POLICY 5.1

LOANS, BONUSES, FINDER'S FEES AND COMMISSIONS

Scope of Policy

This Policy outlines the Exchange's policies on loans to an Issuer, and bonuses, finder's fees, and commissions paid by an Issuer. A statutory exemption must be available for the issuance of securities as payment for finders' fees, commissions or bonuses, failing which, a discretionary exemption from the appropriate Securities Commission must be obtained.

The main headings in this Policy are:

1. Loans to Issuers
2. Bonuses
3. Finder's Fees and Commissions
4. Application to Members
5. Filing Requirements

1. Loans to Issuers

1.1 Disclosure

In accordance with the Exchange's timely disclosure policies, an Issuer must disclose by news release any loan or advance of funds to the Issuer which involves any charge on or security interest in its assets or which otherwise constitutes Material Information.

1.2 Notice to Exchange

(a) The Issuer must provide the Exchange with prompt written notice of the proposed loan if the lender is not a chartered bank, trust company or treasury branch, and:

(i) any arrangement exists to issue securities in connection with the loan, either at the time of the loan agreement or at some future date (such as bonus shares or convertible debt); or

(ii) the Issuer mortgages or charges all or substantially all of its assets as collateral for the loan.

(b) The notice, in the form of a formal letter, must provide the following information and accompanying documents:

(i) the loan agreement and any other loan documents evidencing indebtedness such as a promissory note;

(ii) the relationship between the lender or guarantor (including any beneficial ownership of securities of the Issuer, which must be disclosed) and the Issuer;

(iii) a description of how the Issuer proposes to service and repay the loan;

(iv) a description of how the Issuer proposes to use the proceeds;

(v) details of any bonus to be paid pursuant to the loan or guarantee;

(vi) confirmation that the loan or guarantee is necessary and would not be granted without the bonus;

(vii) where bonus shares are issued for a guarantee, documentation on which the Issuer has relied in order to assess the guarantor's ability to guarantee the debt. Such documentation may include:

(A) a statement of net worth attested to by the person or company making the guarantee;

(B) a bank letter of credit;

(C) the most recent annual audited financial statements of the guarantor; or

(D) any other evidence acceptable to the Exchange; and

(viii) the fee prescribed by Policy 1.3 - *Schedule of Fees*.

2. Bonuses

An Issuer may issue bonuses consisting of Listed Shares or non-transferable Warrants to a lender or guarantor in consideration of the risks taken by the lender or guarantor. The amount of the permitted bonus is based on the size of the loan and graduated in proportion to the apparent level of risk. Bonuses may not be granted in relation to the issuance of convertible securities.

2.1 Notice Requirements

(a) The Issuer must give prompt notice of a bonus transaction to the Exchange as described in section 5.1. Tier 2 Issuers must receive Exchange acceptance of the proposed transaction before issuing any bonus shares or Warrants.

(b) The Issuer must issue a news release about the transaction if it represents Material Information.

2.2 Bonus Limitations

(a) If the ability of the Issuer to repay a loan is not evident and/or if a guarantee represents the primary collateral for a loan, the Issuer may grant a bonus of shares or non-transferable Warrants to the lender or guarantor, as the case may be. The maximum number of shares that may be issued as a bonus is 20% of the total dollar amount of the loan/guarantee divided by the Discounted Market Price of the shares. The deemed value of a Warrant is one half the value of a share, so the maximum number of Warrants that may be issued as a bonus is 40% of the total dollar amount of the loan/guarantee divided by the Discounted Market Price of the shares. The maximum exercise period of the Warrants is the earlier of five years, or the term of the loan. The issue price of shares must not be less than the Discounted Market Price and the exercise price of the Warrant must not be less than the Market Price.

(b) Any interest on the loans must be at a reasonable rate, which reflects the risk to the lender. Only one bonus may be granted on a loan regardless of the term of the loan.

(c) Warrants must provide that the number of Warrants will be reduced or cancelled on a pro rata basis if the loan is reduced or paid out in the first year before the Warrant expires. Generally, the Exchange will not require the reduction of the term of the Warrants to less than one year. The reduction or cancellation must take place within 30 days after the reduction or paying out of the loan.

3. Finder’s Fees and Commissions

An Issuer which receives a measurable benefit through the efforts of a person who is neither an employee nor an Insider of the Issuer can reward those efforts by paying a finder’s fee or commission in the form of cash, shares, Warrants or an interest in assets. Appropriate registration and Prospectus exemptions must be available for any issuance of securities.

3.1 Notice Requirements

(a) The Issuer must give prompt notice of the finder's fee or commission to the Exchange as described in section 5.1. Tier 2 Issuers must receive Exchange acceptance of the proposed transaction before paying any finder's fee or commission.

(b) All Issuers must issue a news release about the transaction if it represents Material Information. The Exchange deems a transaction involving finder's fees or commissions to constitute Material Information under Policy 3.3 - *Timely Disclosure*.

3.2 Criteria

Arm's Length Finder or Agent

(a) The finder or agent must not be a Non-Arm's Length Party to the Issuer, except to the extent that an agent may have been specifically commissioned to locate, arrange or acquire a benefit for the Issuer which it would not have otherwise obtained. The Exchange can waive this requirement at its discretion if the Issuer provides satisfactory reasons for the finder's fee or commission.

When Payable

(b) The benefit to the Issuer can be the identification or introduction of subscribers to a private financing, or the sellers or buyers of an asset, or any other measurable benefit that has in fact been received by the Issuer. The amount of the benefit received is easily determined in the case of a specific financing. If the benefit is staged over time (for example an asset purchase or joint venture agreement), the Exchange focuses on the benefit received in the first year.

(c) If an Issuer proposes to pay fees for benefits to be received in the future, particularly more than one year, the fee or commission must be paid in stages as the benefits are received by the Issuer. However, if the outcome of a transaction is outside the control of the Person receiving the fee, and the benefit cannot reasonably be determined, the Exchange will generally only permit the Issuer to pay a finder's fee or commission based on the finder's actual costs plus a reasonable profit to compensate for time and effort.

Payment in Shares

(d) If the compensation is payable in Listed Shares, the number of shares issued as finder's fees or commission is calculated by dividing the dollar value of the fee or commission by the Market Price for the Issuer's Listed Shares. The restrictions as to the time of payment set out above apply to payments in shares as well.

Payment in Warrants

(e) If the compensation is payable in Warrants, subject to sections 3.4 and 4.1, the Issuer may grant the finder or agent Warrants to acquire up to double the number of Listed Shares that are permitted under the guidelines in section 3.2(d). The Warrants must be non-transferable and exercisable at no less than the greater of the placement or transaction price and the Market Price for those shares. Any Warrants granted will be subject to a maximum five year term from the date of the grant.

3.3 Finder's Fee Limitations

The finder's fee limitations apply if the benefit to the Issuer is an asset purchase or sale, joint venture agreement, or if the benefit to the Issuer is not a specific financing. The consideration should be stated both in dollars and as a percentage of the value of the benefit received. Unless there are unusual circumstances, the finder's fee should not exceed the following percentages:

Benefit	Finder's Fee
On the first $300,000	Up to 10%
From $300,000 to $1,000,000	Up to 7.5%
From $1,000,000 and over	Up to 5%

As the dollar value of the benefit increases, the fee or commission, as a percentage of that dollar value should generally decrease.

3.4 Commission Limitations

When a commission is paid as compensation, for a specific financing, the Issuer may negotiate the amount of compensation payable, as long as the Issuer does not issue Warrants which, assuming full exercise will represent more than 25% of the number of shares issuable pursuant to the financing.

4. Application to Members

4.1 Bonuses, finder's fees and commissions payable to Members are governed by this Policy, except for the finder's fee and commission limitations set out in sections 3.3 and 3.4.

4.2 Under the TSX Venture Exchange Rule Book and Policies, directors, officers, partners, registered representatives, traders, assistant traders and employees in or of Members cannot directly or indirectly sell properties or other assets to, or acquire properties or other assets from, Issuers without the prior specific approval of the Exchange. For more certainty, except for Members, who are governed by the requirements set out in this Policy, these Persons also cannot receive any direct or indirect compensation for acting as a finder for, or agent of, an Issuer without the prior specific approval of the Exchange.

4.3 Except in very unusual circumstances, the Exchange will not give its approval for any direct or indirect compensation contemplated in section 4.2 of this Policy 5.1. If an Issuer proposes to pay a bonus, finder's fee or commission which is not permitted by the TSX Venture Exchange Rule Book and Policies, the Issuer must disclose the proposed payment and the fact that the finder or agent falls within the defined category when submitting materials to the Exchange for the relevant transaction.

4.4 The restrictions in sections 4.2 and 4.3 of this Policy 5.1 also apply to Persons who perform substantially the same functions as those Persons listed above, whether or not they are under the direct Membership jurisdiction of the Exchange.

4.5 A Person who breaches these restrictions will be in a conflict of interest, which may affect the fitness of that Person to continue to be registered under the applicable Securities Laws.

5. Filing Requirements

5.1 Notice

The Issuer must provide the Exchange with written notice of the proposed bonus, finder's fee or commission. Subject to section 5.2, the notice, in the form of a formal letter, must provide the following information and accompanying documents:

(a) notice from the Issuer or its counsel of any registration and Prospectus exemptions being relied upon by the Issuer and the registration exemption being relied upon by the finder;

(b) a copy of the agreement relating to the bonus, finder's fee or commission;

(c) a copy of the related Private Placement, acquisition or loan agreement if not already filed (the Exchange prefers that these agreements be filed simultaneously);

(d) in the case of a finder's fee or commission confirmation that the finder or agent is neither an employee nor an Insider of the Issuer; and

(e) the fee prescribed by Policy 1.3 - *Schedule of Fees*.

5.2 Where there is a loan or advance of funds made to the Issuer that is provided in conjunction with, or in relation to, a proposed bonus, finder's fee or commission, then the notice referred to in section 5.1, must also include the relevant information and accompanying documents set forth at section 1.2(b) of this Policy.

5.3 Further News Releases and Notice

The Issuer must issue a news release announcing the closing of the Private Placement, acquisition, loan agreement or any other transaction related to the issuance of the bonuses, finders' fees or commissions. The news release must disclose the expiry dates of the hold period(s) for the securities issued as bonuses, finders' fees or commissions, and for any securities issued as part of the related transaction.