POLICY 1

INTERPRETATION AND GENERAL PROVISIONS

1. Philosophy

1.1 CSE believes that the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality, timely and continuous disclosure by issuers, (b) trading rules designed to ensure integrity and a fair and orderly market, and (c) comprehensive and independent market regulation to administer and enforce the trading rules and timely and continuous disclosure requirements.

1.2 CSE believes recent advances in technology such as SEDAR and the Internet which facilitate instant, widespread and economical dissemination of information permit CSE to require and Listed Issuers to provide an enhanced standard of disclosure to secondary market investors, irrespective of an Issuer’s size.

1.3 Fundamental to CSE is the establishment by Listed Issuers of a comprehensive, publicly-available disclosure base, providing enhanced quality and timeliness of information. The Exchange’s Issuer disclosure obligations aim to ensure that investors may trade informed by current full, true and plain disclosure concerning Listed Issuers.

1.4 Issuer disclosure commences with the Listing Statement, an Issuer prepared document intended to provide prospectus level disclosure (other than certain financial disclosure and interim Management’s Discussion and Analysis). The Listing Statement is accompanied by the Listing Summary which provides a high-level summary of the Listing Statement. The Listing Statement must be supplemented and updated annually. A Listed Issuer must prepare, certify and post a Quarterly Listing Statement including quarterly financial statements, management’s discussion and analysis and updating any changes to the Listing Statement and a Monthly Progress Report, reporting activity (or lack of activity) by the Issuer in the preceding calendar month accompanied by a Certificate of Compliance, certifying that the Issuer is in compliance with applicable securities legislation. Listed Issuers must also prepare and post Notices of any distribution of securities, transactions or developments or proposed distributions, transactions or developments. Listed Issuer disclosure obligations are in addition to or supplementary to the continuous disclosure obligations under applicable securities legislation. Notices of proposed distributions and transactions must be updated every two weeks, either indicating completion or ongoing status. Issuers failing to provide updates will be subject to suspension if not remedied within a further two weeks.

2. CNSX Discretion

2.1 The Policies of the Exchange have been put in place to serve as guidelines to Issuers, Issuers applying for qualification for listing of securities, 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. Any such waiver, modification or imposition of additional requirements may be general or particular in its application, as determined by the Exchange. In exercising its discretion, the Exchange will take into consideration facts or situations unique to a particular party. Listing of securities on the Exchange is a privilege, not a right, and the Exchange may grant or deny an application, including an application for the qualification for listing, notwithstanding the published Policies of the Exchange.

3. Definitions

3.1 Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Policies that is:

(a) defined or interpreted in section 1 of the Securities Act has the meaning ascribed to it in that section;

(b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;

(c) defined in subsection 1.1(3) of National Instrument 14-101 has the meaning ascribed to it in that subsection;

(d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that section;

(e) defined or interpreted in Part 1 of National Instrument 21-101 has the meaning ascribed to it in that subsection;

(f) defined in subsection 1.1 of National Instrument 44-101 has the meaning ascribed to it in that subsection;

(g) defined in section 1.1 of UMIR has the meaning ascribed to it in that section; and

(h) a reference to a requirement of the Exchange shall have the meaning ascribed to it in the applicable by-law, Rule or Policy of CNSX Markets Inc.

3.2 In all Policies, unless the subject matter or context otherwise requires:

“affiliated entity” has the meaning ascribed to it in Ontario Securities Commission Rule 45-501.

“Inactive Issuer” means an issuer that has failed to meet certain continued listing requirements and has been deemed inactive by the Exchange pursuant to Policy 3 section 5.

“beneficial holders” means those security holders of an issuer that are included in either:

(a) a Demographic Summary Report available from the International Investors Communications Corporation; or

(b) a non-objecting beneficial owner list for the issuer under National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer;

“Board” means the Board of Directors of CNSX Markets Inc. and includes any committee of CNSX Markets Inc.’s Board of Directors to which powers have been
delegated in accordance with the by-laws, Policies or Rules.

“Board Lot” means a standard trading unit.

“Bulletin” means an electronic communication from the Exchange to Dealers.

“Business Day” means any day from Monday to Friday inclusive, excluding Statutory Holidays.

“by-laws” means any by-law of the Exchange as amended and supplemented from time to time.

“Clearing Corporation” means The Canadian Depository for Securities Limited or such other person as recognized by the Commission as a clearing agency for the purposes of the Securities Act and which has been designated by the Exchange as an acceptable clearing agency.

“Certificate of Compliance” means the certificate of compliance which each Listed Issuer must complete and post in Form 6.

“control block holder” means any person or combination of persons holding a sufficient number of any securities of a Listed Issuer or a Dealer to affect materially the control of that Listed Issuer or Dealer, but any holding of any person or combination of persons holding more than 20% of the outstanding voting securities of a Listed Issuer or Dealer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that Listed Issuer or Dealer.

“CSE”, “Canadian Securities Exchange”, “CNSX” and “Exchange” each mean CNSX Markets Inc.

“Dealer” means a Participant which has applied to the Exchange for, and has been permitted by Exchange to access the Trading System, provided such access has not been terminated or suspended.

“Decision” means any decision, direction, order, ruling, guideline or other determination of the Exchange, including any committee of the Exchange, or the Market Regulator made in the administration or application of these Policies or any Rule.

“disqualify”, “disqualification” and “disqualified” where used in relation to the listing of an Issuer’s securities means termination of the qualification of a Listed Issuer for listing of its securities on the Exchange.

“Exchange Requirements” means collectively:

(a) the Rules;
(b) these Policies;
(c) UMIR; and
(d) any Decision,

as amended, supplemented and in effect from time to time.

“freely tradeable” in respect of securities means securities that have no restriction on resale or transfer, including restrictions imposed by pooling or other arrangements or in a shareholder agreement.
“Handbook” means the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.

“IIIROC” means the Investment Industry Regulatory Organization of Canada or any successor organization.

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

(a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Listed Issuer
   (i) to promote the sale of its products or services, or
   (ii) to raise public awareness of the Listed Issuer,
   that cannot reasonably be considered to promote the purchase, or sale of securities of the Listed Issuer;

(b) activities or communications necessary to comply with
   (i) applicable securities legislation, or
   (ii) Exchange Requirements or the requirements of any other regulatory body having jurisdiction over the Listed Issuer;

(c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation 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) such other activities or communications that may be specified by the Exchange.

“Listed Issuer” and “Issuer” both mean an issuer which has its securities qualified for listing on Exchange or which has applied to have its securities qualified for listing on the Exchange, as applicable.

“Listing” means the grant of a listing and quotation of, and permission to deal in, securities on the Exchange and “listed” and “quoted” shall be construed accordingly.

“Listing Agreement” means Form 4.

“Listing Statement” means Form 2A together with all required supporting documents.

“Listing Summary” means Form 2B.

“Market Regulator” means IIROC or such other person recognized by the Commission as a regulation services provider for the purposes of the Securities
Act and which has been designated by the Exchange as an acceptable regulation services provider.

“material information” means a material fact, a material change and any other information that might influence or change an investment decision of either a reasonable conservative or speculative investor.


“MR Policy” means a Policy as defined in UMIR, being a policy statement adopted by the Market Regulator in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

“outside director” means a director who is not an officer or employee of an Issuer or any of its affiliates.

“Personal Information Form” or “PIF” means Form 3.

“Policy” means any policy statement and any direction or decision adopted by the Board in connection with the administration or application of these Policies, as such policy statement, direction or decision is amended, supplemented and in effect from time to time.

“post” means submitting a document in prescribed electronic format to the Exchange website and, in the case of a requirement to post a share certificate, means filing a definitive specimen with CNSX and posting an electronic version of the certificate on the Exchange website in PDF format.

“Quarterly Listing Update” means Form 5.

“Record Date” means the date fixed as the record date for the purpose of determining shareholders of a Listed Issuer eligible for a distribution or other entitlement.

“registered holders” means the registered security holders of an issuer that are beneficial owners of the equity securities of that issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered security holder, the registered security holder shall be deemed to be the beneficial owner.

“Regulation” means Ontario Regulation 1015 - General Regulation made under the Securities Act, as amended from time to time.

“Related Entity” means, in respect of a Listed Issuer

(a) a person

(i) that is an affiliated entity of the Listed Issuer,

(ii) of which the Listed Issuer is a control block holder;

(b) a management company or distribution company of a mutual fund that is a Listed Issuer; or

(c) a management company or other company that operates a trust or partnership that is a Listed Issuer.

“Related Person” means, in respect of a Listed Issuer
(a) a Related Entity of the Listed Issuer;
(b) a partner, director or officer of the Listed Issuer or Related Entity;
(c) a promoter of or person who performs Investor Relations Activities for the Listed Issuer or Related Entity;
(d) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Listed Issuer or Related Entity; and
(e) such other person as may be designated from time to time by the Exchange.

“Securities Act” means the Securities Act, R.S.O. 1990, c.S.5 as amended from time to time.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“significant connection to Alberta” means, with respect to a Listed Issuer or an issuer applying to become listed on the Exchange, that the issuer has:

(a) registered holders and beneficial holders resident in Alberta who beneficially own more than 20% of the total number of equity securities beneficially owned by the registered holders and beneficial holders of the issuer; or

(b) mind and management principally located in Alberta and has registered holders and beneficial holders resident in Alberta who beneficially own more than 10% of the total number of equity securities beneficially owned by the registered holders and beneficial holders of the issuer.

For the purposes of item (b), the residence of the majority of the directors in Alberta or the residence of the president or chief executive officer in Alberta may be considered determinative in assessing whether the mind and management of the issuer is principally located in Alberta.

“Statutory Holiday” means such day or days as may be designated by the Board or established by law applicable in Ontario.

“stock option” means an option to purchase shares from treasury granted to an employee, director, officer, consultant or service provider of a Listed Issuer.

“Trading Day” means a business day during which trades are executed on the Exchange.

“Trading System” means the electronic system operated by the Exchange for trading and quoting securities.

“Trading and Access Systems” includes all facilities and services provided by the Exchange to facilitate quotation and trading, including, but not limited to: the Trading System, data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operated or maintained by a Dealer, another market or other person approved by the Exchange, a communications network linking authorized persons to quotation dissemination, trade reporting and order execution systems and the content
entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through the Exchange.

“UMIR” means the Universal Market Integrity Rules administered by the Market Regulator and adopted by the Exchange, as amended from time to time.

“unrelated director” means an outside director who has no relationship with the Issuer, in any capacity (e.g. as lawyer, accountant, banker, supplier or customer), save as a shareholder of the Issuer who is not a control block holder.

Interpretation. In these Policies and accompanying forms:

“person” includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership or trust.

4. Rules of Construction

4.1 The division of Exchange Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of Exchange Requirements.

4.2 The use of the words “hereof”, “herein”, “hereby”, “hereunder” and similar expressions indicated the whole of the Policies and not only the particular Policy in which the expression is used, unless the context clearly indicates otherwise.

4.3 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.

4.4 Any reference to a statute, unless otherwise specified, is a reference to that statute and 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.

4.5 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.

4.6 Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

4.7 All times mentioned in Exchange Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.

4.8 Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

4.9 Failure by the Exchange to exercise any of its rights, powers or remedies under
the Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its subsequent exercise or the exercise of any other right, power or remedy. The Exchange will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the person to whom such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by the Exchange.

5. **Appeals of Decisions**

51 A Listed Issuer or any person directly affected by a Decision under these Policies, other than a Decision of the Market Regulator, may appeal such Decision to the Board.

52 At the request of either the appellant or Exchange management, the matter may first be considered by the Listing Committee for an advisory opinion, but the Committee shall not have the power to make a final determination of the matter.

53 A Decision of the Market Regulator or a Market Integrity Official made pursuant to these Policies may be appealed pursuant to the provisions of Rule 11.3 of UMIR.
POLICY 2
QUALIFICATIONS FOR LISTING

1 General

1.1 This Policy sets out the minimum requirements that must be met as a prerequisite to the listing of securities on the Exchange, irrespective of listing method, and apply to both new applicants and listed Issuers, except where otherwise provided in this Policy.

These minimum requirements are not exhaustive. The Exchange may impose additional requirements as it determines appropriate, including those with a view to pursuing the public interest.

The Exchange has discretion to accept or reject applications for listing, and satisfaction of the applicable requirements may not result in approval of the listing application.

1.2 Where an application is made to list a security that is convertible into another security or backed by another security or asset, the Exchange must be satisfied that investors will be able to obtain the necessary information to form a reasoned opinion regarding the value of the underlying security or asset. This requirement may be met where the underlying security is listed on a stock exchange.

An issuer is eligible for listing if it is not in default of any requirements of securities legislation in any jurisdiction in Canada and:

(a) has filed and received a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada;

(b) will only list debt securities issued or guaranteed by
   (i) a government in Canada that are exempt from the prospectus requirements under clause 73(1)(a) of the Act, or
   (ii) a financial institution that are exempt from the prospectus requirements under clause 73(1)(b) of the Act; or

(c) is a reporting issuer or the equivalent in a jurisdiction in Canada other than:
   (i) solely as a result of Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets (or any successor rule) or any similar rule that may be made by a securities regulator or securities regulatory authority in Canada,
   (ii) as the result of filing a CPC prospectus and has not completed a Qualifying Transaction as defined in the CPC prospectus,
   (iii) as a result of a business combination with a reporting issuer that was created, by way of a statutory plan of arrangement or other means, for
the purpose of providing securityholder distribution or reporting issuer status to the applicant, or

(iv) having a controlling interest of its principal assets or operations through one or more special purpose entities or variable interest entities.

1.3 Each Issuer submitting a listing application must:

   a) prepare and file with the Exchange a Listing Statement and prescribed documentation;

   b) execute a Listing Agreement; and

   c) remit the applicable listing fees, based on the type of securities to be listed, in accordance with the fee and payment schedule prescribed by the Exchange from time to time, plus applicable taxes.

The listing of the Issuer’s securities will not be completed until the listing fees in full have been received by the Exchange.

2. Eligibility for Listing

2.1 An Issuer must meet the eligibility requirements set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

   a) equity securities - Appendix A: Part A; and

   b) debt securities - Appendix B: Part A.

2.2 In addition, if the Issuer’s securities are represented as being in compliance with specific, non-exchange-mandated requirements, the Issuer must also comply with the requirements of Policy 10.

3 Required Documentation

3.1 In connection with an initial application for listing, an Issuer must file with the Exchange the documents set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

   a) equity securities - Appendix A: Part B; and

   b) debt securities - Appendix B: Part B.

4 Limited Liability

4.1 All securities to be listed should be fully paid and non-assessable.

5 Responses and Additional Information and Documentation

5.1 The Issuer must submit any additional information, documents or
agreements requested by the Exchange.

6 **Final Documentation**

6.1 The Exchange must receive the following documents prior to qualification for listing:

a) one original executed copy of the Listing Statement (Form 2A) dated within three business days of the date it is submitted to the Exchange together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;

b) one original executed copy of the Listing Summary (Form 2B) dated within three business days of the date it is submitted to the Exchange;

c) two original executed copies of the applicable Listing Agreement (Form 4A);

d) three choices for a stock symbol;

e) a legal opinion that the Issuer:

i. is in good standing under, and not in default of, applicable corporate law or other applicable laws of establishment,

ii. has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder, and

iii. has taken all necessary corporate action to authorize the execution, delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms;

f) a legal opinion that:

i. the issuer is a reporting issuer or equivalent under the securities legislation of the applicable jurisdiction(s) and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent; or

ii. if it is not a reporting issuer and is proposing to list debt securities that qualify under section 1.1 of this policy, that the securities so qualify;

g) a legal opinion that all securities previously issued of the class of securities to be listed or that may be issued upon conversion,
exercise or exchange of other previously-issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities; and

h) a certificate of the applicable government authority that the Issuer is in good standing under and not in default of applicable corporate law or other applicable laws of establishment.

7 Postings

7.1 Access - The Issuer must have high speed access to the Internet.

7.2 Postings – Prior to the first day of trading, the Issuer must post on the Exchange website:

a) the Listing Statement, which must also be concurrently filed on SEDAR as a filing statement, including all reports required to be filed therewith;

b) the Listing Summary;

c) the Listing Agreement;

d) an executed Certificate of Compliance (Form 6);

e) An unqualified letter from the Clearing Corporation confirming the ISIN assigned to the securities;

f) A letter from its duly appointed transfer agent indicating the date of appointment and stating that the transfer agent is ready to record security transfers and make prompt delivery of share certificates;

g) If the issuer completed a financing concurrently with listing, or to qualify for listing, a completed Form 9.

7.3 All documents must be posted in the data format prescribed by the Exchange from time to time.

8 Posting Officer

8.1 A Listed Issuer must designate at least one individual to act as the Issuer's posting officer and at least one alternate. The posting officers will be responsible for posting or arranging for the posting, on behalf of the Issuer, of all of the documents required to be posted by the Issuer.

8.2 A Listed Issuer may post documents through the facilities of a third-party service provider.

9 Continuing to Qualify for Listing

9.1 To continue to qualify for listing, a Listed Issuer must meet all of the following requirements:

a) the Listed Issuer must be in good standing under and not in default of applicable corporate law;
b) the Listed Issuer must remain a reporting issuer or equivalent in good standing in each jurisdiction in which it is a reporting issuer or equivalent and must not be in default of any requirement of any such jurisdiction;

c) the Listed Issuer must be in compliance with Exchange Requirements, and the terms of the Listing Agreement;

d) the Listed Issuer must post all required documents and information required under the Policies of the Exchange;

e) the Listed Issuer must concurrently post all public documents submitted to SEDAR (unless identical disclosure has already been posted in an Exchange-specific Form);

f) if the Issuer is required to submit Personal Information Forms for each Related Person at the time of listing then the Listed Issuer must submit a Personal Information Form for any new Related Person of the Listed Issuer (and if any of these persons is not an individual, a Personal Information Form for each director, officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual); and

g) the Listed Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to the Exchange or posted by the Listed Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information; and

h) a Listed Issuer with equity securities listed must meet the continued listing requirements described in section 2.9 of Appendix A of this Policy

92 Significant Connection to Alberta

Each Listed Issuer that is not a reporting issuer in Alberta must:

a) assess whether it has a significant connection to Alberta;

b) upon becoming aware that it has a significant connection to Alberta as a result of complying with section 9.2 a) above or otherwise, immediately notify the Exchange and promptly make a bona fide application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a Listed Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a significant connection to Alberta);

c) assess, on an annual basis, in connection with the delivery of its annual financial statements to securityholders, whether it has a significant connection to Alberta;

d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their registered holders and beneficial holders; and
e) if requested, provide to the Exchange evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer or its successor instruments).

Where it appears to the Exchange that an Issuer making an application for listing has a significant connection to Alberta, the Exchange will, as a condition of its acceptance or approval of the listing application, require the Issuer to provide evidence that it has made a bona fide application to the Alberta Securities Commission to become a reporting issuer in Alberta.

10 Suspensions

10.1 The Exchange may suspend from trading the securities of a Listed Issuer if the Exchange or the Market Regulator determines that the Listed Issuer fails to meet any of the above criteria or it is in the public interest to suspend trading of the securities of the Listed Issuer.

11 Listing in US Dollars

11.1 Securities may be traded and quoted in US dollars.

12 Transfer and Registration of Securities

12.1 The Issuer must maintain transfer and registration facilities in good standing where the securities of the Issuer are directly transferable. Certificates must name the cities where they are transferable and must be interchangeably transferable and identical in colour and form with each other.

13 Share Certificates

13.1 Certificates must bear a valid ISIN number.

13.2 All certificates must conform with the requirements of the corporate and securities legislation applicable to the Issuer.

13.3 The foregoing requirements, except for an ISIN, do not apply to a completely non-certificated issue that complies with the requirements of the Clearing Corporation.

14 Book-Based System

14.1 The securities of the Issuer must be qualified for and entered into the book-based system maintained by the Clearing Corporation.

15 Full, True & Plain Disclosure

15.1 As an overriding principle, the Listing Statement must contain such particulars and information which, according to the particular nature of the Issuer and the securities for which listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Issuer and of its profits and losses (and of any guarantor) and of the rights attaching to such securities and must set out such information accurately and in plain language.
APPENDIX A: Equity Securities

Important Note: All securities are subject to the requirements of the “General” section of Policy 2

For the purposes of this Appendix, equity securities include any securities that are convertible into equity securities and any other security that the Exchange deems to be an equity security.

PART A: Eligibility for Listing

1 GENERAL

1.1 Business Development Prior to Listing
An issuer with little or no operating history, a limited history of financing, or minimal expenditures to develop the business or proposed business in which they operate or intend to operate, will be ineligible for listing. Listing expenses or fees for professional services associated with listing do not qualify as business development expenditures.

1.2 Float and Distribution
For the purposes of this Policy, a “public holder” is any securityholder other than a Related Person, an employee of a Related Person of an Issuer or any person or group of persons acting jointly or in concert holding:

a) more than 5% of the issued and outstanding securities of the class to be listed; or

b) securities convertible or exchangeable into the listed equity security and would, on conversion or exchange, hold more than 5% of the issued and outstanding securities.

1.2.1 An Issuer of equity securities must have a public float of at least 500,000 freely tradeable shares and consisting of at least 150 public holders holding at least a board lot each of the security.

The public float must constitute at least 10% of the total issued and outstanding of that security.

1.2.2 The Exchange may not consider as part of the public float any shares that were obtained in a distribution that was primarily effected as a gift or through an arrangement primarily designed for the purpose of meeting the Exchange float
distribution requirement. The public distribution requirement will not be met if a significant number of the public securityholders:

a) did not purchase the shares directly or receive the shares in exchange for previously purchased shares of another issuer; or

b) hold the minimum number of shares described in 1.2.1 above.

[1.3 TYPES OF SECURITIES (Reserved for restricted shares]

1.4 To qualify for listing an Issuer must be:

a) an operating company with revenue from the sale of goods or services;

b) a non-operating company with financial resources to carry out a proposed work plan or achieve stated objectives for 12 months following listing, subject to a minimum of $200,000 in working capital at the time of listing, and have advanced to a stage of development at which additional financing is typically available to the companies in the industry; or

c) a company that is listed on an exchange in Canada and is not proposing a transaction or change that would be considered a Fundamental Change or Change of Business as per Policy 8, provided that the Company has the financial resources to achieve stated objectives for 12 months following listing. This qualification will not be met by an issuer that is only listed on a board or tier of a stock exchange that is designated for issuers that do not meet the ongoing requirements of that exchange.

1.5 An operating company in any industry must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements, or on an interim statement supported by a comfort letter from the company’s auditor. Such companies must have the financial resources and a business plan that demonstrates a reasonable likelihood that the company can sustain its operations and achieve its objectives for 12 months following listing.

1.6 A non-operating company in any industry must have:

a) a significant interest in its primary business or asset,

b) a history of development of the business or asset, and

c) specific objectives and milestones and the financial resources necessary to achieve them.

In determining whether the company has met requirements (b) and (c) above, the Exchange will consider the capital invested in the development of the business or asset and evidence of testing, development or manufacturing of the product or
service, including prototypes, clinical trials or sponsorships.

1.6.1 In particular, the following criteria apply:

a) A mineral resource company must have title to a property that is prospective for minerals and on which there has been exploration previously conducted including qualifying expenditures of at least $75,000 by the Issuer or predecessor during the most recent 36 months. It must have obtained an independent report that meets the requirements of National Instrument 43-101 or any successor instrument and that recommends further exploration on the property, with a budget for the first phase of at least $100,000. If the company does not have title to the property, it must have the means and ability to acquire an interest in the property upon completion of specific objectives or milestones within a defined period.

Qualifying expenditures include exploration expenditures related to geological and scientific surveys to advance mineral project but do not include general and administrative, land maintenance, property acquisition or payments, staking, investor or public relations, non-domestic flight expenditures or taxes.

b) An energy resource company must have:

i) Title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to acquire an interest in the property upon meeting specific objectives or milestones within a defined period; or

ii) Title to an unproven property with prospects or the means and ability to acquire a significant interest in the property upon completion of a fully financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 or any successor instrument.

1.7 Investment and Real Estate Companies – Additional Requirements

An investment or real estate company should have an appropriate balance between income and activity depending on the nature of its investments. A holding company that is not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the securityholders through distributions, or have prospects for growth through the reinvestment of earnings. In addition to meeting the applicable qualification criteria above, such companies must have:

a) minimum net assets of:

i) $2 million, at least 50% of which has been allocated to at least 2 specific investments; or

ii) $4 million; and

b) management with a track record of acquiring and divesting interests in
arm’s-length enterprises in a manner that can be characterized as conducting an active business;

c) a clearly defined investment policy disclosed in the Listing Statement.

1.8 The Exchange will not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.

1.9 The Exchange may not approve an Issuer for listing if any Related Persons, or investor relations person(s) associated with the Issuer:

a) have entered into a settlement agreement with a securities regulator or other authority;

b) are known to be associated with other offenders, depending on the nature and extent of the relationship and the seriousness of the offence committed; or

c) have a consistent record of business failures, particularly failures involving public companies,

unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.

1.10 The Exchange may deem any person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns or could bring the Exchange into disrepute.

2 CAPITAL STRUCTURE, BUILDER SHARES AND ESCROW

2.1 Capital Structure

An Issuer’s capital structure must be acceptable to the Exchange.

2.2 Definition of Builder Shares

“Builder Shares” means any security issued or issuable upon conversion of another security to:

a) any person for less than $0.02 per security;

b) a Related Person to the Issuer for the purchase of an asset with no acceptable supporting valuation;

c) a Related Person to settle a debt or obligation for less than the last issued price per security; or
2.3 Pricing

The Issuer may not sell securities pursuant to an initial public offering for less than $0.10 per share or unit. For Issuers not yet generating revenue from business activity, the Exchange will not consider an application where Builder Shares have been issued for less than $0.005 in the previous 18 month period.

2.4 Specific Restrictions

At the time of listing, or re-qualifying following a fundamental change:

a) The ratio of shares in the post-offering or reverse takeover capital structure must not exceed one Builder Share for every three non-BUILDER Shares.

b) Where there is no concurrent financing, the minimum permitted price at which convertible securities may be exercisable or convertible into listed shares and not be subject to escrow is $0.10.

c) 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 granted to a particular person.

2.5 Substantial Float

The Exchange may consider exercising discretion to amend or waive the provisions of paragraphs 2.3 and 2.4 if an Issuer has a “Substantial Float”. The Exchange will generally consider an Issuer that meets all the following criteria to have a Substantial Float:

a) $1,000,000 in capital raised, excluding funds from Related Persons;

b) 1,000,000 free trading shares;

c) 200 public holders with a minimum of one board lot each with no resale restrictions, and

d) 20% of the issued and outstanding shares held by public holders.

2.6 Acceptance of an alternative proposed structure is contingent upon an evaluation by the Exchange using the following criteria:

a) track record, quality and experience of management and board;

b) percentage of time devoted by management to the Issuer;

c) capital contribution (cash paid in, reasonable value of assets and reasonable value of services performed, less any cash payments) by
Related Persons;

d) relationship of capital contribution to ownership by Related Persons; and

e) relationship of share price in pre-IPO financing rounds to the IPO price.

2.7 All issuances prior to listing will be reviewed seriatim to determine suitability taking into account management activity, significant developments, and elapsed time as well as arm’s-length party participation.

2.8 Escrow

Prior to listing, all securities issued to Related Persons are generally required to be subject to an escrow agreement pursuant to National Policy 46-201.

a) In addition, where convertible securities (such as stock options, common share purchase warrants, special warrants, convertible debentures or notes) are issued less than 18 months before listing and exercisable or convertible into listed shares at a price that is less than the issuance price per security under a prospectus offering or other financing or acquisition made contemporaneously with the listing application then the underlying security will be subject to escrow with releases scheduled at periods specified under National Policy 46-201.

b) An Issuer that has, within the six months prior to applying to list on the Exchange, completed a transaction that would have been considered a “fundamental change”, as defined in section 1.1 of Policy 8, must enter into escrow agreements with the Related Persons as if the Issuer was subject to the requirements of National Policy 46-201 and the provisions of section 1.8 of Policy 8 shall apply in all respects to the Issuer.

c) Related Persons with securities that have been previously subject to a required escrow agreement will not generally be required to enter a new escrow agreement.

d) The Exchange, in its sole discretion, may impose escrow arrangements that are in addition to those required by National Policy 46-201, or consider different proposals such as an “earn-out” escrow, on a case-by-case basis.

2.9 Continued Listing Requirements

In addition to the general requirements in Policy 2 Section 9.1, a Listed Issuer with equity securities listed must meet the specific criteria set out below on an annual basis:

a) Public distribution
   (i) minimum of 250,000 shares in the public float;
   (ii) 10% or more of listed shares in the public float;
   (iii) at least 150 public securityholders each holding one board lot of freely trading shares, subject to the exemption provided in Policy 9 that would permit no less than 100 public securityholders immediately following a consolidation;

b) Financial resources
Adequate working capital or financial resources to maintain operations for a period of 6 months.

c) Assets

No prescribed requirement however the Exchange may determine that a Listed Issuer no longer meets the continued listing requirements if the Issuer:
   (i) reduces or impairs its principal operating assets; or
   (ii) ceases or substantively reduces its business operations.

d) Activity

   (i) For a mining or oil and gas issuer, either:
       1) For the most recent fiscal year, positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures; or
       2) For the three most recent fiscal years, an aggregate of $100,000 in exploration or development expenditures.

   (ii) For industry segments other than mining or oil & gas, either:
       1) For the most recent fiscal year:
          a) Positive cash flow
          b) $100,000 in revenue from operations;
          c) $100,000 of development expenditures
          Or
       2) For the three most recent fiscal years, either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business.

PART B: Documents required with application

3 Application

3.1 The application for listing must include the following:

   a) a letter applying to qualify for listing (Form 1A - Equity Securities) requesting qualification for listing of one or more specific classes of equity securities of the Issuer and indicating the number and class of the Issuer’s securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for
issuance;

b) a completed Listing Application (Form 1B - Equity Securities) together with the supporting documentation set out in Appendix A to the Listing Application;

c) a draft Listing Statement (Form 2A) including financial statements approved by the Issuer’s board of directors and its audit committee, if the Issuer has an audit committee;

d) a duly executed Personal Information Form (Form 3) from each Related Person of the Issuer and, if any of these persons is not an individual, a Personal Information Form from each director, senior officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;

e) current insider reports from each person required to file a Personal Information Form, as filed with the Commission; or confirmation that a SEDI profile has been created; or an undertaking to create such profile;

f) the escrow agreement required under paragraph 2.8 of Part A of this Appendix; and

g) the relevant portion of the Listing Fees, plus applicable taxes.
APPENDIX B: Debt Securities

Important Note: All securities are subject to the requirements of the “General” section of Policy 2

For the purposes of this Appendix, debt securities includes bonds, debentures, notes, Eurobonds, Medium Term Notes, Sukuk (Islamic bonds) and any other fixed income security that CNSX deems to be a debt security.

PART A: Eligibility for Listing

1 General
1.1 An Issuer must have net assets of at least $1 million or where the Issuer is a special purpose vehicle, or a holding company that does not meet this requirement itself, then the Exchange may consider the assets of an underlying entity.

1.2 In the case of asset-backed securities, a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Issuer or the holder of the asset-backed securities.

1.3 In the case of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.

1.4 In the case of asset-backed securities that are secured by equity securities, the equity securities must represent minority interests in, and must not carry legal or management control of, the underlying entities and must be listed on the Exchange or listed on another exchange recognised for this purpose by the Exchange.

1.5 The Issuer must appoint and maintain a payment agent acceptable to the Exchange.

1.6 Exchange will not approve an Issuer for listing if any Related Persons or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.

1.7 The Exchange may not approve an Issuer for listing if any Related Persons or investor relations person(s) associated with the Issuer:

a) have entered into a settlement agreement with a securities regulator or other authority;

b) are known to be associated with other offenders, depending on the nature
and extent of the relationship and the seriousness of the offence committed; or

c) have a consistent record of business failures, particularly failures involving public companies,

unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.

1.8 The Exchange may deem any person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns or could bring the Exchange into disrepute.

PART B: Documents required with application

2 Application

2.1 The application for listing must include the following:

a) a letter applying to qualify for listing (Form 1A - Debt Securities) requesting qualification for listing of one or more specific classes of securities of the Issuer;

b) a completed Listing Application (Form 1B - Debt Securities) together with the supporting documentation set out below;

c) a draft Listing Statement (Form 2A) including financial statements approved by the Issuer’s board of directors and its audit committee, if the Issuer has an audit committee;

d) a duly executed Personal Information Form (Form 3) from each Related Person of the Issuer and, if any of these persons is not an individual, a Personal Information Form from each director, senior officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;

e) current insider reports from each person required to file a Personal Information Form, as filed with the Commission; and

f) the relevant portion of the Listing Fees, plus applicable taxes.

The Exchange may, at its sole discretion, determine that items (d) and (e) do not apply to an application to list a debt security that is exempt from prospectus requirements under section 73 of the Securities Act.

22 Listing Statement

The Listing Statement required to be submitted to the Exchange shall comprise:

a) a document that contains all of the information required by Form 2A; or

b) in the case of a tranche issued pursuant to a programme, a term sheet.
23 **Supporting Documents**

In addition to the Listing Application (Form 1B - Debt Securities) the Issuer must submit:

a) the participation agreement; and  

b) the declaration of trust or other document constituting the securities.

The Exchange may also require a legal opinion that confirms that the debt securities have been duly constituted and, when issued, will be fully paid and non-assessable.

24 **Pre-approval of issuance programmes**

a) Where an Issuer issues debt securities of the same class on a regular basis under an issuance programme an Issuer may make an application for the pre-approval of the listing of a specified number of securities which may be issued in a particular case.

b) Where debt securities are to be issued under an issuance programme, the initial application must cover the maximum amount of securities that may be in issue at any one time under the programme. If the Exchange approves the application, it will grant pre-approval for the listing of all the securities that may be issued under the programme within twelve (12) months after the approval, subject to the Exchange receiving:

i. advice of the final terms of each issue,  

ii. copies of any supplementary document or pricing supplement issued in support of the tranche or series,  

iii. confirmation that the Issuer is still in full compliance with these Listing Rules and that the issue falls within the terms and conditions of the issuance programme, and  

iv. confirmation that the securities in question have been issued.

c) The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (i.e., they can be different series), the term of the securities (i.e., the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (e.g., the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

25 The final terms of each issue which is intended to be listed must be submitted in writing to the Exchange as soon as possible after they have been agreed and in any event no later than two (2) Business Days before the listing is required to become effective. The Exchange reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.
POLICY 3
SUSPENSIONS AND INACTIVE ISSUERS

1. Listing Agreement
1.1 The Listing Agreement authorizes the Exchange or the Market Regulator to halt and authorizes the Exchange to suspend trading in a Listed Issuer’s securities without notice and at any time or to delist the securities of a Listed Issuer if the Exchange or the Market Regulator, as the case may be, believes it is in the public interest.

2. Halts
2.1 The Exchange or the Market Regulator can order a trading halt to allow for public dissemination of material news pursuant to Policy 5.

3. Suspensions
3.1 The Exchange may without any prior notice suspend trading in a Listed Issuer’s securities if, at any time, the Listed Issuer fails to meet any of the requirements as set out in CSE Policies; or the Exchange considers it in the public interest to do so.

3.2 (a) Subject to section 5.3 for Inactive Issuers, if a Listed Issuer which has had its securities suspended pursuant to this Policy 3 or otherwise has, within 90 days from the date of such suspension,

(i) cured the default or breach that gave rise to the suspension and
(ii) paid the reinstatement fee set out in fee schedule of the Exchange,

the Listed Issuer’s securities may resume trading.

(b) The Exchange will extend the period of suspension for an additional 90 days if the Exchange is satisfied that the Listed Issuer has made progress towards curing the default or breach that gave rise to the suspension.

3.3 Throughout the period during which a Listed Issuer’s securities are suspended, the Exchange will not allow quotation or trading by Dealers in the securities of the Listed Issuer; the Exchange website will indicate that the Issuer’s securities have been suspended. Dealers may quote or trade the securities of the Listed Issuer on other marketplaces or over-the-counter unless prohibited under securities legislation or UMIR.

3.4 Throughout the period during which a Listed Issuer’s securities are suspended, the Listed Issuer must continue to comply with all applicable Exchange Requirements.

4. Delisting
4.1 Following a 90 day suspension the Exchange will, without any prior notice, delist a Listed Issuer’s securities unless the period of suspension has been extended in accordance with Section 3.2(b) of this Policy.
4.2 A Listed Issuer may at any time request that all or any class of its securities be delisted. Any such request must be made in writing and must identify the securities that will be the subject of the delisting. Pursuant to Policy 1 Section 2.1, the Exchange may, in its sole discretion, deny such request for any of the following reasons:

(a) outstanding fees are owed to the Exchange;
(b) the request is made in order to proceed with a transaction that is unacceptable to the Exchange or that the Exchange finds objectionable;
(c) the Exchange believes it is in the public interest to deny such a request.

5. **Application of Continued Listing Requirements**

A Listed Issuer must meet the Continued Listing Requirements to remain listed in good standing. The Exchange may designate an issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet Continued Listing Requirements.

5.1 **Notification**

An Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will:

a) suspend the Issuer pending delisting in 90 days;

b) assign the Issuer to a different industry classification; or

c) designate the Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the issuer.

5.2 **Restrictions**

The following restrictions apply to any Issuer that has been designated inactive and received such notice from the Exchange:

(a) an Inactive Issuer may not enter into a contract or agreement with any person to provide investor relations services for the issuer.

(b) an Inactive Issuer is not eligible for confidential price protection as per Policy 6 section 2.4. An Inactive Issuer with an intention to complete a private placement must issue a news release.

(c) in addition to the procedures set out in Policy 6, any private placement proposed by an Inactive Issuer must be approved by the Exchange prior to closing.

The Exchange may impose additional requirements or restrictions as it determines appropriate.

5.3 **Suspensions – Inactive Issuers**

Section 3.2 does not apply for suspended Inactive issuers or Issuers suspended pursuant to s. 5.1(a). Such Issuers will be delisted in 90 days unless an
application is made to requalify for listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. If the Issuer’s requalification application is approved, the Issuer will not be delisted and for Inactive Issuers, the inactive designation will be removed upon the approval. If the Issuer’s requalification application is not approved, the Issuer will be delisted at the later of the expiry of the 90 day suspension or the date of disapproval.

5.4 Removal of the Inactive Designation

An issuer that has, pursuant to section 5.1, received notice or been designated as inactive, will be considered inactive until:

a) there is evidence in the Issuer’s interim or audited financial statements, updated listing statement or other continuous disclosure document that confirms the Issuer meets the CLR;

b) the Issuer requalifies for listing pursuant to Policy 2 or Policy 8; or

c) the Exchange is otherwise satisfied that the issuer has met the CLR.
POLICY 4

CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS

1. Introduction

1.1 Boards of directors should be structured and their proceedings conducted in a way calculated to encourage, reinforce, and demonstrate the board’s role as an independent and informed monitor of the conduct of the corporation’s affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a board of directors is likely to exercise its powers and discharge its obligations in a manner that effectively advances corporate objectives.

1.2 No single governance structure fits all publicly held corporations, and there is considerable diversity of organizational styles. Each Listed Issuer should develop a governance structure that is appropriate to its nature and circumstances. See section 4 “Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets”.

2. Corporate Governance

2.1 The board of directors of every Listed Issuer is responsible for, among other things, the following matters:

(a) strategic planning;
(b) principal business risks and risk management;
(c) appointing, training and monitoring senior management;
(d) executive compensation;
(e) succession planning;
(f) communications policy; and
(g) internal control and management information systems.

2.2 Canadian corporate law generally prescribes requirements related to the number or percentage of outside directors. For example, the Business Corporations Act (Ontario) requires that an offering corporation have at least three directors, at least one-third of whom are outside directors. The similar provisions of the Canada Business Corporations Act require that at least two directors be outside directors. An outside director may or may not be an unrelated director, which is a director who has no tie to the corporation other than as a director or as a shareholder who is not a control block holder.
Both outside and unrelated directors can bring a fresh perspective to issuers in addition to acting as an independent discipline on management. The Exchange considers that a requirement to have a specified number or percentage of outside directors or a specified number or percentage of unrelated directors may not be suitable for all CNSX Issuers.

Smaller corporations frequently do not have the resources or the ability to attract talented individuals to serve as outside or unrelated directors. It may also be more important for small issuers to have on the board individuals who have a prior familiarity with the issuer’s business rather than those who can bring an independent perspective or discipline. For this reason the Exchange does not prescribe requirements dealing with outside or unrelated directors; however Listed Issuers must comply with applicable corporate law. However, Listed Issuers are encouraged to examine the appropriateness of including either or both outside or unrelated directors, on their boards of directors.

2.3 Every Listed Issuer, as an integral element of the process for appointing new directors, should provide an orientation and education program or manual for new recruits to the board.

2.4 Every board of directors should examine its size and, with a view to determining the impact of the number of directors upon effectiveness, undertake where appropriate, a program to reduce or increase the number of directors to a number which facilitates more effective decision-making.

2.5 The board of directors, together with the senior management, such as the Chief Executive Officer or President, should develop position descriptions for the board and for the senior management, involving the definition of the limits to management’s responsibilities. In addition, the board should approve or develop the corporate objectives which the senior management is responsible for meeting.

2.6 Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the board of directors that must be outside directors. For example, the Business Corporations Act (Ontario) requires that an offering corporation have an audit committee composed of not less than three directors, a majority of whom are not officers or employees of the corporation or any of its affiliates.

2.7 Companion Policy to National Instrument 52-110 Audit Committees (“52-110CP”) provides additional guidelines to CNSX Issuers. Part 2 of 52-110CP provides that the objectives of an audit committee are as follows:

(a) to help directors meet their responsibilities, especially for accountability;
(b) to provide better communication between directors and external auditors;
(c) to enhance the external auditor’s independence;
(d) to increase the credibility and objectivity of financial reports; and
(e) to strengthen the role of the outside directors by facilitating in-depth discussions between directors on the audit committee, management and external auditors.
2.8 The role of audit committees is continuing to evolve. Boards of directors of Listed Issuers should adapt the responsibilities of their audit committees to their particular circumstances. No published set of practices can substitute for the active commitment to high standards by every party having responsibility for the corporate disclosure system.

2.9 The Exchange strongly encourages boards of directors of Listed Issuers to select independent directors as members of audit committees, to limit membership to such directors whenever possible and that the chairperson of the audit committee should be an independent director.

2.10 For reasons similar to those expressed in paragraph 2.2, the Exchange does not generally consider that it is appropriate to prescribe a higher threshold for Listed Issuers than that prescribed by corporate law or National Instrument 52-110 Audit Committees. However, the Exchange endorses the recommendations and guidelines of 52-110CP. Listed Issuers should consider that placing a greater number or higher percentage of outside or unrelated directors on the audit committee may function as an effective protection of shareholder interests. See section “Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets”.

2.11 The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the Listed Issuer in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

2.12 Although the Exchange does not prescribe corporate governance requirements, investors will expect that all Listed Issuers are subject to the requirements that generally apply to Canadian corporations unless informed otherwise. Therefore, non-corporate issuers and issuers incorporated in jurisdictions outside of Canada must state in their listing statement the nature and extent to which their governing legislation or constating documents differ materially from Canadian legislation with respect to the aspects of corporate governance described in this Policy.

3. Directors and Officers

3.1 The identity, history and experience of management, including officers and directors, is important information concerning a Listed Issuer.

3.2 Every officer and director of a Listed Issuer is required to complete a Personal Information Form (Form 3) upon their appointment or election as an officer or director of a Listed Issuer.

3.3 The Exchange may collect such personal information about the directors and officers of a Listed Issuer as the Exchange may require and, notwithstanding the qualification for listing of its securities, a Listed Issuer must remove, or cause the resignation of, any director or officer which the Exchange determines is not suitable for the purpose of acting as a director or officer of a Listed Issuer, failing which the Exchange may immediately disqualify for listing the Issuer’s securities.

3.4 Where a Listed Issuer has a significant connection to Alberta, the Exchange may refuse to accept any director, officer or insider, or revoke, amend or impose conditions in connection with acceptance of any such application until such time as the Issuer has complied with a direction from Exchange or the Exchange
requirement to make application to the Alberta Securities Commission and to become a reporting issuer in Alberta.

3.5 Management

a) A Listed Issuer must have:
   i. a Chief Executive Officer (CEO);
   ii. a Chief Financial Officer (CFO); and
   iii. a corporate secretary

b) The CFO must be financially literate, as defined in NI 52-110, and have experience or knowledge of Canadian corporate governance laws and reporting requirements.

c) The CEO or CFO may also act as corporate secretary. No individual may act as both CEO and CFO of a Listed Issuer.

3.6 Collectively, an Issuer’s Directors, officers and management must have adequate reporting issuer experience, and experience and expertise relevant to the Issuer’s industry and the languages, customs and laws relevant to the Issuer’s operations in each of the jurisdictions in which the Issuer operates.

4. Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets

The primary focus of the initial and ongoing listing requirements of the Exchange is disclosure. Appropriate guidance about what constitutes meaningful disclosure will help address specific challenges or concerns about listed companies with their principal business operations or operating assets in emerging markets. While relevant to all issuers, the guidance contained in this section is primarily intended for issuers whose directing management is largely outside Canada; and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.

4.1 Areas of Concern

A listed company with a governance structure that is appropriate to its circumstances would likely have identified and addressed the areas of concern listed in OSC Staff Notice 51-720 - Issuer Guide for Companies Operating in Emerging Markets ("OSC EMI Guide"). This should enable the issuer to provide adequate, meaningful disclosure as described in the OSC EMI Guide. Listed companies are encouraged to review the OSC EMI Guide and assess their own approach to specific risks and tailor both their governance practices and disclosure to address the OSC EMI Guide areas of concern that are pertinent to them.

a) Business and operating environment

An Issuer is required by securities legislation to describe its business and operations. Additionally, the CSE Form 2A – Listing Statement must include, among other things, disclosure about the Listed Company’s principal markets, competitive conditions in the principal markets and geographic areas in which it operates, and economic dependence on significant contracts1.

1 CSE Form 2A – Listing Statement, Item 4 Narrative Description of Business
b) Language and cultural differences

In considering the responsibilities of the board of directors as described in section 2.1 of this Policy, the board should include members that have appropriate experience in each market in which the issuer conducts business. This will enable the board to identify specific risks associated with each market so that the governance oversight responsibilities will be met. Reliance on local management may not be appropriate without the provision for additional input from independent sources.

c) Corporate structure

A corporate structure that addresses differing political, legal and cultural realities may be complex and difficult for investors to understand. The complexity of a corporate structure also creates additional risks associated with effective decision making and accurate reporting across the organization.

Disclosure about an Issuer’s corporate structure should:

(i) be clear and understandable;
(ii) explain why the structure is necessary; and
(iii) describe the risks associated with the structure and how those risks are managed.

Policy 2 – Qualifications for Listing specifically disqualifies special purpose entities and variable interest entities.

d) Related parties

Disclosure requirements for related party transactions are included in both accounting standards and securities legislation. Business, cultural and legal differences may result in increased risks, especially in cases where the interests of the controlling shareholders do not necessarily align with the interests or expectations of the minority shareholders. The board should have appropriate policies and procedures for the evaluation of related party transactions.

e) Risk management and disclosure

Risk disclosure is an important element of investor protection, and the board should ensure that adequate disclosure is provided of the specific risks of operating in each market in which the Issuer operates. CSE Form 2A - Listing Statement requires full risk disclosure in section 17, as well as reasonable detail and a discussion of any trend, commitment, event or uncertainty that is both presently known and reasonably expected to have a material effect on the Issuer’s business, financial condition, or results of operations.

f) Internal controls

Appropriate internal controls will provide checks and balances to reduce the risks of inaccurate financial reporting. If there are concerns about the effectiveness of internal controls, or if material weaknesses have been identified, audit committee members should apply greater scrutiny in their reviews. It is also advisable to Listed Companies to disclose known material weaknesses in their risk disclosure if the weakness creates a risk for the company.

2 CSE Form 2A – Listing Statement, Item 3.3
Disclosure should be adequate for investors to assess the nature and implications of those weaknesses.

**g) Use of and reliance on experts**

Industry professionals in emerging markets will not necessarily be subject to equivalent rules of conduct as in Canada. The board should evaluate an expert’s credentials and knowledge in the context of what would be acceptable in Canada. If an expert is retained to perform a service or function that could expose the listed company to a disruption in operations or significant liability, the board should determine whether the level of diligence exercised by the expert is adequate. As part of the oversight role, the board should ensure adequate disclosure of an expert’s interests in the Listed Company.

**h) Oversight of the external auditor**

The auditor’s competence, experience and qualifications in the foreign market should be considered by the audit committee. The audit committee should also evaluate the auditor’s approach in the areas that present risks specific to the Issuer.

### 4.2 The Role of the Exchange

The Exchange considers the guidance in this section to be consistent with existing disclosure requirements for all listing applicants or listed company. Each listed company and applicants are encouraged to closely adhere to the principles set out in the Guide to assist them in meeting their disclosure obligations under securities legislation and Exchange Requirements.

### 4.3 Application of the Guidance

**a) Original Listing**

CSE Form 2A – Listing Statement includes specific disclosure requirements concerning risk issues. Section 17 - Risk Factors - includes, in the first 2 sections, some of the common risks that should be described. Section 17.3 specifically addresses “any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.” For listing applicants with their principal business operations or operating assets in emerging markets, the OSC EMI Guide areas of concern should be addressed in the context of the guidance provided by OSC Staff.

**b) Continued Listing**

All listed companies are reminded that the OSC EMI Guide provides an excellent reference for any questions regarding continuous disclosure requirements, including disclosure in CSE filings. CSE Form 9 – Notice of Proposed Issuance of Listed Securities, and CSE Form 10 – Notice of Proposed Transaction, for example, each include questions that relate to one or more of the OSC EMI Guide areas of concern. A change related to any of these areas could be material information that requires immediate disclosure by news release.
5. **Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets**

5.1 An Issuer must demonstrate clear title or right to its assets or operations, and the receipt of the relevant licence or permit required to operate. At the time of listing, the Issuer must provide a title opinion or appropriate confirmation, and a legal opinion that the Issuer has the required permits, licenses or approvals to carry out its operations in each relevant jurisdiction.

5.2 **Audit Committee**

In addition to the guidance in section 2.7 and requirements of NI 52-110 Audit Committees, the majority of the members of an Issuer’s audit committee must be financially literate as defined in NI 52-110 Audit Committees, subject to a minimum of three financially literate members.

Disclosure in the Listing Statement must include a summary of the steps taken in selecting an external auditor and the procedures in place to ensure the audit committee can effectively evaluate the audit process.

5.3 **Risk Disclosure and Mitigation**

Disclosure in the CSE Form 2A – Listing Statement must address and adequately explain the risks and the reasonable steps taken, consistent with the OSC EMI Guide, to mitigate these risks.
POLICY 5

TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS

1 Introduction

1.1 The Exchange believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by Listed Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to material information about a Listed Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.

1.2 Recent advances in the technology of information dissemination such as SEDAR and the Internet facilitate immediate, widespread and economical dissemination of Issuer information. For this reason, the Exchange requires Listed Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Issuer’s size. The establishment of a comprehensive, publicly available disclosure base for every Listed Issuer lies at the heart of the Exchange.

1.3 To continue to qualify for listing, every Listed Issuer must make high quality, timely continuous disclosure of material information.

1.4 This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. Listed Issuers must comply with all applicable requirements of securities legislation and Commission rules. In particular, mining Issuers must comply with the additional disclosure requirements of National Instrument 43-101- Standards of Disclosure for Mineral Projects. Oil and gas Issuers must comply with the additional disclosure requirements of National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. All CNSX Issuers must comply with National Policy 51-201 – Disclosure Standards.

2 Disclosable Events

2.1 Issuers are required to make public disclosure of all material information.

2.2 Listed Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, Listed 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. A reasonable investor’s investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the Listed Issuer’s business and affairs. For example, changes in a Listed Issuer’s issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor’s investment decision.

2.3 Actual or proposed developments that require immediate disclosure include, but are not limited to, the following:

(a) changes in share ownership that may affect control of the Issuer;
(b) changes in corporate structure, such as reorganizations, amalgamations, etc.;
(c) take-over bids or issuer bids;
(d) major corporate acquisitions or dispositions;
(e) changes in capital structure;
(f) borrowing of a significant amount of funds;
(g) public or private sale of additional securities;
(h) development of new products and developments affecting the Issuer’s resources, technology, products or market;
(i) significant discoveries or exploration results, both positive and negative, by resource companies;
(j) entering into or loss of significant contracts;
(k) firm evidence of significant increases or decreases in near-term earnings prospects;
(l) changes in capital investment plans or corporate objectives;
(m) significant changes in management;
(n) significant litigation;
(o) major labour disputes or disputes with major contractors or suppliers;
(p) events of default under financing or other agreements; or
(q) any other developments relating to the business and affairs of the Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

2.4 Disclosure is only required where a development is material. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the Listed Issuer’s board of directors, or by senior management with the expectation of concurrence from the board of directors. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.

2.5 Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts
should not be provided on a selective basis to investors or others not involved in the management of the affairs of the Issuer. If disclosed, they should be generally disclosed.

3 Consultation with the Market Regulator

3.1 It is the responsibility of each Issuer to determine what information is material in the context of the Listed Issuer's own affairs. The materiality of information varies from one Listed Issuer to another, and will be influenced by factors such as the Issuer’s profitability, assets, capitalization, and the nature of its operations. An event that is “significant” or major” in the context of a smaller Issuer's business and affairs may not be material to a larger Issuer.

3.2 Given the element of judgment involved, Listed Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to material information.

4 Rumours and Unusual Trading Activity

4.1 Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor and/or the trading price of the Listed Issuer's securities. It is impractical to expect management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the Listed Issuer make a clarifying statement. A trading halt may be imposed pending release of a “no corporate developments” statement from the Listed Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed material information, the Market Regulator will require the Listed Issuer to make immediate disclosure of the relevant material information, and a trading halt may be imposed pending release and dissemination of that information.

5 Timing of Disclosure and Pre-Notification of the Market Regulator

5.1 Subject to pre-notification of the Market Regulator, a Listed Issuer is required to disclose material information forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk that persons with access to that information will act upon undisclosed information.

5.2 The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the Listed Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading in the Listed Issuer's securities should be temporarily halted.
6 Dissemination

6.1 A news release must be transmitted to the media by the quickest possible method, and by a method that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service (or combination of services) must be used that provides national and simultaneous coverage.

6.2 The Exchange accepts the use of any news services that meet the following criteria:

(a) dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;

(b) dissemination to all Dealers; and

(c) dissemination to all relevant regulatory bodies.

6.3 Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the Listed Issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension or disqualification from listing. In particular, The Exchange will not consider relieving a Listed Issuer from its obligation to disseminate news properly because of cost factors.

6.4 CNSX Issuers must simultaneously post to the Exchange website all news releases disseminated.

7 No Selective Disclosure

7.1 Disclosure of material information must not be made on a selective basis. The disclosure of material information should not occur except by means that ensure that all investors have access to the information on an equal footing. The Exchange recognizes that good corporate governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the corporation’s business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than widely disseminated press releases in accordance with this rule, Listed Issuers may not, under any circumstances, communicate material information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the Listed Issuer’s securities.

7.2 The board of directors of a Listed Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, brokers, analysts, and other external parties are aware of their and the Listed Issuer’s obligations with respect to the disclosure of material information.

7.3 Should material information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with the rule, the Listed Issuer must immediately contact the Market Regulator and...
request a trading halt pending the widespread dissemination of the information.

8 Content of News Releases

8.1 Announcements of material information should be factual and balanced and unfavourable news must be disclosed just as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow them to make informed investment decisions. Listed Issuers should communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

8.2 All news releases must include the name of an officer or director of the Listed 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.

8.3 Any Listed Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice to the Issuer.

9 Confidential Disclosure - When Information May be Kept Confidential

9.1 Section 75(3) of the Securities Act (Ontario), as supplemented by National Policy 51-201, provides that where, in the opinion of the reporting issuer, the public disclosure of a material change would be unduly detrimental to the interests of the reporting issuer, or where the material change consists of a decision to implement a change made by senior management of the Issuer who believe that confirmation of the decision by the board of directors is probable, the reporting Issuer may file a report disclosing a material change on a confidential basis. Non-disclosure of information is also provided for in s.140(2) of the Securities Act (Ontario).

9.2 When a reporting issuer requests that information be kept confidential, then pursuant to s.75(4) of the Securities Act, the reporting issuer must advise the Commission in writing within 10 days if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the material information is generally disclosed. The Commission takes the view that it can require the Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the Issuer resulting from disclosure.

9.3 Listed Issuers should be guided by pertinent securities legislation in determining whether material information can be filed on a confidential basis with the Commission. Where a decision is made to file a confidential report with the Commission, the Market Regulator must be immediately notified of the Listed Issuer's decision to do so. The Market Regulator must be provided with a copy of all submissions to the Commission relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the Listed Issuer and the Commission.
relevant thereto, and any decision of the Commission with respect to the ability of the Issuer to make or continue confidential disclosure, or requiring the Issuer to make general disclosure.

9.4 Similar provisions exist in the securities legislation of other jurisdictions. Listed Issuers that are reporting issuers in other jurisdictions must ensure that they comply with all applicable rules in addition to this Policy.

10 Maintaining Confidentiality
10.1 Where disclosure of material information is delayed, the Listed Issuer must maintain complete confidentiality. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the necessary course of business), the Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before material information is disclosed, market activity in the Issuer's securities should be closely monitored by the Issuer. Any unusual market activity probably means that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the Issuer has made disclosure of the material information.

10.2 At any time when material information is being withheld from the public, the Listed Issuer is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any of the Issuer's officers, employees or advisers, except in the necessary course of business. The directors, officers and employees of a Listed Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

11 Insider Trading
11.1 Listed Issuers should make insiders and others who have access to material information about the Issuer before it is generally disclosed aware that trading in securities of the Issuer (or securities whose market price or value varies materially with the securities of the Issuer) while in possession of undisclosed material information or tipping such information is prohibited under applicable securities legislation, and may give rise to administrative, civil and/or criminal liability.

11.2 In any situation where material information is being kept confidential, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a “special relationship” with the Listed Issuer in which use is made of such information before it is generally disclosed to the public.

11.3 In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Market Regulator may require that an immediate announcement be made disclosing such material information.
Regulator will refer the matter to the appropriate securities commission(s) for enforcement action.

12 Listing and Trading Halts

12.1 The Market Regulator will normally halt quotation and trading if:

(a) the Listed Issuer requests a halt, during trading hours, to allow for the dissemination of material information - the Market Regulator must be advised of the material information and halt request as soon as possible, by phone or fax, so that the Market Regulator may determine whether a quotation and trading halt is warranted pending the filing and dissemination of the news release;

(b) rumours are circulating in the marketplace that might influence or change a reasonable investor’s investment decision;

(c) unusual trading activity suggests that material information is selectively available - the Market Regulator may require that the Listed Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;

(d) the Listed Issuer is not in compliance with the terms of its Listing Agreement or any Exchange Requirement or applicable securities legislation;

(e) the Listed Issuer has issued an inaccurate, inadequate or misleading news release or 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

(f) circumstances exist which, in the opinion of the Exchange or the Market Regulator, could adversely affect the public interest or the integrity of the market.

12.2 Where rumours or unusual trading activity are not based on undisclosed material information, the Market Regulator may halt quotation and trading pending the release and dissemination of a “no corporate developments” statement. When the rumours or unusual trading activity are based on whole or in part on undisclosed material information, the Market Regulator may halt trading and quotation pending the release of the material information.

12.3 The Market Regulator, upon consultation with the Listed Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.

12.4 A Listed Issuer may request a halt in quotation and trading of its securities pending public disclosure of material information concerning the Issuer.

12.5 In the event a Listed Issuer requests a halt in quotation and trading of its securities, the CNSX Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:

(a) disclosing the material information; or

(b) advising that the halt is at the request of the Issuer and that public
disclosure is pending.
In the former case the halt shall be lifted after dissemination of the news release.
In the latter case the halt shall continue unless the Exchange or the Market Regulator determines resumption of quotation and trading is in the public interest.

12.6 It is not appropriate for a Listed Issuer to request a halt if an announcement of material information is not going to be made forthwith.

12.7 A Listed Issuer may request a halt if material information is to be kept confidential and disclosure delayed temporarily.

12.8 Throughout the period during which a Listed Issuer’s securities are halted, Dealers shall not quote or trade the securities of the Issuer on any marketplace or over-the-counter as principal or agent.

13 Documents Required to be Posted

13.1 Subject to section 13.2, every Listed Issuer must post the following documents (unless the disclosure contained therein is posted in a CNSX Form):

(a) every document required by the Policies;

(b) every document required to be:
   (i) filed with any securities regulatory authority for a jurisdiction in which the Issuer is a reporting issuer or equivalent; or
   (ii) delivered to shareholders; or
   (iii) filed on SEDAR,
   and such documents must be posted concurrently or as soon as practicable following the filing or the delivery;

(c) an annually-updated Management’s Discussion and Analysis set out in Section 6 of the Listing Statement, to be posted within 140 days after the end of the financial year of the Issuer or such shorter time period as may be specified in securities legislation for Issuers that are not exempt from the requirement to provide Management’s Discussion and Analysis;

(d) a Quarterly Listing Statement (Form 5) current as of the last day of the relevant quarter, to be posted concurrently with a Listed Issuer’s unaudited interim financial statement required under applicable securities legislation;

(e) a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be posted before the opening of trading on the fifth trading day of the following month; and

(f) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the Listed Issuer’s audited annual financial statements.
13.2 In respect of every debt security listed on the Exchange, the Listed Issuer must post the following documents (unless the disclosure contained therein is posted in an Exchange-specific Form):

(a) every document required to be:

i) filed with any securities regulatory authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or

ii) delivered to security holders of the Issuer; or

iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing or the delivery; and

(b) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the Listed Issuer’s audited annual financial statements.

14 Continuous Disclosure Obligations

14.1 General:

(a) a Listed Issuer shall disclose to the public as soon as reasonably practicable any information relating to the Issuer or any of its subsidiaries that has come to the knowledge of the Issuer, if the information

(i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,

(ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or

(iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.

(b) paragraph (a) does not apply to information that

(i) affects the market or a sector of the market generally, and

(ii) has already been made available to the investing public.
POLICY 6

DISTRIBUTIONS

1. General

1.1 Listed issuers must comply with the requirements of this Policy for any distribution of listed securities or any distribution of a security that is exchangeable, exercisable or convertible into a listed security. The specific requirements that apply depend on the nature of the agreement giving rise to the distribution.

1.2 The Timely Disclosure Policy recognizes that restricted circumstances exist where an issuer may keep material information confidential for a limited period of time if premature disclosure would be unduly detrimental to the company. Listed Issuers must not set option exercise prices or other prices at which shares may be issued on the basis of market prices that do not reflect information known to management that has not been disclosed. Exceptions are where the share option or issuance relates directly to the undisclosed event and the grantee or recipient of the shares is not an employee or insider of the Listed Issuer at the time of grant or issue (e.g. an issuance of shares in payment for an acquisition, or a grant of options to an employee of the company to be acquired as an incentive to remain with the Listed Issuer).

1.3 Requirements for stock splits and consolidations are detailed in Policy 9. Distributions that result in or could result in a change of business or a change of control may be subject to the additional requirements of Policy 8. Non-arm’s length distributions may be subject to the requirements of OSC Rule 61-501 in addition to the requirements of this Policy.

1.4 In addition to the requirements of this Policy, Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to National Instrument 45-101 Rights Offerings (NI 45-101), National Instrument 45-106 Prospectus Exemptions (NI 45-106) for exempt distributions and National Instrument 45-102 Resale of Securities (45-102) for restrictions on resale of securities.

a) In addition to any applicable resale restrictions under securities legislation, for any securities issued under the prospectus exemption in section 2.24 of NI 45-106 (Employee, executive officer, director and consultant) the Exchange requires the securities to be subject to a hold period of 4 months commencing on the date of distribution of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.

b) In determining whether the hold period will be required, the Exchange will consider such things as the relationship between the Listed Issuer and the individual or entity receiving securities, the price per security, number of securities to be issued, the value of the transaction, and any other factors the Exchange considers relevant to the decision.
c) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, or lack thereof, on the securities to be issued.

15 As an issuance or potential issuance of securities constitutes material information, the Listed Issuer must comply with Policy 5 in addition to the requirements of this Policy.

2. **Private Placements**

21 The Exchange defines the term “private placement” as a prospectus exempt distribution of securities for cash or in consideration for forgiveness of bona fide debt. Listed Issuers may not make a private placement at a price per security lower than the greater of (a) $0.05 and (b) the closing market price of the security on the Exchange on the Trading Day prior to the earlier of dissemination of a news release disclosing the private placement or posting of notice of the proposed private placement, less a discount which shall not exceed the amount set forth below:
<table>
<thead>
<tr>
<th>Closing Price</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $0.50</td>
<td>25% (subject to a minimum price of $0.05)</td>
</tr>
<tr>
<td>$0.51 to $2.00</td>
<td>20%</td>
</tr>
<tr>
<td>Above $2.00</td>
<td>15%</td>
</tr>
</tbody>
</table>

22. The closing price is to be adjusted to reflect stock splits or consolidations and may not be influenced by the issuer, any officer or director of the issuer or any party to or with knowledge of the private placement.

23. If debt is to be exchanged for shares, the purchase price is to be determined by the face amount of the debt divided by the number of shares to be issued. If the private placement is of special warrants, the price per share is to be determined based on the total number of shares that may be issued under the placement assuming any penalty provisions are triggered. If the private placement involves securities exercisable or convertible into a listed security, please refer to section 7 in addition to this section.

24. Other than an Inactive Issuer, a Listed Issuer with a bona fide intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange. An Inactive Issuer may not close a financing without prior Exchange approval.

25. Subject to Timely Disclosure Requirements and section 2.4, above, a Listed Issuer that has announced and intention to complete a private placement must immediately post notice of the proposed private placement (Form 9) on the Exchange website.

26. Upon closing of the proposed private placement the Listed Issuer must post:
   a) an amended Form 9, if applicable.
   b) an executed Certificate of Compliance (Form 6) from the Listed Issuer that it has complied and is in compliance with Ontario securities law and Exchange Requirements.

27. Forthwith upon closing, the Listed Issuer must provide the Exchange with the following documents:
   a) a letter from the Listed Issuer confirming receipt of proceeds;
   b) an opinion of counsel that the securities issued in connection with the private placement (including any underlying securities, if applicable) have been duly issued and are outstanding as fully paid and non-assessable shares; and
   c) A copy of the Form 9, as posted, with an appendix containing the information set out in Table 1B of the Form 9 for all places in the financing.
3. **Acquisitions**

3.1 Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately post notice of the proposed acquisition (Form 9). Management of the Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request. Shares must be issued at a price that does not exceed the maximum discount allowable under section 2.1.

(a) 3.2 At least one full Business Day prior to closing of the proposed acquisition the Listed Issuer must post an amended Form 9, if applicable.

3.3 Forthwith upon closing, the CNSX Issuer must post the following documents:

(a) a letter from the Listed Issuer confirming closing of the acquisition and receipt of the assets, transfer of title to the assets or other evidence of receipt of consideration for the issuance of the securities

(b) an executed Certificate of Compliance (Form 6) from the Listed Issuer that it has complied and is in compliance with Ontario securities law.

3.4 In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the acquisition (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

4. **Prospectus Offerings**

4.1 A Listed Issuer proposing to issue securities pursuant to a prospectus must disseminate a press release and file notice of the proposed prospectus offering (Form 8) forthwith upon filing the preliminary prospectus or earlier for a bought deal.

4.2 The Listed Issuer must post the following documents concurrently with their filing on SEDAR:

(a) a copy of the preliminary prospectus;

(b) a copy of the receipt for the preliminary prospectus issued by the Commission or other applicable securities regulatory authority;

(c) a copy of the final prospectus; and

(d) a copy of the receipt for the final prospectus issued by the Commission.

The Listed Issuer may post any other information or documentation relating to the proposed prospectus offering otherwise in compliance with Ontario securities law that the Listed Issuer considers relevant or of interest to investors.

4.3 Prior to closing of the prospectus offering and the issuance of any securities pursuant thereto the Listed Issuer must post the following documents:

(a) an amended Form 8, if applicable;
(b) a copy of the final prospectus (if not already posted);
(c) a copy of the receipt for the final prospectus issued by the Commission (if not already posted); and
(d) an executed Certificate of Compliance (Form 6) from the Listed Issuer that it has complied and is in compliance with Ontario securities law and Exchange Requirements.

44 In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the offering (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

5. Incentive Stock Options

51 This section sets out the Exchange requirements respecting stock options (other than overallotment options to an underwriter in a prospectus offering or options to increase the size of the distribution prior to closing) which are used as incentives or compensation mechanisms for employees, directors, officers, consultants and other persons who provide services for Listed Issuers.

52 A Listed Issuer must not grant stock options with an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

53 In addition to Exchange Requirements, a Listed Issuer must comply with the provisions of National Instrument 45-106 Prospectus Exempt Distributions and any successor instrument. For clarity a Listed Issuer is or is deemed to be an “unlisted issuer” for the purposes of Division 4 of National Instrument 45-106.

54 A Listed Issuer must post the notice of stock option grant or amendment (Form 11) immediately following each grant of stock options by the Listed Issuer.

55 In addition, upon the first grant of options under a plan, the Listed Issuer must provide the Exchange with an opinion of counsel that all the securities issuable under the plan will be duly issued and be outstanding as fully paid and non-assessable shares. For options granted outside of a plan, the opinion must be provided with each grant of options.

56 The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Listed Issuer must post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

6. Rights Offerings

General Requirements

61 A Listed Issuer completing a rights offering must do the following at least five
trading days in advance of the record date (the record date being the date of closing of the transfer books for preparation of the final list of shareholders who are entitled to receive rights):

(a) clearances for the rights offering must be obtained from the Commission and all other securities commissions in jurisdictions where the rights will be distributed;
(b) all the terms of the rights offering must be finalized; and
(c) the Listed Issuer must post all of the following documents (in addition to any other documents that may be required by Ontario securities law and other applicable securities legislation):
   (i) a copy of the final version of the rights offering circular as approved by the Commission;
   (ii) a specimen copy of the rights certificates; and
   (iii) a written statement as to the date on which it is intended that the rights offering circular and rights certificates will be mailed to the shareholders (which should be as soon as possible after the record date).

In addition, prior to the record date, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the rights offering (including any underlying securities, if applicable) will be duly issued and outstanding as fully paid and non-assessable shares.

Listing of Rights

Rights which receive all regulatory approvals may be qualified for listing if the rights entitle the holders to purchase securities qualified for listing. Rights which do not fall into this category will normally not be listed. If rights issued to shareholders of a Listed Issuer entitle the holders to purchase securities of another Issuer which is not qualified for listing, the rights will not be listed on the Exchange unless such other Issuer and its securities are qualified for listing on the Exchange.

Rights are listed on the first trading day preceding the record date. At the same time, the shares of the Listed Issuer commence trading on an ex-rights basis, which means that purchasers of the Listed Issuer’s securities are not entitled to receive the rights.

Quotation and trading in rights for normal settlement ceases prior to the opening on the second trading day preceding the expiry date. Quotation and trading of rights ceases at 12:00 noon on the expiry date.

Other Requirements Respecting Rights

Rights must be transferable.

(a) Once the rights have been listed on the Exchange, the essential terms of the rights offering, such as the exercise price or the expiry date, may not be amended.
(a) Shareholders must receive at least one right for each share held.
(b) The rights offering must be unconditional.

Report of Results of Rights Offering
68 As soon as possible after the expiry of the rights offering, the Listed Issuer must do the following:
(a) post a letter stating the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement; and
(b) disseminate a news release setting out the results of the rights offering and confirming the closing of the offering.

7. Options, Warrants and Convertible Securities Other Than Incentive Options or Rights

7.1.1 Issue Price
Listed securities issuable on conversion of an option, warrant or other convertible security other than an incentive option or right (collectively, “convertible securities”) may not be issued at a price (including the purchase price of the convertible) lower than the closing market price of the listed security on the Exchange on the Trading Day prior to the earlier of dissemination of a news release disclosing the issuance of the convertible security or the posting of notice of the proposed issuance of the convertible security. For example, if the closing price of the common shares of a Listed Issuer was $0.50 and a warrant was sold at $0.05, the exercise price of the warrant could not be less than $0.45. If a convertible preferred share were issued at $1.00, it could not be convertible into more than 2 common shares.

7.1.2 Term
The maximum term permitted for warrants is 5 years from the date of issuance.

7.2 If convertible securities are issued in connection with a private placement of the listed securities, the total number of listed securities issuable under the terms of the convertible securities cannot be greater than the number of listed securities initially purchased in the private placement.

7.3 In all other respects, the provisions of this Policy apply to the issuance of convertibles. Please refer to section 2 for further requirements for private placements of convertibles, section 3 for issuances of convertibles in connection with an acquisition and section 4 for prospectus offerings.

7.4 Amendments
Except as provided for in this Policy 7.4, Listed Issuers must not change, modify or amend the characteristics of outstanding warrants or other convertible securities other than pursuant to standard anti-dilution terms. For greater certainty, the fact that a convertible security will expire out of the money is not an “exceptional circumstance.”
7.4.1 An Issuer may amend the terms of private placement warrants (not including warrants issued to an Agent as compensation) if:

a) The warrants are not listed for trading;
b) The exercise price is higher than the current market price of the underlying security;
c) No warrants have been exercised in the last six months; and
d) At least 10 trading days remain before the expiry date.

7.4.2 The amendment of warrant terms must be disclosed in a press release no later than one day prior to the effective date of the amendment, and a notice posted to the Exchange website immediately thereafter (Form 13 – Notice of Amendment to Warrant Terms). For any amendment, the press release must disclose the old warrant term and the new warrant term so that investors can fully understand the change.

7.4.3 **Warrant Extension**

The term of a warrant may not be extended more than 5 years from the date of issuance.

7.4.4 **Warrant Repricing**

An Issuer may amend the exercise price of warrants if:

a) The warrants were priced above the market price of the underlying security at the time of issuance and the amended price is also at or above that price;
b) The amended price is at or above the average closing price, or the midpoint between the closing bid and ask on days with no trades, of the underlying shares for the most recent 20 trading days;
c) The price has not previously been amended; and,
d) The amended exercise price is higher than the exercise price at the time of issuance and all Warrant holders consent to the amended price.

7.4.5 An Issuer may amend the exercise price to a price below the market price of the underlying security at the time of issuance provided that:

a) If, following the amendment, for any 10 consecutive trading days the closing price of the listed shares exceeds the amended exercise price by the applicable private placement discount, the terms of the warrants must also be amended to 30 days. The amended term must be announced by press release and Form 13 and the 30 day period will commence 7 days from the end of the 10 day period;
b) Consent is obtained from all holders of the warrants; and
c) The price has not previously been amended.

7.4.6 For any repricing of warrants permitted by this section 7.4, a maximum of 10% of the total number of warrants being repriced may be repriced for insiders holding warrants. If insiders hold more than 10%, then the 10% allowed will be allocated pro rata among those insiders.
7.5 Listed Issuers must obtain appropriate corporate approvals prior to any change, modification or amendment of outstanding warrants or other convertible securities (including non-listed securities). The amendment of the terms of a warrant (or other security) may be considered to be the distribution of a new security under securities laws and required exemptions from legislative requirements. Furthermore, the amendment of the terms of a security held by an insider or a related party may be considered to be a related party transaction under OSC Rule 61-501 and require exemptions from provisions of that rule. Issuers should consult legal counsel before amending the terms of a security.

8. Control Block Distributions

8.1 A control block holder wishing to distribute securities of a Listed Issuer through a Dealer and the Exchange shall post on the Exchange website a copy of the Form 45-102F1 Notice of Intention to Distribute together with the correspondence filing the Form 45-102F1 with the Ontario Securities Commission.

8.2 The Listed Issuer shall be responsible for ensuring the control block holder complies with the provisions of this Policy, failing which the Exchange or the Market Regulator may halt, suspend or disqualify the securities of the Listed Issuer from listing.
POLICY 7

SIGNIFICANT TRANSACTIONS AND DEVELOPMENTS

1. Significant Transactions and Developments

1.1 The Exchange defines the term “significant transaction” as any corporate transaction, not involving equity securities, that constitutes material information concerning the Listed Issuer. Significant transactions include, but are not limited to, material acquisitions, dispositions, option and joint venture agreements or license agreements entered into by the Listed Issuer. In addition, “significant transaction” includes

(a) any transaction or series of transactions with a Related Person with an aggregate value greater than the lower of (i) $10,000 and (ii) 10% of the Listed Issuer’s market capitalization;

(b) any loan to a Listed Issuer other than a loan made by a financial institution;

(c) any payment of bonuses, finders fees, commissions or other similar payment by a Listed Issuer; and

(d) entering into any oral or written contract for Investor Relations Activities relating to the Listed Issuer by the Listed Issuer or by any other person of which the Listed Issuer has knowledge.

1.2 The Exchange defines the term “developments” as any internal corporate development that constitutes material information concerning the Listed Issuer. Developments include, but are not limited to, material developments to a Listed Issuer’s product or the creation of a new product. A development may also include developments relating to an agreement such as the Issuer completing or failing to complete a milestone provided for in an agreement or breaching the terms of an agreement.

1.3 If the significant transaction constitutes material information concerning the Listed Issuer, the Issuer must disseminate a news release pursuant to Policy 5.

1.4 The Listed Issuer must include updated information relating to significant transactions and developments in its Monthly Progress Report and Quarterly Listing Statement.

1.5 Significant transactions that result in a change of business may be subject to the additional requirements of Policy 8. Non-arm’s length significant transactions may be subject to the requirements of Multilateral Instrument 61-101 in addition to the requirements of this Policy. In the case of an acquisition, management of the Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological
reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request.

1.6 Listed Issuers involved in a significant transaction or development must immediately post notice of the proposed significant transaction or development (Form 10) concurrently or as soon as practicable following the issuance of a news release announcing the significant transaction or development (if the significant transaction constitutes material information concerning the Listed Issuer) or upon the Listed Issuer agreeing to the significant transaction (in all other cases).

1.7 At least one full Business Day prior to the closing of a proposed significant transaction the Listed Issuer must post an initial or amended Form 10, if applicable.

1.8 Forthwith upon closing of a significant transaction, the Listed Issuer must post

(a) a letter from the Listed Issuer confirming receipt of proceeds or payment of consideration provided for in the agreement(s) relating to the significant transaction (or describing the receipt or payment schedule); and

(b) an executed Certificate of Compliance (Form 6) from the Listed Issuer that it has complied and is in compliance with Ontario securities law.

2. Restrictions on Contracts for Investor Relations Activities

2.1 Compensation to any persons providing Investor Relations Activities for a Listed Issuer must be reasonable in proportion to the financial resources and level of operations of the Listed Issuer and should be based on the value of the services provided and not on the Listed Issuer’s market performance. In particular, compensation to persons providing Investor Relations Activities may not be determined in whole or in part by the Listed Issuer’s securities attaining certain price or trading volume thresholds. The total number of listed securities (either issued directly or issuable on exercise of options or convertible securities) provided as compensation to persons providing Investor Relations Activities cannot exceed 1% of the outstanding number of listed securities in any 12-month period.

2.2 Persons performing Investor Relations Activities on behalf of a Listed Issuer must ensure that they do not engage in any activities requiring registration under applicable securities legislation unless they are appropriately registered.
1.1 A fundamental change or change of business of a Listed Issuer effectively results in a new issuer, such that the existing disclosure record cannot be relied upon to fairly value the company’s securities. Listed Issuers that are contemplating a transaction or series of transactions that may be a fundamental change or change of business must consult with the Exchange at an early stage to determine how the exchange will characterize the transaction.

(a) A “fundamental change” is a major acquisition accompanied or preceded by a change of control.

(b) A "change of business" is a redeployment of the Issuer's assets or resources that results in a change to the principal business without a major acquisition or change of control.

1.2 A "major acquisition" by a Listed Issuer means an asset purchase, business acquisition (whether for cash or securities), take-over (formal bid or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12 month period at least 50% of the Listed Issuer's

(a) assets will be comprised of or

(b) anticipated revenues are expected to be derived from

the assets, properties, businesses or other interests that are the subject of the major acquisition.

A "change of control" is a transaction or series of transactions involving the issue or potential issue of that number of securities of a Listed Issuer that:

(i) is equal to or greater than 100% of the number of equity securities of the Listed Issuer outstanding prior to the transaction or series of transactions (commonly referred to as a “reverse take-over”), or

(ii) otherwise results in a change of control of the Listed Issuer or a substantial change of management or of the board of directors of the Listed Issuer.

The Exchange may determine that a transaction or series of transactions is a fundamental change, notwithstanding these thresholds.

1.3 The Exchange believes that one of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices is high quality, timely and continuous disclosure by Listed Issuers. Disclosure sufficient to permit trading to occur on the basis of information adequate for investors to make informed investment decisions must be prepared and disseminated by the
Listed Issuer and provided in an information circular or management proxy circular and Listing Statement.

1.4 Disclosure must be made in connection with the announcement of a fundamental change or change of business. The disclosure should initially be made in a news release (to be issued and posted on the Exchange website pursuant to Policy 5).

1.5 (a) The Market Regulator will halt trading in the securities of the Listed Issuer upon the announcement of a fundamental change to permit dissemination of the material information. The Exchange will require the Market Regulator to continue the halt at least until the documentation required under sections 1.6 and 1.7 have been accepted and posted. During the halt, no Dealer may quote or trade in the security in any marketplace or over-the-counter, either as principal or agent.

(b) Issuers must notify and consult with the Market Regulator prior to disseminating material information concerning a fundamental change or a change of business during market hours. If the dissemination will occur outside of market hours, the Issuer must notify the Market Regulator in order to effect a trading halt prior to the next trading session.

Contact information for Market Regulator:

Telephone: (604) 643-2792
Email: prwest@IIROC.ca

1.6 In order to qualify for listing the securities of the resulting issuer, the fundamental change or change of business must be approved by the Exchange and the securityholders of the Listed Issuer prior to completion of the transaction. The information circular or management proxy circular delivered to securityholders of the Listed Issuer must contain prospectus level disclosure of the resulting company, including the financial statement disclosure set out in National Instrument 44-101, National Instrument 41-101 – General Prospectus Requirements and Form 41-101F1. For a fundamental change the information circular or management proxy circular must provide historical financial statements for the target company as if it were going public by way of prospectus and making application for listing, plus pro forma financial statements giving effect to the transaction for the last full fiscal year and interim year-to-date of the target company. Particular requirements are specified in Form 2A. The information circular or management proxy circular must be reviewed by the Exchange before being posted on the Exchange website and delivered to shareholders.

1.7 The Issuer resulting from a fundamental change must meet the criteria for a new listing and make a complete initial application to qualify for listing by filing all of the documents and following the procedures set out in Policy 2 concurrently with filing the information circular or management proxy
circular. Completion of the transaction prior to qualification for listing of the securities of the Issuer resulting from the transaction will result in a suspension from listing of the Listed Issuer. An Issuer undergoing a change of business must revise and refile any documents affected by the change of business.

1.8 Principals of the resulting Issuer must enter into an escrow agreement that provides for the escrow of the principal insiders’ shares for a period of 36 months. Escrow releases will be scheduled as follows: 10% will be released on the date that the shares commence trading on the Exchange followed by six subsequent releases of 15% each every six months thereafter. The Exchange will allow earlier releases from escrow where the Issuer demonstrates that it would be the equivalent of an "established issuer" under National Policy 46-201 Escrow for Initial Public Offerings and such early release would be permitted if the Listed Issuer were an “established issuer.”

1.9 The Exchange will not approve a fundamental change or change of business proposed for an issuer that has been listed for a period of less than 12 months unless the Issuer obtains approval from the majority of the minority shareholders.
POLICY 9

NAME CHANGE, STOCK SPLITS AND SHARE CONSOLIDATIONS

1. **Change of Name**

1.1 Upon a change of name of a Listed Issuer, the Exchange may assign a new stock symbol to the Listed Issuer’s securities at the request of the Issuer or on its own initiative. The Listed Issuer’s choices should be communicated to the Exchange in advance of the effective date of the name change.

1.2 The following documents must be posted in connection with a name change:

(a) a press release announcing the name change;
(b) a notarial or certified copy of the Certificate of Amendment, or equivalent document;
(c) a copy of the definitive specimen of the new or over-printed share certificates;
(d) confirmation from the registrar and transfer agent that it is in a position to effect transfer in the new issue; and
(e) confirmation of notification by the Listed Issuer to the Commission and the Clearing Corporation of the name change.

1.3 The Listed Issuer’s securities will normally commence trading on the under the new name and symbol at the opening of trading two or three trading days after all the documents set out in Section 1.2 are posted. The Exchange will issue a Bulletin to Dealers advising of the name change and effective date of trading under the new name and symbol.

2. **Stock Split**

2.1 In order to facilitate trading in the securities of the Listed Issuer and prevent confusion the Listed Issuer must, after obtaining all necessary shareholder and other corporate approvals but prior to filing Articles of Amendment, if applicable, fix in advance a Record Date for determining shareholders entitled to the benefit of the stock split.

There are two methods of effecting a stock split:

(a) the “push-out” method, and
(b) the “call-in” method. If the stock split is accompanied by a share reclassification, either the push-out method or the call-in method may be used; otherwise the push-out method is preferable.

2.3 Under the push-out method, the shareholders keep the share certificates they currently hold, and shareholders of record as of the close of business on the **Record**
Date are provided with additional share certificates by the Listed Issuer.

2.4 Under the call-in method, the Listed Issuer implements the stock split by replacing the share certificates currently in the hands of the shareholders with new certificates. Letters of Transmittal are sent to the shareholders of record as of the Record Date requesting them to exchange their share certificates at the offices of the Listed Issuer’s transfer agent.

2.5 If the stock split must be approved by the shareholders, the meeting of shareholders must take place at least seven trading days in advance of the record date.

2.6 The shares will commence quotation on the Exchange on a split basis at the opening of business on the first trading day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the stock split and effective date of trading on a split basis.

2.7 If the push-out method is to be used, the following documents must be posted and filed with the Exchange at least three trading days in advance of the Record Date:

(a) a press release announcing the stock split;
(b) written confirmation of the Record Date, which is deemed to be after the close of trading on that day;
(c) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional shares will be validly issued as fully paid and non-assessable;
(d) if the stock split is accompanied by a share reclassification, definitive specimens of the new share certificates;
(e) confirmation of notification by the Listed Issuer to the Ontario Securities Commission and the Clearing Corporation of the stock split; and
(f) a copy of the Certificate of Amendment, or equivalent document.

The Listed Issuer must also post a written statement as to the date the additional share certificates were mailed to the shareholders.

2.8 Where the call-in method is to be used, the following additional documents must be posted and filed with the Exchange:

(a) a copy of the Letters of Transmittal;
(b) a definitive specimen of the new share certificates; and
(c) confirmation from the registrar and transfer agent that it is in a position to effect transfer of the new share certificates giving effect to the stock split.

The Listed Issuer must also post a written statement as to the mailing date of the Letters of Transmittal.

3. Stock Consolidation

3.1 The name of a Listed Issuer must be changed as part of a share consolidation. The
Listed Issuer must obtain new share certificates and a new Listed number for the consolidated shares, subject to the Clearing Corporation advising the Listed Issuer in response to its application that a new CUSIP number for the consolidated shares is not required.

32 Listed Issuers may not effect a share consolidation which reduces the number of issued and outstanding shares of the Issuer, without giving effect to any other distribution or transaction, to less than 1,000,000 shares or if the share consolidation is effected in connection with another distribution or transaction, to less than 500,000 shares, prior to giving effect to the distribution or transaction. Listed Issuers shall not effect a share consolidation which reduces the number of public holders (as that term is defined in Policy 2) holding at least a board lot to less than 100, prior to giving effect to any other distribution or transaction. In the case of a share consolidation in connection with a fundamental change, the number of shares and public holders of at least a board lot may not be reduced below the minimum required for eligibility for listing for a new Issuer.

33 The following documents must be posted at least three trading days in advance of the Record Date:

(a) a press release announcing the stock consolidation;
(b) a completed Form 12;
(c) written confirmation of the Record Date (if applicable);
(d) a copy of the Letters of Transmittal;
(e) a certified copy of the shareholder resolution authorizing the stock consolidation;
(f) an opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;
(g) a definitive specimen of the new share certificates;
(h) confirmation from the registrar and transfer agent that it is in a position to effect transfers of the consolidated shares; and
(i) confirmation of notification by the Listed Issuer to the Commission and the Clearing Corporation of the share consolidation.

34 The CNSX Issuer must post on the Exchange website:

(a) a copy of the Certificate of Amendment, or equivalent document giving effect to the stock consolidation; and
(b) a written statement as to the date of the mailing of the Letters of Transmittal.

35 The shares will commence quotation on the Exchange on a consolidated basis on the first trading day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the share consolidation and effective date of trading on the consolidated basis.
4. **Share Reclassification (with no Stock Split)**

41 The following documentation must be posted in connection with a share reclassification not involving a stock split, a reclassification into more than one class of shares or other change to the Listed Issuer’s capital structure, in which case the Listed Issuer must consult with the Exchange in order to determine the appropriate procedure and CNSX Requirements:

(a) a press release announcing the reclassification;
(b) a completed Form 12;
(c) a written confirmation of the record date;
(d) a certified copy of the shareholders resolution approving the reclassification;
(e) an opinion of counsel that all the necessary steps have been taken to validly effect the share reclassification in accordance with applicable law;
(f) a definitive specimen(s) of the new or over-printed share certificate(s);
(g) a copy of the Letters of Transmittal, if applicable;
(h) confirmation from the registrar and transfer agent that it is in a position to effect transfers in the reclassified shares; and
(i) confirmation and notification by the Listed Issuer to the Commission and the Clearing Corporation of the share reclassification.

42 The Listed Issuer must also post:

(a) a copy of the Certificate of Amendment, or equivalent document; and
(b) a written statement as to the date of the mailing of the Letters of Transmittal, if applicable;

43 The reclassification will normally become effective for quotation purposes on the Exchange one trading day preceding the Record Date. The Exchange will issue a CNSX Bulletin to CNSX Dealers advising of the share reclassification and effective date of trading on the reclassified basis.

44 If the reclassification involves the issuance of restricted shares, the company must comply with OSC Rule 56-501 in addition to this Policy.
POLICY 10

SPECIALIST SECURITIES

Important Note: All securities are subject to the requirements of the “General” section of Policy 2

Eligibility for Listing

1 Where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Issuer must disclose how it has been established and, if relevant, who has established that the securities are in compliance with the stated requirements.

2 In the case of securities that are held out as being in compliance with Shari’ah, this requirement is met if the Issuer:

2.1 appoints a Shari'ah Supervisory Board, with at least two members, to advise in respect of Shari'ah compliance, on all aspects of the offering including advice on the information to be provided;

2.2 discloses the names of the members of the Shari’ah Supervisory Board and their respective qualifications, experience and expertise in Islamic jurisprudence and Islamic finance; and

2.3 ensures that that the Shari’ah Supervisory Board issues a Shari’ah pronouncement in writing that is signed by the Chairman and at least one other member of the Shari'ah Supervisory Board.

PART B: Documents required before approval

1 In the case of Islamic securities, the Shari'ah Supervisory Board’s Shari’ah pronouncement.