

CPC OPERATING AGREEMENT

Among:

Canadian Venture Exchange Inc. (CDNX)

and

British Columbia Securities Commission (BCSC),

Alberta Securities Commission (ASC),

Saskatchewan Securities Commission (SSC),

Manitoba Securities Commission (MSC)

and

Ontario Securities Commission (OSC)

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I. Definitions and Interpretations

A. Definitions

The following terms used in this Agreement have the meanings set out below.

Applicable Commission means each Commission with which a CPC has filed a preliminary CPC Prospectus.

Commission means any of the BCSC, ASC, SSC, MSC and OSC and includes either or both of the securities regulatory authority and regulator, as applicable, as securities legislation or securities directions, may require.

Control Person means a control person as defined in CDNX Policy 1.1 - *Interpretation*.

CPC means a capital pool company, as defined in the CPC Policy.

CPC Jurisdictions means the jurisdictions in which (subject to securities legislation) a CPC prospectus may be filed and receipted and, as at the date of this agreement, include British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

CPC Policy means CDNX Policy 2.4 - *Capital Pool Companies* as published April, 2002 and effective on or before June 15, 2002, as amended from time to time. Reference in this agreement to the application of, or compliance with, the CPC Policy includes reference to the application of, or compliance with, any other CDNX policy or form that is referred to in the CPC Policy.

CPC Prospectus means a prospectus prepared in accordance with the CPC Policy, the CPC Prospectus Form, OSC Rule 41-501 *General Prospectus Requirements* and other applicable securities legislation.

CPC Prospectus Form means CDNX Form 3A - *Capital Pool Company Prospectus* as published April, 2002 and effective on or before June 15, 2002, as amended from time to time.

CPC Review Staff means the corporate analysts employed on a full-time, part-time or secondment basis by CDNX to review, among other things, CPC Prospectuses.

“Excluded Persons” means those persons in respect of whom CDNX may choose not to carry out a background check and:

- (a) in the context of the review of a CPC Prospectus, refers to persons referred to in section I. B. 1(c) of Appendix A; or
- (b) in the context of a review of the QT Circular, refers to persons referred to in section II. A. 4 of

Appendix A.

Final Exchange Bulletin has the meaning in the CPC Policy.

Insider means an insider as defined in CDNX Policy 1.1 – *Interpretation*.

IPO Jurisdiction(s) means the one or more CPC Jurisdictions in which the CPC’s initial public offering is made under the CPC Prospectus.

IPO Regulator means, in connection with a CPC’s initial public offering, the principal regulator under the MRRS Policy. Until the BCSC obtains a CPIC terminal, when the BCSC is the IPO Regulator, for the purpose of completing background checks, the IPO Regulator will mean the ASC.

Lead Regulator means the ASC.

MRRS Policy means National Policy 43-201 *Mutual Reliance Review System for Prospectuses and AIFs* or any successor instrument.

MRRS ERA Policy means National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* or any successor instrument.

PIF means CDNX’s Form 2A - *Personal Information Form* or any successor form required by CDNX to conduct background checks.

Qualified Accountant means an individual employed by CDNX on a full-time or part-time basis, who has a Canadian professional accounting designation (CA, CMA, CGA) and a minimum of 30 months accounting or auditing experience in a public accounting firm or any other individual that the Lead Regulator accepts in writing.

Qualified Lawyer means an individual employed by CDNX on a full-time or part-time basis, who is a member of a law society in Canada and has a minimum of three years experience primarily in the area of securities law or any other individual that the Lead Regulator accepts in writing.

Qualified Resource Professional means an individual employed or retained by CDNX, who:

- (a) if the Resulting Issuer will be a mining issuer is:
 - (i) a “qualified person” under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*; or
 - (ii) an engineer or geologist with at least three years experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these and a member in good standing of a provincial professional association of engineers or geologists where that individual is located; or

- (b) if the Resulting Issuer will be an oil and gas issuer,
 - (i) after implementation of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* would be a “qualified evaluator” as defined in that instrument or any successor instrument, or
 - (ii) is a member of a Canadian professional engineering or geoscience association or an equivalent foreign professional association with at least three years of relevant professional experience in the oil and gas industry; or
- (c) the Lead Regulator agrees in writing to accept as a qualified resource professional.

Qualifying Transaction has the meaning in the CPC Policy.

QT Circular means the information circular required to be prepared in connection with a Qualifying Transaction by a CPC in accordance with the CPC Policy.

QT Circular Form means CDNX Form 3B – *Exchange Information Circular Form* as published April, 2002 and effective on or before June 15, 2002, as amended from time to time.

QT Regulator means, for a CPC that has issued a news release announcing a proposed Qualifying Transaction:

- (a) the securities regulatory authority in the jurisdiction in which the head office of the Resulting Issuer will be located, provided that it is one of the Commissions; or
- (b) if the head office of the Resulting Issuer will not be located in one of the CPC Jurisdictions, the IPO Regulator.

However, if a CPC issues a news release announcing that it will not be proceeding with a proposed Qualifying Transaction, the IPO Regulator will be the QT Regulator.

QT Review Staff means the corporate analysts employed on a full-time, part-time or secondment basis by CDNX to review, among other things, QT Circulars.

Receipt means a receipt issued for a prospectus (including a preliminary prospectus or amendment) and, if applicable, includes reference to the term, decision document, as used in the MRRS Policy.

Receipt Refusal Concerns mean the concerns of the IPO Regulator as set out in section 120 of the *British Columbia Securities Commission Rules*; section 120 of the *Securities Act* (Alberta); section 70 of the *Securities Act* (Saskatchewan); section 61 of the *Securities Act* (Manitoba); and section 61 of the *Securities Act* (Ontario) as may be amended from time to time, as applicable.

Resulting Issuer has the meaning in the CPC Policy.

RSP means Market Regulation Services Inc. or any regulation services provider as defined in National Instrument 21-101 – *Marketplace Operation* and referred to in National Instrument 23-101 - *Trading Rules*, that may be retained by CDNX.

SEDAR has the meaning in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval*.

Significant Waiver means a waiver of the CPC Policy identified in Appendix B to this Agreement.

Sponsor has the meaning in the CPC Policy.

Target Company has the meaning in the CPC Policy.

B. Interpretation

The following terms have the meanings provided in National Instrument 14-101 *Definitions*: jurisdiction; securities directions; securities legislation; securities regulatory authority; and regulator (other than when used in the term IPO Regulator, Lead Regulator or QT Regulator).

II. Background and Purpose

1. The CPC Policy establishes a program under which a CPC may conduct an initial public offering by prospectus and obtain a listing on CDNX's Tier 2. The program requires the CPC to identify and complete a Qualifying Transaction within a specified period of time after listing. After the CPC obtains the necessary shareholder approval, it closes the Qualifying Transaction and submits to CDNX all required post-meeting and post-closing documents. Provided that the Resulting Issuer meets applicable CDNX minimum listing requirements, CDNX issues a Final Exchange Bulletin and the Resulting Issuer is no longer considered to be a CPC.
2. CDNX administers the CPC program and wishes to review CPC Prospectuses and QT Circulars in order to more effectively administer the CPC program, reduce duplication of review, improve market efficiencies and provide consistent treatment to CPCs among CPC Jurisdictions.
3. In agreeing to accept the CPC program and in determining that the operation of the CPC program is not contrary to the public interest, the Commissions considered that it was appropriate to enter into this Agreement to set out the standards CDNX will apply in review of CPC Prospectuses and QT Circulars.

4. The Commissions, in exercising their discretion under securities legislation, intend to rely primarily on the analysis and review carried out by CDNX. However, nothing in this Agreement involves a surrender of jurisdiction by any Commission. Each Commission may conduct a detailed review of a CPC Prospectus and retains its discretion to refuse to issue a Receipt for a CPC Prospectus, whether a preliminary or final or an amendment of either. Nothing in this Agreement is intended to create an obligation on any Commission to review a preliminary CPC Prospectus or draft QT Circular.

III. Responsibilities of IPO Regulator

A. Issuing Receipts

1. The IPO Regulator will be responsible for issuing the Receipt for the preliminary CPC Prospectus, the final CPC Prospectus and any amendment to a preliminary or final CPC Prospectus.

B. Commission Review of CPC Prospectus

1. An Applicable Commission may elect to conduct a detailed review of a CPC Prospectus. An Applicable Commission will use its reasonable best efforts to advise CDNX of this in writing, within five business days following the filing of the CPC Prospectus.
2. An Applicable Commission will immediately notify the CPC in writing of this election and will advise the CPC to deal directly with that Applicable Commission.
3. The terms of this Agreement shall continue to apply to the parties except to the extent they relate to the review of that CPC Prospectus and the issuance of Receipts for it.

IV. CPC Prospectus: Responsibilities of CDNX

1. When reviewing a CPC Prospectus, CDNX will exercise its reasonable professional judgement.
2. CDNX, on a timely basis, having regard to the procedures set out in Part I of Appendix A, will use its reasonable best efforts to:
 - (a) apply and enforce the CPC Policy;
 - (b) assess the quality of the disclosure contained in the CPC Prospectus to determine whether it appears to:
 - (i) comply in all material respects with the CPC Prospectus Form; and
 - (ii) contain full, true and plain disclosure of all material facts relating to the securities offered by the CPC Prospectus, and
 - (c) identify material issues and consider whether there appear to be any Receipt Refusal

Concerns.

3. CDNX will not recommend issuance of a final Receipt for a CPC Prospectus where it appears to CDNX that:
 - (a) there are unresolved Receipt Refusal Concerns;
 - (b) the CPC Prospectus does not comply with the tests set out in sub-paragraph 2(b)(i) and (ii), above;
 - (c) there is material non-compliance with the CPC Policy and such non-compliance, if allowed, would constitute a Significant Waiver unless the necessary exemption or waiver has been granted in accordance with Part VI of the Agreement; or
 - (d) any necessary exemption or waiver from securities legislation or securities direction has not been granted by the relevant securities regulatory authority(ies) or regulator(s).

4. This Agreement does not impose on CDNX a standard higher than that which would be achieved by the exercise of reasonable professional judgement. This Agreement does not impose a responsibility on CDNX to:
 - (a) be a substitute for the due diligence investigations of the CPC, its directors, officers, and promoters or the agent;
 - (b) ensure the viability of the CPC;
 - (c) guarantee the adequacy of the disclosure in the CPC Prospectus;
 - (d) guarantee that there are no Receipt Refusal Concerns;
 - (e) guarantee compliance with the CPC Policy; or
 - (f) guarantee compliance by the CPC with applicable securities legislation or securities directions.

V. Qualifying Transaction: Responsibilities of CDNX

1. When reviewing a QT Circular filing, CDNX will exercise its reasonable professional judgement.

2. When reviewing a QT Circular, CDNX, on a timely basis, having regard to the procedures set out in Part II of Appendix A will use its reasonable best efforts to:
 - (a) apply and enforce the CPC Policy; and
 - (b) assess the quality of the disclosure in the QT Circular to determine whether it appears to comply in all material respects with the QT Circular Form.

3. CDNX will not accept a QT Circular where it appears to CDNX that:

- (a) the QT Circular does not comply in all material respects with the QT Circular Form;
 - (b) there is material non-compliance with the CPC Policy and such non-compliance, if allowed, would constitute a Significant Waiver, unless a Significant Waiver has been granted in accordance with Part VI of this Agreement; or
 - (c) any necessary exemption or waiver from securities legislation has not been granted by the relevant securities regulatory authority(ies) or regulator(s).
4. This Agreement does not impose on CDNX a standard higher than that which would be achieved by the exercise of reasonable professional judgement. This Agreement does not impose a responsibility on CDNX to:
- (a) be a substitute for the due diligence investigations of the CPC, its directors, officers, promoters or the Sponsor;
 - (b) ensure the viability of the Resulting Issuer;
 - (c) guarantee the adequacy of the disclosure in the QT Circular;
 - (d) guarantee there are no public interest concerns;
 - (e) guarantee compliance with the CPC Policy; or
 - (f) guarantee compliance by the CPC, Target Company or the Resulting Issuer with applicable securities legislation or securities directions.

VI. Waivers and Amendments

A. Waivers of Securities Legislation and Securities Directions

1. **General** - In regard to pre-filings and waivers of securities legislation in connection with a CPC Prospectus filing, the principles of mutual reliance, as amended from time to time will apply. The mutual reliance procedures are described in the MRRS Policy and the MRRS ERA Policy.
- (a) **CPC Prospectus** - Subject to amendment of those policies, where a waiver or exemption is required in connection with a CPC Prospectus, generally, this will mean that:
 - (i) The IPO Regulator will act as principal regulator under the MRRS Policy or MRRS ERA Policy, as applicable, unless relief is not required from the IPO Regulator, in which case the Commission with which the CPC has the next most significant connection will act as principal regulator.
 - (ii) If referred to in Appendix B to the MRRS Policy, (e.g. relief from requirements relating to financial statements, escrow or listing representations) the application will be dealt with under the MRRS Policy and the relief will be evidenced by the issuance of a Receipt.
 - (iii) Where a waiver or exemption cannot be evidenced by the issuance of a Receipt for a CPC Prospectus, the matter will generally be dealt with under the MRRS

ERA Policy.

- (b) **QT Circular** - Notwithstanding the MRRS ERA Policy, when an exemption from securities legislation, if applicable, is required in regard to the disclosure that must be provided in a QT Circular, generally, the QT Regulator will act as the principal regulator unless relief is not required from the QT Regulator, in which case the CPC will select as principal regulator the Commission with which the Resulting Issuer will have the next most significant connection.
2. **CDNX Advice** - CDNX will require a CPC to identify at the time of filing the preliminary CPC Prospectus and the draft QT Circular whether any waiver or exemption from securities legislation or securities directions is required. If a waiver or exemption is required in connection with a CPC Prospectus, CDNX will advise the IPO Regulator whether it has any objection to the requested waiver or exemption.

B. Significant Waivers of CPC Policy and Forms

1. CDNX agrees not to allow any Significant Waiver of the CPC Policy, the CPC Prospectus Form or its QT Circular Form unless CDNX has considered the proposed waiver and determined that granting the waiver:
- (a) is a reasonable exercise of discretion; and
 - (b) does not to the best of its knowledge, authorize an action which is contrary to applicable securities legislation except where a waiver or exemption has also been obtained from the applicable securities regulatory authority(ies) or regulator(s).

C. Amendments to the CPC Policy, CPC Prospectus Form or QT Circular Form

Any proposed amendment to any provision of the CPC Policy, the CPC Prospectus Form or the QT Circular Form (a “Policy Amendment”), will be reviewed and approved by the Lead Regulator and the BCSC (the “Primary Regulators”) in accordance with the oversight program established for CDNX by the Primary Regulators from time to time and in accordance with the procedures set out in Part VI of Appendix A.

VII. Violation of Securities Legislation

In the event that in the context of a review of a CPC Prospectus, or a QT Circular, CDNX becomes aware of a circumstance that appears to be a violation of applicable securities legislation:

- (a) CDNX will conduct a reasonable inquiry into the matter;
- (b) if the results of the inquiry reveal a circumstance that CDNX perceives to be a

contravention of securities legislation, CDNX will immediately provide written notification to the Applicable Commissions to the persons identified in Appendix E; and

- (c) CDNX will not take any further action with regard to acceptance of the CPC Prospectus or the QT Circular until the Applicable Commission has confirmed it has no objection to CDNX proceeding.

VIII. Reporting

Unless otherwise agreed to by the Lead Regulator, CDNX will submit to each of the Commissions the information referred to in:

- (a) Part V A 3 (a) and (c) of Appendix A, except for a Significant Waiver contemplated by section 2 of Appendix B, in which case, CDNX will provide the name of the CPC and the financial statement requirement that was waived; and
- (b) Part V B of Appendix A

within 30 days after the end of a reporting period. The first reporting period will commence on the effective date of this Agreement and end on December 31, 2002. Subsequent reporting periods will be six month periods ending on June 30 and December 31 of each year.

IX. Miscellaneous

A. Prior Agreements

1. Subject to section B, below, each of the ASC, SSC and MSC agree with CDNX that on the effective date, this Agreement will replace and supercede the operating agreements that previously existed between each of them and CDNX (or a predecessor to CDNX) relating to CPCs, junior capital pool companies ("JCPs") or keystone companies.
2. An operating agreement currently exists between the BCSC and CDNX relating to the review of various types of prospectuses (including venture capital pools ("VCPs") and CPCs) the review of QT Circulars and the operation of the CPC program. Subject to section B, below, the BCSC and CDNX agree that on the effective date this Agreement replaces and supercedes the prior operating agreement in relation to any matter pertaining to the review of CPC Prospectuses or QT Circulars and the operation of the CPC program. CDNX and the BCSC agree that this Agreement does not affect the prior operating agreement as it relates in any manner to the review of other prospectuses by CDNX.

B. Application of this Agreement

1. This Agreement will apply only to a CPC that files a preliminary CPC Prospectus with an Applicable Commission on or after the effective date of this Agreement.

2. In the review of a CPC Prospectus or a Qualifying Transaction with regard to a CPC, JCP, VCP or keystone company that has filed a preliminary prospectus, prior to the effective date of this Agreement, CDNX will continue to be subject only to the applicable prior operating agreement.

C. Effective Date

This Agreement will come into effect on June 15, 2002. However, if prior to June 15, 2002, the Minister of Finance of the Province of Ontario (the "Minister") rejects this Agreement, it will not come into effect as it relates to the OSC but will take effect as it relates to all other parties as if the OSC was not a party to this Agreement.

In the event that the Minister rejects this Agreement, the OSC will promptly advise each of the other parties to this Agreement and each of the other parties will have 10 business days from the date of such advice, to elect to immediately cancel this Agreement, upon notice to every other party, which notice must be given in accordance with section D. 3 of this Agreement.

D. Cancellation of this Agreement

1. A Commission may terminate its participation in this Agreement by giving six months prior written notice to the other parties. If any Commission cancels its participation in this Agreement, CDNX will cease to have authority to review CPC Prospectuses in that jurisdiction from the effective date of cancellation. Notwithstanding such cancellation, the Agreement will continue to bind the other parties.
2. CDNX may terminate this Agreement with any one or more Commissions on six months notice. However, the Agreement will continue to apply with regard to any CPC that has filed a preliminary CPC Prospectus before the effective date of CDNX's termination.
3. Notice of termination will be given to the persons referred to in Appendix C, and to the President of CDNX.
4. If CDNX materially breaches this Agreement, a Commission may terminate this Agreement immediately.

E. Appendices

Appendix A to this Agreement provides the relevant policies and procedures for review of a CPC Prospectus and a QT Circular, qualifications of CPC Review Staff and QT Review Staff, SEDAR filings, file maintenance and Policy Amendments. Appendix B identifies waivers from the CPC Policy that are considered Significant Waivers. Appendix C identifies the persons to whom proposed CPC Policy, CPC Prospectus Form, and QT Circular Form amendments and

amendments to this Agreement are to be addressed. Appendix D identifies the parties required to approve amendments to this Agreement. Appendix E identifies the persons to be notified if CDNX perceives that securities legislation has been contravened. The Appendices form part of this Agreement.

F. Consultation

Unless otherwise agreed to between CDNX and the Lead Regulator, CDNX will meet at least semi-annually with the Lead Regulator, within 30 days of the end of each reporting period referred to in section VIII of this Agreement, in order to review and enhance the operation of this Agreement and to identify and discuss issues that have arisen during that period.

G. Amendments to Operating Agreement

1. Subject to paragraphs 4 and 5, amendments may be made to this Agreement upon the written consent of CDNX and the parties referred to in Appendix D.
2. If a Commission requests an amendment, the request will be made in writing and sent by that Commission to the Lead Regulator to be coordinated by the Lead Regulator among the Commissions prior to it being sent to CDNX. CDNX will endeavor to provide a response or consent to the Lead Regulator within 30 days of receipt of any written request from the Lead Regulator.
3. If CDNX requests an amendment, CDNX, in a covering letter sent to the Commissions, will provide a narrative summary and reasons for the proposed amendment together with a copy of the proposed amendment. The Commissions will follow principles of mutual reliance in considering the amendment. The Lead Regulator will consolidate written responses and/or coordinate consents from the other Commissions and will endeavor to provide such responses and/or consents to CDNX within 30 days of receipt of any written request from CDNX.
4. An amendment to the information respecting a Commission contained in Appendix C, D or E may be made by that Commission without the consent of any other party to this Agreement, provided that any such Commission sends written notice of such amendment to the other parties in the form of a revised Appendix C, D or E, as the case may be.
5. (a) No amendment to this Agreement shall affect the OSC until the procedures set out in section 143.10 of the Securities Act (Ontario) (the "Ontario Act") have been complied with, unless:
 - (i) the amendment is an amendment to an Appendix;
 - (ii) the amendment adds an additional securities regulatory authority as a party to the Agreement; or
 - (iii) on the date upon which the proposed amendment is to become effective, section

143.10 of the Ontario Act no longer applies to this Agreement.

- (b) Where section 143.10 of the Ontario Act applies to this Agreement, the amendment shall come into effect with respect to the OSC on the date determined in accordance with section 143.10 of the Ontario Act.
- (c) Where section 143.10 of the Ontario Act does not apply to this Agreement, the amendment shall come into effect with respect to the OSC upon the written consent of CDNX and the parties referred to in Appendix D.

H. Counterparts

This Agreement may be executed in several counterparts, including by facsimile. Upon execution, each counterpart will be considered an original. The counterparts together shall constitute one agreement.

Acknowledgments

By placing their signatures below, each of the parties to this Agreement acknowledges and agrees to the terms of this Agreement.

Canadian Venture Exchange Inc.

Gerry Romanzin
Acting President and Executive Vice-President

British Columbia Securities Commission

Steve Wilson,
Executive Director

Alberta Securities Commission

David C. Linder
Executive Director

Saskatchewan Securities Commission

Barbara Shourounis

Director

Manitoba Securities Commission

Donald G. Murray
Chair

Ontario Securities Commission

David A. Brown, Q.C.
Chair

APPENDIX A

CPC Prospectus and QT Circular Procedures, Review Staff, SEDAR, File Maintenance and Policy Amendments

I. CPC Prospectus

A. Filing of CPC Prospectus

1. **CPC Policy Requirements** - CDNX will require each CPC, subject to the grant by CDNX of a Significant Waiver:
 - (a) to comply in all material respects with the CPC Policy;
 - (b) to prepare the CPC Prospectus in accordance with the CPC Prospectus Form or any successor form;
 - (c) to identify in the cover letter accompanying the filing of the preliminary CPC Prospectus, in addition to any requirement of Part 9 of the MRRS Policy, any required waivers or exemptive relief applications from applicable securities legislation, securities directions or CDNX requirements;
 - (d) to file the CPC Prospectus together with supporting materials in accordance with the MRRS Policy; and
 - (e) to confirm to the IPO Regulator in a letter accompanying the preliminary filing materials that it has made application, or is concurrently making an application, to CDNX to list its securities on CDNX.

B. Review of Preliminary CPC Prospectus

1. **Review Procedures** - The following review procedures will apply in respect of the filing of a CPC Prospectus:
 - (a) **General Review** – After the preliminary Receipt is issued by the IPO Regulator, CDNX will promptly review the CPC Prospectus and supporting materials in accordance with its review procedures.
 - (b) **CDNX Background Checks** – Subject to subsection (c), as soon as possible after receiving the PIF for any director, officer, Insider, promoter or Control Person of the CPC, CDNX will, or will cause its RSP to, conduct background checks on each such person or company to determine whether there is relevant material information of detriment with respect to a director, officer, Insider, promoter or Control Person of the CPC that would give CDNX reason to believe that there is a Receipt Refusal Concern.

- (c) **CDNX Discretion on Background Checks**-CDNX may choose not to carry out a background check for any person referred to in subsection (b) if:
- (i) the person is currently on the board of directors or a member of senior management of an issuer that is listed on CDNX or the TSE, and
 - (ii) either:
 - (A) CDNX or its RSP has:
 - (I) required a PIF and conducted background checks on that person in the prior 18 month period, and those prior background checks did not disclose material issues of detriment, and
 - (II) received a statutory declaration from that person confirming that there has been no change in the information disclosed in the most recent PIF filed by that person; or
 - (B) a Vice-President Corporate Finance of CDNX has concluded that it is not necessary to conduct background checks because the person has exhibited:
 - (I) a satisfactory track record with public companies in Canada or the United States, and
 - (II) a positive corporate governance and regulatory history.
- (d) **IPO Regulator Background Checks** – The IPO Regulator will initiate its own background checks. In the event the IPO Regulator identifies any questions or concerns as a result of those background checks, the IPO Regulator will deal directly with the CPC or the applicable person or company and, if the questions or concerns are satisfactorily resolved, the IPO Regulator will advise CDNX accordingly by fax or e-mail.
- (e) **Communication with CPC Relating to Background Checks** – CDNX will address details of any issues or concerns arising from background checks conducted on any director, officer, Insider, promoter or Control Person of the CPC as soon as possible after receipt of any such background checks. If confidential inquiries regarding potential information of detriment are necessary, the communication may be made in writing directly with the applicable individual and need not be sent via SEDAR. However, CDNX must maintain a record of that communication.
- (f) **General CDNX Responsibility** - Subject to subsection (d), CDNX will be responsible for issuing and resolving comments on the CPC Prospectus and related materials and the CPC will generally deal solely with CDNX.
- (g) **CDNX Financial Statement Review** – CDNX will provide the CPC Prospectus (including the financial statements) to a Qualified Accountant for review and comment if:
- (i) the financial statements consist of anything other than an audit report, opening

- balance sheet, an income statement and notes;
 - (ii) there are any items in the balance sheet, income statement, if applicable, or notes that deviate from those customarily contained in the financial statements accompanying a CPC Prospectus; or
 - (iii) there is any reservation in the auditor's report.
- (h) **CDNX Initial Comment Letter** – CDNX will use its reasonable best efforts to send an initial comment letter to the CPC within 10 business days of the date of the Receipt for the preliminary prospectus. The initial comment letter will provide a clear and full explanation of CDNX's material concerns and the issues to be resolved, including:
 - (i) any Receipt Refusal Concerns;
 - (ii) any material disclosure deficiencies;
 - (iii) any non-compliance with the CPC Policy that if permitted would constitute a Significant Waiver and, unless an application has already been filed, a direction to the CPC to comply with the CPC Policy or make application to CDNX for a Significant Waiver;
 - (iv) requests for any additional information reasonably required to assess the filing; and
 - (v) a request that the CPC confirm that all necessary applications for exemptive relief or waivers have been made to the Applicable Commissions.
- (i) **Comments of Applicable Commissions** – Within five business days after CDNX issues its initial comment letter, each Applicable Commission (other than the IPO Regulator) will use its reasonable best efforts:
 - (i) to advise CDNX and the IPO Regulator by fax or e-mail if it has any material concerns with the materials that, if left unresolved, would cause it to opt out of the MRRS Policy, or
 - (ii) if there are no outstanding applications for exemption orders or waivers filed with it, to indicate in the SEDAR "Filing Status" screen that it is clear to receive final materials.
- (j) **Comments of IPO Regulator** - Within five business days after CDNX issues its initial comment letter, the IPO Regulator will use its reasonable best efforts to advise CDNX by fax or e-mail if it has any material concerns with the materials (other than as a result of background checks), that if left unresolved, would cause it to refuse to issue a Receipt. CDNX will incorporate into a subsequent comment letter or send as an attachment to the CPC any material concerns raised by the IPO Regulator.

- (k) **Treatment of Concerns** - As soon as possible after receipt of a notice, under section 1 (i) above, the IPO Regulator will advise CDNX whether it considers the concern to be a Receipt Refusal Concern or other concern required to be raised, and if it does, CDNX will incorporate the concern into a subsequent comment letter or send it as an attachment to the CPC. Where the IPO Regulator does not consider the concern to be a Receipt Refusal Concern or another concern required to be raised, CDNX may nonetheless include the concern in a subsequent comment letter or send it as an attachment to the CPC. If an Applicable Commission opts out of the MRRS Policy, this Agreement will remain in effect and the Applicable Commission will deal with the CPC separately to resolve the concern.
 - (l) **Notices Under MRRS Policy** – Any notice from an Applicable Commission that is required to be provided under the MRRS Policy to the principal regulator will be provided at the same time to both CDNX and the IPO Regulator.
- 2. **Written Record of Material Communication** - Material communication including comment letters and responses to comment letters, between CDNX and the CPC will generally be in writing and delivered via SEDAR. Any material verbal communication must be documented in writing, including the nature and outcome of the discussion.
- 3. **CPC’s Response** - Where issues or deficiency comments were initially raised by a Qualified Lawyer or Qualified Accountant, that individual (or a similarly qualified individual) will consider the acceptability of the CPC’s responses.
- 4. **Invitation to File Final Material** - CDNX will only invite the CPC to file final material when the IPO Regulator has indicated via SEDAR, in the SEDAR “Filing Status” screen that it is “Clear for Final”. Before the IPO Regulator will indicate that it is “Clear for Final”, it will generally require that CDNX provide written confirmation that:
 - (a) all of CDNX’s comments on the preliminary CPC Prospectus filing (including those raised by an Applicable Commission) have been satisfactorily resolved;
 - (b) CDNX has received either:
 - (i) the results of all CDNX background checks as carried out in accordance with section B 1(b) and any relevant information of detriment revealed by those background checks has been appropriately resolved and, if necessary, disclosed in the CPC Prospectus, or

- (ii) the results of the CDNX background checks as carried out in accordance with section B 1(b), in relation to at least a majority of all directors, officers, other Insiders, promoters, inclusive of Excluded Persons, and any Control Person of the CPC and any relevant information of detriment revealed by those background checks, has been appropriately resolved and, if necessary, disclosed in the CPC Prospectus and in regard to each director, officer, Insider or promoter who is not an Excluded Person in regard to whom background checks have not been received, from such person or company:
 - (A) an undertaking to resign,
 - (B) in the case of an Insider, an undertaking to divest shares, or
 - (C) in the case of a promoter, an undertaking to cease to be involved with the CPC,

at the request of CDNX, if CDNX in its sole discretion, considers the resignation, divestiture or cessation of involvement appropriate;
 - (c) to the best of its knowledge, CDNX is not aware of any other circumstances that would cause it to conclude that there are Receipt Refusal Concerns or a failure to materially comply with the CPC Policy, except where a Significant Waiver waiving such non-compliance has been granted;
 - (d) CDNX has granted listing approval to the CPC, conditional only on satisfaction of distribution and other standard conditions of CDNX or, if there are any non-standard conditions, those conditions and the concerns underlying those conditions are fully described in the written confirmation;
 - (e) either CDNX has
 - (i) not granted any Significant Waiver, or
 - (ii) only granted a Significant Waiver in accordance with Part VI. B. of the Agreement; and
 - (f) if the CPC Prospectus has been filed in multiple CPC Jurisdictions, each of the Applicable Commissions, other than the IPO Regulator, has indicated in the SEDAR “Filing Status” screen,
 - (i) that it is “Clear for Final”, or
 - (ii) has opted out of the MRRS Policy by indicating “MRRS - Opt Out”.
5. **Review of Final Material** - When the final CPC Prospectus and supporting material is filed, a member of the CPC Review Staff will promptly review it to determine that acceptable materials have been filed. CDNX will use its reasonable best efforts to promptly review the final materials

such that a final Receipt for the CPC Prospectus may be issued not later than the next business day following receipt of acceptable final materials.

6. **CDNX's Recommendation to Issue Final Receipt** - If the final materials are acceptable, CDNX will promptly send to the IPO Regulator a written notice recommending that a Receipt be issued for the final prospectus and stating that:
 - (a) acceptable materials have been filed;
 - (b) CDNX has complied with this Agreement;
 - (c) if the CPC Prospectus has been filed in multiple CPC Jurisdictions, the CPC has filed the letter required under section 7.4(4) of the MRRS Policy; and
 - (d) if applicable, the statutory waiting period (10 days) between the issuance of an MRRS decision document for the preliminary CPC Prospectus and the final CPC Prospectus has expired.
7. **Final Receipt** - The IPO Regulator will generally require receipt of the confirmation from CDNX referred to in section B.6. prior to issuing a Receipt for the final CPC Prospectus.

C. Prospectus Amendments

1. **Preliminary Prospectus Amendments** - In the case of a preliminary prospectus amendment, CDNX will use its reasonable best efforts to follow the MRRS Policy as if it were the principal regulator and if any Applicable Commission sends comments in respect of the preliminary prospectus amendment, that Applicable Commission will provide those comments both to CDNX and the IPO Regulator.
2. **Final Prospectus Amendments** - If a prospectus amendment is filed, the following procedures will apply.
 - (a) Except as varied by this section C. 2., Part I of Appendix A, as modified by the time period requirements of section 10.5 of the MRRS Policy, will apply to the review by CDNX of any prospectus amendment.
 - (b) CDNX, the IPO Regulator and each Applicable Commission (other than the IPO Regulator) will review the prospectus amendment and accompanying documents following the procedure set out at sections B.1.(h) to (k) to the extent applicable to the amendment filed.
 - (c) Prior to issuing a Receipt for the prospectus amendment, the IPO Regulator will generally require receipt from CDNX of the confirmation:
 - (i) referred to in sections B.4, as may be applicable, and B.6(a) and (b); and
 - (ii) if the prospectus amendment has been filed in multiple CPC Jurisdictions, that the

CPC has filed the letter required under section 10.6(4) of the MRRS Policy.

II. Qualifying Transaction Review

A. Review of QT Circular

1. **Initial QT Circular Filing** - CDNX will require each CPC, subject to the grant by CDNX of a Significant Waiver to:
 - (a) comply in all material respects with the CPC Policy;
 - (b) prepare the draft QT Circular in accordance with the QT Circular Form or any successor form;
 - (c) make a complete filing with CDNX; and
 - (d) identify in the cover letter accompanying the filing of the draft QT Circular, any required waivers or exemptive relief orders required under applicable securities legislation or CDNX requirements.
2. **General Review** – Following receipt of a draft QT Circular, CDNX will promptly review the QT Circular and supporting materials in accordance with its review procedures.
3. **CDNX Background Checks** – Subject to section 4, CDNX will conduct or will cause its RSP to conduct as soon as possible after receiving the PIF for any proposed director, officer, Insider, promoter or Control Person of the Resulting Issuer, background checks on each such person or company. CDNX will conduct or will cause its RSP to conduct a reasonable review to determine whether there is relevant material information of detriment with respect to a director, officer, Insider, promoter or Control Person of the Resulting Issuer that would give CDNX reason not to accept the Qualifying Transaction.
4. **CDNX Discretion on Background Checks** - CDNX may choose not to carry out a background check for any person referred to in section 3 if:
 - (a) the person is currently on the board of directors or a member of senior management of an issuer that is listed on CDNX or the TSE, and
 - (b) either:
 - (i) CDNX or its RSP has:
 - (A) required a PIF and conducted background checks on that person in the prior 18 month period, and those prior background checks did not disclose material issues of detriment, and
 - (B) received a statutory declaration from that person confirming that there has been no change in the information disclosed in the most recent PIF filed by that person; or

- (ii) a Vice-President Corporate Finance of CDNX has concluded that it is not necessary to conduct background checks because the person has exhibited:
 - (A) a satisfactory track record with public companies in Canada or the United States, and
 - (B) a positive corporate governance and regulatory history.
- 5. **Trading Surveillance** – CDNX will cause its RSP to advise it if the RSP becomes aware of any materially unusual trading patterns in the shares of a CPC. CDNX or its RSP will conduct such inquiry or investigation as CDNX or its RSP, as the case may be, determines to be reasonably necessary or advisable in the circumstances.
- 6. **Financial Statements** - CDNX will provide the financial statements included in the draft QT Circular to a Qualified Accountant for review and comment. The Qualified Accountant will assess whether it appears that:
 - (a) the financial statements (including any pro forma financial statements) comply with Canadian generally accepted accounting principles;
 - (b) the QT Circular contains all of the financial statements required under the CPC Policy and CDNX's QT Circular Form; and
 - (c) any future oriented financial information has been prepared in accordance with the Canadian Institute of Chartered Accountants Handbook and National Policy Statement No. 48 or any successor instrument.
- 7. **Financial Statement Disclosure** - A Qualified Accountant or a member of the QT Review Staff will review the QT Circular and the financial statements included in the draft QT Circular to assess whether it appears that the disclosure derived from the financial statements (eg. management's discussion and analysis and share capitalization) fairly corresponds to the financial statements. If the review is not conducted by a Qualified Accountant, a Qualified Accountant will be consulted, as necessary.
- 8. **Geological or Engineering Reports** - If the Resulting Issuer will be an oil and gas or mining issuer, CDNX will provide any geological or engineering report to a Qualified Resource Professional for review and comment. The Qualified Resource Professional will assess whether it appears that:
 - (a) there are one or more resource properties which have sufficient merit to meet CDNX's minimum listing requirements;
 - (b) the property reports materially comply with National Instrument 43-101, *Standards of Disclosure for Mineral Projects* and Form 43-101F1 *Technical Report* or National Policy 2B *Guide for engineers and geologists submitting oil and gas reports to Canadian provincial securities administrators* (or, if implemented proposed National

- Instrument 51-101) or any successor instrument, as applicable; and
- (c) resource and reserve definitions are substantially in accordance with National Instrument 43-101 or National Policy 2B (or, if implemented, proposed National Instrument 51-101) or any successor instrument, as applicable.

9. **Geological or Engineering Disclosure** - CDNX will ensure that a reasonable review of the QT Circular and the geological or engineering reports filed with the QT Circular is conducted to assess whether it appears that:

- (a) the QT Circular substantially complies with the CPC Policy (including as specified in the QT Circular Form);
- (b) the funds available to the Resulting Issuer are sufficient to complete any recommended program and the geologist's or engineer's recommendations, conclusions and cost estimates for any recommended program correspond with the details in the "Available Funds" section of the QT Circular; and
- (c) all material facts contained in the reports are fairly disclosed or summarized in the QT Circular and in this regard, quantities, values and disclosure in the reports are consistent with the disclosure in the QT Circular.

If the Resulting Issuer will be a mining issuer, the review may be conducted by either a Qualified Resource Professional or a member of QT Review Staff, but if the property contains reserves and resources or an economic valuation, such as scoping, pre-feasibility or feasibility studies, the review must be conducted by a Qualified Resource Professional. If the Resulting Issuer will be an oil and gas issuer, the review may be conducted either by a Qualified Resource Professional or a member of the QT Review Staff. In assessing the materiality of information in the reports, the corporate analyst will consider any comments received from the Qualified Resource Professional and, if necessary, will consult with the Qualified Resource Professional.

10. **CDNX Comment Letters** - CDNX will send a comment letter to the CPC which will provide a clear and full explanation of CDNX's material concerns and issues to be resolved, including:

- (a) any matters arising out of the review conducted in accordance with section 2 of Part V of the Agreement;
- (b) any material disclosure deficiencies;
- (c) any material non-compliance with the CPC Policy that if permitted would constitute a Significant Waiver and, unless an application has already been filed, a direction to the CPC to comply with the CPC Policy or make application to CDNX for a Significant Waiver;
- (d) requests for any additional information reasonably required to assess the filing; and
- (e) a request that the CPC identify any exemptive relief or waivers required from a securities regulatory authority or regulator in connection with a Qualifying Transaction and confirm that all necessary applications for exemptive relief or waivers have been made.

11. **Geologist/Engineer Comments** - If the Resulting Issuer will be a mining or oil and gas issuer, the CPC will be provided with a comment letter that identifies any material issues or deficiencies identified by a Qualified Resource Professional arising from the review contemplated by section 8, above. The Qualified Resource Professional's comments will be provided to the CPC as soon as reasonably possible. They may be provided with the initial comment letter or as a separate letter.
12. **Written Record of Material Communication** - Material communication between CDNX and the CPC will generally be in writing. Any material verbal communication must be documented in writing, including the nature and outcome of the discussion.
13. **Background Check Comment Letters** - Details of any issues or concerns arising from background checks conducted on any director, officer, Insider, promoter or Control Person of the Resulting Issuer will be addressed as soon as possible after receipt of the information. If confidential inquiries regarding potential information of detriment are necessary, the communication may be made in writing directly with the applicable individual. However, CDNX will maintain a record of that communication.
14. **CPC's Response** - If issues or deficiency comments were initially raised by a Qualified Lawyer, Qualified Accountant or Qualified Resource Professional, that individual (or another similarly qualified individual) will consider the acceptability of the responses.
15. **Conditions to Giving Clearance to File and Sending QT Circular** - CDNX will not advise the CPC that it is clear to file and send the QT Circular unless:
 - (a) all of CDNX's comments on the draft QT Circular have been satisfactorily resolved;
 - (b) CDNX has received either
 - (i) the results of all background checks as carried out in accordance with section A 3 above and any relevant information of detriment revealed by those background checks has been appropriately resolved and, if necessary, disclosed in the QT Circular, or
 - (ii) the results of CDNX background checks, as carried out in accordance with section A 3 above, in relation to at least a majority of all the proposed directors, officers, Insiders, promoters, inclusive of Excluded Persons, and any Control Person of the Resulting Issuer, and any relevant information of detriment revealed by those background checks has been appropriately resolved and, if necessary, disclosed in the QT Circular and in regard to each director, officer, Insider or promoter who is not an Excluded Person in regard to whom background checks have not been received, from such person or company:
 - (A) an undertaking to resign,

- (B) in the case of an Insider, an undertaking to divest shares, or
- (C) in the case of a promoter, an undertaking to cease to be involved with the Resulting Issuer,

at the request of CDNX, if CDNX in its sole discretion, considers the resignation, divestiture or cessation of involvement appropriate;

- (c) CDNX is not aware of any other circumstances that would cause it, having regard to section V. 2. of the Agreement, to conclude that there has been a failure to materially comply with the CPC Policy, except where a Significant Waiver waiving such non-compliance has been granted;
 - (d) CDNX has granted conditional acceptance of the Qualifying Transaction;
 - (e) any Significant Waivers required to be granted by CDNX have been granted; and
 - (f) to the best of its knowledge, any exemptive relief or waiver required from any securities regulatory authority(ies) or regulator(s) in connection with the Qualifying Transaction has been granted or the relevant securities regulatory authority(ies) or regulator(s) has confirmed that the QT Circular can be mailed to shareholders prior to the granting of such relief or waiver.
16. **CDNX Acceptance Bulletin** - As soon as possible after advising the CPC that it is cleared to file and send the QT Circular to shareholders, CDNX will issue an Exchange Bulletin (as defined in CDNX policies) confirming that CDNX has accepted the QT Circular for filing.
17. **Post Meeting and Closing Material** - A member of the QT Review Staff will promptly review the post-meeting and closing materials to determine whether the materials comply with the CPC Policy. In the event that the materials are acceptable and all conditions to CDNX's acceptance of the Qualifying Transaction have been satisfied (or, subject to the terms of this Agreement, waived), the QT Review Staff member will promptly issue a Final Exchange Bulletin (as defined in the CPC Policy) confirming that the Qualifying Transaction has been completed and that the Resulting Issuer is not a CPC.

III. CPC Review Staff and QT Review Staff: Qualifications and Training

A. General

1. CPC Review Staff and QT Review Staff must:
- (a) be employed by CDNX on a full-time, part-time or a secondment basis as a corporate analyst or corporate finance manager;
 - (b) have adequate access to and be trained in use of SEDAR so that they are capable of receiving all filings and issuing all comment letters through SEDAR on a timely basis;

- (c) have adequate access to a Qualified Accountant;
 - (d) have adequate access to a Qualified Lawyer who can provide legal advice relating to securities legislation and securities directions of a CPC Jurisdiction; and
 - (e) report to and be appropriately supervised by an individual who is employed by CDNX on a full-time or part-time basis and who is a lawyer, public accountant (CA, CMA or CGA) or holds an MBA or CFA or is an individual who is otherwise accepted in writing by the Lead Regulator. A manager of the CPC Review Staff or QT Review Staff, as the case may be, must also qualify as a member of the review staff that he or she oversees.
2. CDNX will consider the complexity and significance of each CPC Prospectus filing and each QT Circular filing to ensure that it is assigned to one or more suitably qualified and experienced members of its CPC Review Staff or QT Review Staff, as applicable.

B. CPC Review Staff

1. A member of the CPC Review Staff that does not meet the qualifications of QT Review Staff must hold a Bachelors of Commerce degree (or have substantially equivalent education and experience) and have at least one year's experience as an Analyst or Corporate Analyst with CDNX or a predecessor of CDNX or have other qualifications accepted by the Lead Regulator.

C. QT Review Staff

1. Each member of the QT Review Staff must:
- (a) have appropriate professional qualifications as a public accountant in Canada (CA, CMA, CGA) lawyer, MBA, CFA;
 - (b) have other comparable business and financial education or experience and a minimum of three years' full-time supervised experience reviewing prospectuses, QT Circulars (or their predecessors) or information circulars in connection with reverse takeovers and changes of business;
 - (c) be a Qualified Resource Professional; or
 - (d) have such other qualifications as may be accepted in writing by the Lead Regulator.

IV. Use of SEDAR

1. Except as permitted by National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* or as otherwise agreed to in writing by the Lead Regulator, CDNX will not, other than through SEDAR:
- (a) accept the filing of any CPC Prospectus (preliminary, blacklined, final or amendment) or any supporting document required to be filed by the CPC with an Applicable Commission;

- (b) provide any written correspondence to a CPC (including any correspondence which includes comments of an Applicable Commission); or
 - (c) accept the filing of any response to comments made (including responses to comments of an Applicable Commission) or the filing of any supplementary documents.
2. CDNX will not consider a CPC Prospectus or any supporting document required to be filed with an Applicable Commission, to be “filed” unless it has been properly filed in accordance with National Instrument 13-101.
 3. Notwithstanding subsection IV. 1, PIFs, and documents required to be submitted by a Sponsor are not required to be filed via SEDAR.
 4. Notwithstanding anything in this Agreement relating to filing or communication to be made or delivered via SEDAR, such filing or communication shall be subject to any exemption permitted by National Instrument 13-101 *System for Electronic Document Analysis and Retrieval*.

V. File Maintenance

A. File Maintenance

1. CDNX will maintain for a period of eight years, the files or reports referred to in this Part V.A and the following Part V.B.
2. CDNX will maintain a file in paper or electronic format of all material documents filed in connection with a CPC Prospectus filing or QT Circular filing, including:
 - (a) in relation to a CPC Prospectus filing, all versions of the CPC Prospectus filed with CDNX, all supporting documents and correspondence, including correspondence with any Applicable Commission;
 - (b) in relation to a Qualifying Transaction filing, all versions of the QT Circular filed with CDNX, including all supporting documents and correspondence;
 - (c) all internal notes and comments on a CPC Prospectus (preliminary, final or amendment), a QT Circular or the Qualifying Transaction, including comments by the Qualified Accountant, Qualified Resource Professional or any other expert retained by CDNX;
 - (d) each letter recommending to the IPO Regulator to issue a receipt for a CPC Prospectus (or amendment);
 - (e) each letter confirming that CDNX is in a position to accept final materials;
 - (f) a record evidencing that all comments made by CDNX, including those raised by an Applicable Commission have been satisfactorily addressed;
 - (g) the Sponsor report, if applicable;
 - (h) the minutes of the Executive Listing Committee in relation to each conditional approval for

- listing of a CPC and each conditional acceptance of a Qualifying Transaction; and
 - (i) identification of whether any Significant Waiver was requested or granted in regard to the file.
- 3. CDNX will maintain a file of all Significant Waivers of the CPC Policy requested and all Significant Waivers granted. The file will:
 - (a) identify the name of the CPC;
 - (b) include the submissions made in support of the Significant Waiver; and
 - (c) CDNX's reasons for accepting or refusing the Significant Waiver.
- 4. CDNX is not required to maintain its own file of documents that have been filed via SEDAR.

B. Maintaining a Database

- 1. In regard to CPC Prospectus filings, CDNX will create and maintain an Excel spreadsheet or other database which contains the following information:
 - (a) the name of each CPC and its trading symbol;
 - (b) the date of filing of the preliminary prospectus;
 - (c) the date the preliminary Receipt was issued;
 - (d) the date the final Receipt was issued;
 - (e) the date of listing;
 - (f) whether a possible Qualifying Transaction was identified in the prospectus;
 - (g) the dollar amount of seed capital;
 - (h) the number of shares being offered under the IPO;
 - (i) the price per IPO share;
 - (j) the IPO Regulator;
 - (k) the CDNX office that reviewed the prospectus;
 - (l) the jurisdictions in which the initial public offering was made; and
 - (m) the date of announcement by the CPC of each proposed Qualifying Transaction.
- 2. CDNX will also maintain a record of the number of CPC Prospectuses filed, the number that were rejected by the Executive Listing Committee and the number that were withdrawn or abandoned. In regard to any that were rejected by the Executive Listing Committee, the reasons for that rejection will be recorded. If known, the reasons for withdrawal or abandonment will also be recorded.
- 3. In regard to Qualifying Transaction filings, CDNX will maintain an Excel spreadsheet or other database which contains the following information:

- (a) the name of each CPC, each Resulting Issuer and each of their respective trading symbols;
 - (b) the date of announcement of the proposed Qualifying Transaction;
 - (c) the date of initial filing of the QT Circular;
 - (d) the dollar amount of any concurrent financing and whether it was conducted by the CPC or a Target Company;
 - (e) the proposed industry sector of the Resulting Issuer;
 - (f) the location of the Resulting Issuer's head office and, if different, the location of its principal business operations;
 - (g) the CDNX office that reviewed the QT Circular;
 - (h) whether the Qualifying Transaction is a Related Party Transaction as defined in CDNX Policy 5.9;
 - (i) escrow requirements or other resale restrictions imposed by CDNX on any person, other than as contemplated by CDNX's Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*;
 - (j) whether CDNX concluded that any person or company was an Excluded Person under sections I B 1 (c) (ii) (B) or II A 4 (b) (ii) of Appendix A and, if so, the name of the person or company, and the reasons for the decision;
 - (k) the date of CDNX's Bulletin confirming acceptance for filing of the QT Circular;
 - (l) if applicable, the name of the Sponsor;
 - (m) whether the Resulting Issuer is a Tier 1 or Tier 2 issuer; and
 - (n) the date of CDNX's Final Exchange Bulletin.
4. CDNX will maintain a record of the number of QT Circulars filed, the number that were rejected by the Executive Listing Committee and the number that were withdrawn or abandoned. In regard to any that were rejected by the Executive Listing Committee, the reasons for that rejection will be maintained. If known, the reasons for the withdrawal or abandonment of any Qualifying Transaction will also be recorded.
5. CDNX will maintain a record of all complaints received in relation to a CPC, a non-arm's length party to a CPC, the Sponsor or other person or company relating to the CPC or a Qualifying Transaction. CDNX will maintain and provide, or may cause any RSP retained by CDNX to maintain and provide, to an Applicable Commission, a report reflecting the following information:
- (a) the name of the parties against whom the complaint was made or the investigation was started;
 - (b) the date the complaint was received or investigation started;
 - (c) a brief summary of the complaint or the allegations under investigation;
 - (d) in regard to any complaint or investigation that has been resolved or concluded, the date of resolution or conclusion and a brief summary of the resolution or conclusion.

VI Policy Amendments

1. Subject to section 4, CDNX will file any Policy Amendment for review and approval with the Primary Regulators, and CDNX will concurrently provide copies of the Policy Amendment to the other Commissions addressed to the persons identified in Appendix C.
2. Within 10 business days of receipt of the Policy Amendment, the other Commissions will endeavour to provide written notice to the Lead Regulator as to:
 - (a) any comments on the Policy Amendments; or
 - (b) advice that they have no comments on the Policy Amendments.
3. In the event that the Lead Regulator advises CDNX that a Commission objects to a Policy Amendment that would otherwise be approved by the Primary Regulators in accordance with the oversight program, such Policy Amendment will not take effect in the objecting Commission's jurisdiction until such time as the Lead Regulator advises that the objection has been withdrawn.
4. Notwithstanding section 1, CDNX may make a Policy Amendment:
 - (a) if that Policy Amendment involves only
 - (i) the correction of mistakes with regard to spelling, punctuation, grammar, inaccurate cross-references or other similar merely typographical errors;
 - (ii) stylistic reformatting, including in regard to headings and paragraph numbering;
 - (iii) non-material amendments required to ensure consistency between CDNX policies and rules and applicable securities legislation or securities directions; or
 - (iv) other non-material amendments agreed to by the Lead Regulator; or
 - (b) if CDNX determines that the Policy Amendment is of an urgent nature, in which case:
 - (i) prior to publishing the Policy Amendment, CDNX will notify the Lead Regulator,
 - (ii) CDNX may immediately proceed to institute and publish the Policy Amendment, and
 - (iii) CDNX will concurrently send the Policy Amendment to the Primary Regulators advising that the Policy Amendment has been published and requesting the Primary Regulators to review and approve the Policy Amendment. CDNX will also send a copy of the Policy Amendment concurrently to every other Commission addressed to the persons identified in Appendix C.
5. A Policy Amendment that is published in accordance with paragraph 4 (b) will cease to have any force and effect:

- (a) in all CPC Jurisdictions on the earlier of:
 - (i) the date of receipt by CDNX of a notice of objection from the Lead Regulator on behalf of the Primary Regulators, or
 - (ii) the 60th day following publication, if the Primary Regulators have failed to approve the Policy Amendment.

- (b) in a CPC Jurisdiction on the date of receipt by CDNX of notice from the Lead Regulator that a Commission objects to the implementation of the Policy Amendment in that Commission's jurisdiction.

In the event the Primary Regulators object or the Lead Regulator fails to provide notice of approval in accordance with section 5 (a) or notifies CDNX of an objection pursuant to section 5 (b), CDNX will promptly publish an Exchange Bulletin (as defined in CDNX Policies) advising that the Policy Amendment has no further force and effect in all or any particular CPC Jurisdiction.

APPENDIX B

Significant Waivers of CPC Policy

The parties agree that waivers of the following provisions of the CPC Policy will constitute Significant Waivers:

1. distribution requirements (at either the IPO or Qualifying Transaction stage) where the issuer's distribution is, or in the case of a Resulting Issuer, will be less than 80% of any one or more of the applicable distribution requirements;
2. any financial statement requirement in connection with a Qualifying Transaction;
3. financial requirements specified in CDNX's minimum listing requirements, such as net tangible assets, earnings, revenues, expenditures, reserves or working capital if the actual financial circumstances of the Resulting Issuer, will represent, less than 80% of any one or more of the stated financial requirements;
4. the minimum listing requirements applicable to a Resulting Issuer, upon completion of the Qualifying Transaction relating to a holding of at least a 51% interest in the asset, business or property which is the subject of the application, unless this is otherwise permitted by Policy 2.1 – *Minimum Listing Requirements*;
5. the requirement to escrow securities, including any material variation or waiver of the securities to be escrowed, the persons to be escrowed or the terms of release of escrowed securities, provided that any variation resulting in less stringent requirements from that which would be obtained if the guidelines in National Policy 46-201 *Escrow For Initial Public Offerings* were applied, will be considered to be a material variation or waiver unless otherwise permitted by the CPC Policy;
6. the requirement for shareholder approval including the acceptance of consents in lieu of a formal shareholder meeting;
7. minimum listing requirements as to residency requirements for either individual directors, or senior officers of the CPC or the Resulting Issuer;
8. material seed capital or initial public offering financing requirements for CPCs including minimum and maximum price per share and minimum and maximum proceeds;
9. restrictions on private placements or other financings if it allows the CPC to raise, in aggregate

in excess of \$825,000 (after including proceeds from the seed capital and IPO);

10. sponsorship requirements, including
 - (a) waiver of sponsorship, other than as may be permitted under CDNX Policy 2.2 – *Sponsorship and Sponsorship Requirements*, or
 - (b) acceptance of a Sponsor report from a person not qualified to act as Sponsor;
11. limits on agent's compensation or options;
12. restrictions on material payments prohibited under the CPC Policy;
13. material requirements of National Policy 2B (or on implementation, proposed National Instrument 51-101) or any other successor instrument;
14. restrictions on pro group involvement;
15. the time period within which the initial submission of the draft QT Circular and other related documents must be made or trading in shares of the CPC will be halted, unless the waiver is for no more than two weeks;
16. prohibitions on the issuance of securities;
17. the prohibition on the exercise of incentive stock options prior to issuance of the Final Exchange Bulletin, unless the shares issued on the exercise of such options are escrowed until issuance of the Final Exchange Bulletin;
18. the prohibition against the Resulting Issuer being a finance company, financial institution, finance issuer or mutual fund as defined under applicable securities legislation; or
19. the prohibition on the acquisition pursuant to a Qualifying Transaction, of Significant Assets, as defined in the CPC Policy, which are located other than in Canada or the United States, unless the Resulting Issuer will be either an oil and gas issuer or a mining issuer.

The parties agree that the failure of CDNX to:

- (a) suspend a CPC for failure to complete a Qualifying Transaction within 24 months from the date of listing;
- (b) delist, a CPC that has been suspended for a period of more than 18 months; or
- (c) follow the procedures in the CPC Policy for lifting a halt on announcement of an Agreement in Principle

will constitute a Significant Waiver.

APPENDIX C

Addressees for CPC Policy and Form Amendments and Amendments to the Agreement

Director, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V7Y 1L2

Director, Legal Services & Policy Development
Alberta Securities Commission
400, 300 - 5th Avenue S.W.
Calgary, Alberta T2P 3C4

Deputy Director, Corporate Finance
Saskatchewan Securities Commission
800, 1920 Broad Street
Regina, Saskatchewan S4P 3V7

Director, Corporate Finance
Manitoba Securities Commission
1130 - 405 Broadway
Winnipeg MB R3C 3L6

Manager, Market Regulation
Capital Markets Branch
copy to: Director, Corporate Finance
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8

APPENDIX D

Parties Required to Approve Amendments to the Agreement

Executive Director,
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V7Y 1L2

Executive Director,
Alberta Securities Commission
400, 300 - 5th Avenue S.W.
Calgary, Alberta T2P 3C4

Director
Saskatchewan Securities Commission
800, 1920 Broad Street
Regina, Saskatchewan S4P 3V7

Chair
Manitoba Securities Commission
1130 - 405 Broadway
Winnipeg MB R3C 3L6

Chair and a Vice-Chair
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8

APPENDIX E

Addressees for Notification of Securities Legislation Contraventions

Manager Case Assessment Team
copy to: Director, Corporate Finance
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V7Y 1L2

Director, Enforcement
Alberta Securities Commission
400, 300 - 5th Avenue S.W.
Calgary, Alberta T2P 3C4

Deputy Director, Corporate Finance
Saskatchewan Securities Commission
800, 1920 Broad Street
Regina, Saskatchewan S4P 3V7

Director, Legal and Enforcement
Manitoba Securities Commission
1130 - 405 Broadway
Winnipeg MB R3C 3L6

Manager, Market Regulation
Capital Markets Branch
copy to: Director of Enforcement
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8