .

9. State whether the Sales Agent is a Related Party of the Issuer.

10. Describe the particulars of any other proposed Material Changes in the affairs of the Issuer.

    _____.

11. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).

    _____.

12. State whether the Private Placement will result in a change of control.

    _____.

13. State whether shareholder approval of the Private Placement is required.

    _____.

14. State the Prospectus exemption(s) being relied on and the hold period to which the securities will be subject. (Including Exchange four month hold period.)

    _____.

15. If this transaction is not fully in accordance with Policy 4.1 - Private Placements, indicate where there are deviations, and explain why a waiver of policy is in the best interests of the Issuer and the investing public.

    _____.

FORM 4B

PRIVATE PLACEMENT SUMMARY FORM

To be provided at the final filing stage. Please complete the following:

Re: _____(the "Issuer").

Trading Symbol: _____ .

Date: _____ .

Date of Exchange Conditional Acceptance: _____ .

Total Number and Type of Security: _____ .

Full Name & Residential Address of Purchaser	Number of Securities Purchased	Purchase price per Security (CDN$)	Prospectus Exemption	Present Direct & Indirect Holdings in the Issuer	Payment Date**	*Insider=Y ProGroup=P Not Applicable=N/A

*If the placee is an Insider prior to closing or will be an Insider post-closing, please indicate with a "Y".

**Has each placee advanced payment to the Issuer or have the placement funds been placed in trust pending receipt of all necessary approvals?

YES _____ NO _____

If NO, please explain: _____

1. Each purchaser has been advised of the applicable Securities Law and Exchange hold period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period.

2. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders, and provide the date on which shareholder approval has been or will be obtained for the transaction.

3. A Form 4D - Corporate Placee Registration Form with current information is enclosed or has been filed for each subscriber that is not an individual.

YES _____ NO _____

If the Form 4D on file does not contain current information, a new Form, or amendment to the Form, must be submitted by the placee.

FORM 4C

PRIVATE PLACEMENT
DECLARATION OF CERTIFIED FILING

Re: _____ (the "Issuer").

Trading Symbol: _____ .

This Declaration accompanies an application to the Exchange for final acceptance of the Private Placement summarized in the Private Placement Summary Form attached hereto (the "Filing").

The undersigned hereby certifies that:

a) the undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration;

b) the Filing is in all respects in accordance with Policy 4.1 – Private Placements, in effect as of the date of this Declaration or any deviations are disclosed in the Notice previously filed by the Issuer;

c) there are no Material Changes in the affairs of the Issuer which have not been publicly disclosed; and

d) any changes to the terms of this Private Placement since the conditional acceptance of the Notice have been disclosed in an attachment to this Declaration.

Dated _____ .

_____
Name of Director or Senior Officer

_____
Signature

_____
Official Capacity

FORM 4D

CORPORATE PLACEE REGISTRATION FORM

Where subscribers to a private placement are not individuals, the following information about the placee must be provided. This Form will remain on file with the Exchange. The corporation or other entity (the "Company") need only file it once, and it will be referenced for all subsequent private placements in which it participates. If any of the information provided in this Form changes, the Company must notify the Exchange prior to participating in further placements with Exchange listed companies.

1. Name of Company:

   _____

2. Address of Company's Head Office:

   _____

3. Jurisdiction of Incorporation:

   _____

4. If the Company will be purchasing securities as principal, please check the box and include the names and addresses of persons having a greater than 10% beneficial interest in the Company: ☐

   _____

5. The undersigned acknowledges that it is bound by the provisions of the British Columbia *Securities Act* including, without limitation, sections 87 and 111 concerning the filing of insider reports and reports of acquisitions.

6. For Companies which are BC reporting issuers:

   If the Company will be purchasing as a portfolio manager, please check the box and complete the Additional Undertaking and Certification set out below. ☐

Dated at _____ on _____.

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____
(please print name of individual whose signature appears above, if different from name of purchaser printed above)

Additional Undertaking and Certification - Portfolio Manager:

If the undersigned is a portfolio manager purchasing as agent for accounts that are fully managed by it, the undersigned acknowledges that it is bound by the provisions of the Securities Act (British Columbia) (the "Act"), and undertakes to comply with all provisions of the Act relating to ownership of, and trading in, securities including, without limitation, the filing of insider reports and reports pursuant to Section 111 of the Act.

If the undersigned carries on business as a portfolio manager in a jurisdiction outside of Canada, the undersigned certifies that:

a) it is purchasing securities of the Issuer on behalf of managed accounts over which it has absolute discretion as to purchasing and selling, and in respect of which it receives no instructions from any person beneficially interested in such accounts or from any other person;

b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

d) the total asset value of the investment portfolios it manages on behalf of clients is not less than $20,000,000;

e) it does not believe, and has no reasonable grounds to believe, that any resident of British Columbia has a beneficial interest in any of the managed accounts for which it is purchasing; and

(f) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

Dated at _____ on _____.

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____
(please print name of individual whose signature appears above, if different from name of purchaser printed above)

THIS IS NOT A PUBLIC DOCUMENT

FORM 4D1
CORPORATE PLACEE REGISTRATION FORM

Where subscribers to a private placement are not individuals, the following information about the placee must be provided. This Form will remain on file with the Exchange. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it once, and it will be referenced for all subsequent private placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed companies.

1. Name of Placee:

   _____

2. Address of Placee's Head Office:

   _____

3. Jurisdiction of Incorporation or Creation:

   _____

4. If the Placee will be purchasing securities as principal, but not as a portfolio m anager, please check the box and include the names and addresses of persons having a greater than 10% beneficial interest in the Placee: ☐

   _____

5. The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions (See for example, sections 87 and 111 of the *Securities Act* (British Columbia) and sections 141 and 147 of the *Securities Act* (Alberta).

6. For Placees which are portfolio managers or trusts purchasing pursuant to an exemption from the prospectus requirements prescribed by British Columbia Securities Law and are required pursuant to the applicable exemption to be purchasing as agent for accounts that are fully managed by it, please check the box and complete the Additional Undertaking and Certification in Form 4D2. ☐

Dated at _____ on _____.

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____
(please print name of individual w hose signature appears above, if different from name of purchaser printed above)

THIS IS A PUBLIC DOCUMENT

FORM 4D2

Portfolio Manager: Additional Undertaking and Certification

If the undersigned is a portfolio manager purchasing as agent for accounts that are fully managed by it, pursuant to an exemption from the prospectus requirements prescribed by British Columbia Securities Law, the undersigned acknowledges that it is bound by the provisions of the Securities Act (British Columbia) (the "Act"), and undertakes to comply with all provisions of the Act relating to ownership of, and trading in, securities including, without limitation, the filing of insider reports and reports pursuant to Section 111 of the Act. If any of the information provided in this Form changes, the portfolio manager undertakes to notify the Exchange prior to participating in further private placements with Exchange listed companies.

If the undersigned carries on business as a portfolio manager in a jurisdiction outside of Canada, the undersigned certifies that:

a) it is purchasing securities of the Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

d) the total asset value of the investment portfolios it manages on behalf of clients is not less than $20,000,000; and

e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

Dated at _____ on _____.

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____
(please print name of individual whose signature appears above, if different from name of purchaser printed above)

FORM 4E

WARRANT AMENDMENT SUMMARY FORM AND CERTIFICATION

Re:_____ (the "Issuer").

Trading Symbol:_____.

The following is an application to (please check the appropriate box):

Extend the term of Warrants ☐

Amend the price of Warrants ☐

The Issuer is a: Tier 1 Issuer ☐ Tier 2 Issuer ☐

---

1. Terms of Original Private Placement

(a) Number of Listed Shares issued_____ .

(b) Price Listed Shares issued at _____ .

(c) Number of Warrants issued_____ .

(d) Date of Announcement of Private Placement _____ .

(e) Market Price at Date of Announcement of Private Placement_____ .

(f) Original Warrant exercise price : Year 1 _____ Year 2_____

(If applicable) Year 3_____Year 4_____Year 5_____

(g) Original term of Warrants_____ .

(h) Original expiry date of Warrants _____ .

(i) Percentage of Warrants held by Insiders_____ .

(j) Indicate the number of Warrants, if any, which have been exercised, and the date of the exercise _____ .

2. Requested Amendments to Warrant Terms

Please complete the relevant sections below disclosing the requested amendments.

(a) Extension of Warrant term applied for:

Amended Warrant expiry date _____ .

Adjusted Warrant exercise price Year 1_____ Year 2_____

(If applicable) Year 3_____ Year 4_____ Year 5_____

(b) Amendment of Exercise Price applied for:

Amended Warrant exercise price

Year 1_____ Year 2_____

(If applicable) Year 3_____ Year 4_____ Year 5_____

Is there a maximum 30 day exercise provision pursuant to section 5.3(b) of Policy 4.1? Yes ☐ No ☐

If Yes, have all of the remaining Warrant holders consented to the repricing and reduced exercise provision? Yes ☐ No ☐

If no, please explain. _____

This Certification accompanies an application to the Exchange for acceptance of the Amendment of Warrant Terms (the "Filing").

The undersigned hereby certifies that:

a) the undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration;

b) the Filing is in all respects in accordance with Policy 4.1 – Private Placements in effect as of the date of this Declaration, or any deviations therefrom are disclosed in this Form; and

c) there are no Material Changes in the affairs of the Issuer which have not been publicly disclosed.

Dated _____.

_____
Name of Director or Senior Officer

_____
Signature

_____
Official Capacity

FORM 4F

EXPEDITED PRIVATE PLACEMENT FORM

Re: _____ (the "Issuer").

Trading Symbol: _____.

The undersigned hereby certifies the following information relating to the Expedited Private Placement.

The transaction complies fully with the criteria for expedited Private Placements set out in Policy 4.1 – Private Placements.

Issued and outstanding Listed Shares prior to Private Placement_____.

Date Price Reservation Form filed (if applicable) _____.

Date of news release announcing the Private Placement _____.

---

1. Total amount of funds to be raised: _____ .

2. Description of securities to be issued:

   (a) Class _____ .

   (b) Number _____ .

   (c) Price per security _____ .

3. If Warrants are to be issued, provide the following information:

   (a) Number _____ .

   (b) Number of Listed Shares eligible to be purchased on exercise of Warrants _____ .

   (c) Exercise price of Warrants _____ .

   (d) Expiry date of Warrants _____ .

4. Placees - Please complete the following chart.

**Name and Address of Placee	Number of Securities to be Purchased	Applicable Statutory Exemption	Payment Date	*Insider=Y ProGroup=P Not Applicable=N/A

*If the placee is an Insider prior to closing or will be an Insider post-closing, please indicate with a "Y".

**If the placee is not an individual and a Corporate Registration Form has not been filed, state the names of the beneficial owners holding = 20% of the placee.

5. If brokered, provide the name of the agent conducting the Private Placement.

_____

6. Please disclose the proposed use of proceeds.

_____

7. Provide the following information for any bonus, finder's fee, commission or Agent's Option to be paid in connection with the placement:

(a) Sales Agent/broker (name, address, beneficial ownership where applicable)

_____ .

(b) Cash _____ .

(c) Securities _____ .

(d) Expiry date of any Agent's Option _____ .

(e) Exercise price of any Agent's Option _____ .

8. State whether the Sales Agent/broker is a Related Party of the Issuer.

9. Describe the particulars of any other proposed Material Changes in the affairs of the Issuer.

10. Describe any unusual particulars of the transaction (i.e. tax "flow through" shares, etc.).

11. The aggregate number of securities issued pursuant to the Expedited Filing System (including this transaction) in the last 12 months is:

Expedited Acquisitions: _____ Listed Shares in total.

Expedited Private Placements: _____ Listed Shares in total.

12. Each purchaser has been advised of the applicable Securities Law or Exchange hold period. All securities subject to a hold period will bear a legend on their certificate indicating the applicable hold period.

13. A Corporate Placee Registration Form with current information:

is enclosed ☐; or

has been previously filed ☐

for each purchaser that is not an individual.

Dated _____ .

_____
Name of Director and/or
Senior Officer

_____
Signature

_____
Official Capacity

FORM 4G

ALBERTA EXCHANGE OFFERING PROSPECTUS (THE "ALBERTA EOP")

Notice: The Disclosure In The Alberta EOP Shall Follow The Order Indicated. Where The Alberta EOP Is Filed In Alberta And Other Jurisdictions The Alberta EOP Must Comply With The Legislation Of Each Jurisdiction In Which Securities Will Be Distributed.

Refer to Policy 4.2 - Prospectus Offerings.

1. Face Page

Instruction

The information must fit on one page. If it does not, the cover page shall consist of items 1.1, 1.2 and 1.3 with the remaining information on the following page. No additional material shall be included, except, if desired, a brief sentence concerning the Alberta Issuer's business.

1.1 Headings

Insert the following or such variations thereof as the Exchange may permit, on the face page as applicable:

(a) Neither the Canadian Venture Exchange Inc., the Alberta Securities Commission nor any other securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This exchange offering prospectus constitutes a public offering of these securities only in the Province of Alberta.

(b) Prospective investors may wish to obtain further information from the documents filed with the Canadian Venture Exchange Inc. and the Alberta Securities Commission and listed herein or from the Alberta Issuer.

(c) This is a preliminary exchange offering prospectus relating to these securities, a copy of which has been filed with the Canadian Venture Exchange Inc. and the Alberta Securities Commission but that has not yet become final for the purposes of a distribution. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time that the exchange offering prospectus has been accepted by the Canadian Venture Exchange Inc. and a receipt is obtained from the Alberta Securities Commission for the exchange offering prospectus.

1.2 Summary of the Offering

State the name of the Alberta Issuer and of the security being offered. State the amount of the offering in terms of dollars and units of the offered security, or the range if there is a minimum and maximum offering. State the price, if determined, or the method for determining the price (by making reference to the closing price prior to the offering day) if not determined.

1.3 Speculative Warning

State in bold print that the securities offered are speculative or highly speculative, if applicable, and provide a cross-reference to the risk factor section.

1.4 Distribution Spread Table

Provide a table showing the gross proceeds, agent's or underwriter's commission or discount, and net proceeds on a per unit, total offering and on a minimum and maximum offering basis.

If not determined, provide a description of the method by which these amounts will be determined. Provide an estimate of the other direct costs of the offering. If there is a secondary offering, so state. In the case of a special warrant offering a note to the distribution table should state the amount which has been received by the Alberta Issuer on the sale of the special warrants.

1.5 Plan of Distribution

State that the offering is being made through the facilities of the Exchange and whether it is by fixed price offering, open market distribution or special warrant offering. Identify the Agent and state whether the offering is underwritten or whether it is being distributed on an agency basis. Identify any additional compensation, in the form of options or otherwise, being given to the Agent and persons associated with or employed by it.

2. The Alberta Issuer And Its Business (The order of the information under this section may be changed to obtain greater clarity of presentation).

Instructions

(a) "Material Subsidiary" means

(i) any subsidiary which contributes 20% or more of the Alberta Issuer's assets or revenues and is not wholly owned, or

(ii) any subsidiary the identity of which is material to an investor's investment decision because of the subsidiary's products, previous corporate activity, or any other reason, whether or not such subsidiary is wholly owned.

(b) Mining and Oil and Gas Alberta Issuers:

(i) In disclosing the Alberta Issuer's interest in a property, reference should be made to the size of the interest and its nature (i.e. whether owned absolutely or held on option, and if on option or otherwise subject to conditions to maintain the interest, the nature of the conditions).

(ii) All engineering and geological reports must comply with National Policy 2A or 2B, as applicable, except for Appendix 2 thereof. The summary of each report should include the following information:

A. Reserves should be categorized into Proved and Probable Additional. In the case of an oil and gas Alberta Issuer, Proved reserves should be further categorized into Proved Producing and Proved Non-Producing. The reserve definitions used must comply with those in the Regulations under the Securities Act (Alberta).

B. State anticipated capital expenditures during each of the first and second years after the date of the report and, if such expenditures are greater than estimated cash flow, indicate the amount by which they exceed estimated cash flow for the year.

C. Disclose whether estimates are on a pre-tax or after-tax basis.

D. State the effective date of the report.

E. State whether probable reserves have been reduced to reflect risk, and if so, indicate the amount of the reduction.

F. State the assumptions employed regarding prices, costs, inflation and other forecast factors used.

2.1 Corporate Summary

(a) State the incorporating jurisdiction of the Alberta Issuer, the address of its principal office, the names of its Material Subsidiaries and the percentage it owns of each.

(b) Describe any changes to the organizational structure of the Alberta Issuer and its Material Subsidiaries in the last five years and the nature and result of any material changes thereto including mergers, amalgamations, acquisitions or dispositions of material assets and relevant bankruptcy, receivership or similar proceedings.

2.2 Description of Business

Describe the business carried on by the Alberta Issuer and its Material Subsidiaries in the last two years or such shorter period as the Alberta Issuer or the Material Subsidiaries may have been in business. The description should include, if applicable, the following:

(a) Industrial Issuer

(i) The principal product or service lines of the Alberta Issuer;

(ii) The methods of production and distribution, the markets for the Alberta Issuer's principal products or services, and the sources of supply for raw materials;

(iii) The general development of the business including significant capital expenditures incurred;

(iv) Seasonal aspects of the operations and any relevant regulatory or environmental considerations;

(v) The current status of previously announced new products, markets and other developments; and

(vi) If the Alberta Issuer has not commenced business or is entering a new business, a feasibility study is to be filed unless the Alberta Issuer meets the following tests:

(A) Net income before extraordinary items of at least $25,000 after all charges including income taxes in the financial year immediately preceding the filing of the preliminary Alberta EOP; or

(B) A minimum average net income before extraordinary items of $25,000 after all charges including income taxes for two of the last three financial years; or

(C) The Alberta Issuer proposes to use a substantial portion of the proceeds of the offering to develop or acquire a business, which meets the tests in items 2.2(a)(vi)A and 2.2(a)(vi)B.

The feasibility study shall contain conclusions and recommendations regarding product feasibility, market plan implementation, product development and financial plan. These conclusions and recommendations shall be summarized in the Alberta EOP.

(vii) An Alberta Issuer who does not meet the tests in item 2.2(a)(vi) and who proposes to use the proceeds raised from the offering to continue the development of a product or service, which product or service was the subject of a prior feasibility study filed in connection with a prior prospectus, major transaction or reverse takeover information circular and dated within 12 months of the date of the receipt for the preliminary Alberta EOP, will be required to file an updated report prepared by a qualified independent party. Where there has been no material change in the affairs of the Alberta Issuer since the prior feasibility study, the updated report may take the form of a letter in which the consultant reconfirms the contents and conclusions contained in the prior feasibility study. Where there has been a material change in the affairs of the Alberta Issuer, the updated report should describe the material change and the effect of such change, if any on the conclusions contained in the prior feasibility study. If the date of the receipt for the preliminary Alberta EOP is later than 12 months from the date of the receipt for the prior prospectus, or the major transaction or reverse takeover information circular, a new feasibility study filed in accordance with item 2.2(a)(vi) will be required. The conclusions and recommendations should be summarized in the Alberta EOP.

(b) **Mining Issuer**

(i) Identify all of the Alberta Issuer's properties, state their name, location, the mineral to be explored for, and the nature and extent of any development work performed during the last 24 months.

(ii) For properties upon which proceeds of the offering will be spent or for which other capital expenditures (other than minimum work requirements) are planned, state the Alberta Issuer's interest, work performed to date, whether reserves have been established and if so, the extent of the reserves, exploration and development plans, and estimated costs. File a report of a qualified independent engineer or geologist dated not more than 12 months from the date of the preliminary Alberta EOP supporting the reserves, exploration and development plans, and costs.

(iii) For each property acquired directly or through intermediaries from one of the persons named in item 5, not acquired at arm's length, or, acquired in the last 24 months, state the date and terms of the acquisition. If the acquisition was at arm's length, so state. If not, state the person from whom the property was acquired. If applicable, this information may be included in item 5.5 with a cross-reference.

(iv) State the rates of production, if any, for the 24 month period prior to the date of the preliminary Alberta EOP.

(c) **Oil and Gas Issuer**

(i) Describe the Alberta Issuer's principal properties, the Alberta Issuer's interest therein, and the nature and extent of any development work performed during the last 24 months.

(ii) **Alberta Qualifying Issuer**

(A) Provide a summary or summaries of proven and probable reserves indicating physical volumes and present value of future net cash flows discounted at 0%, 10%, 15% and 20%. Future net cash flow estimates must be based on constant current prices and costs but may be supplemented by escalated prices and costs. Include a statement that the Alberta Issuer is not aware of any material adverse change from the facts reported. State that the estimates do not necessarily reflect fair market value of the reserves.

(B) Provide an estimate of value of the Alberta Issuer's undeveloped acreage.

(C) Independent reports must be filed encompassing the information required in items 2.2(c)(ii)A and 2.2(c)(ii)B for any property producing more than 15% of the Alberta Issuer's revenue during the last financial year or period and any property (whether or not reserves are attributed to it) estimated to have a value of 15% or more of the aggregate value of the Alberta Issuer's reserves and undeveloped acreage. For purposes of calculating the value of reserves, proven and probable reserves are to be calculated at a 15% discount rate with probable reserves further discounted by 50% if the probable reserves have not already been discounted in the independent reports for risk. The independent reports are required to evaluate additional properties so that the value or the revenues produced by the properties independently evaluated are not less than 60% of the value or of the revenues produced by the Alberta Issuer's aggregate properties.

(D) Provide reports prepared by or on behalf of management for any other properties to which value is attributed which were not included in a current independent report. The author of this in-house report must have suitable professional qualifications and related work experience.

(E) Indicate clearly which information required by this section was derived from the independent report and which information was derived from the in-house report. State the name of the independent engineer.

(iii) **Exchange Issuer**

(A) For those geographical areas upon which proceeds of the offering will be spent or for which capital expenditures (other than minimum work requirements) are planned provide a summary or summaries of proven and probable reserves indicating physical volumes and present value of future net cash flows discounted at 0%, 10%, 15% and 20%. Future net cash flow estimates must be based on constant current prices and costs but may be supplemented by escalated prices and costs. Include a statement that the Alberta Issuer is not aware of any material adverse change from the facts reported. State that the estimates do not necessarily reflect fair market value of the reserves.

(B) For each property where the discounted cash flow proven reserves exceed $500,000 calculated upon constant pricing assumptions discounted at 15%, provide a summary of proven reserves in accordance with item 2.2(c)(iii)A. If the Alberta Issuer has other properties which do not meet the aforementioned criteria or which do not have proven reserves, provide disclosure to this effect.

(C) Independent reports must be filed encompassing the information required in item 2.2(c)(iii)A and 2.2(c)(iii)B

(iv) All reports required by this section shall have an effective date within 12 months of the date of the preliminary Alberta EOP.

(v) If any property mentioned was acquired from one of the persons named in item 5 or was otherwise not acquired at arm's length, state the date and terms of the acquisition. If applicable, this information may be included in item 5.5 with an appropriate cross-reference.

(vi) Describe the drilling history and state the rates of production, if any, for the 24 month period prior to the date of the preliminary Alberta EOP.

3. Use Of Proceeds

Instructions

(a) If proceeds are being used to repay debt incurred within the 24 month period prior to the date of the preliminary Alberta EOP, include a statement of the use made of the proceeds of the indebtedness.

(b) Where there is a minimum offering, such minimum offering must have a reasonable relationship to the maximum offering.

(c) Descriptions must specifically identify, by property, project name, or otherwise, expenditures recommended in the feasibility, engineering and geological report.

3.1 State, using tabular format where possible, the specific uses to be made of the proceeds of the offering within the next 12 months in terms of maximum and minimum offering amounts including the amount and source of any other funds to be spent in conjunction with the proceeds of the offering.

3.2 State the priority of various expenditures in the event that less than the maximum offering is achieved, and identify any plans, which are contingent upon results.

3.3 In the case of a Special Warrant Offering, disclose whether the funds are being held in trust, and if so, the conditions for release of the funds to the Alberta Issuer or alternatively disclose that the Alberta Issuer has received the funds.

3.4 In the case of a Special Warrant Offering where all or a portion of the funds raised through the issuance of special warrants have been spent prior to the filing of the Alberta EOP, disclose the specific application of the funds or the intended use of proceeds.

4. Terms Of Security

Briefly describe the material terms of the security offered and, if relevant to an understanding of the offered securities, the terms of other securities of the Alberta Issuer. For example, if common securities are offered, describe the terms of all authorized preferred securities, issued or not.

5. Principals Of The Alberta Issuer

Instructions

(a) If it is intended that an individual be employed full-time, a statement to that effect is sufficient compliance with the requirement to state the time to be devoted to the affairs of the Alberta Issuer. An employee is not considered to be full-time if another company also employs him.

(b) "Executive Officer" means

(i) The chairman and any vice-chairman of the board of directors of the Alberta Issuer where that person performs the functions of that office on a full-time basis;

(ii) The president or any vice-president in charge of a principal business unit such as sales, finance or production; and

(iii) Any officer of the Alberta Issuer or of any subsidiary of the Alberta Issuer who performs a policy-making function in respect of the Alberta Issuer, whether or not that officer is also a director of the Alberta Issuer or the subsidiary.

(c) Special duties do not include board committees but does include consulting or providing special expertise.

(d) Remuneration, under item 5.4 will include amounts paid or credited directly to the individual or indirectly to a corporation, trust or other entity on behalf of the individual as compensation for services and any amount considered to be income for purposes of the Income Tax Act (Canada) such as, for example, salary or wages, commission, directors and other fees, benefits, forgiven debts and retirement, death or termination payments.

(e) It should be noted that item 5.5 requires disclosure of all material transactions with the persons specified.

5.1 Management Background

Describe each of the members of management (all directors, Executive Officers and any other key personnel) of the Alberta Issuer. State in paragraph form each individual's full name, municipality of residence and position held with the Alberta Issuer (in a heading or lead-in to the paragraph). Disclose each individual's principal occupations for the 24 month period prior to the date of the preliminary Alberta EOP, prior occupations related to the Alberta Issuer's business or position, positions with companies in the same business, relevant educational background and securityholdings (including options and other rights to acquire securities). With respect to all executive officers and any directors expected to perform special duties, disclose the amount of time each person intends to devote to the affairs of the Alberta Issuer and the nature of the work expected to be done by that person.

5.2 Principal Holders of Voting Security

Identify any security holders known to the Alberta Issuer who hold in excess of 10% of the voting securities either directly or indirectly or, if there are none, the largest security holder. In determining security holders, include both direct and indirect holdings such as holdings through nominees, intermediary corporations, associates, affiliates, partnerships or any other entities. For example, if a corporation is shown as owning voting securities of the Alberta Issuer, identify any individual, who through direct or indirect ownership, owns in excess of 10% of the voting securities of the Alberta Issuer. Once the principal holders of voting securities have been identified, state the full name, municipality of residence, and security holdings including options and other rights to acquire securities for each.

5.3 Promoters

Identify any promoter of the Alberta Issuer not identified above and give the information set out in item 5.2 with respect to each promoter.

5.4 Executive Remuneration

Disclose the total remuneration paid or accrued during the last financial year for all directors, Executive Officers, and any other key personnel described in item 5.1 who were employed by the Alberta Issuer or retained on a consulting basis, and estimates of these amounts for the current and succeeding financial year.

5.5 Interest of Management in Material Contracts and Loans

(a) Describe the terms of any proposed or ongoing transactions (including any loans) between the Alberta Issuer and any person identified in items 5.1, 5.2 or 5.3, or any associate or affiliate of such a person, and any such transactions during the 24 month period prior to the date of the preliminary Alberta EOP. With respect to loans, describe the amount presently outstanding, the original principal amount, the purpose of the loan, the interest rate and any significant changes in the amount outstanding during the 24 month period prior to the date of the preliminary Alberta EOP. With respect to transfers of property, state the costs of the property to the transferor.

(b) If the offering is a secondary offering, indicate the number of securities being sold by each person named in this section selling securities, or the range to be sold by each person if the offering is not of a fixed size.

(c) State the number of securities being offered which those persons identified in items 5.1, 5.2 and 5.3 intend to purchase.

6. Escrowed Securities

If the Alberta Issuer is an Alberta Qualifying Issuer, describe the terms of any escrow or pooling arrangement under which any securities of the Alberta Issuer are held. Indicate the number of securities held by the owner, and the terms of release.

7. Risk Factors

Describe any risks associated with the investment.

8. Legal Proceedings

Describe any legal proceedings by or against the Alberta Issuer, giving the nature of the claim and the status of proceedings.

9. Trading History

If the class of securities offered is listed on the Exchange, provide a weekly trading history (high, low and volume) for at least six weeks prior to the date of the Alberta EOP and monthly for the preceding 12 months.

10. Prior Sales

If the Alberta Issuer is a Alberta Qualifying Issuer, describe the terms (price, date, type and number) of any securities issued during the 24 month period prior to the date of the preliminary Alberta EOP of the securities being offered or of securities into which they are convertible.

11. Dividend Record

If the Alberta Issuer has paid dividends during its last two completed financial years preceding the date of the preliminary Alberta EOP, disclose the amount of such payments and indicate its present policy regarding future dividend payments.

12. Auditors, Transfer Agent And Registrar

If the Alberta Issuer is a Alberta Qualifying Issuer, disclose the names and full addresses of the auditors, transfer agent and registrar of the Alberta Issuer. If the Alberta Issuer is an Exchange Alberta Issuer, disclose any changes since the date of the last annual meeting.

13. Accompanying Documents

13.1 Filed Documents

State that the following documents have been filed with the Exchange and the Commission Agency and are available for inspection at their offices and at the office of the Alberta Issuer during the period of distribution and for 30 days thereafter:

(a) Engineering and geological reports, market studies, feasibility studies and other consultant's reports and appraisals, if any;

(b) Audited and unaudited interim financial statements, if any, for the last five completed financial years;

(c) Material contracts entered into in the 24 month period prior to the date of the preliminary Alberta EOP; and

(d) Proxy circulars and material change reports for the period since the last annual meeting.

14. Security And Loan Capital Structure

Instruction

The information required under item 14 shall be the same as that required by the Regulations for a prospectus.

14.1 Table of Capitalization

Provide a table of the capitalization of the Alberta Issuer giving outstanding long-term debt and issued securities of every class (and any other form of capitalization) as of a date not more than 30 days prior to the Alberta EOP, and pro forma giving effect to the offering and application of proceeds, using an estimate, if necessary, of the price of the offering and proceeds. State in a note or separate paragraph the number of securities of each class authorized.

14.2 Disclosure

Describe the terms (expiry date, number of securities, and exercise price) of any options, warrants, rights or other obligations outstanding to issue securities. If such options, warrants, rights or other obligations were granted to a person named in item 5 or to the Agent, disclose the identity of the person. Describe the terms of any other outstanding obligations to issue securities.

15. Dilution

State the effect of dilution, if any, on a maximum and minimum offering basis as a dollar value per security and also as a percentage of the offering price. Calculations are to be based on net tangible assets. In the case of an oil and gas Alberta Issuer, net tangible asset calculations may be adjusted in accordance with item 2.4 of Alberta Securities Commission Policy 4.2.

16. Assets And Earnings Coverage

If debt securities or preferred securities are being offered, disclose asset and earnings coverage in an appropriate form.

17. Financial Statements

Provide the same financial statements and other information as required by the Regulations for a prospectus. The only exception being the reference in the Regulations to “five financial years” shall instead be read as “two financial years”.

18. Other Material Facts

Describe any other material facts, which are essential to an understanding of the Alberta Issuer’s business or an investment in the offered securities.

19. Purchaser's Statutory Rights

19.1 Standard Disclosure

Insert the following disclosure or such variation thereof as the Alberta Securities Commission may permit:

The Securities Act (the "Act") provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt of a prospectus and any amendment. The Act further provides the purchaser with remedies for rescission or damages if the prospectus and any amendment contain a misrepresentation, provided that such remedies for rescission or damages are exercised within the time limit prescribed by the Act. In the case of an action for rescission, such time limit is 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, such time limit is the earlier of 180 days from the day that the Plaintiff first had knowledge of the facts giving rise to the cause of action, or one year from the day of the transactions that gave rise to the cause of action. Reference is made to the Act for a complete description of such rights.

19.2 Special Warrant Disclosure

In addition to the disclosure required by 19.1, each special warrant offering shall include the following disclosure or such variation as the Alberta Securities Commission may permit:

"Contractual Right of Action for Rescission

In the event that a holder of a special warrant, who acquires a [*identify underlying security] of the Alberta Issuer upon the exercise of the special warrant as provided for in this prospectus, is or

becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its special warrant(s) but also of the private placement transaction pursuant to which the special warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the [*Agent or Underwriter or Alberta Issuer, as the case may be] on the acquisition of the special warrant. In the event such holder is a permitted assignee of the interest of the original special warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the special warrant under section 168 of the Securities Act (Alberta) or otherwise at law."

19.3 Multi-jurisdictional Filings

Where the Alberta EOP if filed in more than one jurisdiction, the statement of purchaser's statutory rights contained in National Policy No. 35 may be inserted instead of the wording provided in 19.1.

20. Certificates

20.1 Alberta Issuer's Certificate

Include a certificate signed by the Chief Executive Officer and Chief Financial Officer, by any two directors (other than the foregoing) who are duly authorized by the Board of Directors to sign on behalf of the Board of Directors and by all promoters to the following effect:

> The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered hereby as required in an Exchange Offering Prospectus.

20.2 Underwriter/Agent Certificate

Include a certificate signed by the underwriter or Agent to the following effect:

> To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered hereby as required in an Exchange Offering Prospectus.

IT IS AN OFFENCE UNDER THE SECURITIES ACT AND THE SECURITIES REGULATIONS FOR A PERSON OR ALBERTA ISSUER TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

FORM 4H

SHARES FOR DEBT FILING FORM

Re: _____ (the "Issuer").

SEDAR Project #: _____.

1. Documents

Enclose the following documentation (or indicate if not applicable).

(a) Originally signed or certified true copies of debt settlement agreements

(b) Current accounts payable list with summary totals

(c) Copy of any assignment, buyback or voting trust agreements

(d) News release announcing settlement

(e) Copy of shareholders' resolution (if a change in control)

2. Creditors / Settlement Table

Provide, in tabular form, details of the creditors being offered settlement.

Creditor	Amount Owing	Deemed Price per Share	# of Shares	Insider=Y ProGroup=P Not Applicable=N/A	Audited Y/N
Total		NA		NA	NA

3. Nature of Liabilities

For each creditor, confirm whether or not the debt is specifically referred to in all financial statements of the Issuer since the debt was incurred. If NOT, provide a Declaration of Certified Filing – Shares for Debt completed and executed by a director or senior officer of the Issuer confirming that the debt is a valid debt of the Issuer.

4. Pricing and Policy Compliance

The Market Price for the Issuer's Listed Shares at the date of the news release announcing the debt settlement was $ _____.

5. Status of Issuer

Is the Issuer Inactive? YES _____ NO _____

If yes, indicate if any other submissions are in preparation or in progress that are part of a reactivation plan for the Issuer.

6. Balance of debt

Did any creditors refuse the settlement? YES _____ NO _____

Identify all creditors of the Issuer that were not offered the settlement and explain why.

If there are plans to settle the balance of the debt, if any, please attach details.

7. Beneficial shareholders

Name the beneficial shareholders of any Companies that will receive any Listed Shares under this application.

8. Change in control

Will there be a change in control of the Issuer as a result of the issuance of shares for debt?

YES _____ NO _____

If YES, submit copy of shareholders' resolution.

9. Tier 2 Issuers: Issuance of more than 100% of issued and outstanding Listed Shares in connection with debt settlement

Is the Issuer issuing more than 100% of its issued and outstanding Listed Shares in connection with this debt settlement? YES _____ NO _____

If YES:

Was disinterested shareholder approval received for this transaction?

YES _____ NO _____

If the Issuer is Inactive, have the insiders, including individuals who will become insiders as a result of the debt settlement, entered into an escrow agreement?

YES _____ NO _____

Declaration

The undersigned certifies that:

(a) the undersigned is a director or senior officer of the Issuer;

(b) the transaction is fully disclosed in the news release dated _____ filed with this application; and

(c) the transaction is in all respects in accordance with Policy 4.3 - Shares for Debt, except as disclosed in any attached application for waiver.

Date _____

_____
Name director or senior officer

_____
Signature

_____
Official Capacity

FORM 4I

DECLARATION OF CERTIFIED FILING
SHARES FOR DEBT

Re: _____ (the "Issuer").

SEDAR Project #:_____.

This Declaration accompanies an application to the Exchange for acceptance of the Shares for Debt transaction summarized in the Shares for Debt Filing Form attached.

The undersigned hereby certifies that:

a) the undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration; and

b) any debts to be settled pursuant to this transaction which are not specifically referred to in the financial statements of the Issuer prepared since the debt was incurred, are valid debts, due and payable by the Issuer to the indicated creditor(s).

Dated _____.

_____
Name of Director or Senior Officer

_____
Signature

_____
Official Capacity

FORM 4J

CERTIFICATION AND UNDERTAKING REQUIRED FROM A COMPANY GRANTED AN INCENTIVE STOCK OPTION

Re:_____ (the "Issuer").

SEDAR Project #:_____.

_____ (the "Option Holder") certifies that all shares of the Option Holder are owned by _____, a Person eligible to be granted an incentive stock option, and undertakes, for the duration of the time that the Option Holder is the holder of an incentive stock option in the shares of the Issuer, that it will not:

1. effect or permit any transfer of ownership or option of shares of the Option Holder; or

2. allot and issue further shares of any class of shares of the Option Holder to any other individual or entity.

Dated _____.

[Name of Option Holder]

_____
Authorized signatory

FORM 4K

SUMMARY FORM – INCENTIVE STOCK OPTIONS

Re: _____ (the "Issuer").

SEDAR Project #:_____.

1. New Options Proposed for Acceptance:

Date of Grant: _____

Name of Optionee	Position (Director/ Employee/ Consultant/ Management Company	Insider ? Yes or No	No. of Optioned Shares	Exercise Price	Expiry Date	No. of Options Granted in Past 12 Months

Total Number of optioned shares proposed for acceptance: _____ .

2. Amended Options Proposed for Acceptance:

Name of Optionee	No. of Optioned Shares	Amended Exercise Price	Original Date of Grant	New/Current Expiry Date

3. Other Presently Outstanding Options:

(excluding those included in item 2 above)

Name of Optionee	No. of Optioned Shares Remaining	Exercise Price	Original Date of Grant	Expiry Date

Total Number of shares optioned, including those proposed for acceptance in 1 and/or 2 above:

_____.

4. Additional Information

(a) If shareholder approval was required for the grant of options, state the date that the shareholder meeting approving the grant was or will be held.

(b) If applicable, state the date of the news release announcing the grant of options.

(c) State the total issued and outstanding share capital at the date of grant or amendment.

(d) State, as a percentage of the issued and outstanding shares of the Issuer indicated in (c) above, the aggregate number of shares that are subject to incentive stock options, including new options, amended options and other presently outstanding options.

(e) Tier 2 Issuer: If the new options are being granted pursuant to a stock option plan, state the number of remaining shares reserved for issuance under the plan.

(f) If the Issuer has completed a public distribution of its securities within 90 days of the date of grant, state the per share price paid by the public investors.

(g) If the grant of options is not in complete accordance with Policy 4.4 – Director, Officer and Employee Stock Options, indicate where there are deviations, and explain why a waiver of Exchange policy is in the best interests of the Issuer and the investing public.

FORM 4L

DECLARATION OF INCENTIVE STOCK OPTIONS

Issuer: _____ (the "Issuer").

SEDAR Project #:_____.

This Declaration accompanies an application to the Exchange for acceptance for filing of Incentive Stock Options summarized in the Summary Form - Incentive Stock Options attached hereto (the "Filing").

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to make this Declaration.

2. The Issuer is not an Inactive Company as defined in Policy 2.6 – Inactive Issuers and Reactivation.

3. The Filing is either in all respects in accordance with Exchange Policy 4.4 – Director, Officer and Employee Stock Options, in effect as of the date of this Declaration, or any deviations are indicated on the attached Summary Form.

4. As of the date of grant there were no material changes in the affairs of the Issuer which were not publicly disclosed.

5. The Issuer is not currently in default of its financial statement and fee filing requirements in the jurisdictions in which it is a reporting issuer.

6. The information on the attached Summary Form - Incentive Stock Options is true.

Dated _____.

_____
Name of Director or Senior Officer

_____
Signature

_____
Official Capacity

FORM 4M

SHORT FORM OFFERING DOCUMENT ("OFFERING DOCUMENT")

General Instructions:

1. The answers to the following items should be presented in narrative form, except where a tabular form is specifically required.

2. "Issuer" shall include any subsidiary of the Issuer.

3. "Year", except where the context otherwise requires, means a period of twelve months preceding the date of the certificate of the directors and promoters of the Issuer.

4. When the answer to any item refers to an issuer other than the Issuer whose securities are the subject of the distribution, disclose the name of any individual who is an insider or promoter of both issuers.

Documents Incorporated by Reference:

1. Annual Information Forms (including documents filed as alternatives to Annual Information Forms), the most recent audited annual financial statements, and all quarterly interim financial statements, news releases disclosing Material Changes, Material Change reports, technical reports and consents required under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, that were filed on or after the current AIF, but before the date of the Short Form must be incorporated by reference in the Offering Document. The referenced document must be clearly identified and where applicable, the information incorporated by reference shall be identified by page, caption, paragraph or otherwise. The location of the document in SEDAR or any other publicly accessible database (eg. Issuer' s web site, CDNX web site) must be provided. This information must precede the certificate of the directors and promoters of the Issuer.

Cover Page:

1. State the name and address of each of the Issuer, the agent or underwriter and the registrar and transfer agent for the Issuer' s securities.

2. Set out in tabular form, on the front cover of the Offering Document: the description, designation and number of securities being offered by the Issuer; the price per security; the agent' s compensation; and the net proceeds to the Issuer on both a per security and an aggregate basis.

3. Where the securities offered are speculative in nature, the following statement shall be included on the front cover of the Offering Document:

"The securities offered hereunder are speculative in nature. Information conc erning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from the agent or an adviser registered under the *Securities Act*."

4. The following statements and information shall be included on t he front cover of the Offering Document:

Neither The Canadian Venture Exchange Inc. (the "Exchange"), nor any securities regulatory authority has in any way passed upon the merits of the securities offered under this Offering Document.

The information provided in this Offering Document is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this Offering Document. These documents must be read together with the Offering Document in order to provide full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The documents listed below are not contained within, or attached to the Offering Document, and will be provided by the Issuer, at no charge, upon request. Alternatively, the documents may be accessed by the reader of the Offering Document at the following locations:

Type of Document (e.g. AIF, Material Change Report, Valuation)	Date of Document	Location at which document may be accessed (eg. SEDAR web site, Issuer web site, CDNX web site) (Provide specific web site addresses where applicable)

Any Subsequently Triggered Report will be deemed to be incorporated by reference into this Offering Document."

1. Plan of Distribution

a) State the manner in which the securities being offered are to be distributed, including the material details of any agency agreements and sub-agency agreements outstanding or proposed to be made, the particulars of any assignments or proposed assignments of any such agreements and any rights of first refusal on future offerings.

b) Give details of any payments in cash or securities or any other consideration made or to be made to a promoter, finder or any other person in connection with the offering.

c) State the number of securities of the Issuer beneficially owned, directly or indirectly, by the Professional Group.

2. Use of Proceeds

Funds Available

Provide a breakdown of Funds Available as follows:

a) the net proceeds to be derived by the Issuer from the sale of securities offered under the Offering Document; and

b) the estimated working capital available to the Issuer as of the latest month end prior to the date of the Short Form, or where the date of the Short Form is within ten days of the end of the latest month, the month end prior to the end of that month; and

c) the amounts and sources of any other funds that will be available to the Issuer prior to or concurrently with the completion of the offering.

Principal Purposes

d) Provide, in tabular form, a description of each of the principal purposes, with amounts, for which the Funds Available will be used. Where the closing of the distribution under the Offering Document is subject to a minimum subscription, provide separate columns disclosing the use of the proceeds for the minimum and maximum subscriptions.

e) Where the proceeds are to be spent on the exploration and development of a natural resource property for which the Issuer has received Exchange acceptance, disclose the nature and extent of the proposed exploration and development program that is to be carried out. Additionally, provide:

   i) an estimated timetable for the program, describing each significant component of the program and identifying the planned commencement and completion dates of each component;

   ii) factors which may delay or impede the timetable described above; and

   iii) a breakdown of costs for the proposed program.

f) In the case of a best efforts offering, include a statement regarding priority usage of the actual proceeds where the entire offering is not sold.

g) State the particulars of any provisions or arrangements made for holding any part of the net proceeds in trust or subject to the fulfilment of any conditions howsoever imposed.

h) Give particulars of any of the proceeds of the offering which are to be paid to related parties.

3. Business of the Issuer

Describe the business carried on and intended to be carried on by the Issuer, including the products that the Issuer is or will be developing or producing and the stage of development of each of the products. If the Issuer is a mining or oil and gas issuer, state whether the Issuer's properties are primarily in the exploration or in the development or production stage.

4. Risk Factors

List the risks that could be considered to be material to an investor as follows:

a) risks relating to the nature of the business of the Issuer;

b) risks relating to the nature of the offering; and

c) any other risks.

5. Acquisitions

If the Issuer proposes to use the proceeds of this offering to finance a material acquisition of an asset, property or existing business, (which must have received Exchange acceptance), provide the following information:

a) the nature of the assets to be acquired. If the asset is a resource property:

   i) the name, location, size, and the number of claims and concessions comprising the property; and

   ii) the nature (claim, title, lease, option, or other interest) extent and status (patented, unpatented etc.) of the interest under which the Issuer has or will have the rights to hold or operate the property, and the expiry date, if applicable;

b) the actual or proposed date of each acquisition;

c) the name of the vendor and whether the transaction will be at arm's length;

d) for an acquisition not at arm's length, the vendor's out of pocket costs;

e) the consideration, both monetary and non-monetary, to be paid by the Issuer;

f) any material obligations that must be complied with in order to keep any acquisition agreement or property interest in good standing;

g) how the consideration was determined, (eg. out of pocket costs, valuation report or arm's length negotiations); and

h) the location (on SEDAR, the Issuer' s web site, or any other publicly accessible location) of any valuation opinion or technical report required by a policy of the Exchange or other regulatory authority for the acquisition.

6. Corporate Information

State the authorized and issued share capital of the Issuer and outline briefly any material rights and restrictions attaching to the share capital, such as voting, preference, conversion or redemption rights.

7. Directors, Officers, Promoters and Principal Holders of Voting Securities

a) List the names and municipality of residence for all directors, officers and promoters of the Issuer, and for each person, disclose:

i) the current positions and offices with the Issuer;

ii) the principal occupations during the five years prior to the date of the Offering Document, and where the principal occupation is that of an officer of a company other than the Issuer, state the name of the company and the principal business in which it was engaged;

iii) as of the conclusion of the offering, the number and percentage of voting shares of the Issuer beneficially owned, directly or indirectly, separated by class into (a) escrowed, (b) pooled and (c) all other shares; and

iv) where a director, officer or promoter is an associate of another director, officer or promoter, disclose the relationship.

b) Where any director, officer or promoter of the Issuer is, or within five years prior to the date of the Offering Document has been, a director, officer or promoter of any other Issuer that while that person was acting in that capacity:

i) was the subject of a cease trade or similar order or an order that denied the Issuer access to any statutory exemptions for a period of more than 30 consecutive days, state the fact and describe the reasons and whether the order is still in effect; or

ii) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with the creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person, state the fact.

c) Where any director, officer or promoter of the Issuer has, within ten years prior to the date of the Offering Document, been subject to any penalties, or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded Issuer, or theft or fraud, describe the penalties or sanctions imposed.

d) Give the full name, and number of voting shares, separated by class into (a) escrowed, (b) pooled and (c) all other voting shares, beneficially owned by each person who is known by the signatories hereto to own beneficially, directly or indirectly, more than 10% of the voting shares of the Issuer, other than those persons disclosed in a). Where the beneficial owner is a privately held corporation, provide the names of the beneficial owners of the corporation.

8. Options to Purchase Securities of the Issuer

a) Disclose on an individual basis, the exercise price and expiry date of all options, share purchase warrants or other rights to acquire securities granted to insiders or promoters of the Issuer.

b) Disclose the exercise price and expiry date of all options granted to employees. This disclosure may be shown in the aggregate, without specific identification of the holders of the options.

c) Disclose the exercise price and expiry date of all remaining options, share purchase warrants or rights not disclosed pursuant to a) or b). This disclosure may be shown in the aggregate without specific identification of the security holders.

9. Securities of the Issuer Held in Escrow

Where the Issuer has performance shares or other escrowed securities state:

a) the number of performance shares and other escrowed securities divided into each category;

b) the estimated percentage that the performance and other escrowed securities will represent of the total issued and outstanding voting securities of the Issuer upon completion of the offering;

c) the names of the beneficial owners of the performance shares and other escrowed securities and the number of such shares owned by each beneficial owner; and

d) the date of the escrow agreement and the conditions governing the release and cancellation of the performance and other escrowed shares.

10. Particulars of any Other Material Facts

a) Briefly describe any actual or pending material legal proceedings to which the Issuer is or is likely to be a party or of which any of its business or property is or is likely to be the subject. Where applicable, include the name of the court or agency, the date the proceedings were instituted, the principal parties to the proceedings, the nature of the proceedings, the amount claimed, if any, whether the proceedings are being contested, the present status of the proceedings, and, if a legal opinion is referred to in this Offering Document, the name of the counsel providing that opinion.

b) Specify any properties proposed to be acquired for which regulatory approval is not presently being sought.

c) If liabilities (including bonds, debentures, notes or other debt obligations) have significantly increased or altered subsequent to the date of the most recent financial statements filed with the applicable Securities Commission(s), disclose particulars of such increase or alteration.

d) Briefly state any other material facts not previously disclosed herein.

11. Contractual Rights of Action

This Offering Document must include the following description of the contractual rights of action against the Issuer, its directors and every person except the agent, who signed the Offering Document.

CONTRACTUAL RIGHTS OF ACTION

"If this Short Form Offering Document, together with any Subsequently Triggered Report contains a "misrepresentation" as that term is defined in the *Securities Act* (Alberta) or the *Securities Act* (British Columbia), as applicable, and it was a misrepresentation on the date of investment, the purchaser will be deemed to have relied on the misrepresentation and will have a right of action, either for damages against the Issuer and its directors, and every person, except the agent, who signed the Offering Document, (the "Issuer Representatives") or alternatively for rescission of the agreement of purchase and sale for the securities. In any such action, parties against whom remedies are sought shall have the same defenses as are available in section 131 of the *Securities Act* (British Columbia) or section 168 of the *Securities Act* (Alberta) as applicable, as if the Short Form Offering Document were a prospectus.

A purchaser is not entitled to commence an action to enforce this right after the limitation periods as set out in section 140 of the *Securities Act* (British Columbia) or section 175 of the Securities *Act* (Alberta), as applicable have expired.

The contractual rights provided herein are in addition to and without derogation from any other right the purchaser may have at law."

12. Contractual Rights of Withdrawal

This Offering Document must include the following description of rights of withdrawal available to the purchasers under the Offering Document:

CONTRACTUAL RIGHT OF WITHDRAWAL

"An order or subscription for the securities offered under this Short Form Offering Document is not binding on a purchaser if the dealer from whom the purchaser purchased the security (or the Issuer if the purchaser did not purchase the security from a dealer), receives, not later than two business days after the receipt by the purchaser of the Short Form Offering Document and any Subsequently Triggered Report, written notice sent by the purchaser evidencing the intention of the purchaser not to be bound by the agreement.

The foregoing right of withdrawal does not apply if the purchaser is a member of a "professional group" as defined under Multilateral Instrument 33-105, *Underwriting Conflicts* or any successor policy or instrument, or if the purchaser disposes of the beneficial ownership of the security (otherwise than to secure indebtedness) before the end of the withdrawal period.

The onus of proving that the time for giving notice of withdrawal has ended is on the dealer from whom the purchaser has agreed to purchase the security, or if the purchaser did not purchase from a dealer, such onus is on the Issuer."

13. Include the Following Certificates

a) Certificate of the directors and promoters of the Issuer:

"The foregoing, including the documents incorporated by reference constitute full, true and plain disclosure of all material facts relating to the securities offered by this Offering Document. The standard for full, true and plain disclosure is the same as that required for prospectuses by the *Securities Act* (British Columbia) or the *Securities Act* (Alberta), as applicable, and the regulations thereunder."

_____

Date

i) This certificate must be signed in accordance with the requirements in sections 68(2)-(5) of the *Securities* Act (British Columbia) or section 90(1) of the *Securities Act*, (Alberta), as applicable as if the Offering Document was a prospectus.

ii) Identify each signatory and the signing capacity of the signatory.

b) Certificate of the Agent(s):

The following certificate shall be signed by the agent.

"We have reviewed this Offering Document and the information it incorporates by reference. Our review consisted primarily of enquiry, analysis and discussion related to the information supplied to us by the Issuer and information about the Issuer in the public domain.

We have not carried out a review of the type that would be carried out for a prospectus filed under the *Securities Act* (British Columbia) or the *Securities Act (*Alberta), as applicable. Therefore, we cannot certify that this document and the information it incorporates by reference constitutes full, true and plain disclosure of all material facts relating to the Issuer and the securities offered by it.

Based on our review, nothing has come to our attention that causes us to believe that this Offering Document and the information that it incorporates by reference: (1) contains an untrue statement of a material fact; or (2) omits to state a material fact necessary to prevent a false statement or misleading interpretation of any other statement.

_____

Date

FORM 4N
PRICE RESERVATION FORM

Re: _____ (the "Issuer").

Trading Symbol: _____.

Date: _____.

---

1. Proposed Price: _____.
   (see definition of Market Price and Discounted Market Price in Policy 1.1)

2. Disclose the following proposed participation in the placement by:

Insiders	Number of Securities

Pro Group	Number of Securities

Shareholders holding > 5% of issued and outstanding securities of the Issuer (upon closing of placement)	Number of Securities

FORM 5A

FILING STATEMENT FOR NON-RTO TRANSACTIONS

Name of Issuer:_____

Head Office Address and Telephone Number of Issuer:_____

_____

Name and Address of Issuer's Registrar and Transfer Agent:_____

_____

The Issuer is, under the Rules of the Exchange a _____ Issuer.
(Specify Tier and Industry Segment)

The Canadian Venture Exchange Inc.("Exchange") has not in any way passed upon the merits of the securities for the Issuer. The information contained in this Filing Statement has been supplied to the Exchange by the Issuer, and the Exchange has relied upon this information in accepting the Filing Statement.

General Instructions

1. The answers to the following items should be presented in narrative form. When the answer to any item is negative or not applicable to the Issuer, it should be stated in a sentence. The title to each item must precede the answer.

2. All pages required to complete the Filing Statement should be the same size as the cover page.

3. The term "Issuer" shall include any subsidiary of the Issuer.

4. "Material" where used in relation to a fact or change, means a fact or change that could reasonably be expected to have a significant effect on the market value of the securities of the Issuer, unless otherwise defined.

5. "Year" means a period of twelve months preceding the date of the certificate.

6. "Associate", "Insider" and "Promoter" shall have the same meaning as in the Exchange Definitions

7. Expert's reports submitted with the Filing Statement must comply with National Policy Statement #2 or #2B, Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets, and applicable provisions of securities law.

8. When the answer to any item refers to an issuer other than the Issuer, disclose the name of any insider or promoter of the Issuer who is also an insider, a promoter or an associate of an insider of that other issuer.

9. Further material changes may be disclosed by way of amendment to the current Filing Statement, provided such amendment is filed within six months of the Filing Statement certificate date.

10. The fee prescribed by the Fee Schedule should be submitted with the Filing Statement.

11. If the Issuer has more than one registrar and transfer agent, state the name and address of its registrar and transfer agent in the applicable city: Vancouver, Calgary, Toronto, Montreal or Halifax.

Filing Statement Items

1. Statement of Material Change in the Affairs of the Issuer

(a) Briefly describe each material change in the affairs of the Issuer. Sufficient detail should be provided to readily determine the nature of the material change, and where applicable, the name and address of parties to a material change agreement, the interest or benefit to be acquired by the Issuer, the consideration paid or payable by the Issuer for such interest or benefit and any applicable finders fees. The following paragraphs (b to g) set out disclosure guidelines for six classes of common material changes. Appropriate disclosure should be provided for a material change not outlined below. Additional information may be required to provide full, true and plain disclosure of the material change.

(b) Acquisition of a natural resource property:

(i) Disclose the name and address of the vendor.

(ii) State the total consideration paid or payable by the Issuer, including any commitment respecting the property (such as instalments of cash or shares required to maintain options, commitments to carry out exploration programs or drilling obligations to maintain leases).

(iii) If the property was acquired by the vendor within a year of the Issuer's acquisition, state the cost of the property to the vendor.

(iv) If an insider or promoter of the Issuer has held any interest in the property during the past three years, so state.

(v) Provide details of any finders fee to be paid by the Issuer, including the name and address of the finder.

(vi) Describe the interest owned or to be acquired by the Issuer. The description should include the Issuer's contribution to costs and share in revenues where these are not identical and should describe any applicable royalties, net smelter returns, carried interest, etc.

(vii) Briefly describe any material exploration or development work carried out on the property to date, the results thereof and any exploration and development work which the Issuer proposes to carry out on the property. State planned expenditures from funds held by the Issuer.

(viii) If work on a mining property has established the existence of reserves of proven, probable or possible ore, disclose the estimated tonnage and grade of each such class of ore reserves as well as the name of the person making the estimates and the nature of that person's relationship to the Issuer. If the property has no known ore reserves, so disclose.

(ix) If reserves for an oil and gas property have been assigned in an independent engineering report acceptable to the regulatory authorities, identify the report by author and date, and state the category (proved producing, proved non-producing, probable additional), type (crude oil, synthetic oil, natural gas, natural gas liquids, sulphur) and values assigned on a net cash flow basis, using discount rates of 0% and the current industry rate for such evaluations. If the property has no known reserves of oil and gas, so disclose.

(c) Acquisition of a non-natural resource asset:

(i) Disclose the name and address of the vendor.

(ii) Describe the interest to be acquired by the Issuer.

(iii) State the total consideration paid or payable by the Issuer. Provide details of any finder's fee to be paid by the Issuer, including the name and address of the finder.

(iv) If the asset, property or business was acquired by the vendor within a year of the Issuer's acquisition, state the costs thereof to the vendor.

(v) If an insider or promoter of the Issuer has held any interest in the asset, property or business during the past three years, so disclose.

(vi) Briefly describe the business carried on or intended to be carried on by the Issuer and the general development of such business within the past three years.

(vii) If the business consists of the production or distribution of various products or the rendering of various services, briefly describe the principal products or services.

(viii) State briefly the location and general character of any material properties, including buildings and plants, of the Issuer. If any property is not freehold property, so state and briefly describe the nature of the title. If a property is subject to any material encumbrance, briefly describe the encumbrance.

(d) Acquisition of another issuer by purchase, take-over or amalgamation:

(i) Disclose the total purchase price paid, take-over terms or amalgamation basis to acquire the other issuer, including any closing conditions, future consideration or contingencies.

(ii) Briefly describe the assets of the acquired issuer. Where applicable, the description should follow the disclosure requirements as outlined in paragraphs (b) and (c) above.

(iii) Describe liabilities, commitments and undertakings which the Issuer has assumed as a result of the purchase, take-over or amalgamation.

(iv) If an insider or promoter of the Issuer is an insider or promoter of the acquired issuer, so state.

(e) Consolidation and Name Change:

(i) Disclose the ratio on which the Issuer's share capital will be consolidated. State any other modification to the Issuer's share capital.

(ii) State the date of the shareholders' meeting approving the consolidation and name change and date such changes are to be effected.

(iii) State the Issuer's new name and followed by, "formerly (old Issuer name)" on the Filing Statement cover.

(iv) All disclosures appearing in other items of the Filing Statement should be disclosed on a consolidated basis.

(f) Rights Offerings and Private Placements:

(i) Disclose the material facts relating to the rights offering as outlined in Policy 4.5 - Rights Offerings; or

(ii) Disclose the material facts relating to the private placement.

(g) Issuance or transfer of escrow (including principal) shares:

(i) Disclose, in the case of issuances, the number of shares to be issued which will be subject to escrow and the type of escrow agreement, the name and address of each escrow share recipient, their relationship to the Issuer and the consideration paid or payable for the escrow shares. If additional consideration (such as cash or net profit interest) is to be paid by the Issuer for an asset, so state. Describe any asset acquired by the Issuer in accordance with the applicable disclosure requirements as outlined in paragraphs (b) or (c) above.

(ii) Disclose, in the case of transfers, the number of escrow shares to be sold by each transferor and the number of escrow shares to be purchased by each transferee, stating the name and address of each transferee, their relationship to the Issuer and consideration paid or payable.

(iii) State the date or proposed date of the shareholders' meeting, if required, to approve the issuance or transfer of escrow shares.

2. Financial Information

(a) State the Issuer's approximate working capital as of a specific date within the two months preceding the certificate date.

(b) If assets include investments in securities of other companies, give an itemized statement, showing cost or book value and present market value.

3. Material Natural Resource Properties

(a) A material natural resource property, currently held by the Issuer, is defined as:

(i) a property which is currently producing or being developed or explored;

(ii) a property upon which exploration is planned within the next year;

(iii) a property which contains undiscounted reserves of oil and gas in excess of $50,000; or

(iv) a property upon which the Issuer's acquisition and exploration costs to date exceed $100,000.

(b) For each material natural resource property:

(i) Describe the interest owned or to be acquired by the Issuer. The description should include the Issuer's contribution to costs and share in revenues where these are not identical and describe any applicable royalties, profit sharing, carried interests, etc.

(ii) Briefly describe any material exploration and development work carried out on the property to date, the results of such work and any exploration and development work which the Issuer proposes to carry out on the property.

(iii) Disclose any commitments respecting the property such as instalments of cash or shares required to maintain an option, or exploration programs or drilling obligations to maintain a lease.

(iv) **Mining Properties** - If work done on the property has established the existence of reserves of proven, probable or possible ore, disclose the estimated tonnage and grade of each such class of ore reserves as well as the name of the person making the estimates and the nature of his relationship to the Issuer. If the property has no known ore reserves, so disclose.

(v) **Oil and Gas Properties** - If reserves have been assigned in an independent engineering report acceptable to the regulatory authorities, identify the report by author and date, and state the category (proved producing, proved non-producing, probable additional), type (crude oil, synthetic oil, natural gas, natural gas liquids, sulphur) and values assigned on a net cash-flow basis, using discount rates of 0% and the current industry rate for such evaluations. If the property has no known reserves of oil and gas, so disclose.

(vi) For each property which is currently producing revenue for the Issuer, state the total revenue, net to the Issuer, (a) in the latest complete fiscal year and (b) currently, on a monthly basis.

4. Particulars of Non-Natural Resource Assets

For each material non-natural resource asset:

(a) Describe the interest owned or to be acquired by the Issuer.

(b) Describe the business carried on or intended to be carried on by the Issuer and the general development of such business.

(c) If the business consists of the production or distribution of various products or the rendering of various services, briefly describe the principal products or services.

(d) Briefly state the location and general character of any material properties including buildings and plants, of the Issuer. If any property is not freehold property, so state and briefly describe the nature of title. If a property is subject to any material encumbrance, briefly describe the encumbrance.

5. Corporate Information

State the authorized and issued share capital of the Issuer and briefly outline any material rights and restrictions attached to the share capital, such as voting, preference, conversion or redemption rights.

6. Directors, Officers, Promoters and Persons Holding More Than 10% of the Issued Equity Shares

(a) For each director, officer and promoter of the Issuer provide the following information:

(i) State full name and residential or postal address.

(ii) Identify all positions held with the Issuer (such as chairman, director, president, secretary, promoter, etc.).

(iii) State the number of equity shares of the Issuer beneficially owned, directly or indirectly, separated by type into (a) escrowed, (b) pooled and (c) all other shares.

(iv) State the name of each employer and give chief occupation in the previous five years. If the employer is a self-owned issuer, so state. Occupational descriptions should describe the function actually performed; vague descriptions such as "businessman" should be avoided.

(b) If any director, officer or promoter of the Issuer is, or has been within the past three years, a director, officer or promoter of any other reporting issuer, provide the following information:

(i) State the number of such companies of which he is currently a director, officer, or promoter. Indicate that a list of the names of such companies will be available for inspection at the location and during the times specified in Item 9(e).

(ii) State the name of any such issuer which was, during the period he was a director, officer or promoter of the issuer, struck from the applicable corporate registry pursuant to the laws of the issuer's incorporation, or whose securities were the subject of a cease trade or suspension order for a period of more than thirty consecutive days from any securities regulatory authority. Describe as well the reasons for such striking, cease trade or suspension order.

(c) If any director, officer, promoter or other Insider has received from the Issuer:

(i) direct or indirect remuneration within the past year, state particulars, including name of recipient, level of remuneration, and duties performed; or

(ii) anything of value within the past year which has not been disclosed elsewhere in the Filing Statement, state particulars. (Anything of value includes money, securities, property, contracts, options or rights of any kind, whether received directly or indirectly.)

(d) Give the full name, residential or postal address and number of equity shares, separated by type into (a) escrowed, (b) pooled, (c) all other securities, beneficially owned by each person who is known by the Issuer's directors to own beneficially, directly or indirectly more than 10% of the equity shares of the Issuer other than those persons disclosed in Item 6(a). Where the beneficial owner is a Company, provide the information required by General Instruction 8.

7. Options to Purchase Securities of the Issuer

(a) Disclose all options, share purchase warrants, rights or agreements to issue securities by the Issuer, or by a present security holder, which have not been disclosed elsewhere in the Filing Statement.

(b) Options granted to employees need only be shown in the aggregate.

8. Securities of the Issuer Held in Escrow, in Pool or Subject to Hold Restrictions

(a) Briefly describe the number and the material terms governing release and cancellation of all escrow shares.

(b) Briefly describe the number and the material terms governing release of all pooled shares.

(c) State the number and briefly describe the material terms governing any other securities which are subject to an un-expired hold period originally imposed pursuant to applicable securities law or stock exchange policy.

9. Particulars of any Other Material Facts

(a) Briefly describe any actual or pending material legal proceedings to which the Issuer is or is likely to be a party or of which any of its property is or is likely to be the subject.

(b) Specify any properties proposed to be acquired, or other transactions, for which regulatory approval is not being sought under the Filing Statement.

(c) Disclose particulars of any bonds, debentures, notes, or other debt obligations outstanding.

(d) Briefly particularize any other material facts not previously disclosed herein.

(e) State a reasonable time and place at which a list of the names of the reporting companies referred to in Item 6(b)(1) may be inspected during the 30 day period after the Exchange publishes its notice regarding this Filing Statement.

Certificate of the Issuer

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the Issuer's affairs.

Dated _____.

_____
Director

_____
Director

This certificate must be signed by two directors of the Issuer.

FORM 5B

EXPEDITED ACQUISITION FILING FORM

Re: _____ (the "Issuer").

SEDAR Project #:_____.

The undersigned hereby certifies the following information in relation to the Expedited Acquisition Filing:

1. The undersigned is a director or senior officer of the Issuer and is duly authorized by the Issuer to make this declaration.

2. The transaction is fully disclosed in a news release dated _____.

3. Describe the asset/property to be acquired by the Issuer, including the location of the asset/property.

4. Describe the date, parties to and type of agreement (eg: sale or option).

5. Describe the total security and/or cash consideration and required work commitments for the first year for the transaction.

6. Show in tabular form, the names of any parties receiving securities of the Issuer pursuant to the transaction and the number of securities to be issued.

Name of Party (If not an individual, name all Insiders of the Party)	**Number and Type of Securities to be Issued**	**Insider=Y ProGroup=P Not Applicable=N/A**

7. The Market Price of the Issuer's Listed Shares at the time of the transaction was $_____.

8. The number of issued and outstanding Listed Shares of the Issuer at the date of signing this Expedited Acquisition Filing Form is: _____.

9. The number of Listed Shares issued pursuant to the Expedited Filing System, including this transaction over the last 12 months, as a percentage of the current issued and outstanding Listed Shares is:

   Acquisition: _____ .

   Private Placement: _____.

10. Provide particulars (including name and address of the finder) of any proposed finder(s)' fee.

11. The Issuer has taken reasonable steps to ensure that the vendor has good title.

12. There are no Material Changes in the affairs of the Issuer which have not been publicly disclosed.

13. To the knowledge of the Issuer, at the time that an agreement in principle was reached, no other party to the transaction had knowledge of any undisclosed Material Fact or Material Change relating to the Issuer, other than in relation to this transaction.

14. The transaction has been approved by the directors of the Issuer in accordance with corporate law requirements.

15. The transaction fully complies with the Expedited Acquisitions criteria set out in Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets.

Dated _____.

_____
Signature of authorized signatory

_____
Print name of Signatory

_____
Official capacity

FORM 5C

TRANSACTION SUMMARY FORM

Re: _____ (the "Issuer").

SEDAR Project #:_____.

The undersigned hereby certifies the following information:

1. The undersigned is a director or senior officer of the Issuer and is duly authorized by the Issuer to make this declaration.

2. The transaction is fully disclosed in a news release dated _____.

3. The asset/property to be acquired by the Issuer, including the location of the asset/property is as follows: _____
_____

4. The date, parties to and type of agreement (eg: sale or option) are as follows: _____
_____
_____

5. The total share and/or cash consideration and required work commitments for the first year for the transaction are as follows: _____
_____

6. The names of any parties receiving securities of the Issuer pursuant to the transaction and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all Insiders of the Party)	**Number and Type of Securities to be Issued**	**Insider=Y ProGroup=P Not Applicable=N/A**

7. The transaction is not a Related Party Transaction as defined in Policy 1.1 – Interpretation or, if the transaction is a Related Party Transaction, the details of the relationship between the Issuer and the other party are as follows: _____

_____

_____

8. If the other party to the transaction is not an individual, the names of all Insiders of the other party are as follows: _____

_____

9. If the transaction is an acquisition, the Issuer has taken reasonable steps to ensure that the vendor has good title.

10. There are no Material Changes relating to the Issuer which have not been publicly disclosed.

11. To the knowledge of the Issuer, at the time an agreement in principle was reached, no other party to the transaction had knowledge of any undisclosed Material Fact or Material Change relating to the Issuer, other than in relation to the transaction.

12. The Minor Acquisitions, as defined in Policy 5.3 – Acquisitions and Dispositions of Non-Cash Assets, of the Issuer during the preceding 12 months are as follows: _____

_____

_____

13. If a finder's fee is to be paid, the particulars of such proposed fee are as follows (including name and address of the finder): _____

_____

_____

14. If applicable, state that the transaction is the acquisition of an interest in a property and that the property being acquired is contiguous to or otherwise related to any other asset acquired in the last 12 months. _____

_____

_____

15. The transaction has been approved by the directors of the Issuer and in the event of any conflict of interest, to the knowledge of the Issuer, any party in conflict has complied with applicable corporate law and Exchange Requirements.

16. If the transaction is a Related Party Transaction, as defined in Policy 1.1 – Interpretation, disclose which directors declared a conflict of interest and abstained from voting at the directors meeting regarding this transaction. _____

_____

Dated: _____.

_____
Signature of authorized signatory

_____
Print name of signatory

_____
Official capacity

FORM 5D

ESCROW AGREEMENT
[Select: VALUE SECURITY/SURPLUS SECURITY]

THIS AGREEMENT is made as of the ..... day of ....., ...

BETWEEN:

- (the "Issuer");

AND:

- (the "Escrow Agent");

AND:

THE UNDERSIGNED SECURITY HOLDERS OF THE ISSUER (the "Security Holders")

(collectively, the "Parties").

WHEREAS the Issuer is a **[Select: Tier 1 / Tier 2]** Issuer as defined in Policy 2.1 – Minimum Listing Requirements of the Canadian Venture Exchange Inc. (the "Exchange");

AND WHEREAS the Security Holders are required to deposit in escrow with the Escrow Agent certain securities of the Issuer, to be held in accordance with Policy 5.4 – Escrow and Vendor Consideration (the "Exchange Policy") of the Exchange;

AND WHEREAS the Escrow Agent has agreed to hold such securities in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration for the mutual covenants contained herein and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1 — Interpretation

In this Agreement:

(a) "Acknowledgement" means an acknowledgement and agreement to be bound in the form prescribed by Form 5E of the Exchange;

(b) "Additional Securities" means securities (including a right to acquire securities) that a Security Holder acquires after the date upon which the Security Holder executes this Agreement or an Acknowledgement that are

(i) securities of the Issuer acquired:

(A) as a dividend or other distribution on Securities;

(B) upon the exercise of a right of purchase, conversion or exchange attaching to Securities; or

(C) upon a subdivision or compulsory conversion or exchange of Securities; or

(ii) New Securities of a Successor Issuer acquired by a Security Holder which are subject to escrow in accordance with this Agreement;;

(c) "Combination" means a bona fide formal take-over bid, plan of arrangement, amalgamation, merger or similar transaction;

(d) "Exchange Notice" means, as applicable, the notice issued by the Exchange announcing an Initial Listing, the notice issued by the Exchange announcing completion of a New Listing (other than an Initial Listing) and confirming final Exchange Acceptance or, in the case of securities which are escrowed other than in accordance with an Initial Listing or New Listing, the notice issued by the Exchange following final Exchange Acceptance of the transaction;

(e) "Exchange Requirements" has the meaning set out in Policy 1.1 – Interpretation of the Exchange;

(f) "Issuer's Certificate" means a certificate signed by a duly authorized director or officer of the Issuer, such authorization being evidenced by a resolution of the board of directors attached to such certificate;

(g) "New Securities" means Options (as defined in Policy 5.4) and equity securities of an issuer that carry a residual right to participate in the earnings of the issuer and, upon the liquidation or winding up of the issuer, in its assets, where such securities are issued to a Security Holder in connection with a Combination;

(h) "Securities" means, in relation to a Security Holder, those securities of the Security Holder, including Additional Securities, that are held in escrow by the Escrow Agent pursuant to this Agreement;

(i) "Security Holder" means a holder of securities of the Issuer who executes this Agreement or an Acknowledgement;

(j) "Surplus Securities" has the meaning set out in the Exchange Policy;

(k) "Successor Issuer", with respect to an Issuer, means an issuer that issues securities to a Security Holder in connection with a Combination involving the first Issuer; and

(l) "Value Securities" has the meaning set out in the Exchange Policy.

2 — Deposit of Securities in Escrow

2.1 Each Security Holder hereby deposits with the Escrow Agent, to be held in escrow under this Agreement, the Securities described in Schedule A, and agrees to deliver to the Escrow Agent forthwith any certificates evidencing such Securities.

2.2 Each Security Holder shall deposit in escrow with the Escrow Agent all Additional Securities and shall deliver to the Escrow Agent forthwith upon receipt thereof any certificates evidencing Additional Securities and any replacement certificates which may at any time be issued for any Securities held in escrow.

3 — Direction to Escrow Agent

The Issuer and each Security Holder direct the Escrow Agent to retain the Securities in escrow and the Escrow Agent agrees to retain the Securities in escrow until the Securities are released from escrow pursuant to the terms of this Agreement.

4 — Restrictions on Dealing with Securities

4.1 ***Dealings with Securities in Escrow***

Securities may only be dealt with as specifically allowed by this Agreement. No Securities and no interest in, control or direction over or certificate evidencing Securities shall directly or indirectly be sold, assigned, transferred, redeemed, surrendered for consideration, mortgaged, hypothecated, charged, pledged, or encumbered or otherwise dealt with in any manner except as provided in this Agreement.

4.2 ***Indirect Dealings with Securities in Escrow***

Except with the prior written consent of the Exchange, a Security Holder that is not an individual shall not issue securities of its own issue or effect or permit a transfer of ownership of securities of its own issue that would have the effect of changing the beneficial ownership of, or control or direction over, Securities.

5 — Voting of Securities in Escrow

Subject to any restrictions found in this Agreement, a Security Holder may exercise voting rights attaching to Securities. No Security Holder, while his, her or its Securities are held in escrow, shall vote any securities (whether in escrow or not) in support of one or more arrangements that would result in the repayment of capital being made on the Securities prior to a winding up of the Issuer.

6 — Dividends and Distributions on Securities in Escrow

6.1 Subject to any specific restrictions found in this Agreement, the escrow of Securities will not impair any right of a Security Holder to receive a dividend or other distribution on Securities or to elect the form and manner in which the dividend or other distribution on Securities is paid.

6.2 Subject to subsection 6.3, if, during the period in which any of the Securities are retained in escrow pursuant to this Agreement, any dividend or other distribution, other than one paid in securities of the Issuer, is received by the Escrow Agent in respect of Securities, the Escrow Agent shall forthwith transfer such dividend or distribution to the Security Holder entitled thereto.

6.3 Additional Securities distributed on Securities shall be subject to the same terms and conditions under this Agreement as the Securities on which the distribution was made. Additional Securities distributed on Securities, if received by the Escrow Agent, shall be retained in escrow. Additional Securities distributed on Securities, if received by the Security Holder, shall be deposited in escrow in accordance with section 2. All such Additional Securities shall be held in and released from escrow on the same terms and conditions as apply to the Securities on which the distribution was paid.

7 — Exercise of Other Rights Attaching to Securities

Subject to any specific restrictions found in this Agreement, the escrow of Securities will not impair any right of a Security Holder to exercise a right attaching to a Security that entitles the Security Holder to purchase or otherwise acquire another security or to exchange or convert a Security into another security.

8 — Permitted Transfers Within Escrow

8.1 ***Transfers to Directors and Senior Officers***

Securities may be transferred within escrow by a Security Holder to an individual who is a current director or senior officer of the Issuer or of a material operating subsidiary of the Issuer, provided that:

(a) the Security Holder provides written notice to the Exchange of the intent to transfer as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed transfer and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) an Issuer's Certificate stating that the transfer is to a director or senior officer of the Issuer or of a material operating subsidiary of the Issuer in accordance with the terms of this Agreement and the Exchange Policy,

(ii) a transfer power of attorney, duly executed by the transferor, and

(iii) an Acknowledgement signed by the transferee or an amended Agreement reflecting the transfer.

8.2 ***Transfer Upon Bankruptcy***

In the event of bankruptcy of a Security Holder, the Securities of the Security Holder may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such Securities, provided that:

(a) the Security Holder provides written notice to the Exchange of the intent to transfer as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed transfer and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) a certified copy of either:

(A) the assignment in bankruptcy of the Security Holder filed with the Superintendent of Bankruptcy; or

(B) the receiving order adjudging the Security Holder bankrupt;

(ii) a certified copy of a certificate of appointment of the trustee in bankruptcy;

(iii) a transfer power of attorney, duly executed by the transferor; and

(iv) an Acknowledgement signed by the trustee in bankruptcy or other person legally entitled to the Securities or an amended Agreement reflecting the transfer.

8. ***Transfer to Certain Plans***

Securities may be transferred within escrow by a Security Holder to a registered retirement savings plan ("RRSP") or registered retirement income fund ("RRIF") or subsequently between RRSPs or from an RRSP to an RRIF, provided that:

(a) the Security Holder provides written notice to the Exchange of the intent to transfer as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed transfer and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) evidence from the trustee of the RRSP or RRIF, as applicable, stating that, to the best of the trustee's knowledge, the Security Holder is, during the Security Holder's lifetime, the sole beneficiary of the RRSP or RRIF;

(ii) a transfer power of attorney, duly executed by the transferor; and

(iii) an Acknowledgement signed by the trustee of the RRSP or RRIF, as applicable, or an amended Agreement reflecting the transfer.

8.4 ***Discretionary Applications***

The Exchange may consent to the transfer within escrow of Securities in such other circumstances and on such terms and conditions as it shall determine in its sole discretion. Securities may be transferred within escrow provided that the Escrow Agent receives written notice from the Exchange.

8.5 Effect of Transfer Within Escrow

Upon completion of a transfer of Securities pursuant to this section 8, the transferee will be a Security Holder and the Securities transferred will remain in escrow, to be held in and released from escrow on the same terms and conditions as were applicable prior to the transfer.

9 — Release of Securities and Securities Certificates

9.1 *Release Schedule*

Subject to sections 10, 11 and 12, Securities will be released from escrow under this Agreement as set out in Schedule B(1), B(2), B(3) or B(4), as applicable.

9.2 *Delivery of Certificates to Security Holder*

If a Security Holder wishes to receive a certificate evidencing Securities released or to be released from escrow on a release date set out in Schedule B(1), B(2), B(3) or B(4), as applicable, the Security Holder will provide written notice to the Escrow Agent to that effect. If the Escrow Agent receives notice from a Security Holder that the Security Holder wishes to receive certificates for released Securities, the Escrow Agent will, as soon as reasonably practicable after the applicable release date or after receipt by the Escrow Agent of the notice from the Security Holder, whichever is later, deliver to or at the direction of the Security Holder, certificates evidencing the Securities released from escrow on the applicable release date.

9.3 *Replacement Securities*

Where a Security Holder has, in accordance with section 9.2, provided notice to the Escrow Agent that the Security Holder wishes to receive a certificate evidencing Securities released or to be released from escrow, and where the relevant certificate held by the Escrow Agent evidences a combination of Securities released from escrow on the applicable release date and Securities that are to remain in escrow, the Escrow Agent, as soon as reasonably practicable after the applicable release date or after receipt by the Escrow Agent of the notice from the Security Holder, whichever is later, shall deliver such certificates to the Issuer or its transfer agent, together with a request that separate replacement certificates be prepared and delivered to the Escrow Agent. Where certificates evidencing Securities are delivered to the Issuer in accordance with the foregoing, the Issuer, as soon as reasonably practicable, shall cause separate replacement certificates to be prepared and delivered to the Escrow Agent. As soon as reasonably practicable after the receipt by the Escrow Agent of the replacement certificates, the Escrow Agent shall deliver, to or at the direction of the Security Holder, all replacement certificates evidencing Securities released from escrow on the applicable release date.

9.4 *Exchange Discretion to Terminate*

If the Escrow Agent receives a request from the Exchange to halt or terminate the release of Securities from escrow, then the Escrow Agent shall comply with that request, and shall not release any Securities from escrow unless and until the written consent of the Exchange is received.

9.5 *Discretionary Applications*

The Exchange may consent to the release from escrow of Securities in such other circumstances and on such terms and conditions as it shall determine in its sole discretion. Securities may be released from escrow provided that the Escrow Agent receives written notice from the Exchange.

10 — Release upon Death

Upon the death of a Security Holder, the Securities of that Security Holder shall be released from escrow and the Escrow Agent shall deliver all certificates evidencing such Securities to the legal representative of the deceased Security Holder, provided that:

(a) the legal representative of the deceased Security Holder provides written notice to the Exchange of the intent to release the Securities as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed release and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date; and

(b) the Escrow Agent first receives:

(i) a certified copy of the death certificate; and

(ii) such evidence of the legal representative's status that the Escrow Agent may reasonably require.

11 — Take-Over Bid or Other Transaction

11.1 *Deliveries to Escrow Agent*

A Security Holder who wishes to tender Securities (the "Tendered Securities") to a bona fide formal take-over bid, plan of arrangement, amalgamation, merger or similar transaction (a "Transaction") shall deliver to the Escrow Agent:

(a) a written direction signed by the Security Holder (a "Direction") that directs the Escrow Agent to deliver to a specified person (the "Depositary") either:

(i) certificates evidencing the Tendered Securities; or

(ii) where the Security Holder has provided the Escrow Agent with a notice of guaranteed delivery or similar notice of the Security Holder's intent to tender the Tendered Securities to the Transaction, that notice;

(b) a letter of transmittal or similar document;

(c) where required, transfer power of attorney duly executed by the transferor;

(d) the written consent of the Exchange;

(e) any other documentation required to be delivered to the Depositary under the terms of the Transaction; and

(f) such other information concerning or evidence of the Transaction that the Escrow Agent may reasonably require.

11.2 ***Deliveries to Depositary***

Forthwith after its receipt of the information and documentation specified in subsection 11.1, the Escrow Agent shall deliver to the Depositary, in accordance with the Direction, the documentation specified or provided under clause 11.1(a), together with a letter addressed to the Depositary that:

(a) identifies the Tendered Securities;

(b) states that the Tendered Securities are held in escrow;

(c) states that the Tendered Securities are delivered only for the purposes of the Transaction and that the Tendered Securities will be released from escrow only upon receipt by the Escrow Agent of the information and documentation described in subsection 11.3;

(d) where certificates for Securities have been delivered to the Depositary, requires the Depositary to return to the Escrow Agent, as soon as practicable, the certificates evidencing Securities that are not releasable from escrow as described in clause (c) above; and

(e) where applicable, requires the Depositary to deliver or cause to be delivered to the Escrow Agent, as soon as practicable, certificates representing Additional Securities acquired by the Security Holder under the Transaction.

11.3 ***Release of Securities***

Tendered Securities shall be released from escrow under this section provided that:

(a) the Issuer or Security Holder provides written notice to the Exchange of the intent to release the Tendered Securities as at a specified date, such notice being provided at least 10 business days and not more than 30 business days prior to the proposed release and the Exchange does not provide notice of its objection to the Escrow Agent prior to 10:00 a.m. (Vancouver time) or 11:00 a.m. (Calgary time) on such specified date;

(b) the Escrow Agent first receives a declaration signed by the Depositary or, if the Direction identifies the Depositary as acting on behalf of another person in respect of the Transaction, by that other person, stating that:

(i) the terms and conditions of the Transaction have been met; and

(ii) the Tendered Securities have either been taken up and paid for or are subject to an unconditional obligation to be taken up and paid for under the Transaction.

11.4 ***Exchange of Securities***

The Escrow Agent shall hold any Additional Securities acquired by a Security Holder under a Transaction in escrow on the same terms and conditions as applied to the Securities for which they were exchanged or substituted, or for which they constituted consideration.

12 — Early Release / Conditions of Release

The provisions of Schedule**[s] [Insert schedule reference(s)]** are incorporated into and form part of this Agreement.

[Select applicable schedule(s):]
[- Value Security Escrow Agreement for Tier 1 Issuer – attach Schedule B(1)]
[- Value Security Escrow Agreement for Tier 2 Issuer – attach Schedule B(2)]
[- Surplus Security Escrow Agreement for Tier 1 Issuer – attach Schedule B(3)]
[- Surplus Security Escrow Agreement for Tier 2 Issuer – attach Schedule B(4)[

13 — Escrow Agent has no Responsibility after Release

The Escrow Agent shall have no further responsibility for Securities that have been delivered to or at the direction of the Security Holder in accordance with the terms of this Agreement.

14 — Release, Undertaking not to Sue, and Indemnity

14.1 In this section,

(a) "Act or Omission" means any good-faith act or omission that is in any way connected with this Agreement, and includes:

(i) the performance, and non-performance, of duties under this Agreement;

(ii) the exercise of discretion, and failure to exercise discretion, in connection this Agreement;

(iii) the interpretation of this Agreement, or of any law, policy (including the Exchange Policy), rule, regulation or order; and

(iv) the enforcement of, and failure to enforce, this Agreement.

(b) "Escrow Agent" includes the directors, officers, employees, assigns and insurers of the Escrow Agent, and

(c) "Exchange" includes the directors, governors, officers, employees, assigns and insurers of the Exchange.

14.2 The Security Holders and the Issuer, jointly and severally:

(a) release, indemnify and save harmless the Escrow Agent from all costs (including legal costs), charges, claims, demands, damages, losses and expenses incurred by the Escrow Agent resulting from the Escrow Agent's performance, in good faith, of its duties under this Agreement;

(b) agree not to make or bring a claim or demand, or commence any action, against the Escrow Agent in respect of its performance in good faith of its duties under this Agreement; and

(c) agree to indemnify and save harmless the Escrow Agent from all costs (including legal costs) and damages that the Escrow Agent incurs or is required by law to pay as a result of any person's claim, demand, or action in connection with the Escrow Agent's good faith performance of the Escrow Agent's duties under this Agreement.

14.3 The Security Holders and the Issuer, jointly and severally:

(a) release, indemnify and save harmless the Exchange from all costs (including legal costs), charges, claims, demands, damages, losses and expenses incurred by the Exchange;

(b) agree not to make or bring a claim or demand, or commence any action, against the Exchange; and

(c) agree to indemnify and save harmless the Exchange from all costs (including legal costs) and damages that the Exchange incurs or is required by law to pay as a result of any person's claim, demand, or action,

arising from any and every Act or Omission committed or omitted by the Exchange, even if said Act or Omission was grossly negligent, or constituted a fundamental breach of the terms of this Agreement or any other agreement.

15 — Responsibility for Furnishing Information

The Escrow Agent shall bear no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of, any information or document that must be received by the Escrow Agent as a condition under this Agreement to a release of Securities from escrow or a transfer of Securities within escrow. The Exchange shall bear no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of, any information or document that must be or is received by the Exchange as a condition under this Agreement or any Exchange Requirement to a release of Securities from escrow or a transfer of Securities within escrow.

16 — Resignation or Termination of Escrow Agent

16.1 The Escrow Agent may resign by providing written notice of resignation to the Issuer.

16.2 The Issuer may terminate the services of the Escrow Agent under this Agreement by providing written notice of termination to the Parties.

16.3 The resignation or termination of the Escrow Agent shall be effective, and the Escrow Agent shall cease to be bound by this Agreement:

(a) 60 days after the date of receipt by the Escrow Agent or Issuer, as applicable, of a notice referred to in subsections 16.2 or 16.3; or

(b) upon such date as may be mutually agreed to by the Escrow Agent and the Issuer,

provided that the resignation or termination date must not be less than 10 business days before a release date set forth in subsection 9.1.

16.4 If the Escrow Agent resigns or is terminated, the Issuer shall be responsible for ensuring that the Escrow Agent is replaced not later than the resignation or termination date.

16.5 The Issuer's appointment of a replacement escrow agent shall be binding on the Issuer and the Security Holders.

17 — Notices

17.1 Documents delivered to a Party's Address for Notice shall be considered to have been received:

(a) on the next business day following the date of transmission, if delivered by telecopier;

(b) on the date of physical delivery, if delivered by hand or by prepaid courier; or

(c) five business days after the date of mailing, if delivered by mail.

17.2 The Address for Notice

(a) of the Escrow Agent is [Name, address, contact person, telecopier number];

(b) of the Issuer is [Name, address, contact person, telecopier number]; and

(c) of a Security Holder is the applicable Address for Notice noted in Schedule A.

17.3 The Issuer and the Escrow Agent may change their respective Addresses for Notice by delivering written notice to all other Parties of such change.

17.4 A Security Holder may change his or her Address for Notice, and Schedule A shall be deemed to have been amended accordingly, by delivering written notice of such change to the Issuer and to the Escrow Agent.

17.5 A change in a Party's Address for Notice shall not be effective with respect to another Party until that other Party has received written notice of the change.

17.6 A Party shall not effect a delivery by mail if the Party is aware of an actual or impending disruption of postal service.

18 — Enforcement by Third Parties

The Issuer enters this Agreement both on its own behalf and as trustee for the Exchange and the security holders of the Issuer, and this Agreement may be enforced by either the Exchange, or the security holders of the Issuer, or both.

19 — Time

Time is of the essence of this Agreement.

20 — Governing Laws

This Agreement shall be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

21 — Counterparts

This Agreement may be executed by facsimile and in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement.

22 — Language

Singular expressions used in this Agreement shall be deemed to include the plural, and plural expressions the singular, where required by the context.

23 — Enurement

This Agreement will enure to the benefit of and be binding upon the Parties and their heirs, executors, administrators, successors and permitted assigns.

24 — Issuer's Certificate

The signing authority of the director or officer of the Issuer who signs an Issuer's Certificate shall be evidenced by a certified copy of a resolution of the board of directors of the Issuer, which resolution shall be attached to the Issuer's Certificate.

25 — Entire Agreement

This Agreement, including the Schedules attached hereto, constitute the entire understanding between the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties and there are no warranties, representations or other agreements between the parties in connection with this Agreement, except as specifically set forth herein.

26 — Termination, Amendment, and Waiver of Agreement

26.1 Subject to subsection 26.3, this Agreement shall only terminate

(a) with respect to all the Parties,

(i) as specifically provided in this Agreement;

(ii) subject to subsection 26.2, upon the agreement of all Parties; or

(iii) when the Securities of all Security Holders have been released from escrow pursuant to this Agreement; and

(b) with respect to a Party,

(i) as specifically provided in this Agreement; or

(ii) if the Party is a Security Holder, when all of the Security Holder's Securities have been released from escrow pursuant to this Agreement.

26.2 An agreement to terminate this Agreement pursuant to subclause 26.1(a)(ii) shall not be effective unless and until the agreement to terminate

(a) is evidenced by a memorandum in writing signed by all Parties;

(b) has been consented to in writing by the Exchange; and

(c) has been approved by a majority of security holders of the Issuer who are not Security Holders.

26.3 Notwithstanding any other provision in this Agreement, the obligations set forth in section 14 shall survive the termination of this Agreement.

26.4 No amendment or waiver of this Agreement or any part of this Agreement shall be effective unless the amendment or waiver:

(a) is evidenced by a memorandum in writing signed by all Parties;

(b) has been approved in writing by the Exchange; and

(c) has been approved by a majority of security holders of the Issuer who are not Security Holders.

26.5 No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether similar or not), nor shall any waiver constitute a continuing waiver, unless expressly provided.

27 — Severance of Illegal Provision

Any provision or part of a provision of this Agreement determined by a court of competent jurisdiction to be invalid, illegal or unenforceable shall be deemed stricken to the extent necessary to eliminate any invalidity, illegality or unenforceability, and the rest of the Agreement and all other provisions and parts thereof shall remain in full force and effect and be binding upon the parties hereto as though the said illegal and/or unenforceable provision or part thereof had never been included in this Agreement.

28 — Further Assurances

The Parties will execute and deliver any further documents and perform any further acts necessary to carry out the intent of this Agreement.

29 — Remuneration of Escrow Agent

29.1 The Issuer shall pay the Escrow Agent reasonable remuneration for services provided by the Escrow Agent under this Agreement.

29.2 The Issuer shall reimburse the Escrow Agent for reasonable disbursements incurred by the Escrow Agent in providing services under this Agreement.

THE PARTIES HAVE EXECUTED AND DELIVERED this Agreement as of the date set out above.

The Corporate/Common Seal of [Escrow Agent] was affixed in the presence of	)	Escrow Agent
_____	)	_____
The Corporate/Common Seal of [Issuer] was affixed in the presence of	)	Issuer:
_____	)	_____
[Individual Security Holders:] This Agreement was signed by [Security Holder] in the presence of:	)	Security Holders:
[Corporate Security Holders:] The Corporate/Common Seal of [Security Holder] was affixed in the presence of:	)	
_____	)	_____
_____	)	_____

SCHEDULE A – ESCROW AGREEMENT

Security Holder

Name: _____

Signature: _____

Address for Notice: _____

_____

_____

Securities Held:

Class and Type (i.e. Value Securities or Surplus Securities)	Number	Certificate(s) (if applicable)

[To be completed for each Security Holder]

SCHEDULE B(1) – TIER 1 VALUE SECURITY ESCROW AGREEMENT

RELEASE OF SECURITIES

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Exchange Notice]	**25%**	
[Insert date 6 months following Exchange Notice]	**25%**	
[Insert date 12 months following Exchange Notice]	**25%**	
[Insert date 18 months following Exchange Notice]	**25%**	
TOTAL	**100%**	

SCHEDULE B(2) – TIER 2 VALUE SECURITY ESCROW AGREEMENT

RELEASE OF SECURITIES

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Exchange Notice]	**10%**	
[Insert date 6 months following Exchange Notice]	**15%**	
[Insert date 12 months following Exchange Notice]	**15%**	
[Insert date 18 months following Exchange Notice]	**15%**	
[Insert date 24 months following Exchange Notice]	**15%**	
[Insert date 30 months following Exchange Notice]	**15%**	
[Insert date 36 months following Exchange Notice]	**15%**	
TOTAL	**100%**	

Early Release – Graduation to Tier 1

If the Issuer reasonably believes that it meets the Minimum Listing Requirements of a Tier 1 Issuer as described in Policy 2.1 – Minimum Listing Requirements, the Issuer may make application to the Exchange in accordance with Exchange Policy to be listed as a Tier 1 Issuer and shall concurrently provide notice to the Escrow Agent of such application.

If a Notice of the Exchange is issued confirming final acceptance for listing of the Issuer on Tier 1, the Issuer shall forthwith issue a news release disclosing that it has been accepted for graduation to Tier 1, disclosing the number of Securities to be released, the dates of release and shall promptly provide such news release, together with a copy of the Exchange Notice, to the Escrow Agent and the foregoing Schedule shall be deemed to be replaced with Schedule B(1).

In the event Schedule B(1) becomes effective, the Escrow Agent within 10 days of the issuance by the Exchange of the Notice confirming final acceptance for listing on Tier 1, shall release from escrow any Securities which pursuant to the early release Schedule would have been releasable at a date prior to the Notice of the Exchange confirming final acceptance for listing on Tier 1.

SCHEDULE B(3) – TIER 1 SURPLUS SECURITY ESCROW AGREEMENT

RELEASE OF SECURITIES

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Exchange Notice]	**10%**	
[Insert date 6 months following Exchange Notice]	**15%**	
[Insert date 12 months following Exchange Notice]	**15%**	
[Insert date 18 months following Exchange Notice]	**15%**	
[Insert date 24 months following Exchange Notice]	**15%**	
[Insert date 30 months following Exchange Notice]	**15%**	
[Insert date 36 months following Exchange Notice]	**15%**	
TOTAL	**100%**	

SCHEDULE B(4) – TIER 2 SURPLUS SECURITY ESCROW AGREEMENT

RELEASE OF SECURITIES

Timed Release

Release Dates	Percentage of Total Escrowed Securities to be Released	Total Number of Escrowed Securities to be Released
[Insert date of Exchange Notice]	**0%**	
[Insert date 6 months following Exchange Notice]	**5%**	
[Insert date 12 months following Exchange Notice]	**5%**	
[Insert date 18 months following Exchange Notice]	**5%**	
[Insert date 24 months following Exchange Notice]	**5%**	
[Insert date 30 months following Exchange Notice]	**10%**	
[Insert date 36 months following Exchange Notice]	**10%**	
[Insert date 42 months following Exchange Notice]	**10%**	
[Insert date 48 months following Exchange Notice]	**10%**	
[Insert date 54 months following Exchange Notice]	**10%**	
[Insert date 60 months following Exchange Notice]	**10%**	
[Insert date 66 months following Exchange Notice]	**10%**	
[Insert date 72 months following Exchange Notice]	**10%**	
TOTAL	**100%**	

Early Release – Graduation to Tier 1

If the Issuer reasonably believes that it meets the Minimum Listing Requirements of a Tier 1 Issuer as described in Policy 2.1 – Minimum Listing Requirements, the Issuer may make application to the Exchange in accordance with Exchange Policy to be listed as a Tier 1 Issuer and shall concurrently provide notice to the Escrow Agent of such application.

If a Notice is issued by the Exchange confirming final acceptance for listing of the Issuer on Tier 1, the Issuer shall forthwith issue a news release disclosing that it has been accepted for graduation to Tier 1, disclosing the number of Securities to be released, the dates of release and shall promptly provide such news release, together with a copy of the Exchange Notice, to the Escrow Agent and the foregoing Schedule shall be deemed to be replaced with the Schedule B(3).

In the event the Schedule B(3) becomes effective, the Escrow Agent within 10 days of the issuance of a Notice by the Exchange confirming final acceptance for listing on Tier 1, shall release from escrow any Securities which pursuant to the Schedule B(3) would have been releasable at a date prior to the Notice of the Exchange confirming final acceptance for listing on Tier 1.

Conditions of Release

1. The Securities were issued by the Issuer to the Security Holders in consideration for the acquisition by the Issuer of [describe assets] (the "Assets").

2. The Escrow Agent shall not release Securities from escrow on a release date specified in this Schedule B(4) unless the Escrow Agent has received, within the 15 days prior to the release date, a certificate from the Issuer that:

   (a) is signed by two directors or officers of the Issuer;

   (b) is dated not more than 30 days prior to the release date;

   (c) states that the Assets were included as assets on the balance sheet of the Issuer in the most recent financial statements filed by the Issuer with the Exchange; and

   (d) states that the Issuer has no reasonable knowledge that the Assets will not be included as assets on the balance sheet of the Issuer in the next financial statements to be filed by the Issuer with the Exchange.

3. If, at any time during the term of this Agreement, the Escrow Agent is prohibited from releasing Securities on a release date specified in this Schedule B(4) by operation of section 2 of this Schedule B(4), then the Escrow Agent shall not release any further Securities from escrow without the written consent of the Exchange.

4. If, by operation of this Schedule B(4), the Escrow Agent does not release Securities from escrow for a period of five years, then:

   (a) the Escrow Agent shall deliver a notice to the Issuer, and shall include with the notice any certificates possessed by the Escrow Agent which evidence the Securities; and

   (b) the Issuer and the Escrow Agent shall take such action as is necessary to cancel the Securities.

5. For the purposes of cancellation of Securities under this section, each Security Holder irrevocably appoints the Escrow Agent as his or her attorney, with authority to appoint substitute attorneys, as necessary.

FORM 5E

AGREEMENT BY ESCROW TRANSFEREE TO BE BOUND BY ESCROW AGREEMENT

To: the Canadian Venture Exchange

The undersigned acknowledges that the securities ("Securities") listed in Schedule A attached, have been or will be transferred to the undersigned and that such securities are subject to an escrow agreement dated _____ (the "Escrow Agreement").

In consideration of $1.00 and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the undersigned agrees to be bound by the Escrow Agreement in respect of the Securities, as if the undersigned was an original signatory to the Escrow Agreement.

Dated at: _____ on _____.

Where the Security Holder is an Individual:

_____
[Signature of transferee/purchaser]

Signed, sealed and delivered by _____ [print name of transferee/purchaser]

in the presence of _____. [print name of witness]

_____
[Signature of witness]

_____
[Occupation of witness]

_____
[Address of witness]

Where the Security Holder is a Company:

_____
[Signature of authorized representative of transferee/purchaser]

_____
[Signature of authorized representative of transferee/purchaser]

Schedule A

Name of Security Holder (Transferor)	Name of Security Holder (Transferee)	Beneficial Owner	Number of Securities	Certificate Numbers

FORM 5F

ESCROW AGREEMENT INDEMNITY

This Indemnity made as of the ____ day of _____, _____.

To: the Canadian Venture Exchange Inc. (the "Exchange")

WHEREAS:

A. ♦, (the "Issuer"), ♦ and ♦ (the "Security Holders") and ♦ (the "Escrow Agent") entered into an escrow agreement (the "Current Escrow Agreement") dated ♦ , whereby the Escrow Agent agreed to hold ♦ common shares (the "Escrowed Shares") of the Issuer owned by the Security Holder in escrow subject to the provisions of the Current Escrow Agreement;

B. The release of the Escrowed Shares are subject to requirements previously imposed by the Vancouver Stock Exchange / British Columbia Securities Commission / Alberta Stock Exchange / Alberta Securities Commission;

C. The Issuer and the Security Holder have made application to the Exchange to terminate the Current Escrow Agreement in consideration for depositing all of the Escrowed Shares into escrow pursuant to escrow agreement in Exchange Form [2F/5D] (the "Exchange Escrow Agreement");

D. The disinterested shareholders of the Issuer have been asked to approve the termination of the Current Escrow Agreement and the deposit of the Escrowed Shares into escrow pursuant to an Exchange Escrow Agreement which will provide for release of the Escrowed Shares in accordance with Exchange policies;

E. The Exchange has consented to the foregoing, subject to issuance of a comprehensive press release in respect of the foregoing, receipt of an indemnity from the Issuer and the Security Holders, receipt of evidence of disinterested shareholder approval and receipt of evidence of consent of each of the Security Holders; and

F. The board of directors of the Issuer and each of the corporate Security Holders has authorized the execution and delivery of this Indemnity.

NOW THEREFORE this agreement witnesses that, for good and valuable consideration as outlined above, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby jointly and severally agree and covenant to the Exchange as follows:

1. The Recitals hereto are true and complete.

2. Each of the Issuer and the Security Holders jointly and severally agree to and do hereby release and indemnify the Exchange, its governors, officers, directors, employees and each of their successors and assigns from and against all claims, suits, damages, expenses, costs, demands, fees and expenses (including legal costs on a solicitor and his own client basis) which may be occasioned by or which might result or arise from the consent of the Exchange to the termination of the Current Escrow Agreement, the execution of an Exchange Escrow Agreement and/or the resulting release of any and all of the Escrowed Shares from escrow.

3. Each of the Issuer and the Security Holders agree and acknowledge that this Indemnity shall be binding upon and shall enure to the benefit of the successors, assigns and transferees of each of the parties hereto.

4. The parties agree that this Indemnity may be executed in counterpart by any one or more of the parties hereto and that the execution in that manner shall not effect the form, substance an enforceability of the Indemnity.

IN WITNESS WHEREOF the parties have executed this Indemnity in counterpart as of the date and year first above written.

[Issuer]

_____
[Signature of Authorized Officer or Director]

_____
[Print name and title of signatory]

_____
[Signature of Authorized Officer or Director]

_____
[Print name and title of signatory]

[Corporate Security Holders]

_____
[Signature of Authorized Officer or Director]

_____
[Print name and title of signatory]

_____
[Signature of Authorized Officer or Director]

_____
[Print name and title of signatory]

[Individual Security Holders]

_____
[Signature of Security Holder]

_____
[Print name and address of Security Holder]

FORM 5G
NOTICE OF INTENTION TO MAKE A NORMAL COURSE ISSUER BID

Note: Statements that are not applicable should be indicated as such.

1. Name of Issuer

2. SEDAR Profile Number

3. Securities Sought

State the class and maximum number and percentage of securities, which may be acquired. A Notice may relate to the acquisition of more than one class of securities of an Issuer provided the bid for each class of securities qualifies as a normal course issuer bid. For example, an Issuer with common shares and convertible preferred shares outstanding may wish to purchase up to 5% of each class over a 12-month period.

4. Duration

State the dates on which the normal course issuer bid will commence and terminate. The normal course issuer bid may not extend for a period of more than one year from the date on which purchases may commence.

5. Method of Acquisition

Indicate clearly that purchases will be effected through the facilities of the Exchange and identify any other exchange on which purchases will be made. State that purchase and payment for the securities will be made by the Issuer in accordance with Exchange Requirements and that the price which the Issuer will pay for any securities acquired by it will be the market price of the securities at the time of acquisition.

6. Member and Broker

Indicate the name of the Member and the individual broker through which the Bid will be conducted. Include the address and phone number of the Member.

7. Consideration Offered

Indicate any restrictions on the price the offeror is prepared to pay and any other restrictions relating to the issuer bid, such as specific funds available, method of purchasing, etc.

8. Reasons for the Normal Course Issuer Bid

State the purpose and the business reasons for the normal course issuer bid.

9. Valuation

Include a summary of any appraisal or valuation of the Issuer known to the directors or officers of the Issuer, regarding the Issuer, its material assets or securities prepared within the two years preceding the date of the Notice, together with a statement of a reasonable time and place at which such appraisal or valuation, or a copy thereof, may be inspected. For the purpose of this Item 9, the phrase "appraisal or valuation" means an independent appraisal or valuation and a material non-independent appraisal or valuation.

10. Previous Purchases

Where the Issuer has purchased securities that are the subject of the normal course issuer bid within the past 12 months, state the method of acquisition, the number of securities purchased and the average price paid.

11. Acceptance by Insiders, Affiliates and Associates

Where known, state the name of every person or company who proposes to sell securities of the Issuer during the course of the normal course issuer bid and who is:

(a) a director, senior officer or other Insider of the Issuer;

(b) an Associate of an Insider; or

(c) an Associate or Affiliate of the Issuer.

12. Benefits from the Normal Course Issuer Bid

State the direct or indirect benefits to any of the persons or companies named in Item 11 of selling or not selling securities of the Issuer during the course of the normal course issuer bid. An answer to this item is not required where the benefits to such person or company of selling or not selling securities are the same as the benefits to any other securityholder who sells or does not sell.

13. Material Changes in the Affairs of the Issuer Company

Disclose the particulars of any plans or proposals for Material Changes in the affairs of the Issuer, including any contract or agreement under negotiation, any proposal to liquidate the Issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate with any other business organization, or to make any Material Changes in its business, corporate structure (debt or equity), management or personnel, or any other change which might reasonably be expected to have a significant effect on the price or value of the securities.

Certificate and Undertaking

All the information in this Notice of Intention to make a Normal Course Issuer Bid together with other documents forming part hereof constitutes full, true and plain disclosure of the Issuer's Bid and there is no further material information not herein disclosed.

The Issuer hereby undertakes to advise of the purchases of the above noted securities.

The undersigned hereby certifies that this Normal Course Issuer Bid is in compliance with Policy 5.6 – Normal Course Issuer Bids.

Officer/Director of the Issuer (*signature*)	Date

FORM 5H

NAME CHANGE WITHOUT CONSOLIDATION OR SPLIT FILING FORM

New Name _____.

Old Name _____ (the "Issuer").

SEDAR Project #:_____.

1. Documents

Enclose the following documentation (or indicate if not applicable).

a) If a new CUSIP is required, specimen of new share certificate with new CUSIP.
If new CUSIP not yet received, confirm date applied to CDS for CUSIP _____.

b) Exchange letter accepting and reserving the proposed name.

c) Proof of name reservation with the applicable corporate registry.

d) Proposed or actual transmittal letter to shareholders.

e) Letter from transfer agent with confirmation that transfer agent has enough new share certificates for distribution.

f) Copy of scrutineer's report from shareholders' meeting at which name change was approved.

2. Additional Information

Date of special resolution approving name change: _____ .

Number of shares after name change: _____ .

Authorized capital: _____ .

Issued shares: _____ .

Escrowed shares: _____ .

Transfer Agent: _____ .

New CUSIP Number: _____ .
- New symbol and security number to be provided by the Exchange

If the Issuer is declared Inactive, state the date it was declared Inactive by the Exchange.

Date _____ Prepared by _____
(a director or officer of the Company)

FORM 5I

NAME CHANGE AND CONSOLIDATION/SPLIT FILING FORM

New Name _____ .

Old Name _____ (the "Company").

SEDAR Project #:_____ .

1. Documents

Enclose the following documentation (or indicate if not applicable).

a) Specimen of new share certificate with new CUSIP.
If new CUSIP not yet received, confirm date applied to CDS for CUSIP _____.

b) Exchange letter accepting and reserving proposed name.

c) Proof of name reservation with the applicable corporate registry.

d) Proposed or actual transmittal letter to shareholders.

e) Letter from transfer agent with confirmation that transfer agent has enough new share certificates for post-consolidation or split distribution.

f) Shareholders' list used in verification of shareholder distribution.

g) Letters from intermediary shareholders confirming the number of non-insider beneficial shareholders which will hold a board lot or more after the consolidation or split.

h) List of Insiders and their pre-consolidated / split shareholdings.

i) Copy of scrutineer's report from shareholders' meeting at which name change and consolidation or split was approved.

2. Additional Information

Date of special resolution approving name change and consolidation or split: _____.

Consolidation of _____ old shares for _____ new shares; or

Split granting _____ old shares for _____new shares.

	Pre-Consolidation/Split	Post-Consolidation/Split
Issued (including escrow)		
Escrow		
Authorized		

Transfer Agent: _____ .

New CUSIP Number: _____ .

- New Symbol and Security number to be provided by the Exchange where required.

3. Distribution and Policy Compliance

If the answer to one or more of the following is NO please submit a request for a special policy waiver or explain what action is being taken to conform to the policy.

a) Post consolidated issued shares (excluding any share issuance on or after consolidation) are greater than 1,000,000 shares.

YES _____ NO _____

b) The Issuer has sufficient non-insider shareholders to meet the Tier Maintenance Requirements for the Tier in which they are classified.

YES _____ NO _____

c) The Issuer has sufficient free trading shares held by non-insider shareholders to meet the Tier Maintenance Requirements for the Tier in which they are classified.

YES _____ NO _____

d) If the Issuer is Inactive, state the date it was declared Inactive by the Exchange.

4. Other Submissions

Indicate if this application is part of a Reverse Take-Over, Change Of Business, a Reactivation, Qualifying Transaction or if any other submission is in preparation or under review by the Exchange.

Date _____ Prepared by _____
(a director or officer of the Company)

FORM 5J

LETTER TO INTERMEDIARIES
RE: SHARE DISTRIBUTION

(ISSUER'S LETTERHEAD)

(address to intermediaries)

Re: Shareholder Distribution of [Issuer] (the "Issuer")

The Issuer wishes to obtain information on the number of public shareholders holding in excess of [number of shares] free trading shares. This information is required for a submission being made to the Canadian Venture Exchange Inc. Please provide the information as at DATE or as closely to that date as possible.

The following individuals and corporations are insiders of the company, and therefore are not considered to be public for the purpose of this request.

[list names]

Multiple accounts beneficially owned or directed by an individual should be aggregated for purposes of this request.

Please return the original in the enclosed envelope and forward the copy directly to the Canadian Venture Exchange Inc., Attn: Corporate Finance Department.

[ISSUER]

_____

Authorized Signatory

We confirm that as at _____ we hold _____ on behalf of _____ shareholders each holding beneficially or controlling in excess of [number of shares] shares. This information excludes the holding of any of the name individuals or corporations, or any other insiders that we are aware of.

_____

Signed on behalf of [Intermediary] by

_____, title.

FORM 6A

SEED SHARE RESALE RESTRICTIONS POOLING AGREEMENT

THIS AGREEMENT is dated for reference _____, 20_____ and made

AMONG:

(the "Escrow Agent");

AND:

(the "Issuer");

AND: each shareholder, as defined in this Agreement

(collectively, the "Parties").

WHEREAS:

a) The Shareholder has acquired or is about to acquire common shares of the Issuer;

b) As a condition of the listing of these shares on the Canadian Venture Exchange Inc., the Shareholder is required to comply with the Exchange's Seed Share Resale Restrictions; and

c) The Escrow Agent has agreed to act as escrow agent in respect of the shares of the Shareholder;

NOW THEREFORE in consideration of the covenants contained in this agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1. Interpretation

In this agreement:

a) **"Act"** means the Securities Act, S.B.C. 1985, c. 83;

b) **"Exchange"** means the Canadian Venture Exchange Inc.;

c) **"Seed Share Resale Restrictions"** means section 9 of Policy 6.2 of the Exchange's Corporate Finance Manual, as amended from time to time;

d) **"Shareholder"** means a holder of shares of the Issuer who executes this agreement;

e) **"Shares"** means the shares of the Shareholder described in Schedule A to this agreement, as amended from time to time in accordance with section 7(3) and 9;

f) **"Executive Director"** means the Executive Director appointed under the Act; and

g) **"Executive Director or the Exchange"** means the Executive Director, if the shares of the Issuer are not listed on the Exchange, or the Exchange, if the shares of the Issuer are listed on the Exchange.

2. Placement of Shares in Escrow

The Shareholder places the Shares in pool (legally, in escrow) with the Escrow Agent and the Issuer and the Shareholder shall deliver the certificates representing the Shares to the Escrow Agent as soon as practicable.

3. Voting of Shares in Escrow

The Shareholder may exercise all voting rights attached to the Shares.

4. Waiver of Shareholder's Rights

The Shareholder waives no rights attached to the Shares, except the right to sell the Shares while they are pooled.

5. Abstention From Voting as a Director

A Shareholder that is or becomes a director of the Issuer must abstain from voting on a directors' resolution to cancel any of the Shares.

6. Transfer Within Escrow

1) The Shareholder shall not assign, deal in, pledge, sell, trade or transfer in any manner whatsoever, or agree to do so in the future, any of the Shares or any beneficial interest in them, except:

   a) a transfer of Shares from the Shareholder to a registered retirement savings plan the sole beneficiary of which is the Shareholder; or

   b) with the written consent of the Executive Director or the Exchange.

2) Subject to the exceptions set out in section 6(1)(a) and (b) above, the Escrow Agent shall not effect or acknowledge any transfer, trade, pledge, hypothecation, assignment, declaration of trust or any other documents evidencing a change in the legal or beneficial ownership of or interest in the Shares.

3) Upon the death or bankruptcy of a Shareholder, the Escrow Agent shall hold the Shares subject to this agreement for the person that is legally entitled to become the registered owner of the Shares.

7. Release From Escrow

1) The Shareholder irrevocably directs the Escrow Agent to retain the Shares until the Shares are released from escrow pursuant to subsection (2).

2) The Escrow Agent shall not release the Shares from escrow except in accordance with the Seed Share Resale Restrictions. The Issuer represents and warrants that a true copy of the shareholders' list in the form required by the Seed Share Resale Restrictions and filed with the Exchange is attached to this agreement as Schedule B.

3) The release from escrow of any of the Shares shall terminate this agreement only in respect of the Shares so released.

4) Upon receiving the written consent of the Executive Director or the Exchange, the Escrow Agent shall release all of the Shares from escrow which have not been previously released.

8. No Surrender for Cancellation

The Shareholder shall not be required to surrender the Shares for cancellation pursuant to this Agreement.

9. Amendment of Agreement

1) Subject to subsection (2), this agreement may be amended only by a written agreement among the Parties and with the written consent of the Executive Director or the Exchange.

2) Schedule A to this agreement shall be amended upon

   a) a transfer of Shares pursuant to section 6, or

   b) a release of Shares from escrow pursuant to section 7

   and the Escrow Agent shall note the amendment on the Schedule A in its possession.

10. Indemnification

The Issuer shall release, indemnify and save harmless the Escrow Agent and the Exchange from all costs, charges, claims, demands, damages, losses and expenses resulting from administering this agreement and compliance in good faith with this agreement.

11. Resignation of Escrow Agent

1) If the Escrow Agent wishes to resign as escrow agent in respect of the Shares, the Escrow Agent shall give notice to the Issuer.

2) If the Issuer wishes the Escrow Agent to resign as escrow agent in respect of the Shares, the Issuer shall give notice to the Escrow Agent.

3) A notice referred to in subsection (1) or (2) shall be in writing and delivered to the party at the address set out above, and the notice shall be deemed to have been received on the date of delivery. The Issuer or the Escrow Agent may change its address for notice by giving notice to the other party in accordance with this subsection.

4) A copy of a notice referred to in subsection (1) or (2) shall concurrently be delivered to the Executive Director or the Exchange.

5) The resignation of the Escrow Agent shall be effective and the Escrow Agent shall cease to be bound by this agreement on the date that is 60 days after the date of receipt of the notice referred to in subsection (1) or (2) or on such other date as the Escrow Agent and the Issuer may agree upon (the "Resignation Date").

6) The Issuer shall, before the resignation date and with the written consent of the Executive Director or the Exchange, appoint another escrow agent and that appointment shall be binding on the Issuer and the Shareholders.

12. Further Assurance

The Parties shall execute and deliver any documents and perform any acts necessary to carry out the intent of this agreement.

13. Time

Time is of the essence of this agreement.

14. Governing Laws

This agreement shall be construed in accordance with and governed by the laws of British Columbia and the laws of Canada applicable in British Columbia.

15. Counterparts

This agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which shall constitute one agreement.

16. Language

Wherever a singular expression is used in this agreement, that expression is deemed to include the plural or the body corporate where required by the context.

17. Enurement

This agreement enures to the benefit of and is binding on the Parties and their heirs, executors, administrators, successors and permitted assigns.

The Parties have executed and delivered this agreement as of the date of reference of this agreement.

The Corporate/Common Seal of)
[Escrow Agent] was affixed)
in the presence of:)
)
_____) c/s
Authorized signatory)
)
_____)
Authorized signatory)

The Corporate/Common Seal of)
[Issuer] was affixed)
in the presence of:)
)
_____) c/s
Authorized signatory)
)
_____)
Authorized signatory)

Where the Shareholder is an individual:

Signed, sealed and delivered by)
[Shareholder] in the presence of:)
)
_____)
Name)
)
_____) _____
Address) [Shareholder]
)
_____) _____
) number of Shares
)
_____)
Occupation

Where the Shareholder is a company:

The Corporate/Common Seal of	)	
[Shareholder] was affixed	)	
in the presence of:	)	
	)	
_____	)	c/s
Authorized signatory	)	
	)	
_____	)	_____
Assigned Signatory	)	number of Shares

SCHEDULE "A"

Name of Shareholder	Number of Shares

SCHEDULE "B"

attach the annotated shareholders' list - see section 7

CANADIAN VENTURE EXCHANGE

TABLE OF APPENDICES

APPENDIX 2A

SPONSORSHIP ACKNOWLEDGEMENT FORM

(This form is to be submitted to the Exchange in connection with the execution of a Sponsorship Agreement between a Sponsor and an Issuer.)

To: The Canadian Venture Exchange Inc., Attention: Corporate Finance Department

We _____ [insert name of Sponsor] (the "Sponsor") have entered into an agreement dated _____ [insert date] with _____ [insert name of Issuer] (the "Issuer") to sponsor the Issuer pursuant to Policy _____ [insert applicable Policy] in connection with the _____ (the "Transaction"). [Insert a description of the transaction in respect of which Sponsorship is required or has been requested, including reference to any financing, significant acquisition, change of business, or change in management or control].

We confirm that we have received copies of the Personal Information Forms in respect of each of the persons who are proposed to be Insiders of the Issuer after giving effect to the Transaction and have had an opportunity to conduct appropriate database searches (as described in section 5(b) of Sponsorship Policy Statement 3) in respect of each of such Insiders, the Issuer and any associates or affiliates of the Insiders and Issuer as we considered necessary and advisable and are aware of no material information of detriment, other than as set forth below:

[Insert a description of any material information of detriment or indicate that none was found.]

We confirm that we have discussed with management of the Issuer the proposed Transaction and the corporate organization and structure of the Issuer upon completion of the Transaction. Other than the conduct of the database searches referred to above, we have not conducted any independent verification of the information provided by management. Assuming the truthfulness and completeness of the information provided to us and assuming successful completion of the transaction, we have no reason to believe that the Issuer will fail to meet the quantitative Minimum Listing Requirements of the Exchange as described in Section 4 of Policy 2.1 – Minimum Listing Requirements for a _____ [insert tier and industry sector] Issuer. Subject to the foregoing limitations, we further confirm that we have no reason to believe that the Directors, officers or insiders of the Issuer upon completion of the transaction will fail to meet the requirements of Policy 3.1 – Directors, Officers and Corporate Governance. With respect to the Minimum Listing Requirements in regard to public distribution, we have not conducted any independent investigation of the currently issued and outstanding share capital; however, we have no reason to believe that the upon successful completion of the transaction, the Issuer will fail to meet the Exchange's public distribution requirements.

[Insert any limitations or qualifications on the foregoing statement.]

In the event the Exchange has any questions or concerns in respect of the Issuer or Sponsorship, the principal contact of the Sponsor is _____
_____.
[Insert name, office and telephone number of the person who will be the primary contact in respect of the Sponsorship.]

Dated at _____, this _____ day of _____,
_____.

_____
[Insert name of Sponsor]

By: _____

[Insert name and title of authorized signatory]

APPENDIX 2B

RULE B.2.00
SPONSORSHIP AND SPONSOR REPORT

B.2.01

Sponsorship is required in regard to every application for New Listing, and every application by a Tier 2 Issuer to conduct a Change of Business. Sponsorship may also be required by the Exchange in regard to other significant transactions by Issuers where it is considered necessary or advisable by the Exchange. In making a determination as to whether an Issuer meets Exchange Requirements and is suitable for listing on the Exchange, the Exchange will rely heavily upon the fact that a Sponsor has agreed to sponsor the Issuer and has agreed to prepare and submit a Sponsor Report to the Exchange.

Unless otherwise defined, capitalized terms used in this Rule B.200 and the accompanying Policy Statements have the meanings set out in Policy 1.1 of the Corporate Finance Manual.

B.2.02

This Rule and Policy Statement CR13:

a. describe the required contents of the report (the "Sponsor Report") to be provided to the Exchange by the Sponsor;
b. set forth the minimum review procedures ("Review Procedures") required to be conducted in connection with preparation of a Sponsor Report; and
c. identify the criteria which must be met in order for a Member to qualify as a Sponsor.

B.2.03

The Exchange requires that the Sponsor Report:

a. confirm compliance by the Issuer with Corporate Finance Policy 2.1, Minimum Listing Requirements and sections 2, 5, 11, and 18 of Corporate Finance Policy 3.1, Directors, Officers and Corporate Governance and confirm internal procedures have been adopted to comply with sections 16 and 17 of Policy 3.1;

b. confirm that the Review Procedures (as defined in Sponsorship Policy Statement 3) have been conducted or, to the extent permitted, identify any Review Procedures not conducted and the reasons such Review Procedures were not conducted;
c. identify the significant Review Procedures conducted;
d. identify any information which the Sponsor is or has become aware of in the course of conducting its Review Procedures or its Due Diligence (as defined below) which may reasonably be expected to be of significance to the Exchange in determining the suitability of the listing of the Issuer; and
e. confirm that the Sponsor has favourably concluded upon the suitability for listing of the Issuer.

B.2.04

The Exchange expects that the Sponsor will conduct a duly diligent review ("Due Diligence"), appropriate to the circumstances, in connection with the sponsorship of an applicant Issuer and that such Due Diligence will be substantially similar to that which would be conducted by an underwriter in connection with the underwriting of a public offering. However, this Rule is not in any way intended to set forth a standard of appropriate Due Diligence. This Rule and Policy Statement CR13 only prescribe the minimum Review Procedures to be conducted in connection with preparation of a Sponsor Report. The scope and extent of appropriate Due Diligence by a Sponsor may be different from or may be considerably more extensive than the Review Procedures required to prepare a Sponsor Report. Compliance with this Rule and Policy Statement CR13 is no assurance of appropriate Due Diligence. .

APPENDIX 2C

POLICY STATEMENT CR13

SPONSORSHIP POLICY STATEMENTS

TABLE OF CONTENTS

Introduction

This Policy Statement CR13 is the companion Policy Statement to Rule B.2.00 and is comprised of a series of five Sponsorship Policy Statements which prescribe requirements for and provide guidance on the required contents of the Sponsor Report, the minimum Review Procedures required to be conducted by a Sponsor and the qualifications that must be met for a Member to constitute a Sponsor.

Unless otherwise defined, capitalized terms used in this Policy Statement CR13 have the meanings set out in Policy 1.1 of the Corporate Finance Manual.

In connection with any Initial Listing, references in this Policy Statement CR13, to "issuer" shall refer to the applicant. In connection with a Reverse Take-Over, Qualifying Transaction or Change of Business, references in this Policy Statement CR13 to the "issuer", shall include the listed issuer and any Target Issuer. Where a Sponsor Report is required in connection with any other transaction, references to issuer shall refer to the listed issuer, unless the circumstances otherwise reasonably require.

Sponsorship Policy Statement 1

Requirement for a Sponsor Report

1. A full Sponsor Report will be required in connection with all applications for New Listings, whether by way of an initial listing (concurrent with an initial public offering, including by a Capital Pool Company) a Reverse Take-Over, a Qualifying Transaction or an application for listing by an issuer previously quoted or listed on another market.

2. A Sponsor Report will also generally be required in connection with a Chan ge of Business by a Tier 2 listed issuer. Where there is no Change of Management or no Change of Control in connection with the Change of Business, the scope of the Sponsor Report may be limited to the Review Procedures relating to the proposed new business or assets of the listed issuer and a determination of whether such business or assets meet the applicable Tier Maintenance Requirements.

3. The Exchange may request a Sponsor Report in the case of a Change of Management or in respect of a Change of Control where the new directors, management or new control persons do not have a sufficient history of involvement and experience with the Exchange or another recognized Canadian exchange. In such case, the scope of the Sponsor Report may be limited to a review of such new persons.

4. Except where a preliminary prospectus has been filed, when a sponsorship agreement has been entered into, a Sponsorship Acknowledgement Form, (Appendix 2A to the Corporate Finance Manual) should be filed with the Exchange. Generally, submission of the Sponsorship Acknowledgement Form will be required prior to any halt in trading of the listed issuer's securities being lifted where such halt resulted from the announcement of a Qualifying Transaction, Reverse Take-Over or, in regard to a Tier 2 Issuer, a Change of Business.

5. The Sponsor is required to submit a preliminary Sponsor Report, together with written confirmation that the majority of the Review Procedures have been conducted before a Qualifying Transaction, Reverse Take-Over or, in regard to a Tier 2 Issuer, a Change of Business will be presented for consideration to the Listing Committee. A Sponsor should not submit a preliminary Sponsor Report until it is reasonably comfortable that no material adverse issues will arise from completion of the balance of the Due Diligence.

6. Subject to paragraphs 7 and 8, below, a final executed Sponsor Report will be required prior to an Exchange Bulletin being issued confirming final acceptance of the transaction in respect of which the Sponsor Report was required. The final executed Sponsor Report may be required at such earlier time as specified by the Exchange.

7. The final executed Sponsor Report required in connection with an initial listing pursuant to a prospectus will generally be required to be filed with the Exchange prior to filing of the final prospectus.

8. In the case of a Reverse Take-Over or Qualifying Transaction, the final executed Sponsor Report will generally be required to be filed with the Exchange prior to mailing of the information circular.

9. Due to the increased reliance upon the Sponsor in connection with a New Listing by a Foreign Issuer, the Exchange may require that the final executed Sponsor Report be submitted prior to a New Listing or a Change of Business by a Tier 2 Issuer being considered by the Listing Committee.

10. In exceptional circumstances, the Exchange, in its discretion, may agree to waive the requirement of a Sponsor Report.

Sponsorship Policy Statement 2

Qualifications Required to Act as Sponsor

1. A Sponsor must be a Member and unless specifically waived or agreed to by the Exchange must meet all of the minimum specifications set forth in this Policy Statement 2.

2. The Sponsor shall:

   a. not have previously been advised that it may no longer act as a Sponsor or if so previously advised, the Exchange has subsequently agreed to accept the Member as a Sponsor;

   b. be a registrant in good standing with each Securities Commission in which it is registered as an adviser, securities dealer, underwriter, portfolio manager or other or similar category of registrant pursuant to applicable securities law and has not had any securities law registration refused, cancelled, restricted or suspended; and

   c. be a member in good standing with each exchange or other self-regulatory body of which it is a member;

   d. have policies and procedures that encompass the following, to the extent applicable:

      1) conflicts of interest which may arise in connection with acting in multiple roles, including acting as an underwriter and/or Sponsor and trading or advising the public in regard to the securities of a listed issuer;

      2) separation of underwriting functions and/or Sponsorship functions from trading functions, including the establishment of safeguards for dealing with confidential information;

      3) the accumulation and maintenance of a complete list of connected parties and related parties (as defined in BCSC Rule 75(1)) or connected issuers and related issuers (as defined in ASC Policy 7.1 and Proposed Multi-Jurisdictional Instrument 33-105);

      4) restricting the Sponsor from preparing a Sponsor Report on behalf of any related party, connected party, related issuer or connected issuer;

      5) establishing proficiency requirements including standards for acceptable corporate finance staff education and experience, which are commensurate with the requirements and responsibilities of underwriting;

6) ensuring that proper Due Diligence, commensurate with that of an underwriter, is undertaken by or on behalf of the Sponsor prior to the execution by the Sponsor of a Sponsor Report; and

7) procedures for periodic review of the Sponsor's policies and procedures.

3. Without limiting the generality of paragraph 2(d)(2) above, the Sponsor shall have established a corporate finance department to deal with underwriting functions and the preparation of Sponsor Reports which department is separate and apart from any of its trading and advising functions.

4. The Sponsor shall have policies and procedures for the purpose of:

   a. to the greatest extent possible, restricting access to Material Information (as defined in Corporate Finance Policy 1.1 *Interpretation*) from or relating to issuers in respect of which the Member has been engaged to act as an underwriter or Sponsor where the information obtained is not necessarily in the public domain ("Confidential Information") such that the Confidential Information shall only be made available to and access only provided to the corporate finance department personnel and the Sponsor's authorized directors and senior officers ("Corporate Finance Persons");

   b. ensuring that where Confidential Information is required to be or is otherwise provided to non-Corporate Finance Persons, those persons are advised that they possess Confidential Information which cannot be communicated to any other person;

   c. physically separating, to the greatest extent possible, the work space of members of the corporate finance department, from other areas of the Member's office and ensuring that access to the corporate finance department work space is restricted;

   d. securing physical and electronic Confidential Information in locked cabinets, computers or offices, and restricting access only to Corporate Finance Persons;

   e. securing at all times, Confidential Information which is not being immediately reviewed or utilized by the Corporate Finance Persons;

   f. ensuring that Confidential Information is not discussed in areas outside of the corporate finance department or within the proximity of persons other than Corporate Finance Persons;

g. to the greatest extent possible, providing the corporate finance department with separate and dedicated telephones, messaging services, facsimile machines, photocopiers and confidential mail and courier delivery service to ensure that persons engaged in trading or advising functions do not have access, inadvertently or otherwise, to Confidential Information; and

h. providing education to Member personnel with respect to their ethical responsibilities, including what constitutes Confidential Information, inside information, insider trading, tipping and the legal restrictions on transmission and use of Confidential Information or insider information and the legal consequences, criminal, quasi-criminal, civil and regulatory for breaches of such restrictions and in respect of insider trading and tipping.

5. When engaged as Sponsor in regard to an issuer, the Sponsor is required to assess and determine whether it is appropriate and advisable to monitor, restrict or discontinue certain activities of itself and of its employees in relation to the securities of such issuer, including, trading, advising and dissemination of research material.

6. Without limiting any other obligation or restriction under applicable Securities Law or Exchange Requirements, the Sponsor shall have policies and procedures which provide that once the Sponsor has agreed to act as Sponsor of an issuer and until such time as the applicable information circular, prospectus, filing statement or other disclosure document is properly filed and disseminated:

   a. the Corporate Finance Persons are prohibited from purchasing or selling any of the securities of such issuer;

   b. all partners, directors, officers, approved persons and employees of the Sponsor, who by virtue of their position with the Sponsor or involvement with the issuer have or can reasonably be expected to gain access to Confidential Information in regard to the issuer are prohibited from:

      1) soliciting purchase orders of the issuer's securities; or

      2) purchasing or selling the issuer's securities for accounts beneficially owned or controlled by them.

   c. the Sponsor is prohibited from: disseminating research reports relating to the issuer; buying, selling or otherwise trading the issuer's securities for its own account, except for permitted transactions and stabilizing bids contemplated by Rule F.2.09; and, further, in regard to Capital Pool Companies, the exercise of an agent's option and sale of securities issued to the Sponsor by the issuer pursuant to the exercise of a previously issued agent's option to the extent specifically permitted by section 6.2 of Policy 2.4; and

d. trading in the securities of the issuer by all partners, directors, officers and employees and approved persons shall be monitored by a designated and duly qualified officer of the Sponsor to assess whether trading has or might reasonably appear to have occurred based on access to Confidential Information.

7. Without limiting the generality of paragraph 2(d)(5) (and without limiting any other educational requirements required under applicable Securities Law or Exchange Requirements), the Sponsor shall employ a corporate finance officer, compliance officer or branch manager who will oversee and be responsible for the preparation and execution of the Sponsor Report and who:

   a. has successfully completed the Canadian Securities Course,

   b. has successfully completed the Partners, Directors and Senior Officers Qualifying Exam (CSI);

   c. is not engaged in trading on behalf of or advising public clients; and either:

      1) has at least seven continuous years of relevant experience in the securities industry or securities regulatory industry, two years of which must have been with an underwriter that is a member of a Canadian stock exchange or other self-regulatory body in Canada,

      2) has at least five continuous years of relevant experience with an underwriter that is a member of a Canadian stock exchange or other self-regulatory body in Canada or five continuous years of relevant experience with a securities regulatory body or Canadian exchange,

      3) is licensed by the Association of Investment Management and Research to use the designation "Chartered Financial Analyst" or "CFA" or is licensed to use the designation Chartered Business Valuator or "CBV", or

      4) has at least three years of relevant experience in the securities industry or securities regulatory industry and has other professional qualifications satisfactory to the Exchange.

8. The Sponsor shall employ or retain at least one individual with reasonably satisfactory education or experience in evaluating and assessing the technical aspects of businesses in the industry sector in respect of which the issuer in regard to whom the Sponsor Report is to be provided is, or is intended to be, engaged.

9. Subject to section 1(o) of Sponsorship Policy Statement 4, the Sponsor agrees to provide upon request by the Exchange, all and any part of the materials and information obtained or compiled in connection with the Review Procedures conducted.

10. The Exchange may refuse to accept a Sponsor Report from a Member where it is not satisfied that the Member qualifies as a Sponsor, and without limiting the generality of the foregoing, may refuse to accept a Sponsor Report where it reasonably appears that the Member has not implemented internal policies which are designed to ensure that Confidential Information obtained in the course of the preparation of the Sponsor Report is not communicated or made available to or used by any person involved in the trading of securities or providing investment advice to clients.

Sponsorship Policy Statement 3

Minimum Review Required for Preparation of Sponsor Report

General

1. The scope and extent of Due Diligence considered appropriate will vary in each circumstance. The Exchange will rely heavily upon the assumption that a Sponsor has the expertise and ability to determine what constitutes appropriate Due Diligence and to fulfill its responsibilities in that regard. The Due Diligence process should provide the Sponsor with a thorough understanding of the business of the listed issuer and the risks associated with the listed issuer's business. The understanding gained from this process puts the Sponsor in a better position to decide whether to sponsor the listed issuer and to sign the Sponsor Report.

Use of Experts

2. Where the Sponsor, in its professional judgment determines that particular experience or technical expertise is necessary to conduct the appropriate Due Diligence or the required Review Procedures, the Sponsor is required to ensure that such experience or technical expertise exists either among the Corporate Finance Persons or the Sponsor may rely upon an outside expert consultant, or specialist (an "Expert") to prepare an assessment report or technical report on which the Sponsor can rely. Where the Sponsor employs in-house, an individual with the requisite experience or technical expertise, the Sponsor may rely upon the services of such person. The Sponsor may also rely upon the professional services of any accounting firm, law firm, or search house (a "Professional") to assist it with the conduct of its Review Procedures. However, it is the responsibility of the Sponsor to take reasonable steps to confirm that any employee, Expert or Professional retained or relied upon, possesses the appropriate business or other experience and education necessary to assess the business, products, services or technology or to otherwise perform the services for which they were retained. The Sponsor is also responsible for confirming that any Expert or Professional retained by the Sponsor or upon whom the Sponsor may rely, is not a related party, connected party, related issuer or connected issuer of the listed issuer, or does not otherwise have a relationship with the listed issuer that may lead a reasonable person to conclude that the Expert's or Professional's independence or objectivity could be compromised. The Sponsor must confirm that any Expert does not have any direct, indirect or contingent interest in any of the securities or assets of the listed issuer, its Insiders, or any Associates or Affiliates of the listed issuer.

Review Procedures

3. As part of the Review Procedures, a Sponsor shall perform a review of the Insiders and Principals of the listed issuer, the listed issuer's business and the conformity of the listed issuer to the applicable Minimum Listing Requirements. In certain circumstances, the Sponsor, in its reasonable professional judgement, may determine that certain Review Procedures are not required as they have been otherwise satisfied. In such instances, the Sponsor must specifically state in the Sponsor Report any non-conformity with the requirements of this Sponsorship Policy Statement and the reasons for such non-conformity. The Exchange may nevertheless determine that the stated Review Procedures must be conducted. Unless specifically waived by the Exchange, a site visit must be conducted and title opinions must be prepared in respect of all Foreign Issuers. However, the Sponsor may determine, in its professional judgment, that the requirement for a site visit in respect of resource properties has been satisfied by the site visit conducted by the engineer or geologist providing the Geological Report.

4. Set forth below are the minimum Review Procedures which must be performed prior to execution of a Sponsor Report.

Insiders and Principals

5. The Sponsor must undertake a review of the past conduct of existing and proposed Insiders and Principals of the issuer for purposes of assessing their general experience and integrity. As part of the review, the Sponsor must determine whether the Insiders and Principals have demonstrated a history of regulatory compliance and corporate and financial success. Subject to section 3, in making these assessments the Sponsor's review shall include:

    a. inquiries with various regulatory bodies having jurisdiction over the applicant listed issuer and its existing and proposed Insiders and Principals and any issuers or reporting issuers with which the applicant's existing and proposed Insiders and Principals have previously been associated;

    b. inquiries through appropriate data base searches, which in the case of a non-Canadian resident, will require at least appropriate Lexis/Nexis searches;

    c. inquiries and discussions with references, former and present business associates and with other offices of the Sponsor;

    d. engagement of counsel or reputable search houses or services to perform checks in relevant areas of residence or other locations of business;

    e. review of Personal Information Forms; and

    f. searches for civil actions and judgements.

6. The Sponsor must also confirm to its satisfaction that the Insiders and Control Persons of the listed issuer understand their statutory trading and reporting obligations as prescribed by applicable Securities Law.

Management and Directors

7. In respect of the proposed key directors and management, a review of their general business acumen, their experience in the type of business carried on by the applicant listed issuer, their securities and industry related experience and responsible business conduct and practices which subject to section 3, shall include:

    a. confirmation of educational and professional qualifications;

    b. review of financial statements of other material public and private issuers in respect of which such persons are, or have been, involved either in the capacity of a Director or member of senior management, including an assessment as to the financial success of such issuers and whether the allocation between funds spent on general and administrative expenses relative to those spent on any work program and the compensation paid to management or parties associated or affiliated with management appears appropriate and in accordance with prudent business practices;

    c. an assessment of management's goals and expenditure controls to determine whether it is reasonable to assume that management will use Available Funds (as defined in Exchange Form 3A) as publicly disclosed;

    d. a review of directors' resolutions and banking documents to ensure that internal controls exist which require that the signatures of two authorized persons are required on all cheques and other instruments binding the listed issuer;

    e. confirmation of the amount of time to be devoted to the business of the listed issuer by each of such persons and an assessment of whether each of such persons is committing sufficient time to properly manage the business and corporate affairs of the listed issuer;

    f. based on the Sponsor's assessment of the past conduct and experience of the directors and senior officers, the Sponsor is reasonably satisfied that:

        1) such persons can reasonably be expected to prepare and publish all information required by applicable Securities Law and all Exchange Requirements, including without limitation, Corporate Finance Policies 3.1, Directors, Officers and Corporate Governance, 3.3, Timely Disclosure, and 3.2 Filing Requirements and Continuous Disclosure, in a timely and responsible manner; and

2) such persons appreciate the nature of their responsibilities as directors or officers of an Exchange listed issuer.

Business of the issuer

8. The Sponsor shall conduct a review of the business of the issuer which shall include:

   a. an assessment of the issuer's business plan, including an assessment as to whether the budgets and projections are reasonable and whether the predictions and assumptions are consistent with the issuer's past performance having regard to payment terms under agreements or other arrangements with suppliers, costs of financing, royalty obligations, long term liabilities, working capital requirements and the availability of financing alternatives;

   b. investigations in respect of the consultants (e.g. engineers, geologists, management consultants, authors of valuations, technical assessments or feasibility studies and authors of non-Canadian legal or title opinions), including the education and credentials of such parties and whether they have completed such reports for the Exchange in the past;

   c. a physical inspection of the material assets, whether owned or leased, including property, plant, equipment and inventory used, or to be used, in connection with the issuer's stated business objectives, or full particulars as to why a physical inspection was not considered necessary;

   d. if applicable, an analysis of the issuer's production methods;

   e. if applicable, an analysis of the issuer's actual or proposed marketing plan, including distribution channels, pricing policies, after-sales service, maintenance and warranties;

   f. if applicable, an investigation into a third party's ability to supply a product, service or technology where the third party supplies a unique product service or technology to the issuer that is not readily available, or not readily available at reasonably comparable prices from other sources;

   g. a review of all material financial statements for at least the three preceding years of operations by the issuer or its relevant predecessors and, if applicable securities law or Exchange Requirements require financial statements for some additional prior period to be filed with a securities commission or the Exchange, a review of the financial statements for such additional reporting periods;

h. a review of any title opinions on the assets, property or technology considered necessary or advisable (and for greater certainty, in respect of assets, property or technology not physically situated in Canada or the U.S.A. (such title opinions will always be presumed by the Exchange to be necessary or advisable);

i. to the extent appropriate, inquiries and discussions with principal suppliers, customers, auditors, accountants, creditors, bankers, etc.;

j. review and analysis of the business aspects of all material contracts of the issuer;

k. a review of all material legal proceedings, and proceedings known to be contemplated, involving the issuer;

l. an analysis of the business aspects of any legislation or publicly available proposed legislation, such as industry or environmental regulations or controls on ownership or profit repatriation that, in the Sponsor's professional judgement, may materially affect the issuer's operations;

m. an analysis of the business aspects of any economic or political conditions that, in the Sponsor's professional judgement, may materially affect the issuer's operations;

n. investigations of the industry and target markets in which the issuer's business will principally operate or its management anticipates that it will principally operate, including geographical area, competition within that segment (including existing and potential principal competitors and their relative size and aggregate market share) and market segment;

o. if appropriate, investigation and confirmation of the existence of any proprietary interests, intellectual property rights and licensing arrangements material to the issuer's business;

p. investigation of the technical feasibility of any new product or technology developed, under development or proposed to be developed pursuant to the issuer's business plan;

q. assessment of the stage of the applicant's development and the commercial viability of its product or technology, including an assessment of obsolescence, market controls or regulation and seasonal variation; and

r. a review, analysis or investigation of any other matters specifically requested by the Exchange to be reviewed, including without limitation, the appropriateness of any valuation submitted to the Exchange in support of the exchange of securities or such other comment on the fairness and reasonableness of the exchange of securities.

Integrity of Financial and Corporate Information

9. The Sponsor shall assess the integrity of the financial and corporate information produced by the issuer and in doing so shall:

   a. consider the material financial statements of the issuer or its predecessor(s) prepared in regard to at least the preceding three years and, if applicable securities law or Exchange Requirements require financial statements for some additional prior period to be filed with a securities commission or the Exchange, a review of the financial statements for such additional reporting periods;

   b. consider the reasonableness of the "Available Funds" (as defined in Exchange Form 3A) and the sufficiency of working capital; and

   c. analyze the capital structure, including its impact on the ability of the listed issuer to conduct future financings and an assessment of whether it provides for a satisfactory public distribution.

Minimum Listing Requirements and Exchange Requirements

10. The Sponsor shall consider whether the issuer at the time of listing or completion of the applicable transaction will meet applicable Minimum Listing Requirements, Tier Maintenance Requirements and other Exchange Requirements and in doing so the Sponsor shall make a determination as to whether:

    a. the listed issuer, upon completion of any New Listing will meet the applicable Minimum Listing Requirements of the Exchange as described in Exchange Policy 2.1 (except in regard to distribution requirements on Reverse Take-Overs and Qualifying Transactions of Capital Pool Companies, in regard to which the listed issuer need only comply with paragraph b., below);

    b. the listed issuer will meet the applicable distribution requirements described in Exchange Policy 2.5, Tier Maintenance Requirements; and

    c. the listed issuer and its directors and officers are in compliance with the applicable provisions of Exchange Policy. 3.1, Directors, Officers and Corporate Governance.

Sponsorship Policy Statement 4

Disclosure Required in Sponsorship Report

1. The Sponsor shall disclose in the Sponsor Report all material information which is reasonably necessary to determine whether the issuer is suitable for listing on the Exchange and the material Review Procedures conducted. Without limiting the generality of the foregoing, the Sponsor Report shall contain:

   a. a brief summary of the procedures conducted by the Member in respect of the Review Procedures required by Sponsorship Policy Statement 3, including a list of all database searches conducted in regard to each Person;

   b. identification of any Review Procedures not taken and an explanation as to how the Sponsor otherwise satisfied itself in respect of the Review Procedures;

   c. identification of any information or facts which the Sponsor is aware or has become aware in the course of conducting its Due Diligence which might reasonably impact upon the Exchange's determination of the suitability for listing of the issuer;

   d. confirmation that the Member has met the criteria required to qualify as a Sponsor;

   e. the qualifications and experience of the person(s) primarily responsible for the investigation and preparation of the Sponsor Report, including knowledge of the proposed industry and/or business of the applicant, and without limitation such person's;

      1) name, address and occupation;

      2) relevant educational background, including areas of principal studies;

      3) relevant employment history, including a description as to how it relates to the material aspects of the principal business of the listed issuer;

      4) experience in the areas of corporate planning and financial analysis;

      5) membership in any professional organization; and

      6) the period during which the review procedures were carried out;

   f. disclosure of any conflicts of interest, including:

1) a statement to the effect that the person referred to in section 1(e) has no material conflicts of interest as a result of his or her relationship with the issuer, and the issuer's Insiders, Associates and Affiliates;

2) a statement that the person referred to in section 1(e) does not own any direct, indirect or contingent interest in any of the securities or assets of the issuer, or of any Associates or Affiliates of the issuer or disclosure of any such interest, which interest must not be material;

3) full particulars of any material past dealings between the Sponsor and any current or proposed Related Party of the issuer; and

4) full particulars of any direct, indirect or contingent interest in any of the securities or assets of the issuer or of any Associates or Affiliates of the issuer beneficially owned or controlled by the Sponsor;

g. where the Sponsor, in preparing the Sponsor Report, has retained the services of, or otherwise relied upon the services of, a consultant or specialist, the Sponsor shall state, in respect of each consultant or specialist upon whom the Sponsor has relied, the information described in subparagraphs (1), (2), (3), (5) and (6) of paragraph (e);

h. where the Sponsor in preparing the Sponsor Report has retained the services of any Professional, the name, address, telephone number, professional designations and principal contact person of such Professional must also be disclosed;

i. a list of any significant documents examined by the Sponsor in the course of performing its review;

j. full particulars of material discussions between the Sponsor and the existing and proposed senior officers and Directors regarding their experience and expertise and prior involvement with other reporting issuers and public companies;

k. the conclusions reached by the Sponsor regarding management's ability to carry out their responsibilities as management and directors of a listed issuer and to implement the proposed business plan;

l. the conclusions reached by the Sponsor regarding the suitability of the applicant for listing on the Exchange including a statement as to the issuer's conformity to Exchange Policies 2.1, Minimum Listing Requirements and 3.1, Directors, Officers and Corporate Governance;

m. any other facts or information considered to be material by the Sponsor that could reasonably be expected to significantly affect the value of the securities

of the issuer to be listed; and

n. an undertaking to maintain for a period of six years from the date of the Sponsor Report and, upon request, to provide information and materials pursuant to subparagraph (i) of Sponsorship Policy Statement 2.

2. In regard to the initial listing of Capital Pool Companies, (See Corporate Finance Policy 2.4), the Sponsor shall also be required to state that after inquiry of the directors and management of the proposed Capital Pool Company, it is not aware of any Agreement in Principle as defined in Corporate Finance Policy 2.4.

3. The Sponsor Report shall be signed by two duly authorized officer(s) and/or director(s) of the Sponsor, one of whom shall be the corporate finance officer, compliance officer or branch manager referred to in Sponsorship Policy Statement 2.

Sponsorship Policy Statement 5

Disclosure of Sponsor

The identity of a Sponsor may be publicly disclosed and the Exchange will generally require public disclosure to be made upon an agreement being reached whereby the Sponsor agrees to sponsor an issuer and provide a Sponsor Report.

APPENDIX 3A

ACCEPTABLE TRANSFER AGENTS, REGISTRARS AND ESCROW AGENTS

Subject to further notice, the following are considered acceptable transfer agents and registrars:

CIBC Mellon Trust Company

Computershare Trust Company of Canada

Equity Transfer Services Inc.

Montreal Trust Company

Montreal Trust Company of Canada

Olympia Trust Company

Pacific Corporate Trust Company

The Trust Company of Bank of Montreal

Valiant Corporate Trust Company

Subject to further notice, the following are considered acceptable escrow agents:

CIBC Mellon Trust Company

Computershare Trust Company of Canada

Montreal Trust Company

Montreal Trust Company of Canada

Olympia Trust Company

Pacific Corporate Trust Company

The Trust Company of Bank of Montreal

Valiant Corporate Trust Company

APPENDIX 3B

GUIDELINES – DISCLOSURE, CONFIDENTIALITY AND EMPLOYEE TRADING

Disclosure

1. Issuers listed on the Exchange must comply with two sets of rules (the "Disclosure Rules"):

   - Securities Laws governing corporate disclosure, confidentiality and employee trading

   - the Exchange's policy on timely disclosure which expands upon the requirements of Securities Laws.

2. Each Issuer should establish a clear written policy to help it comply with the Disclosure Rules. The guidelines below are intended to help Issuers establish their policies. They should be viewed as a means to an end (compliance with the Disclosure Rules) and not as an end in themselves.

3. Every Issuer's policy, however, should:

   (a) describe the procedures to be followed and spell out the consequences of violations;

   (b) be updated regularly;

   (c) be brought to the attention of employees regularly;

   (d) give specific guidance in the following areas:

      (i) disclosing material information;

      (ii) maintaining the confidentiality of information;

      (iii) restricting employee trading.

4. The Issuer's policy on disclosure of material information should include provisions to assist management in determining:

   (a) if the information is material and must therefore be disclosed;

   (b) when and how the material is to be disclosed;

   (c) the content of any news release disclosing the information.

5. Specific corporate officers should be made responsible for disclosing material information. Different corporate officers may be designated for different circumstances. For example, a specific employee might be designated as a corporate spokesperson for a particular area of operations or a particular news release. At the same time investor relations personnel might be designated as the contact for shareholders, the media and analysts, but not have the authority to issue a particular news release.

6. Avoid situations where delays occur because the person responsible for disclosure is unavailable or cannot be located or employees other than designated spokespersons comment on material corporate developments.

Confidentiality

1. The Disclosure Rules allow that if the early disclosure of material information would be unduly detrimental to the Issuer, that information may be kept confidential for a limited period of time. To keep material information completely confidential, Issuers should:

   (a) limit the number of people with access to confidential information;

   (b) require confidential documents to be locked up and code names to be used if necessary;

   (c) make sure that confidential documents cannot be accessed through technology such as shared servers;

   (d) educate all staff about the need to keep certain information confidential, not to discuss confidential information when they may be overheard, and not to discuss investment in the Issuer, for example, in an investment club, when they are aware of confidential information (so that they don't influence the investments of other people, when they themselves are not allowed to trade).

Restrictions on Employee Trading

1. The Disclosure Rules require that employees with access to material information be prohibited from trading until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. This period may vary, depending on how closely the Issuer is followed by analysts and institutional investors.

2. This prohibition applies not only to trading in the Issuer's securities, but also to trading in other securities whose value might be affected by changes in the price of the Issuer's securities. For example, trading in listed options or securities of other Issuers that can be exchanged for the Issuer's securities is also prohibited.

3. In addition, if employees become aware of undisclosed material information about another public company such as a subsidiary, they may not trade in the securities of that other company.

4. In the case of pending transactions, the circumstances of each case should be considered in determining when to prohibit trading. In some cases, prohibition may be appropriate as soon as discussions about the transaction begin. The definition of materiality helps determine when trading should be prohibited in the case of pending transactions. Trading must be prohibited once the negotiations have progressed to a point where it reasonably could be expected that the market price of the Issuer's securities would materially change if the status of the transaction were publicly disclosed. As the transaction becomes more concrete, it is more likely that the market will react. This prohibition on trading will often come into effect before the point in time when it must be disclosed publicly. In all situations, it is a judgment call as to when employee trading should be restricted.

5. An Issuer's policy should address trading blackouts. Trading blackouts are periods of time during which designated employees cannot trade the Issuer's securities or other securities whose price may be affected by a pending corporate announcement. A trading blackout:

   (a) prohibits trading before a scheduled material announcement is made (such as the release of financial statements);

   (b) may prohibit trading before an unscheduled material announcement is made, even if the employee affected doesn't know that the announcement will be made;

   (c) prohibits trading for a specific period of time after a material announcement has been made.

APPENDIX 3C

COMMERCIAL NEWS DISSEMINATORS

This list of services is provided for information purposes only. The Exchange does not approve or disapprove of any of the following services.

Note: These services transmit, by wire or other electronic imaging mea ns, news releases on a commercial basis to a network of securities regulatory bodies, brokerage firms, news media, financial publications, and investor/business media outlets.

a)	BCE Emergis Inc. Simcoe Place 200 Front Street West Suite 2202, P.O. Box 28 Toronto, ON M5V 3K2	Toronto: (416) 597-3100 Vancouver: (604) 257-9525 News Releases Only - Fax: (416) 597-3110 News Releases Only - Fax: 1-800-678-4736
b)	Canada NewsWire Limited #1003 - 750 West Pender Street Vancouver, BC V6C 2T8	(604) 669-7764 Fax: (604) 669-3395
	Canada NewsWire Limited #835, 401 - 9th Avenue S.W. Calgary, AB T2P 3C5	(403) 269-7605 Fax: (403) 263-7888
c)	Canada Stockwatch * Courier drop-off: 1550 - 609 Granville Street Vancouver, BC V7Y 1J6 P.O. Box 10371 Pacific Centre Mailing address: 700 West Georgia Street Vancouver, BC V7Y 1J6 *May edit release unless a fee is paid.	(604) 687-1500 Fax: (604) 687-2304
d)	CCN Newswire #1505 - 700 West Pender Street Vancouver, BC V6C 1G8	(604) 683-1066 Fax: (604) 683-0885
e)	ITG International Teledata Group #330 - 1100 Melville Street Vancouver, BC V6E 4A6	(604) 683-1066 Fax: (604) 683-0885
	ITG International Teledata Group #950, 700 - 4th Avenue S.W. Calgary, AB T2P 3J4	(403) 266-2443 Fax: (403) 263-7210

f) Infolink Technologies Ltd.
662 King Street West, Suite 205
Toronto, ON M5V 1M7
1-800-973-1870
Disclosure Fax: (416) 504-3656

g) Market News
500 - 789 West Pender Street
Vancouver, BC V6C 1H2
(604) 689-5676
Fax: (604) 689-1106

h) Newslink Network
Alberta Place
701, 1520 – 4 Street S.W.
Calgary, AB T2R 1H5
(403) 215-6397
Fax: (403) 215-6399

News Agencies

Note: These are financial or economic news suppliers which transmit to major organizations in the financial community and to most major newspapers. There is no cost but transmission is entirely discretionary, may be prioritized, and may be in summarized or editorialized form.

a) Bloomberg
499 Park Avenue
New York, NY
10022
(212) 318-2200
Fax: (212) 893-5000

b) Bridge Information Systems Canada Inc.
Suite 200, 625 Howe Street
Vancouver, BC V6C 2T7
(604) 669-6033
Fax: (604) 689-8689

Bridge Information Systems Canada Inc.
Suite 900, 145 King Street West
Toronto, ON M5H 4C4
(416) 365-7171
Fax: (416) 364-8006

c) The Canadian Press/Broadcast News
#250 - 840 Howe Street
Vancouver, BC V6Z 2L2
(604) 687-1662
Fax: (604) 687-5040

The Canadian Press/Broadcast News
#504, 10109 - 106th Street
Edmonton, AB T5J 3L7
(780) 428-6107
Fax: (780) 428-0663

d) Reuters News Agency
#610 - 1040 West Georgia Street
Vancouver, BC V6E 4H1
(604) 664-7314
Fax: (604) 681-0491

National Media

a)	The Globe and Mail 1210 - 1140 West Pender Street Vancouver, BC V6E 4G1	(604) 687-4435 Fax: (604) 685-7549
b)	The National Post/Financial Post #300 - 1450 Don Mills Road Don Mills, ON M3B 3R5	Editorial: (416) 383-2300 Editorial Fax: (416) 383-2443
c)	The National Post #900 - 1130 West Pender Street Vancouver, BC V6E 4A4	(604) 683-8254 Fax: (604) 683-1729
d)	The Northern Miner Suite 206 - 1200 West Pender Street Vancouver, BC V6E 2S9	(604) 688-9908 Fax: (604) 669-4322
e)	The Prospector #101 - 211 East Georgia Street Vancouver, BC V6A 1Z6	(604) 688-2271 Fax: (604) 688-2038

APPENDIX 3D

NON-FIRE ASSAY RESULTS

1. The veracity of precious metal assay results obtained by Issuers from foreign laboratories is a significant concern of the Exchange. The concern arises primarily due to the unreliable results produced by relatively unknown laboratories outside Canada incorrectly applying accepted industry techniques, using secret ("proprietary") or unverified techniques, or employing unqualified staff.

2. Most analytic techniques for gold, silver and platinum group metals ("precious metals") utilize the fire assay method to separate the metal from its enclosing rock. The final precious metal determinations are made by electronic balances or other instrument techniques. These analytical methods have proven to be accurate, reliable and reproducible.

3. Other analytic techniques are available for determining precious metal content of samples. These methods, if conducted accurately and within technical limitations, can be confirmed by the fire assay method and vice versa. Examples of such methods are atomic absorption, cyanide leaching and neutron activation. A key element of any analysis is that it be conducted by thoroughly trained personnel in a well-organized laboratory utilizing adequate controls.

4. Certain Canadian provinces ensure high analytical standards by way of certification of assayers. Minimum education and experience levels are required to obtain certification. Similar requirements are not prevalent outside Canada. The Exchange is aware that most American states do not have assayer certification while some states providing certification do not impose requirements comparable to those of the Canadian provinces.

5. A few Issuers have used certain non-Canadian laboratories and reported significant precious metal values from their exploration programs. In most instances, it has been claimed that the samples are mineralogically complex and not susceptible to fire assay. In each situation of this nature, analysis of the allegedly complex samples at other laboratories using fire assay and other industry accepted techniques have failed to confirm significant precious metal content. In other instances, some laboratories using industry accepted analytical techniques have yielded erroneous results because of faulty procedures and unqualified analysts.

6. In view of the problems with non-fire assay techniques and non-Canadian laboratories, the Exchange requires that each news release, shareholder report or other public communication which includes precious metal results from an analysis by a non-Canadian laboratory, or from an analysis using any technique other than fire assay, contain the following information:

(a) the analytical method used to obtain the reported results;

(b) the name of the laboratory at which the analyses were conducted; and

(c) the results of any fire assay check program or the intention to conduct a fire assay check program at an independent laboratory. All results of a fire assay check program are to be published in a timely manner.

7. An Issuer issuing a news release without the foregoing minimum information can be subject to a halt in trading pending clarification in another news release.

8. The Exchange can require an Issuer to undertake a fire assay check program at a Canadian laboratory if the reported results are, in the Exchange's opinion, inconsistent with historic results from the property, the geological environment or other pertinent factors.

See Appendix 3F for Mining Standards Guidelines.

APPENDIX 3E

NEWS RELEASE GUIDELINES

Consider the problems and concerns raised by the following hypothetical news releases:

Natural Resource Company

> "The Company has recently optioned a large and exciting gold property near the "XXX" gold discovery area. In describing the property, the Company's independent consultant has said: "The favourable location of, and some of the results of prior work done on the property give the Company a worthwhile mineral exploration opportunity….". The Company proposes to expeditiously conduct a sizeable exploration program on the property as soon as the appropriate financing has been arranged."

Non-Resource Company

> "Based on discussions with several European countries, the Company anticipates that it will have orders to ship over 200,000 crates of widgets to those European countries over the next two years. These orders, which considerably exceed the Company's forecasts for the first year, represent a projected profit to the Company in excess of $1,000,000 over the next five year period."

Guidelines

Timely disclosure news releases are intended to provide, to both existing shareholders and potential investors, factual information on which a reasoned investment decision can be made. **The examples do not provide sufficient detail and are misleading because material information is omitted.** The following guidelines should be observed when preparing a news release:

1. **State specific facts.** A news release should convey specific and accurate facts about the matter in question.

   In the natural resource company example, many questions are unanswered, including: When did the Company acquire the property? What is the size of the property being acquired? What makes the property a "gold" property? Where precisely is the property? When does the Company propose to commence its exploration program?

Avoid relative or subjective terms such as “large”, “exciting”, “favourable”, etc. In addition, the date of the option agreement should be stated and the size of the property should be given in terms of the actual number of claims involved and the acreage covered by the claims. Its location, both in terms of distance and general compass direction from the discovery area, should also be specified. The phrase “gold property” should be avoided (unless unequivocal geological evidence, such as proven reserves, has been established by an independent and qualified consultant) and a much more specific time frame for the commencement of the Issuer’s exploration program should be set out.

In the non-natural resource company example, the following questions should be addressed: What government departments were involved? Which European countries? How many countries does the word “several” refer to? What were the Company’s sales forecasts for the first year? What exactly makes the Company anticipate that it will have orders to ship over 200,000 crates of widgets over the next two years? Is the projected profit of $1,000,000 gross profits or net profits and can it be reasonably supported?

2. **State all the facts.** A news release should state all the material information about the matter being described.

In the natural resource company example, it is apparent that prior work was done on the property, but the general nature and results of that work are not stated. The cost of the acquisition by the Company is not stated, the proposed type of funding is not specified and the general character of the proposed exploration program is not detailed. These matters are collectively of considerable importance to investors and, depending on what the facts are, may well be determinative of an investment decision. The should be specified in the news release.

The quote from the Company’s consultant suggests that an independent consultant has rendered an expert opinion on the property and has recommended its acquisition to the Company. When quoting from reports, you should name the author and give the date of the report. Also, do not quote a consultant’s report out of context or omit relevant passages in that report which may be crucial to the overall description of the property or an accurate understanding of its geological setting.

In the non-resource company example, the news release suggests that the Company has orders to ship widgets. However, there are substantial differences between expressions of interest, orders and binding contracts and the news release should state which of these the Company has. An order may or may not be revocable by the customer until a particular time and this should be clarified. The news release is probably misleading about the Company’s future performance since it is unclear whether or not the Company has actually received any orders for the delivery of the widgets.

Failure to state material information necessary to make a statement not misleading is just as serious as stating a false material fact.

3. **Make a balanced presentation of the facts**. A news release must be balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. This means that all available facts must be reported, and the news release should give a fair presentation of those facts.

   In the natural resource company example, it is clear that "some" of the prior results were favourable, but the context suggests that the balance of those results were not favourable. Those latter results have not been stated and have, by implication, been under-emphasized. Good or bad, all material information must be disclosed.

   Similarly, the tone of the disclosure suggests that there is a positive relationship between the location of the property being acquired and the chance of a discovery being made on the Company's property. While the future may bear out that relationship, unless there is unequivocal geological evidence, a news release should generally not imply such a conclusion.

   In the non-resource company example, the Company should disclose what its sales have been to date and its manufacturing capability. If it has no sales and has no idea of its cost of sales or gross profit, then net profit cannot be estimated. Further, a statement that orders are anticipated based on discussions, with no binding agreements or arrangements, is premature issuance of news.

   Issuers often avoid disclosing unfavourable matters and try to divert attention to favourable matters. However, the Issuer must make full disclosure to enable the investing public to base their investment decisions on all the available information, whether good or bad. The requirement to make a balanced presentation is not limited to specific releases but applies to disclosure generally. For example, if the Company in the natural resource company example has decided not to proceed with the exploration of another of its properties, or has decided to postpone that exploration, it must disclose that fact. More importantly, if it made that decision before it acquired the new property, it must not delay public disclosure of that decision until it reaches an acquisition agreement on the new property. If it is material to announce the acquisition of a new property, then (except in very rare cases) the abandonment of that same property is also material because of its impact on the potential future earnings of the Issuer involved.

4. **Projections and forecasts.** The Issuer must disclose that a forecast has been prepared using assumptions (all of which are supportable and reflect the Issuer's planned courses of action for the period covered) as to the *most probable* set of economic conditions. A projection includes one or more hypotheses - specify what they are and that they are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement. Any future-oriented financial information should be clearly labelled as either a forecast or a projection (or any successor national instrument).

In the non-resource company example, it is not clear whether the projected profit of $1,000,000 is a forecast or a projection. It appears to be an estimate that cannot be relied upon and, therefore, should not be presented in a news release.

Projections and forecasts must be prepared in accordance with the Canadian Institute of Chartered Accountants Handbook and National Policy No. 48.

The time period covered by the projection or forecast should not extend beyond the time for which the information can be reasonably estimated. This depends on factors such as the needs of the users, the ability to make appropriate assumptions, the nature of the industry and the operating cycle of the Company. In the case of a Tier 2 Issuer, a reasonably foreseeable period would be one year.

APPENDIX 3F

MINING STANDARDS GUIDELINES

1.0 Introduction

Exchange-listed companies are involved in mineral exploration around the world, with each project having unique characteristics and specific challenges. The exploration industry is further complicated by the diversity of the organizations which may have responsibility for determining procedures and guidelines. The Exchange cannot anticipate the challenges of each project nor can it consolidate the expertise and guidelines of the various professional bodies that exist within the mining industry.

The purpose of this Appendix is to present the Exchange's perspective on the responsibilities of a listed company and its board of directors when involved in mineral exploration. In our view, it is the responsibility of each director, regardless of their geological experience, to ensure that information collected and reported to the public be timely and accurate. These are standards which the Exchange believes should be applied prudently and with common sense.

1.1 Philosophy

The Exchange places responsibility for the implementation of prudent field procedures, applying conventional mining techniques, assaying and public reporting with the company and its board of directors. Further, it is the directors' responsibility to ensure that the release of information is accurate, balanced and timely.

Directors, the public and the Exchange gain confidence in a company's procedures and reporting through independent verification of results. The Exchange recognizes that independent reporting may be expensive and time consuming for a junior company that has neither a proven prospect nor is seeking public funding. Therefore the Exchange does not insist on independent verification in all circumstances. Instead, there is a sliding scale of independent verification that increases with the significance of a company's claim.

The Exchange advocates enhanced disclosure. Many company reports are presently required to be placed in company public files. The Exchange will extend this requirement to include a broader range of circumstances in support of the principle that the public and analysts should have access to the best information available with which to make interpretations, decisions and recommendations.

1.2 Role of Member Firms

The due diligence obligations placed upon Member Firms and their employees by the Exchange are not unique to mining companies. The Member Sponsorship Rule requires Exchange Members to fulfil specific criteria relating to corporate finance functions prior to acting as a sponsor. IPO's and other New Listings must be sponsored by a Member Firm at the time of listing.

Members and their Investment Advisors are also guided by the legal requirements of fiduciary duties and due diligence, and by the Exchange's gatekeeper expectations.

1.3 Actions

The actions required by a listed company are divided into three broad categories: Report Preparation and Distribution, Verification Programs, and Disclosure.

2.0 Report Preparation and Distribution

Reports are required in many different circumstances. The standard can be found in the Canadian Securities Administrators National Policy #2-A. National Policy #2-A has been revised and issued for comment as National Instrument #43-101 (*Standards of Disclosure for Mineral Exploration and Development and Mining Properties)* and its companion Policy. The Exchange recommends that all companies adopt the standards of National Instrument #43-101 and the Exchange requires that all companies utilize the resource/reserve standards of National Instrument #43-101. Not all reports need to be prepared to this standard, but a qualified professional must prepare the report and the company must be able to explain why the standards of National Policy #2-A were not deemed necessary.

The position of the Exchange is that all reports referred to in a news release or submitted as part of an Exchange filing will be placed on the public file. These reports should also be directly available from the company. There are very few circumstances when the Exchange will keep part or all of a report confidential.

The Exchange expects that reports will be filed with the Exchange and the report placed on a company's public file in, but not limited to, the following circumstances:

- Where the company is raising funds from the public
- Most property acquisition filings involving the issuance of shares
- Subsequent issuances of shares for a property acquisition
- Upon reporting estimates of measured or indicated mineral "resources"
- Upon reporting estimates of proven or probable mineral "reserves"
- Upon completion of summaries of preliminary or final feasibility studies
- Assessment ongoing programs through periodic reports which are publicly reported by companies

2.1 Qualifications of Report Writers

The Exchange will consider the qualifications of the author in reviewing any reports. The factors that we will take into account are:

- Membership in a professional organization which regulates the practice of engineering or geoscience, e.g. a provincial association of professional engineers and geoscientists;
- Educational background;
- Experience with similar geological models; and
- Reputation

3.0 Verification Programs

3.1 Quality Assurance Programs

Quality assurance programs should be routinely implemented as part of any exploration program that is generating analytical results. This will ensure that the procedures and processes utilized by the company are producing accurate information for the benefit of the company and the public. Such a program should verify the validity of sample collection, security, preparation, analytical method and accuracy. Procedures and findings of the program would normally be included in a report assessing recently completed phases of the exploration/development cycle. A common aspect of a quality assurance program would include the random submission of blank, duplicate and standard samples in each sample shipment. Duplicates, rejects and pulps would be regularly analyzed at a second laboratory for comparison and confirmation of the regularly utilized laboratory procedures and results.

3.2 Check Programs

The Exchange expects a company to carry out a check program whenever a major milestone is achieved in its property development or spectacular or unexpected results are obtained. The objective of such a milestone program is to verify all aspects of the quality assurance program. (The included table summarizes exploration milestones and notes when reports, checks and audits are normally conducted.) The procedures of a milestone check are similar to those of a quality assurance program. The Exchange considers a verification program to be a "check program" when it is conducted by a non-independent person and an "audit" when it is conducted by an independent person.

A check or audit program of spectacular or unexpected results is expected to provide immediate verification of specific results. These programs should be implemented immediately upon a company or its consultant receiving the anomalous results. The Exchange may insist upon an audit program, notwithstanding a company's determination not to initiate such a program.

The Exchange requires the undertaking, reporting and the filing of a check program in the following circumstances:

- When spectacular results are reported by a company at any stage of the exploration/development cycle. These are generally trenching or drilling results which are clearly of economic significance or materially exceed previously reported results
- During or after the completion of an "in-fill" drilling program
- Upon reporting measured and/or indicated mineral "resources"
- Upon reporting proven and/or probable mineral "reserves"
- Excessive market activity or an increase in the market capitalization of a company releasing favourable assay results
- Unique circumstances such as the use of unorthodox or proprietary analytical methods, or reporting results uncharacteristic for the property, district or geological model

All check programs should be conducted under the supervision of a qualified professional. The Exchange, at its discretion, may require that a check program be conducted by an independent, qualified, professional acceptable to the Exchange. The shares of a company undergoing a check program, depending on the circumstance, may be halted until such time as the check program has been completed and results released to the public.

All reports that are required to be submitted will be placed on the public file unless specific and justifiable requests for confidentiality are received. Even these requests may be refused or only certain portions of a report will not be placed on the public file.

3.3 Assay Laboratories

The Exchange recognizes that there are laboratories around the world and that in many jurisdictions laboratories are not registered or required to meet internationally accepted standards. A company should implement measures to ensure the work being performed on its behalf produces accurate results. The following procedures are recommended in selecting an assay laboratory:

- Confirm the academic, professional and analytical experience of laboratory staff
- Investigate the reputation of the laboratory and its staff with its competitors, clients, regulators and others
- Inspect the laboratory for its sample preparation facilities, analytical procedures, reporting procedures, equipment, security, cleanliness, etc.
- Confirm the laboratory's internal and external quality control and quality assurance programs
- If the jurisdiction that the laboratory is operating requires certification or registration, ensure that the laboratory conforms to the jurisdiction's requirements
- Submit some blanks, standards and previously assayed samples to the laboratory to confirm its procedures and accuracy

These are all well-known procedures and should not be considered unusual by the laboratory or any other individuals involved in the process.

4.0 Disclosure

Disclosure of information is key to the financial markets. Exploration and mining companies often find disclosure to be a very difficult balancing act. The information must be timely, but the information is often not at a stage where definitive conclusions can be drawn, and the information is often highly technical and cannot be easily interpreted by the investing public.

The Exchange suggests the following Guidelines for the preparation of news releases with respect to the dissemination of drill, sample and mineral resource/reserve results. The purpose of these Guidelines is to help companies ensure disclosure provides sufficient detail to the investing public to make informed investment decisions. The list is not intended to be exhaustive or all-encompassing and greater detail may be appropriate and required in many situations.

Reporting of information and opinion with respect to mineral properties is currently dealt with under National Policy #22 with references to National Policy #2-A. National Policies #22 and #2-A have been combined into National Instrument #43-101 and companion Policy, which have been issued for comment. The following Guidelines are intended to incorporate and expound upon the minimum standards established under these National Policies as they apply to listed companies and to specifically extend these standards to include all public disclosure by such companies. Where technical data in a news release is based on a report or other information supplied by an engineer or geoscientist, the news release shall name the person supplying the technical data. These Guidelines are intended to apply to each and every news release or other disclosure document issued by a listed company unless specific reference is made to a recent previous disclosure document containing this information.

4.1 Reporting of Sampling/Drilling Results

The disclosure of sample or assay results, whether it be drilling, trenching, underground or preliminary surface sampling, should include the following details.

1. Sampling results should include details as to the type, nature and density of samples collected. For example, relevant information with respect to preliminary geochemical surveys should include number and type of samples collected, sample spacing or density, horizon or material sampled, and the area covered. Trench or outcrop sampling should include information on sample type (select, grab, chip, channel, etc.), sample interval/length, sample continuity, material sampled, and spatial relationship of such sampling to other known and/or previously reported samples, or mineralized structures. Drill results should include information on the type of drilling (core, reverse circulation, etc.), size (BQ, NQ, etc.), sample interval, and spatial relationship with other nearby drill holes or mineralized structures. In many situations, it will be necessary to include plans and/or sections to provide appropriate details. In all cases, disclosure should be made of any drilling, sampling or recovery problems which could materially impact the accuracy and reliability of results.

   Estimated true widths should be provided whenever possible or stated that the true width is unknown.

2. Disclosure should also include relevant details with respect to the analytical process, including analytical method (ICP, AA, fire assay, etc.), assay sample size, and name and location of assay laboratory. Specific details of any unusual or non-standard sampling, preparation or analytical procedures must be disclosed. In these cases, disclosure should include results of a duplicate set of samples processed by industry standard procedures for comparative purposes. Disclosure should clearly distinguish between new and previously issued information.

   Reporting of results should be in a format which reflects the type of analysis done. For example, trace element geochemical analyses are typically reported in the form of parts per million (ppm) or billion (ppb). Conversion of such values to units normally associated with fire assay, such as grams per tonne, ounces per ton or per cent, is generally not appropriate as this may imply a greater level of accuracy and reliability to results than is warranted.

3. Reporting of results in the form of "values up to..." can be very misleading and irrelevant unto itself, particularly if such samples are selectively collected. Such disclosure should be supported with appropriate sample descriptions and relevant statistical details to reflect the mean, range and distribution of sample values.

4. Reporting of aggregate intervals should be done on an interval-weighted average basis. Details should be given of any structural controls or cut-off grades used to establish the reporting interval. Significantly higher grade intervals within a lower grade intersections should also be reported separately.

   Notwithstanding the above, there are cases where a few extremely high values occur which can severely skew or bias the average grade of the lower grade interval. In such cases, it is recommended that the higher grade sections not be included in the overall average, but be reported as completely separate intervals. Alternatively, it may be appropriate to cut such values, in accordance with industry standards, prior to their inclusion in any averaging. The details of such cutting must be disclosed and must be conducted by a qualified professional.

5. Verification of extremely high grade results through re-assaying and/or re-sampling would be expected as normal course of a check program.

6. Reporting of assay results should be accompanied by a description of the geological setting, mineral occurrences and nature of mineralization found.

7. Visual estimates of grade are not to be reported.

4.2 Reporting of Resources/Reserves

The establishment of a mineral deposit represents a major milestone in the development of a particular property; one that can create a significant impact on a listed company's market value. Reserves are subject to a number of different classifications depending upon their level of reliability and economic analysis. Reserves and reserve classifications can only be determined properly by qualified engineers or geoscientists trained and experienced in reserve calculation procedures. Because of their potential market impact, the indiscriminate, improper and premature use of reserves is a frequent and major concern to the Exchange. As such, the reporting and disclosure of reserves should include and conform to the following:

1. All reserve or resource calculations must be prepared by a qualified engineer or geoscientist. The name, qualifications and independence to the listed company of this person or firm should be disclosed. If such individuals are not at arm's length to the company, then their calculations and conclusions should be reviewed and verified by an appropriately qualified independent individual.

2. Reported reserves should be supported by an independently prepared or reviewed report by an appropriately qualified person. This report shall be filed with the Exchange and be made available for public review.

3. Guidelines for the classification and reporting of reserves for listed companies are currently set out in National Policies #2-A and #22. However, National Policy #2-A is currently under review and revisions are expected to make it more consistent with internationally accepted standards. Listed companies and consultants are therefore required to use the resource/reserve recommendations of the Canadian Institute of Mining's Ad Hoc Committee Report (September 1996), the Australasian Code for Reporting Mineral Resources and Reserves (July 1996) or such similar code and state which is being utilized.

4. Disclosure should include appropriate details of tonnage and grade for each category of resource/reserve. The use of only contained metal, metal equivalent, gross metal value or unclassified or non-segregated tonnage is unacceptable.

5. Disclosure of reserves should include details as to the number, type and spacing of sample points or drill holes used to estimate such reserves. It should also provide information with respect to other key assumptions, parameters and methodologies used. Reserves in the proven and probable category and resources in the measured or indicated category should be supported by a suitable independent check sampling/assaying program to verify sampling procedures and results.

6. Estimates of discounted future cash flow data and similar economic analysis should be prepared, by appropriately qualified, independent engineers and/ or geoscientists. These figures should be supported by an acceptable, independent feasibility or, at a minimum, a detailed preliminary feasibility study. Key assumptions and parameters should be disclosed including, but not limited to, details with respect to operating costs, recoveries, discount rates, mine life, production rate, capital costs, environmental costs, closure and rehabilitation costs and metal price and how each were determined. Such estimates should be restricted to encompass only proven and probable reserves as defined in National Policy #2-A or similar classifications in such other codes acceptable to the Exchange (see paragraph 3 above).

Given the diversity of the mineral exploration industry and the lack of uniform standards, the Exchange believes that imposing the responsibilities associated with Report Preparation and Disclosure, Verification Programs and Disclosure, within the above noted Guidelines will assist in providing a reasonable standard of accuracy and disclosure to the benefit of the industry and investors alike.

TABLE
Property Exploration/Development Milestones

Activity	**News Release**	**Technical Report**	**Quality Assurance**	**Check Program**	**Audit Program**
Acquire: Buy or Stake	Acquisition	Geology Report for filing or budget	None	None	None
Reconnaissance: Geology/ Geochem/ Geophysics/ Trenching	Program results	Geological report assessing results and recommending next phase	Recommended	None	None
Detailed: Geology/ Geochem/ Geophysics/ Trenching	Program results	Geological report assessing results and recommending drill program	Yes	Recommended	None
Reconnaissance: Drill Program	Results as received or upon completion of program	Report on drill results and recommending further reconnaissance or grid drilling	Yes	Recommended	None
Wide-Spaced Grid Drilling	Results as received or upon completion of program	Assessment of results and "maybe" initial Resource estimate	Yes	Yes	Maybe
Fill-in Drilling & Preliminary metallurgy & Economic studies	Results in groups of holes and metallurgy results & economic findings	Resource estimate and "maybe" Reserve estimate & pre-feasibility report	Yes	Yes	Maybe
Bulk sample: Drilling or underground & Detailed metallurgy studies	Comparison with drill results Define recovery process	Mineral Reserve report and Final feasibility	Yes	Yes	Yes
Engineering & Project financing	Economics of deposit Financing	Final feasibility	None	None	Yes

APPENDIX 4A

DUE DILIGENCE REPORT

1. Requirement for Due Diligence Report

1.1 Undertaking with final Short Form

In accordance with *Policy 4.6 - Public Offering by Short Form Offering Document*, the Exchange requires an Agent to file with the final Short Form an undertaking addressed to the Exchange to file the certificate and undertaking referred to in section 1.3 by the earlier of the offering date or 10 days after the date of the final Short Form.

1.2 Notarization of Due Diligence Report

The Due Diligence Report must be notarized as at the date no earlier than the date of the certificate and undertaking referred to in section 1.3.

1.3 Filing of certificate and undertaking

Within the time period specified in section 1.1, the Agent must file a certificate and undertaking addressed to the Exchange. The certificate and undertaking must state that:

(a) the Agent has prepared and executed the Due Diligence Report;

(b) the Due Diligence Report has been notarized; and

(c) the Agent undertakes to file the notarized copy of the Due Diligence Report when requested by the Exchange.

1.4 Retention of Due Diligence Report

The Agent must retain the notarized copy of the Due Diligence Report and all supporting documentation for a period of six years after the distribution contemplated by the Short Form.

1.5 Exchange' s request for Due Diligence Report

The Exchange may require the Agent to produce the notarized copy of the Due Diligence Report in circumstances it deems appropriate.

2. Content of Due Diligence Report

2.1 Due Diligence procedures

The Due Diligence Report must reflect the due diligence process undertaken by the Agent up to the date of the report. At a minimum, the Due Diligence Report must identify the individual(s) who participated in the due diligence process and describe the procedures performed to complete the process.

2.2 Consideration of technical and specialist' s reports

If a technical report or specialist' s report is obtained, the Due Diligence Report must state that the Agent has fully considered the findings of the consultant and, where applicable, the specialist contained in their report(s).

2.3 Reasons for distribution

The Due Diligence Report must include a brief description of the reasons why the Agent considers that it is appropriate to proceed with the distribution.

2.4 Signature of Due Diligence Report

The Due Diligence Report must be signed by a director of the Agent.

APPENDIX 5A

GUIDELINES FOR TAKE-OVER BIDS AND ISSUER BIDS MADE THROUGH THE FACILITIES OF THE EXCHANGE

1. Definitions

(1) In these guidelines:

(a) **"average bid value"** means the amount obtained by dividing:

(i) the aggregate of the bid price times the number of shares of the class of securities sought plus the market price times the number of shares of such class of securities not sought, by,

(ii) the aggregate of the number of shares of the class of securities sought plus the number of shares of such class of securities not sought;

(b) **"bid"** means either a stock exchange take-over bid or a substantial issuer bid, as the case may be;

(c) **"circular bid"** means a take-over bid or issuer bid made in compliance with the requirements of the Securities Laws or, if applicable, Part XVII of the Canada Business Corporations Act;

(d) **"closing price"** means:

(i) the price per share at which the last trade in that class of securities was effected on the Exchange on that day as shown on the record of sales published by the Exchange; or

(ii) if there were no trades in that class of securities on the Exchange, the price per share at which the last trade in that class of securities was effected on another exchange recognized for this purpose; or

(iii) if there were no trades in that class of securities on the Exchange or any recognized exchange, but closing bid and ask prices were published therefor, the average of such bid and ask prices as shown on the list of closing quotations published by the Exchange;

(e) **"competing stock exchange take-over bid"** means a stock exchange take-over bid announced while another stock exchange take-over bid for the same class of securities of an offeree issuer is outstanding;

(f) **"insider bid"** means a stock exchange take-over bid made by an insider of a listed offeree issuer, by any associate or affiliate of an insider of a listed offeree issuer, by any associate or affiliate of a listed offeree issuer or by an offeror acting jointly or in concert with any of the foregoing;

(g) **"issuer bid"** means an offer to acquire listed securities made by or on behalf of a listed company for securities issued by that listed company, unless:

(i) the securities are purchased or otherwise acquired in accordance with terms and conditions attaching thereto that permit the purchase or acquisition of the securities by the issuer without the prior agreement of the owners of the securities, or where the securities are purchased to meet sinking fund or purchase fund requirements;

(ii) the purchase or other acquisition is required by the instrument creating or governing the class of securities or by the statute under which the issuer was incorporated, organized or continued; or

(iii) the securities carry with them or are accompanied by a right of the owner of the securities to require the issuer to repurchase the securities and the securities are acquired pursuant to the exercise of such right;

(h) **"last bid"** means the stock exchange take-over bid, notice of which was accepted by the Exchange at the latest point in time;

(i) **"market price"** means the simple average of the closing price of the shares for each of the twenty trading days preceding the Exchange's acceptance of the notice in respect of the initial stock exchange take-over bid;

(j) **"normal course issuer bid"** means an issuer bid where the purchases (other than purchases by way of a substantial issuer bid):

(i) do not, when aggregated with the total of all other purchases in the preceding 30 days, whether through the facilities of a stock exchange or otherwise, aggregate more than 2% of the securities of that class outstanding on the date of acceptance of the notice of normal course issuer bid by the Exchange; and

(ii) over a 12-month period, commencing on the date specified in the notice of normal course issuer bid, do not exceed the greater of

(A) 10% of the public float, or

(B) 5% of such class of securities issued and outstanding, excluding any held by or on the behalf of the issuer, on the date of acceptance of the notice of normal course issuer bid by the Exchange, whether such purchases are made through the facilities of a stock exchange or otherwise.

(k) **"normal course purchase"** means a take-over bid made by way of a purchase on the Exchange of such number of a class of securities of a listed offeree issuer that, together with all purchases of such securities made by the offeror and any person acting jointly or in concert with the offeror in the preceding 12 months through the facilities of a stock exchange or otherwise, do not aggregate more than 5% of the securities of that class outstanding at the time such purchase is made;

(l) **"notice"** means a notice of a stock exchange take-over bid filed in accordance with section 4 of these Guidelines or a notice of stock exchange substantial issuer bid filed in accordance with section 4 of these Guidelines or, if applicable, section 15 of these Guidelines;

(m) **"principal shareholder"** of a company means a person who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding shares of any class of voting securities or equity securities of the company;

(n) **"public float"** means the number of shares of the class that are issued and outstanding, less

(i) the number of shares of the class beneficially owned, or over which control or direction is exercised by:

(A) every senior officer or director of the listed company,

(B) every principal shareholder of the listed company; and

(ii) the number of shares that are pooled, escrowed or non-transferable;

(o) **"ranking bid"** means the stock exchange take-over bid that yields the highest average bid value;

(p) **"shares sought"** means the number of shares of the class of securities for which a bid is made;

(q) **"shares not sought"** means the number of shares outstanding of the class of securities for which the bid is made minus the aggregate of the number of such shares sought and the number of such shares owned directly or indirectly by the offeror, its insiders, associates, affiliates, and any person acting jointly or in concert with the offeror;

(r) **"stock exchange take-over bid"** means a take-over bid, other than a normal course purchase, made through the facilities of the Exchange;

(s) **"substantial issuer bid"** means an issuer bid, other than a normal course issuer bid, made through the facilities of the Exchange; and

(t) **"take-over bid"** means an offer to acquire such number of the listed voting or listed equity securities of an offeree issuer that will in the aggregate constitute

(i) 20% or more of the outstanding securities of that class, together with the offeror's securities, or

(ii) in the case of an offeree issuer that is subject to the Canada Business Corporations Act, 10% or more of the outstanding shares of a class of listed voting shares, together with

(A) shares already beneficially owned or controlled, directly or indirectly by the offeror of an affiliate or associate of the offeror, and

(B) securities held by such persons that are currently convertible into such shares; and

(C) currently exercisable rights and options to acquire such shares or to acquire securities that are convertible into such shares, on the date of the offer to acquire.

(2) For the purposes of this rule, the terms "affiliate", "associate", "class of securities", "director", "equity security", "insider", "material change", "offer to acquire", "offeree issuer", "offeror", "offeror's securities", "person" and "voting security" shall have the respective meanings assigned to them in the Securities Laws.

(3) For the purposes of this rule, a purchase shall be deemed to have taken place when the offer to buy or the offer to sell, as the case may be, is accepted.

(4) For the purposes of this rule,

(a) the beneficial ownership of securities of an offeror or of any person acting jointly or in concert with the offeror shall be determined in accordance with the applicable Securities Laws; and

(b) where any person is deemed by subclause a. to be the beneficial owner of unissued securities, the number of outstanding securities of a class in respect of an offer to acquire shall be determined in accordance with the applicable Securities Laws.

(5) For the purposes of this rule, whether a person is acting jointly or in concert with an offeror shall be determined in accordance with the applicable Securities Laws.

2. Compliance With Exchange Requirements

An offeror shall not make a take-over bid or issuer bid through the facilities of the Exchange except in accordance with these Guidelines and the Exchange's Policies.

Note: The term "offeror" includes a person making a take-over bid and an issuer making an issuer bid.

3. Obligations of Offeror

(1) (a) An offeror shall not attach any conditions to a stock exchange take-over bid other than:

(i) establishing a maximum number of shares sought, which shall be the number of shares the offeror is obliged to take up; and

(ii) in the case of a transaction in respect of which notice must be given to the Director of Investigation and Research under the provisions of the Competition Act (Canada), making the bid conditional on no action being taken by the Director under the provisions of such Act within the time period specified in such Act for a transaction effected through the facilities of a stock exchange in Canada.

(b) An offeror shall not attach any conditions to a substantial issuer bid other than establishing a maximum number of shares sought, which shall be the number of shares the offeror is obliged to take up.

(2) An offeror shall not take up more than the number of shares sought without the approval of the Exchange.

(3) (a) A stock exchange take-over bid shall not be withdrawn except

(i) pursuant to section 10; or

(ii) if the Exchange is satisfied that any undisclosed action prior to the date of the offer or any actions subsequent to that date by the board of directors or senior officers of the offeree issuer or by a person or company other than the offeror, effects an adverse material change in the affairs of the offeree issuer.

(b) A substantial issuer bid shall not be withdrawn.

(4) An offeror making a bid shall file a notice with the Exchange, and shall not proceed with the bid until the notice has been accepted by the Exchange.

(5) Except where otherwise provided, an offeror making a bid shall take the following steps to inform shareholders of the offeree issuer of the terms of the bid forthwith after the Exchange has accepted notice of the bid:

(a) disseminate details of the bid to the news media in the form of a press release; and

(b) communicate the terms of the bid

(i) by sending a copy of the notice filed pursuant to section 4 by first class mail to each registered holder of the class of securities that is the subject of the bid in Canada and in each other jurisdiction where the bid is made and such communication is not prohibited by law, and to each such registered holder of securities convertible or exchangeable for such class of securities or that otherwise has a right to participate in the offer, and

(ii) by advertising in the manner prescribed by the Exchange, or by such other means as may be approved by the Exchange.

(6) If an offeror makes or intends to make a bid, neither the offeror nor any person or company acting jointly or in concert with the offeror shall enter into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to the other holders of the same class of securities.

(7) An offeror filing a notice shall pay a filing fee in such amount as may be prescribed by the Exchange.

4. Notice by Offeror

(1) A notice of a stock exchange take-over bid filed by an offeror with the Exchange shall provide the following information in a form acceptable to the Exchange:

(a) the identity of the offeree issuer;

(b) the class of securities that are the subject of the bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer by conversion or otherwise;

(c) the cash price to be paid per share and the number of shares sought;

(d) the terms of the bid, including the date of the book, method of tendering to the bid and settlement of tenders, any commissions to be paid to Members of the Exchange, the names of any person or company retained to make solicitations in respect of the bid, and any other relevant information with respect to such terms;

(e) the number and percentage of each class of outstanding equity or voting securities of the offeree issuer owned directly or indirectly by:

(i) the offeror;

(ii) each of the offeror's directors and senior officers and their associates;

(iii) any other person acting jointly or in concert with the offeror;

(iv) where known after reasonable enquiry, any person holding 10% or more of any class of equity or voting securities of the offeror; and

(v) where known after reasonable enquiry, any person holding 10% or more of any class of equity or voting securities of the offeree issuer;

(f) where known after reasonable enquiry, the number of each class of equity or voting securities of the offeree issuer traded by each of the persons referred to in subclause e. hereof during the six-month period preceding the date of filing of the notice, including the purchase or sale price and the date of each such transaction;

(g) details of any commitments made by any of the persons referred to in subclause e. hereof to acquire any equity or voting securities of the offeree issuer (other than pursuant to the bid) and the terms and conditions of such commitments;

(h) a summary showing in reasonable detail the volume of trading and price range of the securities for which the bid is made in the twelve-month period preceding the date of filing of the notice, on the Exchange and on any other principal market, and the market price of such securities immediately before the announcement of the bid;

(i) the particulars of any arrangement or agreement made or proposed to be made between the offeror and any of the directors or senior officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or for remaining in or retiring from office if the bid is successful;

(j) the particulars of any information known to the offeror of any material change in the affairs of the offeree issuer, or any material fact concerning the securities of the offeree issuer that has not been generally disclosed;

(k) information regarding any plans or proposals of the offeror to liquidate the offeree issuer, to sell, lease or exchange all or substantially all of the assets of the offeree issuer or to amalgamate such issuer with any other company, or to make any other major change in the business, operations, corporate structure, management or personnel of the offeree issuer;

(l) a statement of any right of appraisal that shareholders of the offeree issuer may have under applicable laws and whether the offeror intends to exercise any right of acquisition it may have under applicable legislation;

(m) a statement of the rights provided by the Securities Laws;

(n) a statement to the effect that the bid may only be withdrawn pursuant to clause section 10(2), or in the circumstances referred to in section 3(3);

(o) information satisfactory to the Exchange regarding the identity and financial resources of the offeror, including:

(i) if it is a corporation, the names of its directors, officers and principal shareholders,

(ii) if it is a partnership, the names of its partners, and suitable disclosure regarding any corporate partners, and

(iii) the source of funds to be used to pay for securities tendered to the bid and the terms of any financing obtained;

(p) where a valuation is provided pursuant to a legal requirement or otherwise,

(i) a summary of the valuation disclosing the basis of computation, scope of review, relevant factors and their values, and the key assumptions on which the valuation is based, and

(ii) where copies of the valuation are available for inspection and a statement that a copy of the valuation will be mailed upon payment of a charge covering copying and postage;

(q) details of any important business relationship between the offeror and the offeree issuer; and

(r) any other information not disclosed in the foregoing that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the bid.

(2) The notice shall conclude with a signed statement certifying that:

(a) the information provided is complete and accurate, and in compliance with these Guidelines;

(b) the contents of the notice and the making of the offer have been authorized by the offeror, and in the case of an offeror that has directors, by its board of directors; and

(c) the notice contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

(3) (a) A notice of a substantial issuer bid filed by an offeror with the Exchange shall provide the information contained in clauses (1) and (2) hereof with appropriate modifications for a transaction that is not a take-over bid; and

(b) The notice shall contain such additional information as may be required by the Exchange.

Note: Refer to Exchange Policies for additional requirements.

(4) A copy of the notice shall be filed with the applicable Securities Commissions and, in the case of a stock exchange take-over bid, with the offeree issuer, forthwith after acceptance by the Exchange.

5. Book for Receipt of Tenders

A book for receipt of tenders to the bid shall be opened on the Exchange not sooner than the twenty-first calendar day after the date on which notice of the bid is accepted by the Exchange and at such time, and for such length of time, as may be determined by the Exchange.

6. Conduct of Members

In respect of a bid:

(a) no Member shall knowingly assist or participate in the tendering of more shares than are owned by the tendering party; and

(b) tendering, trading and settlement by Members shall be in accordance with such rules as the Exchange shall specify to govern each bid.

7. Allotment Procedure

(1) Where in a bid more shares are tendered than the number of shares sought, the offeror shall take up a proportion of all shares tendered equal to the number of shares sought divided by the number of shares tendered, and Members shall make allocations in respect of shares tendered in accordance with the instructions of the Exchange.

(2) As soon after the closing of the book for receipt of tenders as may be possible, the Exchange shall announce the total number of shares acquired by the offeror pursuant to the terms of the bid and the allocation thereof.

8. Amendments to Bids and Notices

(1) The terms of a bid may only be amended to increase the price per share offered or the number of shares sought or to agree to pay an amount in respect of the seller's commission or a combination thereof. Such amendment shall be made by filing with the Exchange a notice of amendment in a form acceptable to the Exchange.

(2) Forthwith upon acceptance of the notice of amendment by the Exchange, the offeror shall issue a press release containing a summary of the information set forth in such notice of amendment, including reference to any change in the date of the book. the offeror shall disseminate such notice of amendment in such manner as the Exchange may deem to be appropriate in the circumstances.

(3) Where the offeror becomes aware of a material change in any of the information contained in the notice in respect of a bid, the offeror shall file with the Exchange forthwith a notice of change in a form acceptable to the Exchange.

(4) Forthwith upon acceptance of the notice of change by the Exchange, the offeror shall issue a press release containing a summary of the information set forth in such notice of change, including reference to any change in the date of the book. The offeror shall disseminate such notice of change in such manner as the Exchange may deem to be appropriate in the circumstances.

Special Rules Applicable to Stock Exchange Take-Over Bids

9. Offeree Directors' Press Release

(1) The board of directors of the offeree issuer shall, within seven trading days of the date of acceptance by the Exchange of the notice of a stock exchange take-over bid, issue a press release recommending acceptance or rejection of the offer and the reasons therefore, or indicating that they are not making a recommendation and the reasons therefor. The press release shall also contain the following information:

(a) a summary of any agreement entered into or proposed between the offeree issuer and its senior executives in regard to any payment or other benefit granted as indemnity for the loss of their positions or in regard to their retaining or losing their positions if the bid is accepted; and

(b) a summary of any transaction, board resolution, agreement in principle or signed contracts in response to the bid, indicating whether or not the offeree issuer has undertaken any negotiations that relate to or would result in one of the following:

(i) an extraordinary transaction such as a merger or reorganization involving the offeree issuer or one of its subsidiaries;

(ii) the purchase, sale or transfer of a material amount of assets of the offeree issuer or of one of its subsidiaries;

(iii) the acquisition of its own securities by way of an issuer bid or of the securities of another company; or

(iv) any material change in the present capitalization or dividend policy of the offeree issuer.

The press release should disclose negotiations underway, without giving details if there has been no agreement in principle.

(2) A copy of the press release required by clause (1) shall be delivered to the Exchange prior to its release.

(3) A stock exchange take-over bid may proceed notwithstanding failure by the board of directors of the offeree issuer to comply with the requirements of clause (1).

10. Competing Stock Exchange Take-Over Bids

If a competing stock exchange take-over bid is announced, the stock exchange take-over bids shall be governed by the following additional provisions:

(1) neither the ranking bid nor the last bid may be withdrawn, and the offerors making such bids shall take up and pay for all shares tendered to them, up to the maximum numbers of shares sought by each respectively;

(2) a bid that is neither the ranking bid nor the last bid may be withdrawn within one clear trading day of the announcement of the last bid; and

(3) the terms of the ranking bid may not be altered except to increase the average bid value thereof.

11. Purchases During a Take-Over Bid

If granted an exemption under section 17 of these Guidelines, an offeror making a stock exchange take-over bid and any person acting jointly or in concert with the offeror may purchase shares that are the subject of the bid through the facilities of the Exchange provided that:

(1) a press release is issued announcing the offeror's intention to make such purchases;

(2) such purchases do not begin until the second clear trading day following the date of the issuance of the press release;

(3) such purchases, together with all purchases of such securities made by the offeror and any person or company acting jointly or in concert with the offeror during the preceding 90 days through the facilities of a stock exchange or otherwise, do not aggregate more than 5% of the securities of that class outstanding at the time such purchases are made;

(4) the offeror issues and files with the Exchange a press release forthwith after the close of each trading day on which shares are purchased under this subsection disclosing

   (a) the identity of the purchaser,

   (b) the number of shares of the offeree issuer purchased that day,

   (c) the highest price paid per share,

   (d) the aggregate number of shares of the offeree issuer purchased up to and including that day under this subsection during the currency of the take-over bid,

   (e) the average price paid for such shares;

   (f) the total number of shares owned by the purchaser at the time; and

(5) if the offeror or any person acting jointly or in concert with the offeror pays a price for any such shares that is higher than the price offered pursuant to the stock exchange take-over bid, then the price offered pursuant to the stock exchange take-over bid shall be increased to equal such higher price.

12. Notice of Insider Bid

A notice in respect of an insider bid shall, in addition to the information required by section 4, provide the information required by the Exchange.

Note: Refer to Exchange Policies for details of additional information to be included in the notice.

13. Normal Course Purchases

An offeror making an normal course purchase is not subject to any notice requirement under this rule.

Special Rules Applicable to Substantial Issuer Bids

14. Purchases During a Substantial Issuer Bid

Notwithstanding any other provision of this rule, an offeror and any person or company acting jointly or in concert with an offeror shall not make any other purchases or agreements or commitments to purchase securities that are the subject of the issuer bid during the course of such bid unless such purchases are permitted by the Exchange.

15. Special Procedures for Issuer Bids for Securities That are Neither Equity nor Voting Securities

(1) The provisions of this section shall apply to a substantial issuer bid for securities that are neither voting nor equity securities provided that

(a) there is no legal or regulatory requirement to provide a valuation of the securities that are the subject of the bid to shareholders; or

(b) exemptions from all applicable requirements have been obtained.

(2) The provisions of subsection 3(5) and sections 4 and 5 shall not apply to a bid made pursuant to this section.

(3) A notice filed with the Exchange pursuant to this section shall provide the following information in a form acceptable to the Exchange:

(a) the name of the offeror;

(b) the class of securities that are the subject of the bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer by conversion or otherwise;

(c) the cash price to be paid per share and the number of shares sought;

(d) the terms of the bid, including the date of the book, method of tendering to the bid and settlement of tenders, any commissions to be paid to Members of the Exchange, the names of any person or company retained to make solicitations in respect of the bid, and any other relevant information with respect to such terms;

(e) the purpose or business reasons for the bid;

(f) information satisfactory to the Exchange regarding the financial resources of the offeror, including the source of funds to be used to pay for securities tendered to the bid and the terms of any financing obtained;

(g) the particulars of any material change in the affairs of the offeror or any material fact concerning the offeror that has not been generally disclosed;

(h) a statement of any right of appraisal that security holders may have under applicable laws and whether the offeror intends to exercise any right of acquisition it may have under applicable legislation; and

(i) any other information not disclosed in the foregoing that would reasonably be expected to affect the decision of the security holders to accept or reject the bid.

(4) The notice shall conclude with a signed statement certifying that:

(a) the information provided is complete and accurate, and in compliance with these Guidelines;

(b) the contents of the notice and the making of the offer have been authorized by the board of directors of the offeror; and

(c) the notice contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

(5) Forthwith after the Exchange has accepted notice of the bid, the offeror shall:

(a) disseminate details of the bid to the media in the form of a press release; and

(b) communicate the terms of the bid by advertising in the manner prescribed by the Exchange, or by such other means as may be approved by the Exchange.

(6) A book for receipt of tenders to the bid shall be opened on the Exchange not sooner than the twenty-first calendar day after the date on which notice of the bid is accepted by the

Exchange and at such time, and for such length of time, as may be determined by the Exchange.

(7) In all other respects, the provisions of this rule shall apply to a bid made pursuant to this section.

16. Normal Course Issuer Bids

A normal course issuer bid shall be made in accordance with the Exchange's Policy 5.6 - Normal Course Issuer Bids.

17. Powers of the Exchange

The Exchange may, subject to such terms and conditions as it may impose:

(1) require additional disclosure or impose additional obligations on a person proposing to make or making a stock exchange take-over bid, substantial issuer bid, normal course purchase or normal course issuer bid where, in the opinion of the Exchange, it would be beneficial to the public interest to do so;

(2) determine that any person shall not be permitted to purchase shares through the facilities of the Exchange;

(3) delay the date upon which the Book, in respect of a stock exchange take-over bid or substantial issuer bid, is to be opened to such date as it may, in its discretion, determine on the occurrence of any of the following:

(a) the announcement or making of a competing stock exchange bid or circular bid for securities of the same offeree issuer,

(b) the acceptance of a notice of change or a notice of amendment of the terms of the stock exchange take-over bid or of a competing bid or the announcement of a change in the terms of a circular bid for securities of the same offeree issuer, or

(c) any other event that, in the opinion of the Exchange, justifies such a delay;

(4) permit an offeror to extend a stock exchange take-over bid or substantial issuer bid after the announcement referred to in subsection 7(2);

(5) determine whether a stock exchange take-over bid is the ranking bid;

(6) deem any transaction made through the facilities of the Exchange to be a stock exchange take-over bid; and

(7) exempt any person from any Exchange requirements where, in the opinion of the Exchange, it would not be prejudicial to the public interest to do so.

Note: See Policy 5.5 - Stock Exchange Take-Over Bids and Issuer Bids and Policy 5.6 - Normal Course Issuer Bids in the Exchange's Corporate Finance Services Policy Manual.

APPENDIX 5B

OSC RULE 61-501

ONTARIO SECURITIES COMMISSION RULE 61-501

INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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ONTARIO SECURITIES COMMISSION RULE 61-501

INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS

AND RELATED PARTY TRANSACTIONS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

(1) In this Rule

"affected security" means,

(a) for a going private transaction of an issuer, a participating security of the issuer in which the interest of a beneficial owner would be terminated by reason of the transaction, and

(b) for a related party transaction of an issuer, a participating security of the issuer;

"bona fide lender" means a person or company that

(a) holds securities sufficient to affect materially the control of an issuer

(i) solely as collateral for debt under a written pledge agreement entered into by the person or company as a lender, or

(ii) solely as collateral acquired under a written agreement by the person or company as an assignee or transferee of the debt and collateral referred to in subparagraph (i),

(b) is not yet legally entitled to dispose of the securities for the purpose of applying proceeds of realization in repayment of the secured debt, and

(c) was not a related party of the issuer at the time the pledge agreement referred to in subparagraph (a)(i) or the assignment or transfer referred to in subparagraph (a)(ii) was entered into;

"class" includes a series of a class;

"disclosure document" means,

(a) for an insider bid,

(i) a take-over bid circular sent to holders of offeree securities, or

(ii) if the insider bid takes the form of a stock exchange insider bid, the disclosure document sent to holders of offeree securities that is deemed to be a take-over bid circular under subsection 131(10) of the Act,

(b) for an issuer bid,

(i) an issuer bid circular sent to holders of offeree securities, or

(ii) if the issuer bid takes the form of a stock exchange issuer bid, the disclosure document sent to holders of offeree securities that is deemed to be an issuer bid circular under subsection 131(10) of the Act,

(c) for a going private transaction, an information circular sent to holders of affected securities, or, if no information circular is required, another document sent to holders of affected securities in connection with a meeting of holders of affected securities, and

(d) for a related party transaction,

(i) an information circular sent to holders of affected securities,

(ii) if no information circular is required, another document sent to holders of affected securities in connection with a meeting of holders of affected securities, or

(iii) if no information circular or document is required, a material change report filed for the transaction;

"fair market value" means, except as provided in paragraph 6.4(1)(d), the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act;

"formal valuation" means, for a transaction, a valuation prepared in accordance with Part 6 that contains a qualified and independent valuator's opinion as to a value or range of values representing the fair market value of the subject matter of the valuation;

"freely tradeable" means, in respect of securities, that

(a) the securities are not non-transferable,

(b) the securities are not subject to any escrow requirements,

(c) the securities do not form part of the holdings of any person or company or combination of persons or companies referred to in paragraph (c) of the definition of "distribution" in the Act,

(d) the securities are not subject to any cease trade order imposed by a Canadian securities regulatory authority,

(e) all hold periods imposed by Canadian securities legislation before the securities can be traded without a prospectus or in reliance on a prospectus exemption have expired, and

(f) any period of time for which the issuer has to have been a reporting issuer before the securities can be traded without a prospectus or in reliance on a prospectus exemption has passed;

"independent committee" means, for an issuer, a committee consisting exclusively of one or more independent directors of the issuer;

"independent director" means, for an issuer in respect of a transaction, a director of the issuer who

(a) is not an interested party in the transaction, and

(b) is independent, as determined in accordance with section 7.1;

"independent valuator" means, for a transaction, a valuator that is independent of all interested parties in the transaction, as determined in accordance with section 6.1;

"interested party" means,

(a) for an insider bid, the offeror,

(b) for an issuer bid,

(i) the issuer, and

(ii) any person or company, other than a bona fide lender, that, whether alone or jointly or in concert with others, holds or would reasonably be expected to hold, upon successful completion of the issuer bid, securities of the issuer sufficient to affect materially its control,

(c) for a going private transaction, a related party of the issuer that is the subject of the going private transaction, if the related party would

(i) be entitled to receive, directly or indirectly, consequent upon the transaction

(A) a consideration per security that is not identical in amount and type to that paid to all other beneficial owners in Canada of affected securities of the same class, or

(B) consideration of greater value than that paid to all other beneficial owners of affected securities of the same class, or

(ii) upon completion of the transaction, beneficially own, or exercise control or direction over, participating securities of a class other than affected securities, and

(d) for a related party transaction in respect of the issuer, a related party of the issuer, that is a party to or is involved in the related party transaction,

"issuer insider" means, for an issuer

(a) every director or senior officer of the issuer,

(b) every director or senior officer of a company that is itself an issuer insider or subsidiary entity of the issuer, and

(c) a person or company who beneficially owns, directly or indirectly, voting securities of the issuer or who exercises control or direction over voting securities of the issuer, or a combination of both, carrying more than 10 percent of the voting rights attached to all voting securities of the issuer for the time being outstanding other than voting securities beneficially owned by the person or company as underwriter in the course of a distribution;

"market capitalization" of an issuer means, for a transaction, the aggregate market price of all outstanding securities of all classes of equity securities of the issuer, the market price of the outstanding securities of a class being

(a) in the case of equity securities of a class for which there is a published market, the product of

(i) the number of securities of the class outstanding as at the close of business on the last business day of the calendar month preceding the calendar month in which the transaction is agreed to or, if no securities of the class were outstanding on that day, on the first business day after that day that securities of the class became outstanding, so long as that day precedes the date the transaction is agreed to, and

(ii) the market price of the securities on the published market on which the class of securities is principally traded at the business day referred to in subparagraph (i), as determined in accordance with subsections 183(1), (2) and (4) of the Regulation,

(b) in the case of equity securities of a class for which there is no published market but that are currently convertible into a class of equity securities for which there is a published market, the product of

(i) the number of equity securities into which the convertible securities were convertible as at the close of business on the last business day of the calendar month preceding the calendar month in which the transaction is agreed to or, if no convertible securities were outstanding or convertible on that day, on the first business day after that day that the convertible securities became outstanding or convertible, so long as that day precedes the date the transaction is agreed to, and

(ii) the market price of the securities into which the convertible securities were convertible, on the published market on which the class of securities is principally traded, at the business day referred to in subparagraph (i), as determined in accordance with subsections 183(1), (2) and (4) of the Regulation, and

(c) in the case of equity securities of a class not referred to in paragraphs (a) or (b), the amount determined by the issuer's board of directors in good faith to represent the market price of the outstanding securities of that class;

"minority approval" means, for a going private transaction or related party transaction in respect of an issuer, approval of the proposed transaction by a majority of the votes cast by holders of each class of affected securities specified by section 8.1 at a meeting of securityholders of that class called to consider the transaction;

"OBCA" means the Business Corporations Act;

"offeree security" means a security that is subject to an insider bid or an issuer bid;

"participating security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, upon the liquidation or winding up of the issuer, in its assets;

"prior valuation" means a valuation or appraisal of an issuer or its securities or material assets, whether or not prepared by an independent valuator, that, if disclosed, would reasonably be expected to affect the decision of a beneficial owner to vote for or against a transaction, or to retain or dispose of affected securities or offeree securities, other than

(a) a report of a valuation or appraisal prepared for the issuer by another person or company, if

(i) the report was not solicited by the issuer, and

(ii) the person or company preparing the report did so without knowledge of any material non-public information concerning the issuer, its securities or any of its material assets,

(b) in respect of a transaction involving an issuer, an internal valuation or appraisal prepared for the issuer in the ordinary course of business that has not been made available to, and has been prepared without the participation of

(i) the board of directors of the issuer, or

(ii) any director or senior officer of an interested party, except a person who is a senior officer of the issuer in the case of an issuer bid,

(c) a report of a market analyst or financial analyst that

(i) has been prepared by or for and at the expense of a person or company other than the issuer, an interested party, or an associate or affiliated entity of the issuer or an interested party, and

(ii) is either generally available to clients of the analyst or of the analyst's employer or of an affiliated entity or associate of the analyst's employer or, if not, is not based, so far as the person or company required to disclose a prior valuation is aware, on any material non-public information concerning the issuer, its securities or any of its material assets,

(d) a valuation or appraisal prepared by a person or company or a person or company retained by the person or company, for the purpose of assisting the person or company in determining the price at which to propose a transaction that resulted in the person or company becoming an issuer insider, if the valuation or appraisal is not made available to any of the independent directors of the issuer, or

(e) a valuation or appraisal prepared by an interested party or a person or company retained by the interested party, for the purpose of assisting the interested party in determining the price at which to propose a transaction that, if pursued, would be an insider bid, going private transaction or related party transaction, if the valuation or appraisal is not made available to any of the independent directors of the issuer;

"related party" of an issuer or of an interested party in connection with a transaction, as the case may be, means a person or company, other than a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the issuer, the interested party or a director or senior officer of the issuer or interested party to be

(a) a person or company, whether alone or jointly or in concert with others, that holds securities of the issuer or of the interested party sufficient to affect materially the control of the issuer or of the interested party,

(b) a person or company in respect of which a person or company referred to in paragraph (a), whether alone or jointly or in concert with others, holds securities sufficient to affect materially the control of the first-mentioned person or company referred to in this paragraph (b),

(c) a person or company in respect of which the issuer or the interested party, whether alone or jointly or in concert with others, holds securities sufficient to affect materially the control of the person or company,

(d) a person or company that beneficially owns, or exercises control or direction over, voting securities of the issuer or of the interested party carrying more than 10 percent of the voting rights attached to all of the issued and outstanding voting securities of the issuer or of the interested party,

(e) a director or senior officer

(i) of the issuer or of the interested party, or

(ii) of a related party within the meaning of paragraph (a), (b) (c), (d), (f) or (g) of the issuer or of the interested party,

(f) a person or company that manages or directs, to any substantial degree, the affairs or operations of the issuer or the interested party under an agreement, arrangement or understanding between the person or company and the issuer or the interested party, including the general partner of an issuer or interested party that is a limited partnership, and

(g) an affiliated entity of, a person controlling, or a company controlled by, any of the persons or companies described in paragraphs (a) through (f);

"stock exchange insider bid" means an insider bid described in subclause (b)(i) of the definition of "formal bid" in subsection 89(1) of the Act;

"stock exchange issuer bid" means an issuer bid described in subclause (b)(i) of the definition of "formal bid" in subsection 89(1) of the Act; and

"valuation date" means, in respect of a transaction, the effective date of a formal valuation for the transaction.

(2) For the purposes of this Rule, a person or company, whether alone or jointly or in concert with others, that beneficially owns, or exercises control or direction over, voting securities to which are attached more than 20 percent of the votes attached to all of the outstanding voting securities of another person or company, is considered, in the absence of evidence to the contrary, to hold securities sufficient to affect materially the control of that person or company.

(3) For the purposes of the Act, the regulations and the rules,

"going private transaction" means an amalgamation, arrangement, consolidation, amendment to the terms of a class of participating securities of the issuer or any other transaction with or involving a person or company that is a related party of the issuer at the time the transaction is agreed to, as a consequence of which the interest of a beneficial owner of a participating security of the issuer in that security may be terminated without the beneficial owner's consent, other than

(a) an acquisition of a participating security of an issuer under a statutory right of compulsory acquisition,

(b) a share consolidation that does not have the effect of terminating the interests of the beneficial owners of participating securities of an issuer in those securities without their consent except to an extent that is nominal in the circumstances,

(c) a redemption of, or other compulsory termination of, a beneficial owner's interest in a participating security of an issuer in accordance with and under the terms attached to the class of securities of which the participating security forms a part,

(d) a proceeding under the liquidation or dissolution provisions of the statute under which the issuer is organized or is governed as to corporate law matters, or

(e) a transaction in which the related party or an affiliated entity of the related party

(i) is only entitled to receive, directly or indirectly, consequent upon the transaction a consideration per security that is identical in amount and type to that paid to all other beneficial owners in Canada of affected securities of the same class,

(ii) is not entitled to receive, directly or indirectly, consequent upon the transaction consideration of greater value than that paid to all other beneficial owners of affected securities of the same class, and

(iii) upon completion of the transaction does not beneficially own or exercise control or direction over participating securities of a class other than affected securities;

"insider bid" means a take-over bid made by

(a) an issuer insider of the offeree issuer,

(b) an associate or affiliated entity of the issuer insider,

(c) an associate or affiliated entity of the offeree issuer, or

(d) an offeror acting jointly or in concert with a person or company referred to in paragraphs (a), (b) or (c); and

"related party transaction" means, in respect of an issuer, a transaction between or involving the issuer and a person or company that is a related party of the issuer at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either by itself or together with other related transactions between or involving the issuer and the related party or a person or company acting jointly or in concert with the related party, whether or not there are also other parties to the transaction, the issuer directly or indirectly

(a) purchases or acquires an asset from the related party for valuable consideration,

(b) purchases or acquires, jointly or in concert with the related party, an asset from a third party if the proportion of the asset acquired by the issuer is less than the proportion of the consideration paid by the issuer,

(c) assumes or otherwise becomes subject to a liability of the related party,

(d) sells, transfers or disposes of an asset to the related party,

(e) sells, transfers or disposes of, jointly or in concert with the related party, an asset to a third party if the proportion of the consideration received by the issuer is less than the proportion of the asset sold, transferred or disposed of by the issuer,

(f) leases property to or from the related party,

(g) issues a security to the related party or subscribes for a security of the related party,

(h) amends or agrees to the amendment of the terms of a security of the issuer if the security is beneficially owned or is one over which control or direction is exercised by the related party, or agrees to the amendment of the terms of a security of the related party if the security is beneficially owned by the issuer or is one over which the issuer exercises control or direction,

(i) borrows money from or lends money to the related party,

(j) releases, cancels or forgives a debt or liability owed by the related party,

(k) provides a guarantee or collateral security for a debt or liability of the related party, or amends or agrees to the amendment of the terms of the guarantee or security,

(l) is a party to an amalgamation, arrangement or merger with the related party, other than a transaction referred to in paragraph (m), or

(m) participates in a transaction with the related party that is a going private transaction in respect of the related party or would be a going private transaction in respect of the related party except that it comes within the exception in paragraph (e) of the definition of going private transaction.

1.2 Application of Part XX of the Act

(1) For the purposes of this Rule,

(a) "formal bid" and "offeror" have the respective meanings ascribed to those terms in subsection 89(1) of the Act; and

(b) "acting jointly or in concert" has the meaning ascribed to that phrase in section 91 of the Act.

(2) For the purposes of the definition of related party and subsection 1.1(2), section 90 of the Act applies in determining beneficial ownership of securities.

1.3 Liquid Market in a Class of Securities

(1) For the purposes of this Rule, a liquid market in a class of securities of an issuer in respect of a transaction involving an issuer exists at a particular time only

(a) if

(i) there is a published market for the class of securities,

(ii) during the period of 12 months before the date the transaction is agreed to in the case of a related party transaction or 12 months before the date an insider bid, issuer bid, or going private transaction is announced, in the case of an insider bid, issuer bid, or going private transaction

(A) the number of outstanding securities of the class was at all times at least 5,000,000, excluding securities beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties and securities that were not freely tradeable,

(B) the aggregate trading volume of the class of securities on the published market on which that class is principally traded was at least 1,000,000 securities,

(C) there were at least 1,000 trades in securities of the class on the published market on which that class is principally traded, and

(D) the aggregate trading value based on the price of the trades referred to in clause (C) was at least $15,000,000, and

(iii) the market value of the class of securities on the published market on which that class is principally traded, as determined in accordance with subsections (2) and (3), was at least $75,000,000 for the calendar month preceding the calendar month

(A) in which the transaction is agreed to, in the case of a related party transaction, or

(B) in which the transaction is announced, in the case of an insider bid, issuer bid or going private transaction, or

(b) if the test set out in paragraph (a) is not met,

(i) there is a published market for the class of securities,

(ii) a qualified person or company that is independent of all interested parties to the transaction, as determined in accordance with section 6.1, provides an opinion to the issuer that there is a liquid market in the class at the date the transaction is agreed to in the case of a related party transaction or at the date the transaction is announced in the case of an insider bid, issuer bid or going private transaction, and

(iii) the opinion is included in a disclosure document for the transaction, together with a statement that the published market on which the class is principally traded has sent a letter to the Director indicating concurrence with the opinion or providing a similar opinion.

(2) For the purpose of determining whether an issuer satisfies the market value requirement of subparagraph (1)(a)(iii), the market value of a class of securities for the calendar month is calculated by multiplying

(a) the number of securities of the class outstanding as at the close of business on the last business day of the calendar month; by

(b) if

(i) the published market provides a closing price for the securities, the arithmetic average of the closing prices of the securities of that class on the published market on which that class is principally traded for each of the trading days during the calendar month, or

(ii) the published market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day, the arithmetic average of the simple averages of the highest and lowest prices of the securities of that class on the published market on which that class is principally traded for each of the trading days for which the securities traded during the calendar month.

(3) For the purposes of subsection (2), in calculating the number of securities of the class, an issuer shall exclude those securities of the class that were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties and securities that were not freely tradeable.

(4) An issuer that relies on an opinion referred to in paragraph (1)(b) shall cause the letter referred to in subparagraph (1)(b)(iii) to be provided promptly to the Director.

1.4 Arm's Length Dealings

(1) It is a question of fact whether two or more persons or companies act, negotiate or deal with each other at arm's length.

(2) Despite subsection (1), an issuer does not act, negotiate or deal at arm's length with a related party of the issuer and an interested party does not act, negotiate or deal at arm's length with a related party of the interested party.

1.5 Interpretation

(1) In this Rule, a person or company is considered to be an affiliated entity of another person or company if one is a subsidiary entity of the other or if both are subsidiary entities of the same person or company, or if each of them is controlled by the same person or company.

(2) In this Rule, a person or company is considered to be a subsidiary entity of another person or company if

(a) it is controlled by

(i) that other, or

(ii) that other and one or more persons or companies, each of which is controlled by that other, or

(iii) two or more persons or companies, each of which is controlled by that other; or

(b) it is a subsidiary entity of a person or company that is that other's subsidiary entity.

(3) In this Rule for the purposes of interpreting the terms "subsidiary entity" and "affiliated entity", a person or company is considered to be controlled by another person or company if

(a) in the case of a person or company

(i) the other person or company beneficially owns or exercises control or direction over voting securities of the first-mentioned person or company carrying more than 50 percent of the votes for the election of directors, and

(ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned person or company;

(b) in the case of a partnership that does not have directors, other than a limited partnership, the other person or company beneficially owns or exercises control or direction over more than 50 percent of the interests in the partnership; or

(c) in the case of a limited partnership, the other person or company is the general partner.

(4) For the purposes of this Rule, a person or company is considered to be a wholly-owned subsidiary entity of an issuer if the issuer owns, directly or indirectly, all the voting and equity securities and securities convertible or exchangeable into voting and equity securities of the person or company.

PART 2 INSIDER BIDS

2.1 Application

(1) This Part applies to every insider bid, except an insider bid that is exempt from Part XX of the Act under

(a) clause 93(1)(a) of the Act, unless it is a stock exchange insider bid;

(b) clauses 93(1)(b) through (f) of the Act; or

(c) a decision made by the Commission under clause 104(2)(c) of the Act, unless the decision otherwise provides.

(2) Despite subsection (1), this Part does not apply to a take-over bid that is an insider bid by reason solely of the application of section 90 of the Act to an agreement between the offeror and a securityholder of the offeree issuer that offeree securities beneficially owned by the securityholder, or over which the securityholder exercises control or direction, will be tendered to the bid, if

(a) the securityholder is not acting jointly or in concert with the offeror; and

(b) the general nature and material terms of the agreement to tender are disclosed in a news release and report filed under section 101 of the Act or are otherwise generally disclosed.

(3) Despite subsection (1), this Part does not apply to an MJDS take-over bid circular, an MJDS directors' circular, or an MJDS director's or officer's circular, in respect of an insider bid, unless securityholders of the offeree issuer whose last address as shown on the books of the issuer is in Canada, as determined in accordance with subsections 12.1(2) through (4) of National Instrument 71-101 The Multijurisdictional Disclosure System, hold 20 percent or more of the class of securities that is the subject of the bid.

(4) For the purpose of subsection (3), the terms "MJDS take-over bid circular", "MJDS directors' circular" and "MJDS director's or officer's circular" have the meaning ascribed to those terms in National Instrument 71-101.

2.2 Disclosure

(1) An offeror shall disclose in a disclosure document for an insider bid

(a) the background to the insider bid; and

(b) in accordance with section 6.8, every prior valuation in respect of the offeree issuer

(i) that has been made in the 24 months before the date of the insider bid, and

(ii) the existence of which is known after reasonable inquiry to the offeror or any director or senior officer of the offeror.

(2) An offeror shall include in the required disclosure document for a stock exchange insider bid the disclosure required by Form 33 of the Regulation, appropriately modified.

(3) The board of directors of an offeree issuer shall

(a) disclose in the directors' circular for an insider bid in accordance with section 6.8 every prior valuation in respect of the offeree issuer not disclosed in the disclosure document for the insider bid

(i) that has been made in the 24 months before the date of the insider bid, and

(ii) the existence of which is known after reasonable inquiry to the offeree issuer or to any director or senior officer of the offeree issuer;

(b) disclose in the directors' circular a description of the background to the insider bid to the extent the background has not been disclosed in the disclosure document for the insider bid;

(c) disclose in the directors' circular any bona fide prior offer that relates to the offeree securities or is otherwise relevant to the insider bid, which offer was received by the issuer during the 24 months before the insider bid was publicly announced, and a description of the offer and the background to the offer; and

(d) include in the directors' circular a discussion of the review and approval process adopted by the board of directors and the independent committee, if any, of the offeree issuer for the insider bid, including any materially contrary view or abstention by a director and any material disagreement between the board and the independent committee.

2.3 Formal Valuation

(1) Subject to section 2.4, the offeror in an insider bid shall

(a) obtain, at its own expense, a formal valuation;

(b) provide the disclosure required by section 6.2;

(c) disclose, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the insider bid, unless the formal valuation is included in its entirety in the disclosure document; and

(d) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) An independent committee of the offeree issuer shall, and the offeror shall enable the independent committee to

(a) determine who the valuator will be; and

(b) supervise the preparation of the formal valuation.

2.4 Exemptions from Formal Valuation Requirement

(1) Section 2.3 does not apply to an offeror in connection with an insider bid in any of the following circumstances if the facts supporting reliance upon an exemption are disclosed in the disclosure document for the insider bid:

1. Discretionary Exemption - The offeror has been granted an exemption from section 2.3 under section 9.1.

2. Lack of Knowledge and Representation - The offeror does not have and has not had within the preceding 12 months any board or management representation in respect of the offeree issuer and has no knowledge of any material non-public information concerning the offeree issuer or its securities.

3. Previous Arm's Length Negotiations - If

(a) the consideration under the insider bid is at least equal in value to and is in the same form as the highest consideration agreed to with one or more selling securityholders of the offeree issuer in arm's length negotiations

(i) in connection with the making of the insider bid,

(ii) in connection with another transaction involving securities of the class of offeree securities, if the agreement was entered into not more than 12 months before the date of the first public announcement of the bid, or

(iii) in connection with two or more transactions or a combination of transactions referred to in subparagraphs (i) and (ii),

(b) at least one of the selling securityholders party to an agreement referred to in subparagraph (a)(i) or (ii) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell,

(i) at least five percent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), if the offeror beneficially owned, directly or indirectly, 80 percent or more of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), or

(ii) at least 10 percent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), if the offeror beneficially owned, directly or indirectly, less than 80 percent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2),

(c) one or more of the selling securityholders party to any of the transactions referred to in paragraph (a) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell, in the aggregate, at least 20 percent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (3), beneficially owned, or over which control or direction is exercised, by persons or companies other than the offeror and persons or companies acting jointly or in concert with the offeror,

(d) the offeror reasonably believes, after reasonable inquiry, that at the time of each of the agreements referred to in paragraph (a)

(i) each selling securityholder party to the agreement had full knowledge and access to information concerning the offeree issuer and its securities, and

(ii) any factors peculiar to a selling securityholder party to the agreement, including non-financial factors, that were considered relevant by that selling securityholder in assessing the consideration did not have the effect of reducing the price that would otherwise have been considered acceptable by that selling securityholder,

(e) at the time of each of the agreements referred to in paragraph (a), the offeror did not know, and to the knowledge of the offeror, after reasonable inquiry, no selling securityholder party to the agreement knew, of any material non-public information in respect of the offeree issuer or the offeree securities that,

(i) was not disclosed generally, and

(ii) if disclosed, could have reasonably been expected to increase the agreed consideration,

(f) any of the agreements referred to in paragraph (a) was entered into with a selling securityholder by a person or company other than the offeror, the offeror reasonably believes, after reasonable inquiry, that at the time of that agreement, the person or company did not know of any material non-public information in respect of the offeree issuer or the offeree securities that

(i) was not disclosed generally, and

(ii) if disclosed, could have reasonably been expected to increase the agreed consideration, and

(g) the offeror does not know, after reasonable inquiry, of any material non-public information in respect of the offeree issuer or the offeree securities since the time of each of the agreements referred to in paragraph (a) that has not been disclosed generally and could reasonably be expected to increase the value of the offeree securities.

4. Auction - If

(a) the insider bid is publicly announced or made while

(i) one or more formal bids for securities of the same class that are the subject of the insider bid have been made and are outstanding,

(ii) one or more going private transactions for securities of the same class that are the subject of the insider bid and ascribe a per security value to those securities are outstanding, or

(iii) one or more transactions are outstanding that

(A) would be going private transactions in respect of securities of the same class that are the subject of the insider bid except that they come within the exception in paragraph (e) of the definition of going private transaction, and

(B) ascribe a per security value to those securities,

(b) at the time the insider bid is made, the offeree issuer has provided equal access to the offeree issuer and information concerning the offeree issuer and its securities, to the offeror in the insider bid, all other offerors and all other persons or companies that proposed the transactions described in subparagraph (ii) or (iii) of paragraph (a), and

(c) the offeror, in the disclosure document for the insider bid,

(i) includes all material non-public information concerning the offeree issuer and its securities that is known to the offeror after reasonable inquiry but has not been generally disclosed, together with a description of the nature of the offeror's access to the issuer; and

(ii) states that the offeror does not know, after reasonable inquiry, of any material non-public information concerning the offeree issuer and its securities other than information that has been disclosed under subparagraph (i) or that has otherwise been generally disclosed.

(2) For the purpose of paragraph 3(b) of subsection (1), the number of outstanding securities of the class of offeree securities

(a) is calculated at the time of the agreement referred to in subparagraph 3(a)(i) or (ii) of subsection (1), if the offeror knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based upon the information most recently provided by the offeree issuer in a material change report or under section 2.1 of National Instrument 62-102 Disclosure of Outstanding Share Data, immediately preceding the date of the agreement referred to in subparagraph 3(a)(i) or (ii) of subsection (1).

(3) For the purpose of paragraph 3(c) of subsection (1), the number of outstanding securities of the class of offeree securities

(a) is calculated at the date of the last of the agreements referred to in paragraph 3(a) of subsection (1), if the offeror knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based upon the information most recently provided by the offeree issuer in a material change report or under section 2.1 of National Instrument 62-102, immediately preceding the date of the last of the agreements referred to in paragraph 3(a) of subsection (1).

PART 3 ISSUER BIDS

3.1 Application

(1) This Part applies to every issuer bid, except an issuer bid that is exempt from Part XX of the Act under

(a) clauses 93(3)(a) through (d) and (f) through (i) of the Act;

(b) clause 93(3)(e) of the Act, unless it is a stock exchange issuer bid; or

(c) a decision made by the Commission under clause 104(2)(c) of the Act, unless the decision otherwise provides.

(2) Despite subsection (1), this Part does not apply to a MJDS issuer bid circular, unless securityholders of the offeree issuer whose last address as shown on the books of the issuer is in Canada, as determined in accordance with subsections 12.1(2) through (4) of National Instrument 71-101, hold 20 percent or more of the class of securities that is the subject of the bid.

(3) For the purpose of subsection (2), the term "MJDS issuer bid circular" has the meaning ascribed to that term in National Instrument 71-101.

3.2 Disclosure

(1) An issuer shall

(a) include in a disclosure document for an issuer bid the disclosure required by item 16 of Form 32 of the Regulation, to the extent applicable;

(b) disclose in the disclosure document a description of the background to the issuer bid;

(c) disclose in the disclosure document in accordance with section 6.8 every prior valuation in respect of the offeree issuer

(i) that has been made in the 24 months before the date of the issuer bid, and

(ii) the existence of which is known after reasonable inquiry to the issuer or to any director or senior officer of the issuer;

(d) disclose in the disclosure document any bona fide prior offer that relates to the offeree securities or is otherwise relevant to the issuer bid, which offer was received by the issuer during the 24 months before the issuer bid was publicly announced, and a description of the offer and the background to the offer;

(e) include in the disclosure document a discussion of the review and approval process adopted by the board of directors and the independent committee, if any, of the issuer for the issuer bid, including any materially contrary view or abstention by a director and any material disagreement between the board and the independent committee; and

(f) include in the disclosure document

(i) a statement of the intention, if known to the issuer after reasonable inquiry, of every interested party to accept or not to accept the issuer bid; and

(ii) a description of the effect that the issuer anticipates the issuer bid, if successful, will have on the direct or indirect voting interest in the issuer of every interested party.

(2) An issuer shall include in the required disclosure document for a stock exchange issuer bid the applicable disclosure required by Form 33 of the Regulation.

3.3 Formal Valuation

(1) Subject to section 3.4, an issuer that makes an issuer bid shall

(a) obtain a formal valuation;

(b) provide the disclosure required by section 6.2;

(c) disclose, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the issuer bid, unless the formal valuation is included in its entirety in the disclosure document;

(d) if there is an interested party other than the issuer, state in the disclosure document who will pay or has paid for the valuation; and

(e) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be; and

(b) supervise the preparation of the formal valuation.

3.4 Exemptions from Formal Valuation Requirement - Section 3.3 does not apply to an issuer in connection with an issuer bid in any of the following circumstances if the facts supporting reliance upon an exemption are disclosed in the disclosure document for the issuer bid:

1. Discretionary Exemption - The issuer has been granted an exemption from section 3.3 under section 9.1.

2. Bid for Non-Convertible Securities - The issuer bid is for securities that are not participating securities and that are not, directly or indirectly, convertible into or exchangeable for participating securities.

3. Liquid Market - The issuer bid is made for securities for which

(a) a liquid market exists,

(b) it is reasonable to conclude that, following the completion of the bid, there will be a market for beneficial owners of the securities who do not tender to the bid that is not materially less liquid than the market that existed at the time of the making of the bid, and

(c) if an opinion referred to in subparagraph (b)(ii) of subsection 1.3(1) is provided, the person or company providing the opinion reaches the conclusion described in subparagraph 3(b) of this section 3.4 and so states in its opinion.

PART 4 GOING PRIVATE TRANSACTIONS

4.1 Application

(1) Subject to subsection (2), this Part applies to every going private transaction.

(2) This Part does not apply to a going private transaction

(a) if the issuer is not a reporting issuer;

(b) if the issuer is a mutual fund;

(c) if

(i) persons or companies

(A) whose last address as shown on the books of the issuer is in Ontario do not hold more than two percent of each class of the outstanding affected securities of the issuer, or

(B) who are in Ontario and who beneficially own affected securities of the issuer do not beneficially own more than two percent of each class of the outstanding affected securities of the issuer, and

(ii) all documents concerning the transaction that are sent generally to other holders of affected securities of the issuer are concurrently sent to all holders of the securities whose last address as shown on the books of the issuer is in Ontario; or

(d) if the transaction

(i) was announced before the coming into force of this Rule,

(ii) has not been completed before the coming into force of this Rule,

(iii) is being carried out in accordance with the guidelines of Ontario Securities Commission Policy 9.1, and

(iv) is completed substantially in accordance with the terms generally disclosed at the time the transaction was announced or thereafter before the coming into force of this Rule.

4.2 Meeting and Information Circular

(1) If minority approval is required to be obtained for a going private transaction, the issuer shall

(a) call a meeting of holders of affected securities; and

(b) send an information circular to holders of affected securities.

(2) An issuer shall include in the information circular referred to in paragraph (1)(b)

(a) the disclosure required by Form 33 of the Regulation, to the extent applicable and with necessary modifications;

(b) the disclosure required by item 16 of Form 32 of the Regulation, to the extent applicable, together with a description of rights that may be available to securityholders opposed to the transaction and of legal developments, if any, relating to the type of transaction;

(c) a description of the background to the going private transaction;

(d) disclosure in accordance with section 6.8 of every prior valuation in respect of the issuer

(i) that has been made in the 24 months before the date of the information circular, and

(ii) the existence of which is known after reasonable inquiry to the issuer or to any director or senior officer of the issuer;

(e) disclosure of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the transaction, which offer was received by the issuer during the 24 months before the transaction was publicly announced, and a description of the offer and the background to the offer; and

(f) a discussion of the review and approval process adopted by the board of directors and the independent committee, if any, of the issuer for the transaction, including any materially contrary view or abstention by a director and any material disagreement between the board and the independent committee.

(3) If, after sending the information circular referred to in paragraph (1)(b) and before the date of the meeting, a change occurs that, if disclosed, would reasonably be expected to affect the decision of a beneficial owner of affected securities to vote for or against the going private transaction or to retain or dispose of affected securities, the issuer shall promptly disseminate disclosure of the change

(a) in a manner that the issuer reasonably determines will inform beneficial owners of affected securities of the change; and

(b) sufficiently in advance of the meeting that the beneficial owners of affected securities will be able to assess the impact of the change.

(4) If subsection (3) applies, the issuer shall file a copy of the information disseminated contemporaneously with its dissemination.

4.3 Conditions for Relief from Timing for OBCA Information Circular

(1) The conditions for the granting of an exemption from the requirement in subsection 190(3) of the OBCA to send a management information circular not less than 40 days before the date of a meeting called to consider a "going private transaction" as defined in the OBCA are that

(a) Part 4 does not apply to the transaction by reason of subsection 4.1(2);

(b) the transaction is not a going private transaction as defined in subsection 1.1(3); or

(c) the transaction is carried out in accordance with Part 4.

(2) If any one of the conditions in subsection (1) applies, an issuer that proposes to carry out a transaction that is a "going private transaction" as defined in the OBCA

(a) is exempt from the 40 day requirement in subsection 190(3) of the OBCA in respect of a meeting called to consider a "going private transaction" as defined in the OBCA; and

(b) is not required to make an application under subsection 190(6) of the OBCA for the requisite exemption.

4.4 Formal Valuation

(1) Subject to section 4.5, an issuer whose affected securities are the subject of a proposed going private transaction shall

(a) obtain a formal valuation;

(b) provide the disclosure required by section 6.2;

(c) disclose, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the going private transaction, unless the formal valuation is included in its entirety in the disclosure document;

(d) state in the disclosure document for the going private transaction who will pay or has paid for the valuation; and

(e) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be; and

(b) supervise the preparation of the formal valuation.

4.5 Exemptions from Formal Valuation Requirement

(1) Section 4.4 does not apply to an issuer in connection with a going private transaction in any of the following circumstances if the facts supporting reliance upon an exemption are disclosed in the disclosure document:

1. Discretionary Exemption - The issuer has been granted an exemption from section 4.4 under section 9.1.

2. Previous Arm's Length Negotiations - If

(a) the consideration under the going private transaction is at least equal in value to and is in the same form as the highest consideration agreed to with one or more selling securityholders of the issuer in arm's length negotiations

(i) in connection with the going private transaction,

(ii) in connection with another transaction involving securities of the class of affected securities, if the agreement was entered into not more than 12 months before the date of the first public announcement of the going private transaction, or

(iii) in connection with two or more transactions or a combination of transactions referred to in subparagraphs (i) and (ii),

(b) at least one of the selling securityholders party to an agreement referred to in subparagraph (a)(i) or (ii) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell,

(i) at least five percent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), if the person or company proposing the going private transaction beneficially owned, directly or indirectly, 80 percent or more of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), or

(ii) at least 10 percent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), if the person or company proposing the going private transaction beneficially owned, directly or indirectly, less than 80 percent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2),

(c) one or more of the selling securityholders party to any of the transactions referred to in paragraph (a) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell, in the aggregate, at least 20 percent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (3), beneficially owned or over which control or direction is exercised by persons or companies other than an interested party and persons or companies acting jointly or in concert with an interested party,

(d) the person or company proposing the going private transaction reasonably believes, after reasonable inquiry, that at the time of each of the agreements referred to in paragraph (a)

(i) each selling securityholder party to the agreement had full knowledge of and access to information concerning the issuer and its securities,

(ii) any factors peculiar to a selling securityholder party to the agreement, including non-financial factors, that were considered relevant by the selling securityholder in assessing the consideration did not have the effect of reducing the price that would otherwise have been considered acceptable by that selling securityholder,

(e) at the time of each of the agreements referred to in paragraph (a), the person or company proposing the going private transaction did not know, and to the knowledge of the person or company proposing the going private transaction, after reasonable inquiry, no selling securityholder party to the agreement knew, of any material non-public information in respect of the issuer or the affected securities that

(i) was not disclosed generally, and

(ii) if disclosed, could have reasonably been expected to increase the agreed consideration,

(f) any of the agreements referred to in paragraph (a) was entered into with a selling securityholder by a person or company other than the person or company proposing the going private transaction, the person or company proposing the going private transaction reasonably believes, after reasonable inquiry, that at the time of that agreement, the person or company did not know of any material non-public information in respect of the issuer or the affected securities that,

(i) was not disclosed generally, and

(ii) if disclosed, could have reasonably been expected to increase the agreed consideration, and

(g) the person or company proposing the going private transaction, after reasonable inquiry, does not know of any material non-public information in respect of the issuer or the affected securities since the time of each of the agreements referred to in paragraph (a) that has not been disclosed generally and could reasonably be expected to increase the value of the affected securities.

3. Auction - If

(a) the going private transaction is publicly announced while

(i) one or more going private transactions for the affected securities that ascribe a per security value to those securities are outstanding,

(ii) one or more transactions are outstanding that

(A) would be going private transactions in respect of the affected securities, except that they come within the exception in paragraph (e) of the definition of going private transaction, and

(B) ascribe a per security value to those securities, or

(iii) one or more formal bids for the affected securities have been made and are outstanding, and

(b) at the time the disclosure document for the going private transaction has been sent, the issuer has provided equal access to the issuer and information concerning the issuer and its securities, to the person or company proposing the going private transaction, the persons or companies that have proposed the other transactions described in clauses (i) or (ii) of subparagraph (a) and the offerors that have made the formal bids.

4. Second Step Going Private Transaction - If

(a) the going private transaction in respect of the offeree issuer is being effected by a person or company or an affiliated entity of the person or company following a formal bid by the person or company and is in respect of the outstanding securities of the same class that were the subject of the bid,

(b) the going private transaction is completed no later than 120 days after the date of expiry of the formal bid,

(c) the intent to effect the going private transaction was disclosed in the disclosure document for the formal bid,

(d) the consideration per security paid by the person or company or the affiliated entity of the person or company in the going private transaction

(i) is at least equal in value to the consideration per security that was paid by the person or company in the formal bid, and

(ii) is in the same form as the consideration per security that was paid by the person or company in the formal bid, and if the consideration paid consisted of securities of the person or company, consists of the same securities, and

(e) the disclosure document for the formal bid

(i) described the tax consequences of both the formal bid and the subsequent going private transaction, if, at the time of making the formal bid, the tax consequences arising from the subsequent going private transaction

(A) were known or reasonably foreseeable to the person or company that made the formal bid, and

(B) were reasonably expected to be different from the tax consequences of tendering to the formal bid, or

(ii) disclosed that the tax consequences of the formal bid and the subsequent going private transaction may be different, if, at the time of making the formal bid, the person or company that made the formal bid did not know or could not reasonably foresee the tax consequences arising from the subsequent going private transaction.

5. Non-redeemable Investment Fund - The issuer is a non-redeemable investment fund that

(a) at least once each quarter calculates and publicly disseminates the net asset value of its securities, and

(b) at the time of announcing the going private transaction, publicly disseminates the net asset value of its securities as at the business day before announcing the going private transaction.

(2) For the purposes of paragraph 2(b) of subsection (1), the number of outstanding securities of the class of affected securities

(a) is calculated at the time of the agreement referred to in subparagraph 2(a)(i) or (ii) of subsection (1), if the person or company proposing the going private transaction knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based upon the information most recently provided by the issuer of the affected securities, in a material change report or under section 2.1 of National Instrument 62-102, immediately preceding the date of the agreement referred to in subparagraph 2(a)(i) or (ii) of subsection (1).

(3) For the purposes of paragraph 2(c) of subsection (1), the number of outstanding securities of the class of affected securities

(a) is calculated at the date of the last of the agreements referred to in paragraph 2(a) of subsection (1), if the person or company proposing the going private transaction knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based upon the information most recently provided by the issuer of the affected securities in a material change report or under section 2.1 of National Instrument 62-102, immediately preceding the date of the last of the agreements referred to in paragraph 2(a) of subsection (1).

4.6 Conditions for Relief from OBCA Valuation Requirement

(1) The conditions for the granting of an exemption from the requirements of subsection 190(2) and clauses 190(3)(a) and (c) of the OBCA for a transaction that is a "going private transaction" as defined in the OBCA are that

(a) Part 4 does not apply to the transaction by reason of subsection 4.1(2);

(b) the transaction is not a going private transaction as defined in subsection 1.1(3);

(c) section 4.4 does not apply by reason of section 4.5; or

(d) the issuer complies with section 4.4.

(2) If any one of the conditions referred to in subsection (1) applies, an issuer that proposes to carry out a transaction that is a "going private transaction" as defined in the OBCA

(a) is exempt from the requirements of subsection 190(2) and clauses 190(3)(a) and (c) of the OBCA; and

(b) is not required to make an application under subsection 190(6) of the OBCA for the requisite exemptions.

4.7 Minority Approval - Subject to section 4.8, no going private transaction shall be carried out in respect of an issuer unless minority approval for the going private transaction has been obtained under Part 8.

4.8 Exemptions from Minority Approval Requirement

(1) Section 4.7 does not apply to a going private transaction in any of the following circumstances if the facts supporting reliance upon an exemption are disclosed in the disclosure document for the going private transaction:

1. Discretionary Exemption - The issuer has been granted an exemption from section 4.7 under section 9.1.

2. 90 Percent Exemption - Subject to subsection (2), one or more interested parties beneficially owns 90 percent or more of the outstanding securities of a class of affected securities at the time that the going private transaction is proposed and either

(a) an appraisal remedy is available to holders of the class of affected securities under the statute under which the issuer is organized or is governed as to corporate law matters, or

(b) if the appraisal remedy referred to in subparagraph (a) is not available, holders of the class of affected securities are given an enforceable right that is substantially equivalent to the appraisal remedy provided for in subsection 185(4) of the OBCA and that is described in the disclosure document for the going private transaction.

(2) If there are two or more classes of affected securities, paragraph 2 of subsection (1) applies only to a class for which the interested party beneficially owns or the interested parties beneficially own 90 percent or more of the outstanding securities of the class.

4.9 Conditions for Relief from OBCA Minority Approval Requirement

(1) The conditions for the granting of an exemption from the requirements of clauses 190(3)(b) and (d) and subsection 190(4) of the OBCA for a transaction that is a "going private transaction" as defined in the OBCA are that

(a) Part 4 does not apply to the transaction by reason of subsection 4.1(2);

(b) the transaction is not a going private transaction as defined in subsection 1.1(3);

(c) section 4.7 does not apply by reason of section 4.8; or

(d) the issuer complies with section 4.7.

(2) If any one of the conditions referred to in subsection (1) applies, an issuer that proposes to carry out a transaction that is a "going private transaction" as defined in the OBCA

(a) is exempt from the requirements of clauses 190(3)(b) and (d) and subsection 190(4) of the OBCA; and

(b) is not required to make an application under subsection 190(6) of the OBCA for the requisite exemptions.

PART 5 RELATED PARTY TRANSACTIONS

5.1 Application

(1) Subject to subsection (2), this Part applies to every related party transaction.

(2) This Part does not apply to a related party transaction

(a) if the issuer is not a reporting issuer;

(b) if the issuer is a mutual fund;

(c) if

(i) persons or companies

(A) whose last address as shown on the books of the issuer is in Ontario do not hold more than two percent of each class of the outstanding affected securities of the issuer, or

(B) who are in Ontario and who beneficially own affected securities of the issuer do not beneficially own more than two percent of each class of the outstanding affected securities of the issuer, and

(ii) all documents concerning the transaction that are sent generally to other holders of affected securities of the issuer are concurrently sent to all holders of the securities whose last address as shown on the books of the issuer is in Ontario;

(d) that is a statutory amalgamation between

(i) the issuer and one or more of its wholly-owned subsidiary entities, but no other person or company, or

(ii) two or more wholly-owned subsidiary entities of the issuer, but no other person or company;

(e) that is a going private transaction in respect of the issuer carried out in accordance with Part 4 or exempt from Part 4 under subsection 4.1(2);

(f) that would be a going private transaction in respect of the issuer except that it comes within the exceptions in paragraphs (a) through (e) of the definition of going private transaction;

(g) that

(i) is part of a series of related transactions that the issuer or a predecessor of the issuer negotiated at arm's length with a person or company that became a related party of the issuer only as a consequence of one of the transactions in the series of related transactions, and

(ii) the issuer is obligated to and does complete the transaction substantially in accordance with the terms negotiated at arm's length;

(h) that was agreed to by the issuer or a predecessor of the issuer before July 5, 1991, if the issuer is obligated to complete the transaction in accordance with the terms agreed to and generally disclosed at that time or thereafter before the coming into force of this Rule;

(i) that

(i) was agreed to by the issuer or a predecessor of the issuer after July 5, 1991 but before the coming into force of this Rule,

(ii) has not been completed before the coming into force of this Rule,

(iii) is being carried out in accordance with the guidelines of Ontario Securities Commission Policy 9.1, and

(iv) the issuer is obligated to and does complete the transaction substantially in accordance with the terms agreed to and generally disclosed at the time the transaction was agreed to or thereafter before the coming into force of this Rule;

(j) if

(i) the transaction was agreed to by the issuer or a predecessor of the issuer on or before the date that the issuer became a reporting issuer, and

(ii) the issuer is obligated to and does complete the transaction substantially in accordance with the terms agreed to and generally disclosed at the time the transaction was agreed to or thereafter on or before the date that the issuer became a reporting issuer;

(k) if the transaction represents an issuance or transfer by an issuer of securities upon the exercise by a holder of a right to purchase, convert, exchange or retract previously granted by the issuer, which right is attached to a class of securities for which there is a published market, and the issuer is obligated to complete the transaction;

(l) that is carried out by an issuer to which the Rule In the Matter of Certain Trades in Securities of Junior Resource Issuers (1997), 20 OSCB 1218, as amended by (1999), 22 OSCB 2152, or any successor to that Rule applies, in accordance with that Rule or any successor to that Rule; or

(m) that is a distribution

(i) of the securities of an issuer and is a related party transaction in respect of the issuer solely because the interested party is an underwriter of the distribution, and

(ii) carried out in compliance with, or under an exemption from, the requirements of

(A) until Multilateral Instrument 33-105 Underwriting Conflicts comes into force, Part XIII of the Regulation, and

(B) after Multilateral Instrument 33-105 comes into force, that Multilateral Instrument.

(3) This Part does not apply to a person or company that is subject to the requirements of Part IX of the Loan and Trust Corporations Act, Part XI of the Bank Act (Canada), Part XI of the Insurance Companies Act (Canada), or Part XI of the Trust and Loan Companies Act (Canada), and the person or company complies with those provisions.

5.2 Disclosure: News Release and Material Change Report

(1) An issuer shall include in a material change report required to be filed under the Act for a related party transaction

(a) a description of the transaction and its material terms;

(b) the purpose and business reasons for the transaction;

(c) the anticipated effect of the transaction on the issuer's business and affairs;

(d) a description of

(i) the interest in the transaction of every interested party that is expected to receive, directly or indirectly, as a consequence of the transaction, a benefit that is not also expected to be received on a pro rata basis by all other holders of affected securities, and the issuer insiders, associates, affiliated entities and other related parties of that interested party,

(ii) the effect of the transaction on every person or company referred to in subparagraph (i), and

(iii) the nature of any benefit that will accrue as a consequence of the transaction to every person or company referred to in subparagraph (i);

(e) if subsection 5.4(2) does not apply to the issuer, a discussion of the review and approval process adopted by the board of directors, and the independent committee, if any, of the issuer for the transaction, including any materially contrary view or abstention by a director and any material disagreement between the board and the independent committee;

(f) a summary in accordance with section 6.5 of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction;

(g) disclosure in accordance with section 6.8 of every prior valuation in respect of the issuer that has been made in the 24 months before the date of the material change report

(i) that relates to the subject matter of or is otherwise relevant to the transaction, and

(ii) the existence of which is known after reasonable inquiry to the issuer or to any director or senior officer of the issuer; and

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party, or a person or company acting jointly or in concert with an interested party, in connection with the transaction.

(2) If a material change report is filed by a reporting issuer less than 21 days before the expected date of closing of the transaction, the issuer shall explain in the news release required to be issued under the Act and material change report why the shorter period is reasonable or necessary in the circumstances.

(3) Despite paragraph (1)(f), if an issuer is required to include a summary of the formal valuation in the material change report and the formal valuation is not available at the time the issuer files the material change report, the issuer shall file a supplementary material change report containing the disclosure required by paragraph (1)(f) as soon as the formal valuation is available.

5.3 Copy of Material Change Report - An issuer shall send a copy of any material change report prepared by it in respect of the related party transaction to any securityholder of the issuer upon request and without charge.

5.4 Meeting and Information Circular

(1) If minority approval is required to be obtained for a related party transaction, the issuer shall

(a) call a meeting of holders of affected securities; and

(b) send an information circular to holders of affected securities.

(2) An issuer shall include in the information circular referred to in paragraph (1)(b)

(a) the disclosure required by Form 33 of the Regulation, to the extent applicable and with necessary modifications;

(b) the disclosure required by item 16 of Form 32 of the Regulation, to the extent applicable, together with a description of rights that may be available to securityholders opposed to the transaction and of legal developments, if any, relating to the type of transaction;

(c) a description of the background to the related party transaction;

(d) disclosure in accordance with section 6.8 of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction

(i) that has been made in the 24 months before the date of the information circular, and

(ii) the existence of which is known after reasonable inquiry to the issuer or to any director or senior officer of the issuer;

(e) disclosure of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the transaction, which was received by the issuer during the 24 months before the transaction was publicly announced, and a description of the offer and the background to the offer; and

(f) a discussion of the review and approval process adopted by the board of directors and the independent committee, if any, of the issuer for the transaction, including any materially contrary view or abstention by a director and any material disagreement between the board and the independent committee.

(3) If, after sending the information circular referred to in paragraph (1)(b) and before the date of the meeting, a change occurs that would, if disclosed, reasonably be expected to affect the decision of a beneficial owner of affected securities to vote for or against the related party transaction or to retain or dispose of affected securities, the issuer shall promptly disseminate disclosure of the change

(a) in a manner that the issuer reasonably determines will inform beneficial owners of affected securities of the change; and

(b) sufficiently in advance of the meeting that the beneficial owners of affected securities will be able to assess the impact of the change.

(4) If subsection (3) applies, the issuer shall file a copy of the information disseminated contemporaneously with its dissemination.

5.5 Formal Valuation

(1) Subject to section 5.6, an issuer involved in a related party transaction shall

(a) obtain a formal valuation;

(b) provide the disclosure required by section 6.2;

(c) disclose, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the related party transaction, unless the formal valuation is included in its entirety in the disclosure document;

(d) state in the disclosure document for the related party transaction who will pay or has paid for the valuation; and

(e) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be; and

(b) supervise the preparation of the formal valuation.

5.6 Exemptions from Formal Valuation Requirement - Section 5.5 does not apply to an issuer in connection with a related party transaction in any of the following circumstances if the facts supporting reliance upon an exemption are disclosed in both the material change report referred to in section 5.2 and the information circular referred to in paragraph (b) of subsection 5.4(1):

1. Discretionary Exemption - The issuer has been granted an exemption from section 5.5 under section 9.1.

2. Fair Market Value not more than 25 Percent of Market Capitalization - The transaction

(a) is not an amalgamation or merger, whether by way of arrangement or otherwise, and

(b) is one in which at the date the transaction is agreed to

(i) neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves all interested parties, is greater than 25 percent of the issuer's market capitalization, or

(ii) if either of the values referred to in clause (i) is not readily determinable, the board of directors of the issuer, acting in good faith, determines that the value referred to in clause (i) that is not readily determinable, is not greater than 25 percent of the issuer's market capitalization.

3. Amalgamation, Merger or Arrangement - The transaction is

(a) an amalgamation, merger or arrangement between an issuer or a wholly-owned subsidiary entity of the issuer, and an interested party described in paragraph (c) of the definition of related party without taking into account securities beneficially owned by an affiliated entity of the issuer that is not a subsidiary entity of the issuer, and

(b) one in which, as at the date the transaction is agreed to

(i) neither the fair market value of the securities of the interested party beneficially owned by persons or companies other than the issuer and persons or companies acting jointly or in concert with the issuer, before the transaction, nor the fair market value of the consideration to be received by those persons or companies under the transaction, is greater than 25 percent of the issuer's market capitalization, or

(ii) if either of the values referred to in clause (i) is not readily determinable, the board of directors of the issuer, acting in good faith, determines that the value referred to in clause (i) that is not readily determinable is not greater than 25 percent of the issuer's market capitalization.

4. Certain Transactions in the Ordinary Course of Business - The transaction is

(a) a purchase or sale, in the ordinary course of business of the issuer, of inventory consisting of personal property under an agreement that has been approved by the board of directors of the issuer and the existence of which has been generally disclosed, or

(b) a lease of real or personal property under an agreement on reasonable commercial terms that, considered as a whole, are not less advantageous to the issuer than if the lease was with a person or company dealing at arm's length with the issuer and the existence of which has been generally disclosed.

5. Pro Rata Transaction - If

(a) the transaction consists of

(i) a rights offering made to holders of affected securities,

(ii) a dividend paid in cash or in securities of the issuer or a dividend in specie to holders of affected securities,

(iii) a distribution of assets of the issuer directly or indirectly to holders of affected securities, or

(iv) a reorganization of one or more classes of an issuer's affected securities to which subparagraphs (i), (ii) and (iii) do not apply, and

(b) the interested party is treated identically to all other holders in Canada of affected securities and does not receive, directly or indirectly, as a consequence of the transaction consideration of greater value than that received on a pro rata basis by all other holders of affected securities, except that in the case of a rights offering made to holders of affected securities, an interested party may provide a stand-by commitment, and take up securities under the stand-by commitment, in accordance with the terms of Commission Policy No. 6.2 Rights Offerings or a successor rule.

6. Negotiated Transaction with Arm's Length Controlling Shareholder - The interested party beneficially owns, or exercises control or direction over, voting securities of the issuer that carry fewer voting rights than the voting securities beneficially owned, or over which control or direction is exercised, by another securityholder of the issuer whose holding affects materially the control of the issuer and who, in the circumstances of the transaction

(a) is not also a party to the transaction,

(b) is dealing at arm's length with the interested party,

(c) supports the transaction, and

(d) is treated identically to all other holders in Canada of affected securities and does not receive, directly or indirectly, as a consequence of the transaction a benefit that is not also received on a pro rata basis by all other holders of affected securities.

7. Bankruptcy, Insolvency or Reorganization - If

(a) the transaction is subject to court approval under

(i) the Bankruptcy and Insolvency Act (Canada) or the Companies' Creditors Arrangement Act (Canada),

(ii) section 191 of the Canada Business Corporations Act (Canada), or

(iii) bankruptcy or insolvency laws of another jurisdiction or foreign jurisdiction that are applicable to the transaction,

(b) the issuer advises the court of the requirements of this Rule, and

(c) the court does not require compliance with section 5.5.

8. Financial Hardship - If

(a) the issuer is insolvent or in serious financial difficulty,

(b) the transaction is designed to improve the financial position of the issuer,

(c) paragraph 7 is not applicable, and

(d) the board of directors of the issuer, acting in good faith, determines, and not less than two-thirds of the independent directors of the issuer, acting in good faith, determine, that

(i) paragraphs (a) and (b) apply, and

(ii) the terms of the transaction are reasonable in the circumstances of the issuer.

9. Transaction with Wholly-owned Subsidiary Entity - The transaction is between

(a) an issuer and one or more wholly-owned subsidiary entities of the issuer and no other person or company,

(b) an issuer that is, directly or indirectly, a wholly-owned subsidiary entity of another issuer and that issuer and no other person or company, or

(c) two or more wholly-owned subsidiary entities of the issuer and no other person or company.

10. Transaction with an Interested Party involving another Related Party - If paragraph 9 does not apply, the transaction is between an issuer and an interested party described in paragraph (c) of the definition of related party, without taking into account securities beneficially owned by an affiliated entity of the issuer that is not a subsidiary entity of the issuer if, to the knowledge of the issuer after reasonable inquiry, no other related party of the issuer other than a wholly-owned subsidiary entity of the issuer either

(a) beneficially owns, or exercises control or direction over, other than through the related party's interest in the issuer, securities in the interested party that

(i) constitute more than five percent of the securities of a class of the interested party, or

(ii) could reasonably be expected to result in the related party exercising control or influence over the issuer so as to benefit the interested party, or

(b) receives, directly or indirectly, as a consequence of the transaction, other than through its security holding in the interested party referred to in subparagraph (a), a benefit that is not also received on a pro rata basis by all other holders of affected securities.

11. Loan on Commercial Terms - The transaction is

(a) a loan, or the creation of, or an advance under, a credit facility

(i) that is obtained by the issuer from an interested party on reasonable commercial terms that are not less advantageous to the issuer than if the loan or credit facility were obtained from a person or company dealing at arm's length with the issuer

(ii) that is not, directly or indirectly, convertible into or exchangeable for participating securities or voting securities of the issuer or a subsidiary entity of the issuer and is not otherwise participating in nature or accompanied by rights to acquire participating or voting securities of the issuer or a subsidiary entity of the issuer, and

(iii) for which neither principal nor interest is payable, directly or indirectly, in participating securities or voting securities of the issuer or a subsidiary entity of the issuer, or

(b) a payment in cash by the issuer to that interested party as payment under the loan or credit facility referred to in paragraph (a).

12. Amalgamation with No Adverse Effect on Issuer or Minority - The transaction is a statutory amalgamation between the issuer or a wholly-owned subsidiary entity of the issuer and an interested party that is undertaken in whole or in part for the benefit of another related party, if

(a) the transaction does not and will not have any adverse tax or other consequences to the issuer, a company resulting from the amalgamation or beneficial owners of affected securities generally,

(b) no material actual or contingent liability of the interested party with which the issuer or a wholly-owned subsidiary entity of the issuer is amalgamating will be assumed by the issuer, the wholly-owned subsidiary entity of the issuer or a successor to the issuer,

(c) the related party agrees to indemnify the issuer against any and all liabilities of the interested party with which the issuer, or a wholly-owned subsidiary entity of the issuer is amalgamating,

(d) after the transaction, the nature and extent of the equity participation of holders of affected securities in the amalgamated entity will be the same as, and the value of their equity participation will not be less than, the value of their interest in the issuer before the transaction, and

(e) the related party pays for all of the costs and expenses of or relating to or resulting from the transaction.

13. Transaction Size - The transaction is one in which, at the date the transaction is agreed to

(a) neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction is $500,000 or more, or

(b) if either of the values referred to in subparagraph (a) is not readily determinable, the board of directors of the issuer that is the subject of the related party transaction, acting in good faith, determines that the value referred to in subparagraph (a) that is not readily determinable is less than $500,000.

14. Distribution of Listed Securities - The transaction involves a distribution by an issuer of its securities to an interested party for cash consideration, if

(a) the securities have been listed and posted for trading on The Toronto Stock Exchange, The Montreal Exchange or the Canadian Venture Exchange or any predecessor market to those stock exchanges for the 12 months immediately preceding the date that the transaction is agreed to,

(b) a liquid market for the securities exists,

(c) neither the issuer nor, to the knowledge of the issuer after reasonable inquiry, the interested party has knowledge of any material non-public information concerning the issuer or its securities that has not been generally disclosed, and the disclosure document for the related party transaction includes a statement to that effect, and

(d) the disclosure document for the related party transaction includes a description of the effect of the distribution on the direct or indirect voting interest of the interested party.

15. Asset Resale - The subject matter of the related party transaction was acquired by the issuer or an interested party, as the case may be, in a prior transaction with a person or company acting at arm's length that was agreed to not more than 12 months before the date that the related party transaction is agreed to and a qualified valuator, independent of all interested parties to the transaction, as determined in accordance with section 6.1, provides a written opinion that, after making such adjustments, if any, as the valuator considers appropriate in the exercise of the valuator's professional judgment

(a) the value of the consideration payable by the issuer for the subject matter of the related party transaction is not more than the value of the consideration paid by the interested party in the prior arm's length transaction, or

(b) the value of the consideration to be received by the issuer for the subject matter of the related party transaction is not less than the value of the consideration paid by the issuer in the prior arm's length transaction.

16. Non-redeemable Investment Fund - The issuer is a non-redeemable investment fund that

(a) at least once each quarter calculates and publicly disseminates the net asset value of its securities, and

(b) at the time of announcing the related party transaction, publicly disseminates the net asset value of its securities as at the business day before announcing the related party transaction.

5.7 Minority Approval - Subject to section 5.8, an issuer shall not carry out a related party transaction unless minority approval for the related party transaction has been obtained under Part 8.

5.8 Exemptions from Minority Approval

(1) Section 5.7 does not apply to an issuer in connection with a related party transaction in any of the following circumstances if the facts supporting reliance upon an exemption are disclosed in both the material change report referred to in section 5.2 and the information circular referred to in paragraph (b) of subsection 5.4(1):

1. Discretionary Exemption - The issuer has been granted an exemption from section 5.7 under section 9.1.

2. Fair Market Value not more than 25 Percent of Market Capitalization - The circumstances described in paragraph 2 or 3 of section 5.6.

3. Other Transactions Exempt from Formal Valuation - The circumstances described in paragraph 4, 5, 6, 9, 10, 11 or 12 of section 5.6.

4. Bankruptcy - The circumstances described in subparagraphs 7(a) and 7(b) of section 5.6, if the court does not require compliance with section 5.7.

5. Financial Hardship - The circumstances described in paragraph 8 of section 5.6, if there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities.

6. 90 Percent Exemption - Subject to subsection (2), one or more interested parties beneficially owns 90 percent or more of the outstanding securities of a class of affected securities at the time that the related party transaction is proposed and either

(a) an appraisal remedy is available to holders of the class of affected securities under the statute under which the issuer is organized or is governed as to corporate law matters, or

(b) if the appraisal remedy referred to in subparagraph (a) is not available, holders of the class of affected securities are given an enforceable right that is substantially equivalent to the appraisal remedy provided for in subsection 185(4) of the OBCA and that is described in an information circular or other document sent to securityholders in connection with a meeting to approve the related party transaction.

(2) If there are two or more classes of affected securities, paragraph 6 of subsection (1) applies only to a class for which the interested party beneficially owns, or the interested parties beneficially own, 90 percent or more of the outstanding securities of the class.

PART 6 FORMAL VALUATIONS AND PRIOR VALUATIONS

6.1 Independence

(1) Every formal valuation required by this Rule for a transaction shall be prepared by an independent valuator for the transaction having appropriate qualifications.

(2) Subject to subsections (3), (4) and (5), it is a question of fact as to whether

(a) a valuator is independent of an interested party;

(b) a person or company is independent of an interested party, for the purpose of subparagraph (b)(ii) of subsection 1.3(1); and

(c) a valuator or a person or company referred to in paragraph (b) has appropriate qualifications.

(3) A valuator or a person or company referred to in paragraph (2)(b) is not independent of an interested party in connection with a transaction if

(a) the valuator or the person or company or an affiliated entity of either of them is an issuer insider, associate or affiliated entity of the interested party;

(b) except in the circumstances described in paragraph (e), and subject to subsection (5), the valuator or the person or company or an affiliated entity of either of them acts as an adviser to the interested party in respect of the transaction;

(c) the compensation of the valuator or the person or company or an affiliated entity of either of them depends in whole or in part upon an agreement, arrangement or understanding that gives the valuator or person or company or affiliated entity of either of them a financial incentive in respect of the conclusions reached in the formal valuation or opinion or the outcome of the transaction;

(d) the valuator or the person or company or an affiliated entity of either of them is

(i) a manager or co-manager of a soliciting dealer group formed in respect of the transaction, or

(ii) a member of the soliciting dealer group, if the valuator or person or company or affiliated entity of either of them, in its capacity as a soliciting dealer, performs services beyond the customary soliciting dealer's function or receives more than the per security or per securityholder fees payable to other members of the group;

(e) the valuator or the person or company is the independent auditor of the issuer or of an interested party, or the valuator or person or company is an affiliated entity of the auditor, unless neither the valuator nor the person or company nor an affiliated entity of either of them will be the independent auditor of the issuer or an interested party upon completion of the transaction and that fact has been publicly disclosed; or

(f) the valuator or the person or company or an affiliated entity of either of them has a material financial interest in the completion of the transaction.

(4) A valuator or a person or company referred to in paragraph (2)(b) that is paid by one or more interested parties to a transaction or is paid jointly by the issuer and one or more interested parties to a transaction to prepare a formal valuation for a transaction or to provide the opinion referred to in subparagraph (b)(ii) of subsection 1.3(1) for a transaction is not, by virtue of that fact alone, not independent.

(5) For the purpose of paragraph (3)(b), a valuator or a person or company referred to in paragraph (2)(b) that is retained by an issuer to prepare a formal valuation for an issuer bid or to provide the opinion referred to in subparagraph (b)(ii) of subsection 1.3(1) for an issuer bid is not, by virtue of that fact alone, considered to be an adviser to the interested party in respect of the transaction.

6.2 Disclosure Re Valuator - An issuer or offeror required to obtain a formal valuation in respect of a transaction or that relies on an opinion referred to in subparagraph (b)(ii) of subsection 1.3(1) or paragraph 15 of section 5.6 shall include in the disclosure document for the transaction

(a) a statement that the valuator or the person or company has been determined to be qualified and independent;

(b) a description of any past, present or anticipated relationship between the valuator or the person or company and the issuer or an interested party that may be relevant to a perception of lack of independence;

(c) a description of the compensation paid or to be paid to the valuator or the person or company;

(d) a description of any other factors relevant to a perceived lack of independence of the valuator or the person or company;

(e) the basis for determining that the valuator or the person or company is qualified; and

(f) the basis for determining that the valuator or the person or company is independent, despite any perceived lack of independence, including the amount of the compensation or other factors referred to in paragraphs (b) and (d).

6.3 Subject Matter of Formal Valuation

(1) An issuer or offeror required to obtain a formal valuation under this Rule shall provide the valuation in respect of

(a) the offeree securities, in the case of an insider bid or issuer bid;

(b) the affected securities, in the case of a going private transaction;

(c) the subject matter of the transaction, in the case of a related party transaction; and

(d) except as provided in subsection (2), any non-cash consideration being offered in or forming part of the transaction.

(2) A formal valuation of non-cash consideration is not required if

(a) the non-cash consideration consists of securities of a class of an issuer for which a liquid market exists;

(b) the securities offered as non-cash consideration

(i) constitute 10 percent or less of the aggregate number of securities of the class that are issued and outstanding immediately before the distribution of the securities offered as non-cash consideration, and

(ii) are freely tradeable;

(c) the valuator is of the opinion that a valuation of the non-cash consideration is not required; and

(d) the issuer or offeror required to obtain the formal valuation states in the disclosure document for the transaction that the issuer or offeror has no knowledge of any material non-public information concerning the issuer of the securities or its securities that has not been generally disclosed.

6.4 Preparation of Formal Valuation

(1) A person or company preparing a formal valuation under this Rule shall

(a) prepare the formal valuation in a diligent and professional manner;

(b) prepare the formal valuation as of an effective date that is not more than 120 days before the earlier of

(i) the date that a disclosure document for the transaction is first sent to securityholders, if applicable, and

(ii) the date that a disclosure document is filed;

(c) make appropriate adjustments in the formal valuation for material intervening events of which it is aware between the effective date of the valuation and the earlier of the dates referred to in paragraph (b);

(d) in determining fair market value of securities, not include in the formal valuation a downward adjustment to reflect the liquidity of the securities, the effect of the transaction on the securities or the fact that the securities do not form part of a controlling interest; and

(e) provide sufficient disclosure in the formal valuation to allow the beneficial owners of the securities to understand the principal judgments and principal underlying reasoning of the valuator so as to form a reasoned judgment of the valuation opinion or conclusion.

(2) National Instrument 52-101 Future Oriented Financial Information does not apply to a formal valuation for which financial forecasts and projections are relied upon and disclosed.

6.5 Summary of Formal Valuation

(1) An issuer or offeror that is required by this Rule to provide a summary of a formal valuation shall ensure that the summary provides sufficient detail to allow the beneficial owners of the securities to understand the principal judgments and principal underlying reasoning of the valuator so as to form a reasoned judgment of the valuation opinion or conclusion.

(2) In addition to the disclosure referred to in subsection (1), if an issuer or offeror is required by this Rule to provide a summary of a formal valuation, the issuer or offeror shall ensure that the summary

(a) discloses

(i) the valuation date, and

(ii) any distinctive material benefit that might accrue to an interested party as a consequence of the transaction, including the earlier use of available tax losses, lower income taxes, reduced costs or increased revenues;

(b) if the formal valuation differs materially from a prior valuation, explains the differences between the two valuations or, if it is not practicable to do so, the reasons why it is not practicable to do so;

(c) indicates an address where a copy of the formal valuation is available for inspection; and

(d) states that a copy of the formal valuation will be sent to any securityholder upon request and without charge.

6.6 Filing of Formal Valuation

(1) An issuer or offeror required to obtain a formal valuation in respect of a transaction shall file a copy of the formal valuation

(a) concurrently with the sending of the disclosure document for the transaction to securityholders; or

(b) concurrently with the filing of a material change report for a related party transaction for which no disclosure document is sent to securityholders, or if the formal valuation is not available at the time of filing the material change report, as soon as the formal valuation is available.

(2) If the formal valuation is included in its entirety in a disclosure document, an issuer or offeror satisfies the requirement in subsection (1) by filing the disclosure document.

6.7 Valuator's Consent - An issuer or offeror required to obtain a formal valuation shall

(a) obtain the valuator's consent to its filing and to the inclusion of the formal valuation or disclosure of a summary of the formal valuation in the disclosure document for the transaction for which the formal valuation was obtained; and

(b) include in the disclosure document a statement signed by the valuator substantially as follows:

We refer to the formal valuation dated , which we prepared for (indicate name of the person or company) for (briefly describe the transaction for which the formal valuation was prepared). We consent to the filing of the formal valuation with the Ontario Securities Commission and the inclusion of [a summary of the formal valuation/the formal valuation] in this document.

6.8 Disclosure of Prior Valuation

(1) A person or company required to disclose a prior valuation shall, in the document in which the person or company is required to disclose the prior valuation

(a) disclose sufficient detail to enable beneficial owners of securities to understand the prior valuation and its relevance to the present transaction;

(b) indicate an address where a copy of the prior valuation is available for inspection; and

(c) state that a copy of the prior valuation will be sent to any securityholder upon request and without charge.

(2) If there are no prior valuations, the existence of which is known after reasonable inquiry, the person or company preparing the document in which the person or company would be required to disclose the prior valuation, if one existed, shall include a statement to that effect in the document.

(3) Despite anything to the contrary contained in this Rule, disclosure of a prior valuation is not required in a document if

(a) the contents of the prior valuation are not known to the person or company required under this Rule to disclose the prior valuation;

(b) the prior valuation is not reasonably obtainable by the person or company referred to in paragraph (a), irrespective of any obligations of confidentiality; and

(c) the document contains statements in respect of the prior valuation substantially to the effect of paragraphs (a) and (b).

6.9 Filing of Prior Valuation - An issuer or offeror required to disclose a prior valuation shall file a copy of the prior valuation concurrently with the filing of the document to which the prior valuation relates.

PART 7 INDEPENDENT DIRECTORS

7.1 Independent Directors

(1) Subject to subsections (2) and (3), it is a question of fact as to whether a director of an issuer is independent.

(2) A director of an issuer is not independent in connection with a transaction if

(a) the director is currently, or has been at any time during the 12 months before the date of the transaction, an employee, issuer insider or associate of an interested party or an affiliated entity of an interested party, other than solely in his or her capacity as a director of the issuer;

(b) the director is currently, or has been at any time during the 12 months before the date of the transaction, an adviser to an interested party in connection with the transaction, an employee, issuer insider or associate of any person or company acting as an adviser to an interested party in connection with the transaction or an affiliated entity of the adviser, other than solely in his or her capacity as a director of the issuer;

(c) the director has a material financial interest in an interested party or an affiliated entity of an interested party or it is anticipated that the director will, in the event that the transaction is successful, be provided with the opportunity to obtain a material financial interest in an interested party, an affiliated entity of the interested party, or in the issuer; or

(d) the director would reasonably be expected to receive a benefit as a consequence of the transaction that is not also received on a pro rata basis by all other beneficial owners in Canada of affected securities.

(3) For the purposes of this section, in the case of an issuer bid, a director of the issuer is not, by that fact alone, not independent of the issuer.

PART 8 MINORITY APPROVAL

8.1 From Holders of Affected Securities

(1) Subject to subsection (2), if minority approval is required for a going private transaction or related party transaction, it shall be obtained from the holders of every class of affected securities of the issuer, in each case voting separately as a class.

(2) If minority approval is required for a going private transaction or a related party transaction and the transaction would affect a particular series of a class of affected securities of the issuer in a manner different from other securities of the class, then the holders of the series shall be entitled to vote separately as a series.

(3) In determining minority approval for a going private transaction or a related party transaction, an issuer shall exclude the votes attached to affected securities that, to the knowledge of the issuer or any interested party or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by

(a) the issuer;

(b) subject to section 8.2, an interested party, unless, in the context of a related party transaction, the interested party is treated identically to all other holders in Canada of affected securities and does not receive, directly or indirectly, as a consequence of the transaction, consideration of greater value than that received by all other holders of affected securities;

(c) a related party of an interested party, unless

(i) the related party is a director of the issuer who is independent of the interested party, or

(ii) in the context of a related party transaction, the related party and interested party are treated identically to all other holders in Canada of affected securities and do not receive, directly or indirectly, as a consequence of the transaction, consideration of greater value than that received by all other holders of affected securities and the related party of an interested party does not hold, directly or indirectly, whether alone or jointly or in concert with others, securities of more than one party to the transaction sufficient to affect materially the control of such parties; and

(d) a person or company acting jointly or in concert with a person or company referred to in paragraph (b) or (c) in respect of the transaction.

8.2 Multi-Step Transactions - Despite paragraphs (b) and (c) of subsection 8.1(3), the votes attached to securities tendered to a formal bid may be included as votes in favour of a subsequent going private transaction in the determination of whether the requisite minority approval has been obtained if

(a) the securityholder tendering the securities

(i) did not receive

(A) a consideration per security that is not identical in amount and type to that paid to all other beneficial owners in Canada of affected securities of the same class, or

(B) consideration of greater value than that paid to all other beneficial owners of affected securities of the same class, or

(ii) upon completion of the transaction, did not beneficially own, or exercise control or direction over, participating securities of a class other than affected securities;

(b) the going private transaction is completed no later than 120 days after the date of expiry of the formal bid;

(c) the going private transaction is proposed by the offeror who made the formal bid or an affiliated entity of the offeror and involves the outstanding securities of the same class that were the subject of the formal bid and that were not acquired by the offeror under the formal bid;

(d) the consideration per security in the subsequent going private transaction is

(i) at least equal in value to the consideration per security in the formal bid paid by the offeror, and

(ii) in the same form as the consideration per security in the formal bid, and if the consideration paid consisted of securities of the person or company, consists of the same securities; and

(e) the disclosure document for the formal bid

(i) disclosed the intent to effect the subsequent transaction,

(ii) contained a summary of a formal valuation of the securities in accordance with the applicable provisions of Part 6, or contained the valuation in its entirety, if the offeror in the formal bid was subject to and not exempt from the requirement to obtain a formal valuation,

(iii) identified the securities, if known to the offeror after reasonable inquiry, the votes attached to which would be required to be excluded in the determination of whether the requisite minority approval of the subsequent transaction had been obtained,

(iv) stated that the subsequent transaction would be subject to minority approval,

(v) identified each class of securities, the holders of which would be entitled to vote separately as a class on the subsequent transaction,

(vi) described the tax consequences of both the formal bid and the subsequent going private transaction, if, at the time of making the formal bid, the tax consequences arising from the subsequent going private transaction

(A) were known or reasonably foreseeable to the offeror, and

(B) were reasonably expected to be different from the tax consequences of tendering to the formal bid, and

(vii) disclosed that the tax consequences of the formal bid and the subsequent going private transaction may be different, if, at the time of making the formal bid, the offeror did not know or could not reasonably foresee the tax consequences arising from the subsequent going private transaction.

PART 9 EXEMPTION

9.1 Exemption - The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 10 EFFECTIVE DATE

10.1 Effective Date - This Rule comes into force on May 1, 2000.

APPENDIX 5C

OSC COMPANION POLICY 61-501CP

ONTARIO SECURITIES COMMISSION

COMPANION POLICY 61-501CP

TO ONTARIO SECURITIES COMMISSION RULE 61-501

INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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ONTARIO SECURITIES COMMISSION

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INSIDER BIDS, ISSUER BIDS, GOING PRIVATE TRANSACTIONS

AND RELATED PARTY TRANSACTIONS

PART 1 GENERAL

1.1 General - The Commission regards it as essential, in connection with the disclosure, valuation, review and approval processes followed for insider bids, issuer bids, going private transactions and related party transactions, that all securityholders be treated in a manner that is fair and that is perceived to be fair. In the view of the Commission, issuers and others who benefit from access to the capital markets assume an obligation to treat securityholders fairly and the fulfillment of this obligation is essential to the protection of the public interest in maintaining capital markets that operate efficiently, fairly and with integrity.

The Commission does not consider that insider bids, issuer bids, going private transactions and related party transactions are inherently unfair. It recognizes, however, that these transactions are capable of being abusive or unfair, and has made Rule 61-501 (the "Rule") to regulate these transactions.

This Policy expresses the Commission's views on certain matters related to the Rule.

PART 2 DEFINITIONS AND INTERPRETATION

2.1 Director - The term "director" is used frequently in the Rule. By virtue of Rule 14-501 Definitions, the term has the meaning in section 1 of the Act. The Commission is of the view that, by virtue of this definition, in appropriate circumstances a director of a general partner in a limited partnership can be considered to be a director of the limited partnership.

2.2 Freely Tradeable - In order for securities to be "freely tradeable" for purposes of the Rule, all hold periods imposed by Ontario securities law must have expired, any period of time under Ontario securities law for which an issuer must be a reporting issuer must have passed and the other conditions of the definition must be met. Securities that can only be distributed under a prospectus or in reliance on a prospectus exemption, including any exemption in Ontario securities law applicable to control person distributions, would not be considered to be freely tradeable.

2.3 Jointly or in Concert

(1) The Act sets out certain circumstances where the presumption will arise that parties are acting jointly or in concert. Paragraph (b) of subsection 1.2(1) of the Rule provides that the term "acting jointly or in concert" has the meaning ascribed to it in section 91 of the Act. The Commission is of the view that, for an insider bid, an offeror and an insider may be viewed as acting jointly or in concert if an agreement, commitment or understanding between an offeror and an insider provides that the insider shall not tender to the offer or provides the insider with an opportunity not offered to all securityholders to maintain or acquire a direct or indirect equity interest in the offeror, the issuer or a material asset of the issuer.

(2) Concern has been expressed that agreements by a shareholder to tender into a proposed take-over bid or to vote in favour of a proposed transaction, which are commonly referred to as lock-up agreements, may result in the selling shareholder being seen to be acting jointly or in concert with an acquiror. While the language of section 91 of the Act is broad, and the particular facts of any case must be considered, the Commission is of the view that an ordinary lock-up agreement with an identically treated shareholder should not in and of itself generally result in arm's length parties being seen to be acting jointly or in concert.

2.4 Issuer Bid

(1) The term "issuer bid" is defined in National Instrument 14-101 Definitions as having the meaning ascribed to that term in securities legislation (in Ontario, subsection 89(1) of the Act). Subject to subsection (2), the Commission is of the view that, by virtue of the provisions of section 92 of the Act, an offer to acquire securities of the issuer made by a wholly-owned subsidiary entity of the issuer would be an issuer bid.

(2) The Commission is of the view that there may be limited circumstances in which a purchase of securities of an issuer made by a wholly-owned subsidiary entity of the issuer may not be an issuer bid. An example of one such situation is where the wholly-owned subsidiary entity of the issuer is a registered dealer and the registered dealer is not acting at the direction of the issuer in making the purchases, e.g., a registered dealer acting in its capacity as an underwriter or agent for a purchaser other than the issuer.

2.5 Director for Purposes of Section 1.3 - Subparagraph (b)(iii) of subsection 1.3(1) of the Rule and subsection 1.3(4) of the Rule require certain letters to be sent to the Director for purposes of satisfying the liquid market test. Those letters should be sent to the Director, Take-over/Issuer Bids, Mergers and Acquisitions, Corporate Finance Branch.

2.6 Going Private Transactions Carried Out in Accordance with Part 4 - Paragraph (c) of subsection 4.3(1) of the Rule provides an exemption from the 40 day delivery requirement in the OBCA if the going private transaction is carried out in accordance with Part 4 of the Rule. Paragraph (e) of subsection 5.1(2) of the Rule provides that Part 5 of the Rule does not apply to a related party transaction that is a going private transaction carried out in accordance with Part 4 of the Rule. If the issuer relies on or obtains an exemption from the valuation or majority of the minority requirements in Part 4 of the Rule, the Commission still views the going private transaction as being carried out in accordance with Part 4 of the Rule.

2.7 Related Party Transactions Carried Out in Accordance with Policy 9.1 - Paragraph (d) of subsection 4.1(2) of the Rule provides that Part 4 of the Rule does not apply to a going private transaction that was announced before the coming into force of the Rule and, among other things, is being carried out in accordance with the guidelines of Ontario Securities Commission Policy 9.1. Paragraph (i) of subsection 5.1(2) provides a similar exemption for related party transactions. The Commission is of the view that the transaction is being carried out in accordance with the guidelines of Ontario Securities Commission Policy 9.1

(1) if Policy 9.1 is being complied with, or

(2) if all or any part of a transaction is not being carried out in accordance with Policy 9.1, the transaction is being carried out in accordance with a "no-action letter" granted by staff.

2.8 Persons or Companies Involved in a Transaction - In the definitions of "interested party", "going private transaction" and "related party transaction", the Rule refers to a person or company involved in a transaction or a transaction involving a person or company. In those situations, the Rule sets out certain consequences for the person or company (e.g., disclosure, exclusion for minority approval purposes). The Commission is of the view that a director or senior officer of an issuer is not involved in a transaction merely because the director or senior officer is acting in that capacity in negotiating or approving the transaction.

2.9 Amalgamations

(1) Generally, a transaction is a going private transaction if the interest of a beneficial owner of a participating security of an issuer may be terminated without the beneficial owner's consent as a consequence of the transaction, a related party of the issuer is involved in the transaction and the transaction does not come within the exceptions to the definition of going private transaction in the Rule. The Commission is of the view that in the normal situation, where two or more arm's length operating corporations amalgamate and shareholders of the amalgamating corporations receive non-redeemable participating securities of the amalgamated corporation, a beneficial owner's interest in a participating security is not being terminated and therefore the transaction is not a going private transaction.

(2) An amalgamation between a corporation and one or more related parties of the corporation is a related party transaction for all of the amalgamating corporations.

(3) Exemptions from the valuation and minority approval requirements of the Rule may be available under paragraphs 3 and 10 of section 5.6 and paragraphs 2 and 3 of subsection 5.8(1) of the Rule for an upstream corporation amalgamating with a downstream corporation. Those exemptions are not available for the downstream corporation. Similarly, those exemptions are not available for amalgamating corporations that are related parties because of a common controlling shareholder.

(4) Paragraph 5 of section 5.6 and paragraph 3 of subsection 5.8(1) contain an exemption from the valuation requirement and minority approval requirement for certain transactions, including a reorganization of one or more classes of an issuer's affected securities if certain conditions are satisfied. A reorganization, as referred to in those paragraphs, is a reorganization of capital and would not encompass an amalgamation of the issuer with another issuer.

2.10 Same Consideration - One of the conditions to the valuation for second step going private transactions exemption in paragraph 4 of section 4.5 is that the consideration per security paid in the going private transaction is in the same form as the consideration per security paid in the formal bid. The Commission is aware that often in going private transactions, the consideration takes the form of redeemable preference shares, which are immediately redeemed for cash. The Commission is of the view that where the cash paid on redemption is the same as the cash consideration paid on the formal bid, the consideration in the going private transaction is in the same form as the consideration paid in the formal bid.

2.11 Arm's Length - Section 1.4 of the Rule provides that it is a question of fact whether two or more persons or companies act, negotiate or deal with each other at arm's length. The Commission is of the view that persons or companies related to each other by blood or marriage would not normally be considered to be dealing with each other at arm's length. The Commission also notes that in the case of the exemptions in paragraph 3 of subsection 2.4(1) and paragraph 2 of subsection 4.5(1), the arm's length relationship must be between the selling securityholder and all persons or companies that negotiated with the selling securityholder.

2.12 Previous Arm's Length Negotiations - The Commission notes that the previous arm's length negotiation exemption is based on the view that such negotiations can be a substitute for a valuation. An important requirement for the exemption to be available is that the offeror or proponent of the going private transaction, as the case might be, engages in "reasonable inquiries" to determine whether various circumstances exist. In the Commission's view, if an offeror cannot satisfy this requirement, through receipt of representations of the parties directly involved or some other suitable method, the offeror or proponent of the transaction is not entitled to rely on this exemption.

2.13 Collateral Benefit

(1) A number of provisions in the Rule turn on whether a particular securityholder is receiving consideration of greater value than that received by or paid to other securityholders.

(2) The Commission notes that the words "consideration of greater value" are found in subsection 97(2) of the Act, which subsection contains what is commonly referred to as the "collateral benefit rule".

(3) Decisions considering subsection 97(2) of the Act may be of assistance in interpreting the relevant provisions in the Rule.

(4) The Commission is of the view that a securityholder does not receive consideration of greater value than another securityholder merely as a result of holding more shares than another securityholder.

PART 3 MAJORITY OF THE MINORITY APPROVAL

3.1 Majority of the Minority Approval - While the Rule provides, in a number of circumstances, for minority approval, the Commission recognizes that such a requirement may give rise to abuses. As the purpose of the Rule is to ensure fair treatment of minority securityholders, unjustifiable minority tactics in a situation involving a minimal minority position may cause the Director to grant an exemption from the requirement to obtain minority approval.

PART 4 DISCLOSURE

4.1 Form 33 Disclosure

(1) Form 32 of the Regulation (the form for a take-over bid circular) requires for an insider bid, and subsection 2.2(2) of the Rule requires for a stock exchange insider bid, the disclosure required by Form 33 of the Regulation, appropriately modified. In the view of the Commission, Form 33 disclosure would generally include, in addition to Form 32 disclosure, disclosure with respect to the following items, with necessary modifications, in the context of an insider bid or a stock exchange insider bid:

1. Item 10 Reasons for Bid

2. Item 14 Acceptance of Bid

3. Item 15 Benefits from Bid

4. Item 17 Other Benefits to Insiders, Affiliates and Associates

5. Item 18 Arrangements Between Issuer and Security Holder

6. Item 19 Previous Purchases and Sales

7. Item 21 Valuation

8. Item 24 Previous Distribution

9. Item 25 Dividend Policy

10. Item 26 Tax Consequences

11. Item 27 Expenses of Bid

(2) Paragraph (a) of subsection 4.2(2) of the Rule and paragraph (a) of subsection 5.4(2) of the Rule require, for a going private transaction and a related party transaction, respectively, the disclosure required by Form 33 of the Regulation, to the extent applicable and with necessary modifications. In the view of the Commission, Form 33 disclosure would generally include disclosure with respect to the following items, with necessary modifications, in the context of those transactions:

1. Item 5 Consideration Offered

2. Item 10 Reasons for Bid

3. Item 11 Trading in Securities to be Acquired

4. Item 12 Ownership of Securities of Issuer

5. Item 13 Commitments to Acquire Securities of Issuer

6. Item 14 Acceptance of Bid

7. Item 15 Benefits from Bid

8. Item 16 Material Changes in the Affairs of Issuer

9. Item 17 Other Benefits to Insiders, Affiliates and Associates

10. Item 18 Arrangements Between Issuer and Security Holder

11. Item 19 Previous Purchases and Sales

12. Item 20 Financial Statements

13. Item 21 Valuation

14. Item 22 Securities of Issuer to be Exchanged for Others

15. Item 23 Approval of Bid

16. Item 24 Previous Distribution

17. Item 25 Dividend Policy

18. Item 26 Tax Consequences

19. Item 27 Expenses of Bid

20. Item 28 Judicial Developments

21. Item 29 Other Material Facts

22. Item 30 Solicitations

4.2 Disclosure of Financial Information - The Commission is of the view that, in order to provide securityholders with sufficiently detailed information to form a reasoned judgment, a disclosure document delivered to securityholders in respect of transactions subject to and not exempt from the formal valuation requirements of the Rule should contain, unless such information would be irrelevant or unavailable, summary disclosure of comparative historical annual financial information over the previous three years and of historical interim financial information for the most recent period and the comparative period in the previous year, together with summary information concerning key financial statement ratios and statistics and key operating statistics over the same periods. This disclosure would be in addition to any disclosure required under Ontario securities law or referred to in Staff Accounting Communique No. 7: Financial Disclosure in Information Circulars, or other Staff Accounting Communiques or any successor instruments.

4.3 Disclosure of Smaller Related Party Transactions -The Commission is of the view that transactions involving related parties, and beneficial ownership by an issuer of, or an issuer's exercise of control or direction over, securities of related parties other than the issuer's subsidiary entities, should be disclosed to securityholders if they are material either individually or in the aggregate, in order to provide securityholders with sufficiently detailed information to form a reasoned judgment regarding such matters as the election of directors. If such transactions or ownership do not otherwise require immediate disclosure, annual disclosure may suffice. Issuers are referred, without limitation, to item 8 of Form 30 of the Regulation and other similar information circular requirements, as well as to section 3840 of the Handbook.

PART 5 VALUATIONS

5.1 Formal Valuations

(1) The Rule requires formal valuations in a number of circumstances. The Commission is of the view that a conclusory statement of opinion as to the value or range of values of the subject matter of the formal valuation does not by itself achieve this purpose.

(2) The disclosure standards proposed by the Investment Dealers Association of Canada and Appendix A to Standard #110 of the Canadian Institute of Chartered Business Valuators each generally represent a reasonable approach to meeting the applicable legal requirements. Specific disclosure standards, however, cannot be construed as a substitute for the professional judgment and responsibility of the valuator and, on occasion, additional disclosure may be necessary.

(3) A person or company required to have a formal valuation prepared should, at the request of the valuator, promptly furnish the valuator with access to the person or company's management and advisers and to all material information in its possession relevant to the formal valuation. The valuator is expected to use that access to perform a comprehensive review and analysis of information upon which the formal valuation is based. The valuator should form its own independent views of the reasonableness of this information, including any forecasts or projections or other measurements of the expected future performance of the enterprise, and of any of the assumptions upon which it is based, and adjust the information accordingly.

(4) The disclosure in the valuation of the scope of review should include a description of any limitation on the scope of the review and the implications of the limitation on the valuator's conclusion. Scope limitations should not be imposed by the issuer, an interested party or the valuator, but should be limited to those beyond their control that arise solely as a result of unusual circumstances. In addition, it is inappropriate for any interested party to exercise or attempt to exercise any influence over a valuator.

(5) The person or company responsible for obtaining a formal valuation should work in cooperation with the valuator to ensure that the requirements of the Rule are satisfied.

(6) Subsection 2.3(2) of the Rule provides that in the context of an insider bid, an independent committee of the offeree issuer shall, and the offeror shall enable the independent committee to, determine who the valuator will be and supervise the preparation of the formal valuation. The Commission is aware that an independent committee could attempt to use this requirement as a means to delay or impede an insider bid viewed by them as unfriendly. In a situation where an offeror is of the view that an independent committee is not acting in a timely manner in having the formal valuation prepared, the offeror may seek relief under section 9.1 of the Rule from the requirement that the issuer obtain a valuation.

(7) Similarly, in circumstances where an independent committee is of the view that a bid that has been announced will not actually be made or that the bid is not being made in good faith, an independent committee may apply for relief from the requirement that the independent committee determine the valuator and supervise the preparation of the valuation.

(8) Subsection 6.4(2) of the Rule provides that National Instrument 52-101 Future-Oriented Financial Information does not apply to a formal valuation for which financial forecasts and projections are relied upon and disclosed. National Instrument 52-101 will replace National Policy No. 48 Future-Oriented Financial Information. Until such time, National Policy No. 48 does not apply to a formal valuation for which financial forecasts and projections are relied upon and disclosed.

5.2 Independent Valuators - While, except in certain prescribed situations, the Rule provides that it is a question of fact as to whether a valuator or a person or company providing the opinion referred to in subparagraph (b)(ii) of subsection 1.3(1) is independent, situations have been identified in the past that raise serious concerns for the Commission and that must be disclosed and assessed for materiality. In determining the independence of the valuator or person or company from the interested party, a number of factors may be relevant, including whether

(a) the valuator or the person or company or an affiliated entity of either of them has a material financial interest in future business in respect of which an agreement, commitment or understanding exists involving the issuer, an interested party of the issuer or an associate or affiliated entity of the issuer or interested party;

(b) during the 24 months before the valuator or person or company was first contacted for the purpose of the formal valuation or opinion, the valuator or the person or company or an affiliated entity of either of them

(i) had a material involvement in an evaluation, appraisal or review of the financial condition of an interested party or an associate or affiliated entity of the interested party, other than the issuer,

(ii) had a material involvement in an evaluation, appraisal or review of the financial condition of an issuer or an associate or an affiliated entity of the issuer, if the evaluation, appraisal or review was carried out at the direction or request of the interested party or paid for by the interested party, other than the issuer in the case of an issuer bid,

(iii) acted as a lead or co-lead underwriter of a distribution of securities by the interested party, or acted as a lead or co-lead underwriter of a distribution of securities by the issuer if the retention of the underwriter was carried out at the direction or request of the interested party or paid for by the interested party, other than the issuer in the case of an issuer bid,

(iv) had a material financial interest in transactions involving the interested party, other than the issuer in the case of an issuer bid, or

(v) had a material financial interest in transactions involving the issuer other than by virtue of performing the services referred to in subparagraphs (b)(ii) and (b)(iii); or

(c) the valuator or the person or company or an affiliated entity of either of them is

(i) a lead or co-lead lender or manager of a lending syndicate in respect of the transaction in question, or

(ii) a lender of a material amount of indebtedness in a situation where an interested party or the issuer is in financial difficulty and the transaction would reasonably be expected to have the effect of materially enhancing the lender's position.

PART 6 RELATED TRANSACTIONS

6.1 Related Transactions

(1) The definition of "related party transaction" in subsection 1.1(3) of the Rule refers to other related transactions between the issuer and the related party.

(2) Depending on the circumstances, it may be possible for an issuer to rely on one or more exemptions in the Rule in connection with a series of transactions between the issuer and a related party.

(3) The Commission may intervene if it believes that one or more exemptions are not capable of being relied upon such that a part or all of the transaction is not exempt from the proposed Rule or if a transaction is being structured or carried out in series or stages to take advantage of individual exemptions that could not be relied upon if the transaction was carried out in one step.

PART 7 ROLE OF DIRECTORS

7.1 Role of Directors

(1) Paragraphs (d) of subsection 2.2(3), (e) of subsection 3.2(1), (f) of subsection 4.2(2), (e) of subsection 5.2(1) and (f) of subsection 5.4(2) of the Rule require that the relevant disclosure documents include a discussion of the review and approval process adopted by the board of directors and the independent committee, if any, of the issuer for the relevant transaction, including any materially contrary view or abstention by a director and any material disagreement between the board and the independent committee.

(2) An issuer involved in any of the types of transactions regulated by the Rule should provide sufficient information to beneficial owners of securities to enable them to make an informed decision. Accordingly, directors should disclose their reasonable beliefs as to the desirability or fairness of the proposed transaction and make useful recommendations with regard to the transaction. A statement that the directors are unable to make or are not making a recommendation with respect to the transaction, without detailed reasons, generally would be viewed as insufficient disclosure.

(3) In reaching a conclusion as to the fairness of a transaction, the directors should disclose in reasonable detail the material factors on which their beliefs regarding the transaction are based. The disclosure disseminated by the directors should discuss fully the background of deliberations by the directors and any special committee and any analysis of expert opinions obtained.

(4) The factors that are important in determining the fairness of a transaction to beneficial owners of securities and the weight to be given to these factors in a particular context will vary with the circumstances. Normally the factors considered should include whether or not the transaction is subject to minority approval, whether or not the transaction has been reviewed and approved by a special committee and, if there has been a formal valuation, whether the consideration offered is fair in relation to the valuation conclusions arrived at through the application of the valuation methods considered relevant for the subject matter of the formal valuation. A statement that the directors have no reasonable belief as to the desirability or fairness of the transaction or that the transaction is fair in relation to values arrived at through the application of valuation methods considered relevant, without more, generally would be viewed as insufficient disclosure.

(5) The directors of an issuer involved in an issuer bid, insider bid, going private transaction or related party transaction generally are in the best position to assess the formal valuation to be provided to securityholders. Accordingly, the Commission is of the view that, in discharging their duty to securityholders, the directors should consider the formal valuation and all prior valuations disclosed and discuss them fully in the applicable disclosure document.

(6) To safeguard against the potential for unfair advantage accruing to an interested party as a result of that party's conflict of interest or informational or other advantage in respect of the proposed transaction, it is good practice for negotiations respecting a transaction involving an interested party to be carried out by or reviewed and reported upon by a special committee of disinterested directors. Following this practice normally would assist in addressing the Commission's interest in maintaining capital markets that operate efficiently, fairly and with integrity. While the Rule only mandates independent committees in limited circumstances, the Commission is of the view that it generally would be appropriate for, and that corporate law may require, issuers involved in a material transaction to which the Rule applies to constitute an independent committee of the board of directors to participate in the transaction. The Commission also would encourage independent committees to select the valuator, to supervise any formal valuation involved and to review the disclosure respecting the formal valuation.

(7) A special committee should, in the Commission's view, include only directors who are independent from the interested party. While a special committee may invite non-independent board members and other persons possessing specialized knowledge to meet with, provide information to, and carry out instructions from, the committee, in the Commission's view non-independent persons should not be present at or participate in the decision-making deliberations of the special committee.