

POLICY 4.1

PRIVATE PLACEMENTS

Scope of Policy

A Private Placement occurs when an Issuer issues securities from treasury for cash in reliance upon exemptions from the Prospectus and registration requirements contained in the Securities Laws. The securities may be shares, units or convertible securities. See Policy 4.3 - *Shares for Debt* for Exchange Requirements on settling outstanding debt of an Issuer by issuing securities to a creditor. This Policy discusses the Exchange's requirements for the various types of Private Placements.

Issuers undertaking a Private Placement must determine if Policy 5.9 is also applicable to a Private Placement filed pursuant to this Policy.

The main headings in this Policy are:

1. General
2. Brokered Private Placement of Equity Shares
3. Private Placement of Convertible Securities
4. Amending Warrant Terms
5. Expedited Private Placement Filing System

1. General

An Issuer is required, under its Listing Agreement, to give the Exchange prompt written notice before it issues any securities (including any securities which are convertible into Listed Shares or Voting Shares). The following general requirements apply to all Private Placements of securities. The special requirements for non-brokered or Brokered Private Placements and convertible securities follow this general section under separate headings.

1.1 Summary of Procedure

A Private Placement involves the following steps:

Step 1: The Issuer sets the price per security in regard to the Private Placement in compliance with the Exchange's policies by either issuing a comprehensive news release disclosing the terms of the Private Placement or filing a Price Reservation Form (Form 4A). Where an Issuer undertakes a Private Placement that forms part of a COB or RTO, it must disclose this information in its Exchange filing application and in the news release disclosing the transaction. The Issuer should consider whether to request a halt in trading before the news release is issued. If the Issuer uses the Price Reservation Form to set the price, the Issuer must issue a comprehensive news release disclosing the terms of the Private Placement at such time it is a Material Change pursuant to Securities Law, and no later than 30 days after the Price Reservation Form is filed. Where it is known that Insiders of the Issuer will be subscribing for greater than 25% of the Private Placement, the price must be reserved by the issuance of a comprehensive news release disclosing the terms of the Private Placement.

Step 2: The Issuer files a Private Placement Notice Form (Form 4B) with the Exchange within 30 calendar days after the earlier of the date of the filing of the Price Reservation Form or the issuance of the news release reserving the price.

Step 3: The Exchange reviews the Notice and advises the Issuer of any issues with the Private Placement. If the Notice is completed in its entirety and both the initial and final documentation is enclosed, the Exchange will issue final acceptance of the Private Placement. Where only the initial documentation is provided, the Exchange will issue conditional acceptance of the Private Placement. The Issuer may close the Private Placement pursuant to conditional acceptance, but must file the final documentation with the Exchange in order to receive final acceptance of the Private Placement.

Step 4: The Private Placement closes.

Step 5: If the Issuer has not received final acceptance of the Private Placement pursuant to Step 3, the Issuer files final documentation with the Exchange within the greater of 15 days from the date the Exchange issues conditional acceptance or 45 days from the price reservation date. For a Brokered Private Placement, final documentation must be filed with the Exchange within the greater of 30 days from the date the Exchange issues conditional acceptance or 60 days from the Price Reservation date.

Step 6: The Exchange issues an Exchange Bulletin indicating final acceptance of the Private Placement.

1.2 Interpretation

In this Policy:

“**Agreement Day**” means the earlier of the day on which a Private Placement is required to be disclosed under applicable Securities Laws and the date of the issuance of the securities.

“**Conversion Price**” means the price per share at which a Convertible Security may be converted into Listed Shares.

“**Convertible Security**” means a security which is convertible into an Issuer’s Listed Shares.

“**Notice**” means the written notice of a proposed Private Placement prepared in accordance with Form 4B and filed with the Exchange as described in section 1.13 of this Policy.

“**Placee**” means the Person purchasing the securities from the Issuer’s treasury.

“**Private Placement Shares**” means the Listed Shares to be purchased by Placees but excludes Listed Shares acquired on the exercise of a Warrant granted in accordance with sections 1.8 or 3.4 of this Policy.

1.3 Exemptions

- (a) The Securities Laws regulate how an Issuer can issue securities by way of Private Placement and how Placees can resell their securities. Accordingly, Issuers should consult their own legal counsel and legal counsel in the jurisdiction(s) of the Placees before undertaking a Private Placement to determine the availability of applicable exemptions and requirements.
- (c) The exemptions under the Securities Laws are technical in nature and require strict compliance and may require the Issuer to prepare and file certain documents. When reviewing a Private Placement, the Exchange does not determine the availability of the exemption(s) relied upon. Exchange acceptance of a transaction is not assurance that corporate or Securities Laws have been complied with.

1.4 Consideration

The consideration in a Private Placement must be cash paid by the Placee to the Issuer. If the Placee is a creditor of the Issuer, and will receive securities to repay the debt or as consideration for the asset, the transaction is subject to the requirements in Policy 4.3 - *Shares for Debt*.

1.5 Restrictions on Resale of Securities

- (a) Under Securities Laws, securities issued pursuant to a Private Placement under Prospectus exemptions are generally subject to Resale Restrictions. The Resale Restrictions usually require that the securities be held by the Placee for a number of months (also known as a “**hold period**”) and also restrict certain activities in connection with the resale (such as no extraordinary commission and no unusual effort to prepare the market).
- (b) Although securities may not be subject to a hold period under Securities Laws, in certain circumstances the Exchange requires that the securities issued in a Private Placement be subject to an Exchange Hold Period and legended accordingly.

See Policy 1.1 – *Interpretation*, and Policy 3.2 - *Filing Requirements and Continuous Disclosure* for the applicability of the Exchange Hold Period and certificate legending requirements.

- (c) In the case of Convertible Securities issued pursuant to a Private Placement, the Exchange Hold Period commences upon the distribution date of the Convertible Securities to the Placee. If the Convertible Securities are converted or exercised prior to the expiration of the Exchange Hold Period, the Listed Shares issued upon such conversion or exercise will be subject to any remainder of the unexpired Exchange Hold Period.
- (d) A Placee may obtain relief from the legending requirements imposed by the Exchange if the securities are subsequently qualified for distribution by a Prospectus.

1.6 Price

In a Private Placement of Listed Shares, the purchase price must not be less than the Discounted Market Price for those Listed Shares.

See the definition of Discounted Market Price in Policy 1.1 - *Interpretation*.

1.7 Part and Parcel Pricing Exception

The Exchange may accept the pricing for a Private Placement at no less than the Discounted Market Price on the day before the Issuer publicly announces a transaction constituting a Material Change, if the Private Placement and the Material Change were announced in the same news release and the Private Placement is integral to the Material Change. The following conditions must be met at the time Notice is filed with the Exchange:

- (a) The Private Placement funding must be specifically allocated and necessary for the Material Change. A general statement that the funds are for unspecified working capital requirements is not sufficient;

- (b) The Issuer and the Placees (whether Insiders or not) must ensure that they are not breaching the insider trading provisions of the relevant Securities Laws and Policy 3.1 - *Directors, Officers, Other Insiders & Personnel and Corporate Governance*;
- (c) Warrants cannot be part of a “part and parcel pricing” Private Placement unless:
 - (i) the minimum exercise price of the Warrant is set at the following premium to the Market Price before the announcement, or

Market Price	Percentage Premium
up to \$0.50	50%
\$0.51 - \$2.00	25%
above \$2.00	15%

- (ii) the exercise price of the Warrant is the Market Price after the Material Change has been announced.

1.8 Warrants

- (a) An Issuer can grant a Warrant to purchase additional Listed Shares of the Issuer if the Warrant is essential to the Private Placement. Where Private Placement subscribers are creditors and the proceeds are used to settle debts the terms of the Private Placement must comply with Policy 4.3 - *Shares for Debt*, and Placees who are creditors and Non-Arm’s Length Parties must not be granted Warrants on that part of their subscription that corresponds to the debt.
- (b) The total number of Listed Shares to be issued on the exercise of the Warrants must not exceed the number of Private Placement Shares. The Exchange will not permit “piggyback” Warrants.
- (c) A Warrant must expire within five years after the date of issuance of the securities.
- (d) The exercise price per share of the Warrant must not be less than the Market Price of the Issuer’s Listed Shares at the date the Private Placement was priced.
- (e) The Exchange requirements outlined in section 1.5 also apply to the Listed Shares issued on the exercise of Warrants.

1.9 Finder's Fees or Commissions

- (a) The provisions in Policy 5.1 under the headings "Finder's Fees and Commissions" apply to all finder's fees and commissions proposed to be paid in connection with a Private Placement.

See Policy 5.1 - *Loans, Bonuses, Finder's Fees and Commissions*.

- (b) Securities Laws in certain jurisdictions explicitly prohibit a commission or similar payment to be paid in connection with securities issued in reliance on the Prospectus exemptions relating to directors, officers and, in some cases, to employees. The Exchange will not allow Issuers to pay a commission for Private Placements to the Issuer's directors, officers, Insiders and employees or to Persons engaged in Investor Relations Activities for the Issuer.
- (c) The Exchange generally does not consider it appropriate for an Issuer to pay sales commissions or other remuneration to any Person where the majority of the Placees are directors, officers, Insiders or employees of the Issuer or if the Placees are Persons engaged in Investor Relations Activities on behalf of the Issuer.

1.10 Shareholder Approval

- (a) If the issuance of the Private Placement Shares and the Listed Shares issued on conversion of a Warrant or Convertible Security will result in, or is part of a transaction that will result in the creation of a new Control Person, the Exchange will require the Issuer to obtain Shareholder approval of the Private Placement.
- (b) The Exchange may also require Shareholder approval to be obtained by the Issuer for a Private Placement that appears to be undertaken as a defensive tactic to a takeover bid. See National Policy 62-202 - *Take-Over Bids - Defensive Tactics*.
- (c) If the issuance of securities pursuant to the Private Placement constitutes a Related Party Transaction, in the context of Policy 5.9, the Issuer will be required to obtain Shareholder approval for the Private Placement in accordance with the requirements of that Policy.
- (d) The Shareholder approval may be obtained by ordinary resolution at a general meeting or by the written consent of Shareholders holding more than 50% of the issued Listed Shares, provided that:
 - (i) where the transaction will result in a new Control Person, the votes attached to the Listed Shares held by the new Control Person and its associates and affiliates are excluded from the calculation of any such approval or written consent; and
 - (ii) where the Private Placement is subject to Policy 5.9:

- (A) any such written consent will be subject to the Issuer obtaining any discretionary exemption required under Policy 5.9 and applicable Securities Laws, and
 - (B) any votes attaching to Listed Shares are excluded in accordance with the minority approval requirements of Policy 5.9.
- (e) The Information Circular of the Issuer for a general meeting must disclose the Private Placement in sufficient detail to permit Shareholders to form a reasoned judgement concerning the Private Placement, including the details of the consideration involved and the names of the new Control Person. In the case of a Private Placement that is a Related Party Transaction, in the context of Policy 5.9; applicable disclosure must also be included in the Information Circular. The Issuer must provide a copy of the Information Circular and the minutes of the general meeting to the Exchange.
- (f) If written consent is obtained, the consenting Shareholders must have received the same information about the transaction that they would have received in an Information Circular for a meeting considering the proposed Private Placement. The Issuer must file copies of the consent with the Exchange.
- (g) Issuers should obtain conditional Exchange acceptance of the proposed Private Placement before the Information Circular is mailed or request for consent is sent to Shareholders. If Exchange acceptance is not obtained in advance, the Information Circular or other disclosure sent to Shareholders must clearly state that the proposed transaction is subject to regulatory approval.

1.11 News Releases

- (a) Under Policy 3.3 - *Timely Disclosure*, a Private Placement is deemed to be a Material Change in the affairs of the Issuer. Accordingly, on the earlier of 30 days from the price reservation and the Agreement Day, the Issuer must issue a news release disclosing the material details of the Private Placement, which at a minimum shall include a description of the number and type of securities to be issued and the price per security. If there is a Brokered Private Placement, the news release must include the name of the Agent. If the Private Placement is a Related Party Transaction, the news release and any Material Change report must also include the applicable disclosure as required by Policy 5.9. In accordance with Policy 3.3, the Issuer must determine whether to request a halt in trading before the news release is issued.
- (b) All Material Changes in an Issuer's affairs which might affect the trading price of its Listed Shares must be disclosed before the Issuer sets the price of the Private Placement. The Issuer must also disclose any Material Changes which occur during the filing period in accordance with Exchange timely disclosure policies. Any Material Changes can affect the minimum conversion price or price per share permitted by the Exchange.

- (c) If the Issuer's Notice has been deemed withdrawn, or the Private Placement has otherwise been terminated, the Issuer must promptly issue a news release disclosing the material facts of the withdrawal or termination.
- (d) The Issuer must also issue a news release announcing closing of the Private Placement, setting out the expiry dates of the hold period(s) for the securities issued pursuant to the Private Placement and a description of any bonus, finder's fee, commission, Agent's Option or other compensation to be paid in connection with the Private Placement and, if such compensation is paid in securities, a description of the number and type of securities.

1.12 Price Protection

- (a) In order to protect the Market Price or Discounted Market Price for a Private Placement, the Issuer must issue a comprehensive news release or file a Price Reservation Form. Where Insiders of the Issuer will be subscribing for greater than 25% of the Private Placement, the price must be reserved by the issuance of a news release disclosing the terms of the Private Placement. In order to maintain the price, the Issuer must then file the Notice as described in section 1.13.
- (b) The Market Price or Discounted Market Price for the Private Placement will normally be calculated based on the last daily closing price of Listed Shares before the news release is issued or the Price Reservation Form is filed.
- (c) Where the Issuer has reserved a price using a Price Reservation Form, Insiders will only receive price protection for subscriptions to the extent that the total subscription by all Insider Placees is 25% or less of the Private Placement.

See Policy 1.1 - *Interpretation* for the definitions of Market Price and Discounted Market Price.

1.13 Filing Requirements - Notice

- (a) Within 30 calendar days after the earlier of the date of issuance of the news release announcing the Private Placement or the filing of the Price Reservation Form, the Issuer must file with the Exchange:
 - (i) the Private Placement Notice Form (Form 4B), with sections I and II completed;
 - (ii) Personal Information Forms or, if applicable, Declarations for any new Insiders;
 - (iii) where applicable, Form 4C - *Corporate Placee Registration Form*;

- (iv) where applicable, confirmation of whether the Private Placement is subject to Policy 5.9, and if so, provide a statement indicating if it is relying on an exemption under that policy or a discretionary exemption under applicable Securities Laws; and
- (v) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*, assuming completion of the minimum Private Placement.

The Exchange will advise the Issuer whether or not the Notice has been conditionally accepted for filing after the Exchange receives the Notice. Generally, the Issuer can close the Private Placement based on this conditional acceptance.

- (b) In situations where:
 - (i) Insiders have subscribed for more than 25% of the Private Placement and such amount was not disclosed in the Notice;
 - (ii) a new Insider is created and was not disclosed in the Notice; or
 - (iii) subscriptions by members of the Pro Group were not disclosed in the Notice Form,the Issuer may only close the subscriptions from those Persons conditionally, subject to specific Exchange Acceptance of those subscriptions.
- (c) If the Issuer files a fully completed Notice, enclosing all of the initial and final information and documentation, the Exchange will issue final acceptance of the Private Placement.

See the Expedited Private Placement Filing System section of this Policy to determine if it is available to an Issuer undertaking a Private Placement.

1.14 Filing Requirements - Final

Subject to section 1, the Issuer must submit the following documents to the Exchange within the greater of 15 days from the date the Exchange has issued conditional acceptance of the Private Placement, or 45 days from the price reservation date; or for a brokered Private Placement, within the greater of 30 days from the date the Exchange has issued conditional acceptance of the Private Placement or 60 days from the price reservation date:

- (a) an updated Private Placement Notice Form (Form 4B), completed as appropriate, and executed by a director or senior officer of the Issuer;

- (b) if the Private Placement is subject to Policy 5.9 and a discretionary exemption is being sought under applicable Securities Laws, a copy of the requisite exempting order;
- (c) any other information which the Exchange may require; and
- (d) the balance, if any, of the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.

The time required to file final documentation may be extended if Shareholder approval is required for the Private Placement.

1.15 Failure to File - Repricing

If the Issuer does not file the final documentation set forth in section 1.14 within the time required to file final materials, the Notice will be deemed to have been withdrawn and the Exchange will not issue final acceptance of the transaction. The Exchange will not accept a new Notice from the Issuer disclosing a Private Placement at a lower price per share or conversion price per share than the price specified in the earlier Notice with any of the Placees named in a Notice who are Non-Arm's Length Parties of the Issuer which has been deemed withdrawn unless 30 days have elapsed from the date of the earlier Notice.

1.16 Use of Proceeds

The Exchange can reject a Private Placement if the Notice does not provide adequate information on the allocation of funds or if unallocated funds are excessive. The amount that would be considered excessive will depend on the activities of the Issuer and is not subject to a stated standard. The following are examples of acceptable uses of proceeds:

- (a) corporate overhead for a one year period;
- (b) settlement of current debts (other than to the Placees); and
- (c) a reserve for asset acquisition investigations.

1.17 Corporate Placee Registration System

If a Placee is not an individual, the Exchange requires certain information about the Placee. The Corporate Placee Registration System allows Companies to provide this information to the Exchange on a one-time basis. The Placee completes a Corporate Placee Registration Form (Form 4C), which will remain on file with the Exchange. The Form can be referenced for all subsequent Private Placements in which the Placee participates. If any of the information provided in the Form changes, the Placee must notify the Exchange before the Placee participates in further Private Placements with Exchange Issuers. The Corporate Placee Registration Form can be filed with other materials for a specific Private Placement or on its own.

2. Brokered Private Placement of Equity Shares

2.1 General

An Issuer may enter into an agency agreement with a Member, Participating Organization, or other acceptable Registrant in respect of the sale of the Issuer's securities by way of a Private Placement. Except as varied below, all the general provisions in section 1 of this Policy apply.

2.2 Notice

The Notice of a proposed Brokered Private Placement must include the name of the Agent and the material terms of the agency agreement in addition to the applicable information outlined in section 1.13.

2.3 Disclosure and Client Priority

Pursuant to the requirements of this Policy, members of the Aggregate Pro Group are required to disclose the extent of their participation in the Private Placement when the Notice is filed. Where the Private Placement is brokered, members of the Pro Group are also subject to client priority obligations.

3. Private Placement of Convertible Securities

3.1 General

- (a) An Issuer may conduct a Private Placement of Convertible Securities. Except as varied below, all the general provisions in section 1 of this Policy apply.
- (b) The Private Placement may be non-brokered or brokered. If it is brokered, the additional requirements outlined in section 2 also apply.
- (c) The Resale Restrictions outlined in section 1.5 of this Policy apply to any disposition of Listed Shares issued when Convertible Securities are exercised.

3.2 Principal and Interest/Dividend Obligations

- (a) The interest or dividend rate that the Convertible Security carries must be consistent with rates generally accepted within the industry.
- (b) The issuance price of securities issued to pay accrued interest on debt owed by the Issuer will be determined by the Market Price of the securities at the time of settlement.

3.3 Conversion Terms

- (a) The minimum conversion price per share must never be less than the Market Price.

- (b) The conversion right must expire within five years after the date of issuance of the Convertible Securities.

3.4 Warrants

- (a) The Issuer may grant Convertible Securities with a Warrant to purchase Listed Shares of the Issuer to a Placee if:
 - (i) the Warrant is essential to the Private Placement; and
 - (ii) either:
 - (A) the Convertible Securities are convertible into units, with each unit consisting of a Listed Share and Warrant where the Warrants are issued with, and are detachable from, the Listed Shares; or
 - (B) the Warrants are issued with, and detachable directly from, the Convertible Security.
- (b) The number of Listed Shares that may be issued on exercise of the Warrants must not exceed the total number of Listed Shares that may be issued on conversion of the Convertible Securities.
- (c) If Convertible Securities are convertible into units consisting of Listed Shares and Warrants, and the Warrants are detachable from the Listed Shares, the term of the detachable Warrant must expire by the earlier of the last date for exercising the Convertible Securities and five years after the date the Convertible Securities were exercised.
- (d) If Warrants are issued with, and are detachable from the Convertible Securities, the detachable Warrants must expire by the earlier of five years after the date the Convertible Securities were issued and the last date for exercising the Convertible Securities.
- (e) The exercise price per share of a Warrant must not be less than the conversion price of the Convertible Securities.

4. Amending Warrant Terms

4.1 General

The amendment of Warrant terms may be considered to be the distribution of a new security under Securities Laws and require exemptions. Issuers should consult legal counsel before applying for an amendment to warrant terms. An Issuer can apply to the Exchange to amend the terms of a Warrant issued pursuant to a Private Placement if it meets the following conditions:

- (a) the Warrants are not listed for trading;

- (b) the exercise price of the Warrants is higher than the current Market Price;
- (c) no Warrants have been exercised within the last six months;
- (d) the Warrants were not issued to an Agent as compensation for services;
- (e) at least two weeks remain before the expiry date of the Warrants; and
- (f) the Issuer has issued a news release disclosing the terms of the application to amend the Warrant terms, including the amended price where applicable.

4.2 Extension of the Warrant Term

The term for exercise of a Warrant may only be extended to a date that is five years after its date of issuance. For example, if an Issuer initially issued a Warrant with a one year term, the maximum extension would be for four additional years.

4.3 Repricing Warrants

The Exchange will generally consent to an amendment to the exercise price of Warrants in the following circumstances:

- (a) if the Issuer originally priced the Warrants above the Market Price at the time of the grant, the Issuer has made application to amend the price of the Warrants so that the amended price is at or above the Market Price at the time the Warrants were granted and the requirements in sections 4.3(c), (d), (e), (f) and (g) are met;
- (b) if the Issuer originally priced the Warrants at or above the Market Price at the time the Warrants were granted, the Issuer has made application to amend the price of the Warrants so that the amended price is below the Market Price of the Warrants at the time they were granted and the requirements in sections 4.3(c), (d), (e), (f) and (g) are met; provided, however, that, where the amended price applied for is below the Market Price at the time of the Warrants were granted, the exercise period for the Warrants must also be amended by reducing the exercise period to 30 days if, for any ten consecutive trading days during the unexpired term of the Warrant (the "Premium Trading Days"), the closing price of the Listed Shares exceeds the repriced Warrants by the applicable Private Placement discount (and for more certainty, the reduced exercise period of 30 days will begin 7 calendar days after the tenth Premium Trading Day);
- (c) the amended price is not less than the average closing price for the ten Trading Days before the application for repricing;
- (d) the exercise price of the Warrant has not previously been amended;
- (e) Insiders hold less than 10% of the total number of Warrants to be repriced;
- (f) all Warrant holders consent to the amendment; and

- (g) if Insiders hold more than 10% of the total number of Warrants, the 10% held by Insiders to be repriced is distributed *pro rata* among Insiders holding Warrants.

4.4 Filing Requirements

To amend Warrant terms, an Issuer must submit the following to the Exchange:

- (a) a completed Warrant Amendment Summary Form and Certification (Form 4D); and
- (b) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.

5. Expedited Private Placement Filing System

5.1 General

- (a) The Expedited Private Placement Filing System permits Issuers to obtain acceptance of certain smaller transactions without Exchange staff review, by filing a simple form which outlines the terms of the transaction and confirms compliance with this Policy.
- (b) The Issuer must issue a comprehensive news release, or file a Price Reservation Form followed by a comprehensive news release in accordance with the time requirements set out in section 1.1 of this Policy, announcing the Private Placement in order to set the Discounted Market Price. A Private Placement Notice Form must be filed within 45 calendar days after the earlier of the date of the issuance of the news release or the filing of the Price Reservation Form. The Exchange will issue an Exchange Bulletin generally the business day after the Notice is filed.

5.2 Eligibility

To be eligible for the Expedited Private Placement Filing System, a Private Placement must meet all the following requirements:

- (a) at least 50% of the Private Placement Shares are purchased by arm's length parties;
- (b) the Issuer is not a CPC or an Issuer put on notice that its listing will be transferred to NEX, pursuant to Policy 2.5;
- (c) the proceeds of the Private Placement will be expended on a business or asset in which the Issuer currently has an interest and which has been accepted by the Exchange. The proceeds cannot be expended on a business or asset or interest in a business or asset for which the Issuer has not received Exchange Acceptance;
- (d) the Private Placement does not involve Convertible Securities (other than Warrants);

- (e) no more than 50% of an Issuer's outstanding Listed Shares may be issued on an aggregate basis pursuant to Expedited Private Placement Filings in any six month period (the percentage will be based upon the number of outstanding Listed Shares on the date of the news release);
- (f) the issuance of the securities pursuant to the Private Placement must not create a new Control Person; and

5.3 The limitations on proceeds and shares issued pursuant to an Expedited Private Placement do not include the payment of proceeds or issuance of shares as a commission. Any commissions granted must comply with Policy 5.1 - *Loans, Bonuses, Finder's Fees and Commissions*.

5.4 Filing Requirements

An Issuer undertaking an Expedited Private Placement Filing must file the following with the Exchange within 45 days after the earlier of the date of the issuance of the news release or the filing of the Price Reservation Form:

- (a) a completed Private Placement Notice Form (Form 4B); and
- (b) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.

5.5 Audit

Although the Exchange does not review Expedited Filings as they are submitted, it will undertake an audit process to review selected Expedited Filings after they are processed. If the audit reveals significant problems with an Expedited Filing or if the Exchange deems it to be in the public interest, the Exchange can prohibit the Issuer from using the Expedited Filing System in the future.
