

POLICY 1.1

INTERPRETATION

1. Definitions

1.1 The definitions provided in this Manual (which includes the Policies, Forms and Appendices) may differ from the definitions in the Securities Laws for the same or similar terms. The definitions apply only to this Manual.

1.2 In this Manual:

“Affiliate” means a Company that is affiliated with another company as described in section 2 of this policy.

“Agent” means a Person that, as agent, offers for sale or sells securities in connection with a distribution and that is permitted pursuant to applicable Securities Laws to perform this function.

“Agent’s Option” means a non-transferable compensation option to acquire securities of an Issuer, granted by an Issuer to an Agent as consideration for an Agent conducting a financing for the Issuer.

“Aggregate Pro Group” means all Persons who are members of any Pro Group whether or not the Member is involved in a contractual relationship with the Issuer to provide financing sponsorship and other advisory services.

“Agreement in Principle” means in connection with Qualifying Transaction, the meaning provided at Policy 2.4 - *Capital Pool Companies*.

“Application for Listing” means a formal application by an Issuer or Resulting Issuer for a listing on the Exchange.

“Approved Expenditures” means any exploration expenditures resulting or arising from, or relating to, geological and scientific surveys conducted on a mineral property where such surveys advanced a mineral project or enhanced the Issuer's geoscientific database but does not include any of the following costs or expenses: general and administrative, land maintenance, public affairs, required property payments, staking, property or project acquisition, flight expenditures of personnel where the project or property is non-domestic, tax and GST.

“Arm’s Length Transaction” means a transaction which is not a “Related Party Transaction” as defined below.

“**ASC**” means the Alberta Securities Commission.

“**ASE**” means The Alberta Stock Exchange, being one of the predecessor stock exchanges of TSX Venture Exchange.

“**Associate**” when used to indicate a relationship with a Person, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10 percent of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual
 - (i) that Person’s spouse or child, or
 - (ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company.

“**Available Funds**” means the estimated minimum Working Capital available to the Issuer, its subsidiaries and proposed subsidiaries as of the most recent month end, and the amounts and sources of other funds that will be available to the Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the completion of a Reverse Takeover, Qualifying Transaction or Initial Public Offering.

“**BCSC**” means the British Columbia Securities Commission.

“**BHs**” mean those beneficial shareholders of an Issuer that are included in either:

- (a) a DSR for the Issuer and whose shares were disclosed in the Issuer’s books and records or list of registered shareholders as being held by an intermediary; or
- (b) after the implementation of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, a NOBO list for the Issuer.

“**Board Lot**” means, in respect of:

- (a) a derivative instrument, 1 contract;

- (b) a debt security that is a listed security or a quoted security, \$1,000 in principal amount; or
- (c) any equity or similar security:
 - (i) 1,000 units of a security trading at less than \$0.10 per unit,
 - (ii) 500 units of a security trading at \$0.10 or more per unit and less than \$1.00 per unit, and
 - (iii) 100 units of a security trading at \$1.00 or more per unit.

“Brokered Private Placement” means a Private Placement for which the Issuer has retained an Agent to offer and sell securities.

“Cease Trade Order” means an order issued by one of the Securities Commissions that all trading (and acts in furtherance of a trade) either through the facilities of the Exchange, or otherwise in the jurisdiction of that Securities Commission, must cease.

“Change of Business” or “COB” means a transaction or series of transactions which will redirect an Issuer’s resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Issuer’s market value, assets or operations, or which becomes the principal enterprise of the Issuer.

See section 1.2 of Policy 5.2 - *Changes of Business and Reverse Takeovers* for guidance on the general application of this definition.

“Change of Control” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one Person holds a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer, or
- (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer,

where such Person or combination of Persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer.

“Change of Management” means:

- (a) a reconstitution of the board of directors of an Issuer so that the majority of the board of directors is comprised of Persons who were not members of the board of directors before the reconstitution; or
- (b) a reconstitution in both the senior management and the board of directors of an Issuer so that the control and direction over the Issuer’s business and affairs is predominantly in the hands of Persons who, before the reconstitution, were not senior officers or directors of the Issuer.

“CICA Handbook” means the handbook published by the Canadian Institute of Chartered Accountants, as amended from time to time.

“COGE Handbook” means the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time.

“Company” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“Continued Listing Requirements” or **“CLR”** means the minimum standards that must be maintained by an Issuer for continued listing on Tier 1 or Tier 2. See Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*.

“Control Person” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding Voting Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.

“CPC” has the definition ascribed to that term by Policy 2.4 – *Capital Pool Companies*.

“CPC Prospectus” means an IPO Prospectus prepared in accordance with Form 3A – *CPC Prospectus Form*, Policy 2.4 - *Capital Pool Companies* and the Securities Laws in the jurisdiction where the Distribution is made.

“CSA Jurisdiction” means a province or territory of Canada in which the applicable securities commission or securities regulatory authority participates as a member of the Canadian Securities Administrators.

“Declaration” means Form 2C1.

“Discounted Market Price” means the Market Price less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of \$0.05 and a minimum exercise price per Warrant or incentive stock option, as the case may be, of \$0.10):

Closing Price	Discount
up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

“Distribution” See the definitions under applicable Securities Laws. Generally, means the sale of securities from the treasury of a Company, the sale of securities by a purchaser who acquired securities under an exemption from the Prospectus requirements of applicable Securities Laws, other than in accordance with the applicable Resale Restrictions or the sale of securities by a Control Person other than in accordance with the applicable Resale Restrictions.

“DSR” means the Demographic Summary Report available from the International Investors Communications Corporation (“IICC”).

“Exchange” means the TSX Venture Exchange Inc.

“Exchange Hold Period” means a four month resale restriction imposed by the Exchange on Listed Shares issued:

- (a) to directors, officers and Promoters;
- (b) to Persons holding securities carrying more than 10% of the voting rights attached to the Issuer’s securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Issuer; or
- (c) at a discount of more than 10% to the Market Price,

or, where applicable, under Policy 4.4 – *Incentive Stock Options*.

“Exchange Requirements” means and includes the Articles, by-laws, policies, circulars, rules (including UMIR) guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of a Regulation Services Provider or the Exchange (including those of any committee of the Exchange as appointed from time to time), the *Securities Act* (Alberta) and rules and regulations thereunder as amended, the *Securities Act* (British Columbia) and rules and regulations thereunder as amended and any policies, rules, orders, rulings, forms or regulations from time to time enacted by the ASC or BCSC and all applicable provisions of the Securities Laws of any other jurisdiction.

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

“Fundamental Acquisition” See the definition in Policy 5.3 - *Acquisitions and Dispositions of Non-Cash Assets*.

“GAAP” means generally accepted accounting principles as set out in the CICA Handbook.

“GAAS” means generally accepted auditing standards as set out in the CICA Handbook.

“Geological Report” means:

- (a) in the case of a mining property, a report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* or any successor instrument, or
- (b) in the case of an oil and gas property, a report with supporting materials prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, and the COGE Handbook.

“Information Circular” means a document in the form required by applicable corporate law and applicable Securities Laws prepared in connection with a proxy solicitation for a shareholders’ meeting.

“Initial Listing” means the listing of an Issuer on the Exchange (other than a listing pursuant to a Reverse Takeover, Change of Business or Qualifying Transaction) and includes a listing following an IPO.

“Initial Listing Requirements” or **“ILR”** means the minimum financial, distribution and other standards that must be met by an Issuer seeking a listing on a particular tier of the Exchange.

“Initial Public Offering” or **“IPO”** means a transaction that involves an Issuer issuing securities from its treasury pursuant to its first Prospectus.

“Insider” if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer,
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer, or
- (d) the Issuer itself if it holds any of its own securities.

“Investor Relations Activities” means any activities, by or on behalf of an Issuer or Shareholder of the Issuer, that promote or reasonably could be expected to promote the purchase or sale of securities of the Issuer, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Issuer
 - (i) to promote the sale of products or services of the Issuer, or
 - (ii) to raise public awareness of the Issuer,that cannot reasonably be considered to promote the purchase or sale of securities of the Issuer;
- (b) activities or communications necessary to comply with the requirements of:
 - (i) applicable Securities Laws;
 - (ii) Exchange Requirements or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Issuer;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (i) the communication is only through the newspaper, magazine or publication, and
 - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the Exchange.

“Issuer” means a Company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant Company seeking a listing of its securities on the Exchange.

“Listed Share” means a share or other security that is listed on the Exchange.

“Listing Agreement” means the contract with the Exchange that every Issuer must sign and file with the Exchange before being listed. See Form 2D.

“Manual” means this policy manual.

“Market Price” means the last closing price of the Issuer’s Listed Shares before either the issuance of the news release or the filing of the Price Reservation Form (Form 4A) required to fix the price at which the securities are to be issued or deemed to be issued (the “Notice of the Transaction”), except under the following circumstances, where applicable:

- (a) “*Consolidation Exception*” The Market Price is to be adjusted for any share consolidation or split. If the notice of the transaction is within 5 days following a consolidation of the Issuer’s share capital, the minimum price per share will be the greater of the Market Price, adjusted for any share consolidation or split, or \$0.05 for shares and \$0.10 for the exercise price of Warrants and incentive stock options;
- (b) “*Material Information Exception*” If the Issuer announces Material Information regarding the affairs of the Issuer after providing notice of the transaction and if the Exchange determines that a party to the transaction should reasonably have been aware of that pending Material Information, then the Market Price will be at least equal to the closing price of the Listed Shares on the Trading Day after the day on which that Material Information was announced;
- (c) “*Price Interference Exception*” If the Exchange determines that the closing price is not a fair reflection of the market for the Listed Shares and the Listed Shares appear to have been high-closed or low-closed, then the Exchange will determine the Market Price to be used;
- (d) “*Suspension Exception*” If the Issuer is suspended from trading or has for any reason not traded for an extended period of time, the Exchange may determine the deemed Market Price to be used; and
- (e) “*Minimum Price Exception*” The Exchange will not generally permit Listed Shares to be issued from treasury at a price less than \$0.05 nor will the Exchange generally permit any securities convertible into Listed Shares including incentive stock options and Warrants to be issued with an effective conversion price of less than \$0.10 per Listed Share.

“**Market Value**” when used in relation to a transaction, means the Market Price applicable to the transaction multiplied by the number of Listed Shares to be issued.

“**Material Change**” means the definition prescribed by applicable Securities Laws.

“**Material Fact**” means the definition prescribed by applicable Securities Laws.

“**Material Information**” means a Material Fact and/or Material Change as defined by applicable Securities Laws and Exchange Policy.

“**Member**” has the meaning given to it in Rule A.1.00.

“**MI 61-101**” has the meaning given to it in Policy 5.9.

“**National Policy**” or “**National Instrument**” means a policy or instrument published by the Canadian Securities Administrators, including any successor policy or instrument.

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

“New Listing” means an Initial Listing or the listing of an Issuer pursuant to a Reverse Takeover, Change of Business or a Qualifying Transaction.

“NEX” means the market on which former Exchange and Toronto Stock Exchange issuers that do not meet Exchange TMR for Tier 2 Issuers may continue to trade.

“NEX Company” means a Company which has its securities listed for trading on NEX.

“NOBO list” refers to a ‘non-objecting beneficial owner list’ as defined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“NOBOs” refers to non-objecting beneficial owners as defined in National Instrument 54-101.

“Non-Arm’s Length Party” means:

- (a) in relation to a Company:
 - (i) a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any of such Persons; or
 - (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the Company.
- (b) in relation to an individual, any Associate of the individual or any Company of which the individual is a Promoter, officer, director insider or Control Person.

“OSC” means the Ontario Securities Commission.

“Participating Organization” means, generally, a Company that is not a Member but has been granted access to trading privileges through the Exchange. See the definition in Rule A.1.00.

“Person” means a Company or individual.

“Personal Information Form” or **“PIF”** means Form 2A.

“Policy” means a policy of the Exchange set out in this Manual.

“Principal” means:

- (a) a Person who acted as a Promoter of the Issuer within two years before the IPO Prospectus or Exchange Bulletin confirming final acceptance of a transaction (“Final Exchange Bulletin”);
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO Prospectus or Final Exchange Bulletin;
- (c) a **20% holder** – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
- (d) a **10% holder** – a Person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A Company, more than 50% held by one or more Principals, will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals’ securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal’s spouse and any relatives of the Principal or spouse who live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

“Principal Properties” means any properties of an Issuer, other than a Tier 1 Property or Qualifying Property, in respect of which an Issuer will spend more than 20% of its Available Funds in the next 18 months.

“Private Placement” means an issuance from treasury of securities for cash without Prospectus disclosure, in reliance on one or more of the exemptions under applicable Securities Laws, including the issuance of shares, units, Warrants, convertible securities or debt, but not including a rights offering, issuance of shares for debt, acquisition, take-over bid or offering by a Short Form Offering Document. See Policies 4.1 - *Private Placements*, 4.3 - *Shares for Debt*, 4.5 - *Rights Offerings* and 4.6 - *Public Offering by Short Form Offering Documents*.

“Pro Group” means:

- (a) Subject to subparagraphs (b), (c) and (d) and (e) “Pro Group” shall include, either individually or as a group:
 - (i) the Member;
 - (ii) employees of the Member;
 - (iii) partners, officers and directors of the Member;
 - (iv) Affiliates of the Member; and
 - (v) Associates of any parties referred to in subparagraphs (i) through (iv).
- (b) The Exchange may, in its discretion, include a Person or party in the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is not acting at arm’s length to the Member; and
- (c) The Exchange may, in its discretion, exclude a Person from the Pro Group for the purposes of a particular calculation where the Exchange determines that the Person is acting at arm’s length of the Member;
- (d) The Exchange may deem a Person who would otherwise be included in the Pro Group pursuant to subparagraph (a) to be excluded from the Pro Group where the Exchange determines that:
 - (i) the Person is an affiliate or associate of the Member is acting at arm’s length of the Member;
 - (ii) the associate or affiliate has a separate corporate and reporting structure;
 - (iii) there are sufficient controls on information flowing between the Member and the associate or affiliate; and
 - (iv) the Member maintains a list of such excluded Persons.

“Promoter” means the definition prescribed by applicable Securities Laws.

“Prospectus” means a disclosure document required to be prepared in connection with a public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable Securities Laws.

“Proved Value” means the net present value of future cash flows, before taxes, from proved oil, natural gas or mineral reserves, prepared on a forecast basis and discounted at a rate of 10%.

“Public Float” means Listed Shares of the Issuer held by Public Shareholders and not subject to Resale Restrictions.

“Public Shareholder” means a Shareholder that is not a Promoter, Insider, or an Associate or an Affiliate of the Insider nor any member of the Pro Group.

“Qualified Person” or **“QP”** means a Qualified Person as defined in National Instrument 43-101.

“Qualifying Property” means any property upon which an Issuer in the mining or oil & gas industry segment is relying in order to meet the standards applicable to its industry segment and tier under section 2.5 or section 2.6 of Policy 2.1, as applicable.

“Qualifying Transaction” See the definition in Policy 2.4 - *Capital Pool Companies*.

“Reactivation” means the process of a NEX Company undertaking a transaction or series of transactions which results in the NEX Company becoming eligible to re-list on the Exchange by meeting all Tier 1 or Tier 2 Continued Listing Requirements or Initial Listing Requirements in accordance with Exchange Requirements.

“Registrant” means a Person registered under applicable Securities Laws.

“Regulation Services Provider” has the meaning ascribed in National Instruments 21-101 *Marketplace Operation* and refers to the Investment Industry Regulatory Organization of Canada (or “IIROC”) or any successor retained by the Exchange.

“Related Party” has the meaning ascribed to that term under, MI 61-101 unless otherwise defined in these policies.

“Related Party Transaction” has the meaning ascribed to that term under MI 61-101, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm’s Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction.

“Reorganization” means a merger, amalgamation, reorganization or the making of a take-over bid.

“Resale Restrictions” means restrictions on the ability to trade securities, including restrictions imposed under applicable Securities Laws such as hold periods and notice requirements, the four month Exchange Hold Period and any restrictions under applicable escrow or pooling agreements.

“Resulting Issuer” See the definitions in Policy 2.4 - *Capital Pool Companies* and Policy 5.2 - *Changes of Business and Reverse Takeovers*. Generally, means the Issuer that exists following completion of a Reverse Takeover, Qualifying Transaction or other Reorganization.

“Reverse Takeover” or **“RTO”** See the definition in Policy 5.2 - *Changes of Business and Reverse Takeovers*. Generally, means a transaction which involves an Issuer issuing securities from its treasury to purchase another Company or significant assets, where the owners of the other Company or assets acquire control of the Resulting Issuer.

“RHs” mean the registered shareholders of the Issuer that are beneficial owners of the equity securities of the Issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered shareholder, the registered shareholder shall be deemed to be the beneficial owner.

“Rule A.1.00” means Rule A.1.00 of the TSX Venture Exchange Rule Book and Policies.

“Securities Commissions” means any one or more of the ASC, BCSC and any other CSA Jurisdiction member.

“Securities Laws” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer.

“Seed Capital” or **“Seed Shares”** means securities issued before an Issuer’s IPO or by a private Target Company before an RTO, COB or Qualifying Transaction, regardless of whether the securities are subject to Resale Restrictions or are free trading.

“Senior Officer” or **“senior officer”** will generally mean “officer”, as that term is defined under Securities Laws.

“Shareholder” means a registered or beneficial holder of shares or, if the context requires, other securities of a Company.

“Significant Connection to Ontario” exists where an Issuer has:

- (a) RHs and BHs resident in Ontario who beneficially own more than 20% of the total number of equity securities beneficially owned by the RHs and the BHs of the Issuer; or
- (b) its mind and management principally located in Ontario and has RHs and BHs resident in Ontario who beneficially own more than 10% of the number of equity securities beneficially owned by the RHs and the BHs of the Issuer.

The residence of the majority of the board of directors in Ontario or the residence of the President or the Chief Executive Officer in Ontario may be considered determinative in assessing whether the mind and management of the Issuer is principally located in Ontario.

“Significant Interest” means at least a 50% interest.

“Sponsor” means a Member that meets the criteria specified in Policy 2.2 - *Sponsorship and Sponsorship Requirements*, which has an agreement with an Issuer to undertake the functions of sponsorship as required by that policy and various other Exchange policies.

“Target Company” See the definitions in Policies 2.4 - *Capital Pool Companies* and 5.2 - *Changes of Business and Reverse Takeovers*. Generally, a Company that is intended to be acquired as part of a Reverse Takeover, Qualifying Transaction or other Reorganization, regardless of whether the acquisition is to be by way of securities or assets.

“Tier 1 Issuer” has the meaning given to it in Policy 2.1 - *Initial Listing Requirements*.

“Tier 1 Property” means:

- (a) in the case of a mining Issuer, a property with substantial geological merit that meets all of the following criteria:
 - (i) a property in which the Issuer holds a material interest;
 - (ii) a property on which previous exploration, including detailed surface geological, geophysical and/or geochemical surveying and at least an initial phase of drilling or other detailed sampling (such as trench or underground opening sampling), has been completed;
 - (iii) drilling or other detailed sampling on the property has identified potentially economic or economic mineralization; and
 - (iv) a Geological Report recommends a minimum \$500,000 Phase 1 drilling (or other form of detailed sampling) program for the property based on the merits of previous exploration results; or an independent, positive, feasibility study demonstrates that the property is capable of generating positive cash flow from ongoing operations; or
- (b) in the case of an oil and gas Issuer, a property that satisfies the criteria at subsection 3.4 of Policy 2.1 – *Initial Listing Requirements*.

See Appendix 3F - *Mining Standards Guidelines* for definitions of mineral resources and reserves.

“Tier 2 Issuer” has the meaning given to it in Policy 2.1 - *Initial Listing Requirements*.

“Tier 2 Property” means:

- (a) in the case of a mining and exploration Issuer, an exploration property which has geological merit that meets the following criteria:

- (i) an exploration property in which the Issuer holds a Significant Interest or may acquire a Significant Interest or has entered into a satisfactory joint venture or operator agreement to protect its interest;
 - (ii) at least \$100,000 in Approved Expenditures have been incurred on the property in the last three years which warrants continued exploration of the property; and
 - (iii) a Geological Report recommends a minimum \$200,000 Phase 1 exploration program based on previous exploration results; or
- (b) in the case of an oil and gas Issuer, a property that satisfies all of the criteria set out for the oil & gas industry segment under section 2.5 of Policy 2.1.

“Trading Day” means a day when trading occurs through the facilities of the Exchange.

“TSX” means the Toronto Stock Exchange or any successor stock exchange.

“TSX Venture Exchange Rule Book and Policies” means the rules and policies which govern the manner in which Members and Participating Organizations conduct business on the Exchange and, for more certainty, does not mean the Manual.

“UMIR” means the Universal Market Integrity Rules adopted by the Exchange and as may be amended from time to time and administered and enforced by the Exchange or any Regulation Services Provider retained by the Exchange.

“Underwriter” means a Company that, as principal, agrees to purchase securities for the purpose of a Distribution that is permitted pursuant to applicable Securities Laws to undertake this function.

“VSE” means the Vancouver Stock Exchange, being one of the predecessor stock exchanges combined to create the Exchange.

“Voting Share” means a security of an Issuer that:

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

“Warrants” means Listed Share purchase warrants, being a right which can be exercised to acquire Listed Shares upon payment of cash consideration, usually issued in connection with a Private Placement or pursuant to a Prospectus. See Policy 4.1 - *Private Placements* for the limitations on the terms and pricing of Warrants.

“Working Capital” means current assets less current liabilities based on the Issuer’s most recent balance sheet.

2. Affiliation and Control

- 2.1 A Company is an “Affiliate” of another Company if:
- (a) one of them is the subsidiary of the other, or
 - (b) each of them is controlled by the same Person.
- 2.2 A Company is “controlled” by a Person if:
- (a) Voting Shares of the Company are held, other than by way of security only, by or for the benefit of that Person, and
 - (b) the Voting Shares, if voted, entitle the Person to elect a majority of the directors of the Company.
- 2.3 A Person beneficially owns securities that are beneficially owned by:
- (a) a Company controlled by that Person, or
 - (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

3. Rules of Construction

- 3.1 The word “or” is not exclusive and the word “including”, when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as “without limitation” or “but not limited to” or similar words) is used.
- 3.2 Any reference to a statute includes and, unless otherwise specified, is a reference to that statute and to the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that may be passed which supplements or supersedes that statute or regulation.
- 3.3 Unless otherwise specified, any reference to a policy, rule, blanket order or instrument includes all amendments made and in force from time to time and any policy, rule, blanket order or instrument which supplements or supersedes that policy, rule, blanket order or instrument.
- 3.4 Words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.
- 3.5 The headings in this Manual are for convenience only and are not intended to interpret, define or limit the scope or intent of any provision of this Manual.
- 3.6 Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

- 3.7 This Manual uses words such as “must” and phrases such as “shall require”. Provisions in this Manual containing these and similar words and phrases should not be interpreted to mean the Exchange will refuse to exercise the discretion described in section 4 below regarding of any provision of this Manual containing such words or phrases.

4. Exchange Discretion

- 4.1 The policies of the Exchange have been put in place to serve as guidelines to Issuers seeking a listing on the Exchange and their professional advisers. However, the Exchange reserves the right to exercise its discretion in its application of these policies. The Exchange may waive or modify an existing requirement or impose additional requirements in applying its discretion. It may also take into consideration the public interest and any facts or situations unique to a particular party. Issuers are reminded that listing on the Exchange is a privilege and not a right. The Exchange may grant or deny an application, including an Application for Listing, notwithstanding the published policies of the Exchange.
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