

**TORONTO STOCK EXCHANGE AND
TSX VENTURE EXCHANGE**

Technical Guide to Listing



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Introduction

This guide provides information about the process of listing on Toronto Stock Exchange (“TSX”) or TSX Venture Exchange (“TSXV”) (collectively “the Exchanges”) for both Canadian and international companies. International or U.S. companies may also consult our Dual-Listing Guide for International Public Companies and our Cross-Border Legal and Tax Considerations for U.S. Issuers publication, for additional information.

TMX Group, Inc. (“TMX”) owns and operates TSX, one of the world’s largest equity markets, and TSXV. TMX is unique in the world: we offer a full service equity exchange system, providing access to financings for companies of all sizes.

The Exchanges offer listed companies access to international capital and investors. With a wide investor base and strong liquidity, the Exchanges serve as an access point for Canadian, U.S. and international companies seeking growth and expansion capital within a respected regulatory regime. TMX and the Canadian capital markets are part of an infrastructure that supports the growth of companies across all industry sectors.

The Exchanges offer a variety of options for listing. TSX and TSXV have distinct listing standards for each exchange, however, they apply the same listing standards to both domestic and international companies. Together, the Exchanges have become global destinations for international business.

The Exchanges provide a superior range of benefits, including opportunities to access capital, liquidity, specialized indices, visibility and analyst coverage. We also provide a full range of services and support that assists our listed companies to be successful in the public market.

Is your Company Ready to Go Public?

Taking your company public – offering shares for sale to investors in the public markets – can be an effective and efficient way to raise capital and create liquidity, all to further your company's growth and expansion. However, going public represents a major undertaking, and you and your team should carefully consider whether your company is ready.

Your company may be ready to go public if it has a(n):

- Established business with a track record
- Strong management team
- Growth prospects
- Solid business plan
- Financial and internal controls
- Strong governance

In particular, consider whether you can answer yes to the following questions:

SECTOR	Question
Financing	<ul style="list-style-type: none">• Have other alternative financing sources been explored and/or exhausted?• Does your company need public financing for growth?
Management	<ul style="list-style-type: none">• Are the key management positions filled?• Is your management team experienced and balanced? Does it include directors and senior executives with a proven track record in managing public companies?
Business Plan	<ul style="list-style-type: none">• Is there a well-developed business plan that identifies potential revenue and income as well as the resources necessary to sustain growth and success?• Is your company prepared for the compliance and disclosure requirements that public companies are required to follow?
Growth Potential	<ul style="list-style-type: none">• Is the market size for your company's product or service sufficient to sustain the growth plans and expectations that will attract broad investor interest?• Is your company profitable, or has its product reached commercialization with evidence of market acceptance?• At the time of listing or on completion of the Initial Public Offering (IPO), will your company have sufficient working capital to carry out its business plan?• Does the company see an opportunity to enhance organic growth with acquisition opportunities utilizing its share capital?

Early days

Companies considering listing are encouraged to consult with the Business Development Team at TMX. Contact details can be found at the end of this guide or visit www.tsx.com/listings/contact-us

Deciding to go public

Your company's readiness to enter the market is only one factor to take into account in deciding whether to go public. While there are many advantages to taking your company public, there are also many issues to consider when making a final decision.

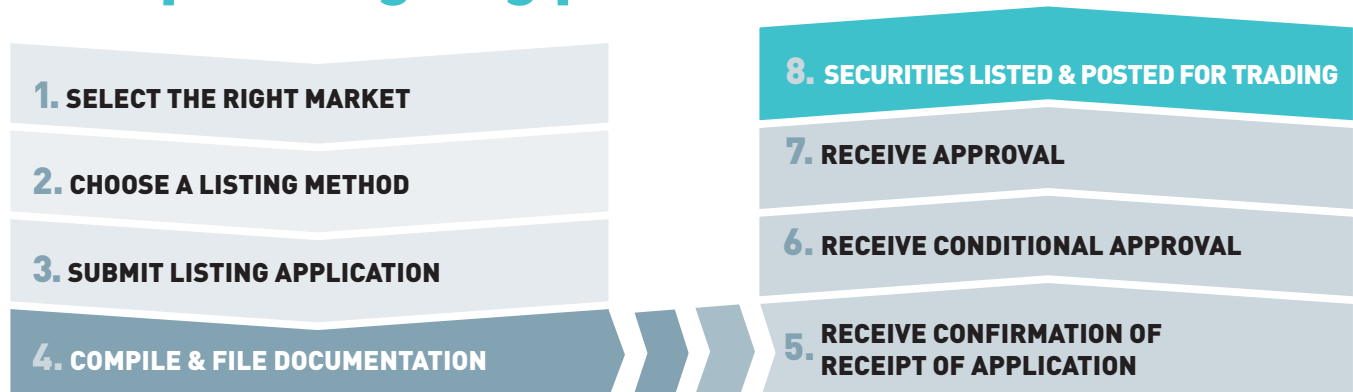
ISSUES TO CONSIDER

Public ownership	The owners and founders of your company must consider how much control they want to retain. When a company goes public, a reasonable percentage of shares must be publicly owned and tradable.
Performance & Meeting milestones	Public shareholders making an investment in your company will monitor management's performance and your company's track record of meeting milestones. They are relying on your company to grow their investment and will hold you accountable for the objectives you set.
Transparency	Your management team needs to be prepared for changes in culture, operations, reporting, etc. that come with being a public entity. They will be accountable to shareholders, who will own a significant portion of the company and whose questions and opinions must be heard and considered. In addition, the management team's decisions can become a matter of public record and regulatory scrutiny. Those decisions must be seen as fair and in the best interest of the company and its stakeholders.
Extra responsibilities	Going public will increase your Board of Directors' responsibilities to the investment community, in particular with regard to the amount and type of information they will be expected to provide on a regular basis. They will need to be prepared to meet requirements in the Corporate Governance and Disclosure Guidelines set by regulatory bodies, such as the provincial securities commissions, and by the Exchanges.
Share restrictions	When a company goes public, it may be required to have some securities in escrow, meaning they cannot be sold for a certain length of time.
Costs	The cost to raise capital in the public markets includes advisor and professional fees, investment banking commissions, original listing fees and ongoing fees to maintain a public disclosure record. These should be carefully considered and compared to the cost of other financing options available to private companies. (For more details on costs and fees, see Chapter 9.)

The decision to go public...

Must be explored from every angle by a company's owners, financial advisors and legal counsel.

Your path to going public



Selecting the right market

TSX and TSXV are dynamic markets for your company to raise capital. Review the attributes of each Exchange to help you decide which is most suitable for your company.

TSX Venture Exchange

TSXV is a public venture capital marketplace for emerging companies. It provides a fair marketplace where growth companies can raise capital to develop and market their properties, products and services. For investors, this exchange provides opportunities to seek early stage investments in growth companies.

While TSXV continues to demonstrate its strength in attracting resource companies, its 1,000+ issuers represent a diverse mix of industry sectors, including industrial, life sciences, technology, clean technology and financial services.

Why list on TSX Venture Exchange?

- Access to capital for earlier-stage companies and smaller financings (typical financing range: \$500,000 to \$20 million)
- Multiple financing rounds can allow for successive capital raises at less dilutive rates
- Tailored listing and corporate governance requirements for small-cap companies
- Access to an active private placement market
- Streamlined graduation to TSX
- Mentorship program for newly public companies
- Cost-effective market for international companies looking to access North American institutional capital
- Viable exit strategy to monetize shareholder value

Companies listed on TSXV are provided with the opportunity to gain a solid foothold in the public market, with the option of working towards graduation to the senior exchange and gaining access to larger pools of capital. TSXV offers companies a flexible system, whose initial listing requirements are tailored to a company's industry sector, stage of development, financial performance and operational resources.

Toronto Stock Exchange

TSX is recognized as a premier international stock exchange known for its standards of fairness and its innovative approach to trading. TSX is the right choice for companies with a solid track record of business management and operation. It offers companies a dynamic market to raise capital, enhanced liquidity, specialized indices, visibility and analyst coverage.

While TSX is a global leader when it comes to listing international mining and oil and gas companies, our listed companies represent a broad range of industries from across Canada, the United States and beyond. Companies listed on TSX can issue many different types of securities such as: common shares, preferred shares, convertible debt, warrants and innovative equity-related products such as exchange-traded funds, investment funds and structures.

Why list on Toronto Stock Exchange?

- Respected, leading global stock exchange with 160+ year history
- Access to international institutional investors
- Opportunities for greater analyst coverage
- Globally visible indices utilized by investors
- Pragmatic and efficient regulatory regime
- Corporate governance system
- Globally recognized

Listing on TSX Venture Exchange...

Is the right choice for emerging companies, providing access to public venture capital to facilitate their growth.

Listing on Toronto Stock Exchange...

Is the right choice for well-managed, growth oriented companies with strong performance track records.

Choosing a listing method

There are a number of ways in which your company can list on TSX or TSXV. Once you decide which exchange is right for your company, you'll choose the best method for your company to list:



For private companies

Initial Public Offering (IPO)

An Initial Public Offering is when a private company offers shares for sale to the public for the first time through a listing on a stock exchange. In an IPO, your company prepares a prospectus, which is filed with and must be approved by the relevant securities commission(s). The prospectus provides potential investors with all the detailed information they need to make an informed investment decision. Prospectus requirements are detailed in Canadian securities laws and regulations.

If your company is applying to list on either Exchange via an IPO, you must file a copy of the preliminary prospectus together with a Listing Application in draft form (see Chapter 4 or Chapter 5 as applicable).

Reverse Takeover (RTO)/Reverse Merger

Another way to list your company is through a reverse take-over (also known as a back door listing or reverse merger) of an issuer already listed on TSX, TSXV or NEX (NEX is a market that lists of relatively inactive or “shell” companies). In effect, an RTO permits private company shareholders to buy a listed company with a smaller business, or in other cases, a failed business (a shell). This can be done in a number of ways, including an amalgamation of your company and the shell company, or an issuance of shares in exchange for other shares or assets of the issuer. As a result, the private company becomes the successor business that operates the public company.

You will need the help of your company's sponsor/advisor/banker, lawyer and auditor to find a suitable candidate for an RTO. The company resulting from the RTO must meet the initial listing requirements of TSX or TSXV, and must go through the same approval procedure as an original listing application.

NEX

For more information on NEX as a source of listed shell companies, please visit www.tmx.com/en/nex/

For experienced investors, and companies seeking their expertise

Capital Pool Company® program on TSX Venture Exchange

The Capital Pool Company (CPC)® program is a unique listing vehicle offered exclusively by TSXV that provides a two-step process to access the capital markets. The program introduces investors who have experience with capital markets and public company management to entrepreneurs whose growth and early or development-stage companies require such experienced individuals.

First step

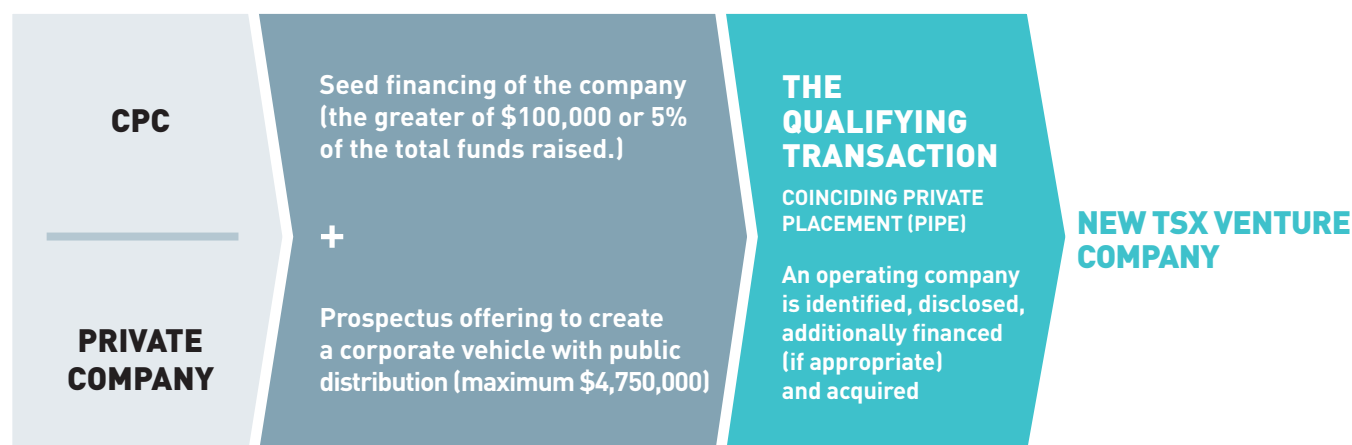
A group of seasoned officers and directors form a CPC. It is a shell company with no assets and no commercial operations. The CPC lists on TSXV via an IPO, raising a pool of capital from the market, resulting in cash being the asset of the listed CPC shell. Investors participate in the CPC IPO based on the CPC management's success and track record. The CPC trades with a dot "P" symbol i. e. CPC.P.

Second step

The CPC management team identifies a growing business to acquire. The business undertakes a reverse takeover of the CPC shell. This is called the "Qualifying Transaction" (QT). The business that completes the QT must meet the initial listing requirements of the TSXV. The investors are now invested in an operating growth company, while the business acquires a public vehicle to raise capital, as well as potentially experienced directors in public markets. Once its QT is complete, the new business becomes a reporting issuer. Its shares continue to trade on TSXV as a regular listing, not a CPC. If your company is looking for experienced directors and officers, and if you are interested in a flexible but straightforward route to listing with lower underwriting risk of an IPO, matching yourself with a CPC looking for a QT could be a good option for you. A list of current CPCs is available at www.tmx.com/cpc.

Note

The CPC program is not available in Prince Edward Island, Canada



Special Purpose Acquisition Corporation on Toronto Stock Exchange

The Special Purpose Acquisition Corporation (SPAC) program is a vehicle allowing public investors to invest in sectors normally dominated by private equity firms, and/or to participate in the acquisition of private operating companies traditionally bought by hedge funds and private equity funds.

The SPAC program enables seasoned directors and officers to form a corporation that contains no commercial operations or assets other than cash. The SPAC is then listed on TSX via an IPO, which must raise a minimum of CDN \$30 million. At least 90% of the funds raised in the IPO are then placed in escrow, pending completion of a qualifying acquisition.

The SPAC then seeks out an investment opportunity in a business or asset. This “qualifying acquisition” must be completed within 36 months of the SPAC’s listing on TSX. Once the SPAC has completed its qualifying acquisition, it becomes a regular issuer. Its shares continue to trade on TSX (so long as the new company meets listing requirements), but now trade as a regular listing, not a SPAC, because there is an operating business in the listed entity.

SPACs become reporting issuers as a result of their IPO – i. e. as soon as they list, and before the qualifying acquisition – and are fully regulated by the relevant provincial securities commissions as well as TSX.

For public companies listed on another market

Direct Listing/Dual-Listing

If your company is already listed on another stock exchange, your company could qualify to dual-list on TSX or TSXV. Your company will need to consult with advisors and exchange staff and then file a Listing Application and a prospectus-level disclosure document. Alternatively, if your company undertakes a financing on TSX or TSXV, it would then file a Listing Application along with your prospectus. A financing is the most effective way of establishing a broad shareholder base and a profile with the investment community when listing on a new market. Your company may be eligible for certain exemptions from regulatory requirements if you are a designated foreign issuer. More information can be found in National Instrument 71-102 in the Securities Act (Ontario). For more information on the dual-listing process, please consult our Guide to Dual-Listing on TSX and TSXV.

Graduation from TSX Venture Exchange to Toronto Stock Exchange

Over 650 companies have graduated from TSXV to TSX. If your company meets the listing requirements of TSX, consider these benefits:

- TSX listing application fee will be waived for eligible TSXV issuers. Original Listing Fees still apply, but transactional fees paid to TSXV within 90 days of listing on TSX will be credited against the original listing fee, up to a maximum of 25% of the original listing fee payable.
- Certain issuer information on file with TSXV can be accessed by TSX, reducing the number of documents required to be submitted.
- Sponsorship requirements may be waived for qualified TSXV issuers.*
- Potential to be included in TSX indexes.
- TSX offers a broader institutional investor base with access to potential new shareholders.
- Listing on TSX offers the potential to expand financing opportunities.
- Access to TSX Market Maker program.

The steps to graduation

1. Assess your company’s ability to meet initial listing requirements on TSX.
2. Consult with our business development team or relationship management team (see contact list at the back of this guide).
3. Set up an advisory meeting with TSX to determine eligibility.
4. Submit your application with supporting documentation.

650+ TSXV issuers have graduated to TSX

20% of the S&P/TSX Composite Index are TSXV graduates

After final approval, your company’s securities will trade on TSX and be delisted from TSXV.

* Some conditions apply. See Part III and Appendix A of the TSX Company Manual for complete details.

Mapping Out the Going Public Process

Here is an at-a-glance overview of the going public process for listing on TSX or TSXV. The individual steps will be reviewed in further detail in later chapters. The amount of time required depends on the complexity of the company, current governance and reporting capabilities, the advisory team, the quality of the documentation and the number of outstanding issues.

STEPS

Management assessment

1. Determine if going public is consistent with your company's business objectives.
2. Review your business plan and policies.
3. Determine if external financing is required to further the business plan.
4. Review the company's financials using three years of statements, if available.
5. Consider the tax implications of going public.
6. With management, determine if you are ready to go public.
7. With management, interview and select an experienced team of professional advisors:
 - a. Underwriter/Investment Dealer (may also be your Sponsor, if required);
 - b. Auditor;
 - c. Securities lawyer;
 - d. Investor relations firm, if required.
8. Enlist a sponsor, if required (and if underwriter is not filling this role).

Going public preparation

9. Organize the company's internal documentation to ensure the prospectus and due diligence are completed efficiently.
 10. Prepare for ongoing continuous disclosure obligations.
 11. Determine if the current Board of Directors is suitable and meets the regulatory requirements that apply to a public company.
 12. Create an audit committee.
 13. Develop a public company mindset.
 14. Determine how your company will communicate its message to the investment community.
 15. Determine whether your company meets the initial listing requirements of your chosen Exchange.
 16. Contact a TSX Business Development professional for a pre-assessment meeting.
-

STEPS

Listings process

17. Instruct professional advisors to commence the IPO and/or listing process.
18. Prepare the financial statements required for the IPO, in accordance with generally accepted accounting standards.
19. Have lawyers prepare required legal documents.
20. Work with underwriters to begin due diligence of the deal, and of the individuals associated with the deal (which will include formal review sessions with management, counsel and auditors).
21. Determine which listing vehicle is most suitable for your company.
22. Prepare relevant listing application documents (i.e. prospectus, listing application, annual information form, etc.), which are typically completed with the assistance of lawyers, auditors, and other professional advisors.
23. Begin preparing your marketing documents and the “road show” presentation that will introduce your company to investors.
24. Complete initial submissions to the applicable securities commission(s) and your chosen Exchange.
25. Await review of initial submission documents by the relevant securities commission(s) and/or the Exchange, who will note any deficiencies and communicate them, along with any other comments, to your company and professional advisors.
26. With the assistance of your professional advisors, address deficiencies in the application, and respond to any other comments, to the satisfaction of the Exchange/relevant securities commission(s).
27. Await conditional approval of your listing from the Exchange.
28. Begin presentations to potential investors.
29. Decide on initial price of shares.
30. File final prospectus and commence your offering.

Transaction closing

31. Satisfy any and all conditions set forth in the conditional acceptance letter issued by the Exchange.
 32. Become a publicly traded listed company.
 33. Join TMX at a Listing Ceremony to celebrate your successful listing.
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Going public time chart (weeks)

STEPS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Meet with the TSX and TSXV team	•														
Prepare required financial statements		•	•	•	•	•	•	•	•	•	•	•	•		
Have lawyers prepare required legal documents		•	•	•	•	•	•	•	•	•	•	•	•		
Work with underwriters to perform due diligence		•	•	•	•	•	•	•	•	•	•	•	•		
Prepare application documents		•	•	•	•										
Prepare marketing documents and road show presentation		•	•	•	•	•	•	•	•	•	•	•			
File initial submission						•									
Receive comments from exchange/ securities commission(s)							•	•	•	•					
Address deficiencies in the application										•	•	•			
Present to potential investors										•	•	•	•		
Price shares										•	•	•	•		
File final prospectus													•	•	
Participate in closing of deal and settlement														•	•
Satisfy any conditions in conditional acceptance letter															
Securities approved for listing and begin trading														•	•

Preparing to Go Public

Once you have decided to take your company public, there are many considerations to take into account well before actually beginning the going public process. In particular, the processes of selecting professional advisors, evaluating your corporate structure, and organizing your company's financial statements should be undertaken as early as practical. Preparing your company as described below will help to ensure a smoother going public transaction.

Selecting professional advisors

A successful going public transaction will require the support of a professional team including: a financial advisor and/or underwriter (which may also be a sponsoring firm, as discussed below); an external auditor; a securities lawyer; an investor relations (IR) professional; and, in certain conditions, a sponsor.

Choosing your financial advisor/underwriter/broker and/or sponsor

Only persons registered in Canada to sell securities may legally sell securities or underwrite offerings in Canada. Often referred to as a broker, investment banker or dealer, these persons act as the underwriter for an offering of shares and as the investment dealer who sells securities during the offering process. Prior to offering, the broker will consider your company's suitability for a public offering. This process includes an assessment of the marketability of your company for potential investors.

A broker may also act as a sponsor for your company's application, if one is required, provided that it is a Participating Organization with the Exchanges. (For more information on Participating Organizations, see www.tsx.com/trading/accessing-our-markets/member-firm-directory?l=A).

Enlisting a Sponsor – Some companies seeking a listing may be required to have their application sponsored by a Participating Organization. There are more than 120 Participating Organizations across Canada, and many of these firms have a special focus or area of expertise. A sponsoring firm plays an essential role in the listing process, since it is in a position to provide a broad perspective on your company's suitability for listing.

The sponsor will be familiar with the Exchanges' guidelines and can provide opinions about:

- Your company's directors and management.
- The integrity of the financial information supplied by your company.
- The suitability of your company's business.
- The soundness of your company's business plan and operations.

Sponsors for mining companies will also make comments on:

- Their visits to your sites / properties.
- Land tenure issues and material agreements at your principal properties.
- Your management team's experience and technical expertise.
- The 18-month projection of sources and uses of funds prepared by your company (TSX requirement only).

The sponsor plays a key role in supporting the listing of your company's securities, especially in cases where your company does not meet certain financial thresholds and other requirements. Most often, the sponsor is called on to confirm that an applicant to an Exchange satisfies all the listing requirements, or appears reasonably able to meet its obligations as a public company, or both. A sponsoring firm will also help you determine the most appropriate way for your company to go public, and provide advice as to the receptiveness of the market for your company's specific business.

Need a sponsor?

For a current list of TSX and TSXV Participating Organizations, please visit <https://www.tsx.com/trading/accessing-our-markets/member-firm-directory?l=A>

Choosing your underwriters & sponsors

Questions for underwriters & sponsors

1. What is the profile of your typical deal? What sector is it in? What is its investment stage and size?
2. What is your experience in dealing with a company like mine?
3. What is your role in the listing process versus that of the Exchanges?
4. How do you deal with conflicts of interest?
5. How receptive is the market currently to this type and size of deal?
6. How should my company's IPO/listing be positioned in order to appeal to a broader base of investors? How will your firm market my stock?
7. What is a realistic timeline for the listing process and how does it differ between IPOs and RTOs?
8. Can you effectively demonstrate your research leadership for this industry or sector?

Choosing your securities lawyer

Securities lawyers work with your company to prepare it for a public offering. During the listing process, the securities lawyer works with the broker and the external auditor to ensure the listing documents are accurate and meet all regulatory requirements. It is important to choose a firm with extensive experience in listing public companies of a comparable size, at a similar stage of development and in the same industry as yours.

Questions for securities lawyers

1. Are you familiar with this industry, this sector and our company?
2. Can you provide a list of recent relevant deals?
3. Do you have other commitments that would limit the time and resources you could devote to our listing?

Team effort

Your company will need the services of experienced securities professionals during the listing process.

Choosing your external auditor

An external auditor performs important tasks during the listing process, including performing attestation engagements on the financial disclosure in the listing documents as required by securities legislation. It is important to choose a firm with extensive experience in bringing public companies of a comparable size, at a similar stage of development and in the same industry as yours. Additionally, you will need to make sure that the auditor you choose is a participant in the Canadian Public Accountability Board (CPAB) 's oversight program: this is a requirement for any firm that audits a public company.

Questions for external auditors

1. Is your firm authorized to perform audits of public companies? Is it CPAB approved?
2. What other TSX- or TSXV-listed companies do you audit?
3. Does your firm foresee any financial statement issues related to my company going public?

Selecting your investor relations professional

An investor relations (IR) professional increases public awareness of the company through communication activities directed at existing and prospective shareholders. The IR function can be filled by a firm, an employee or a contractor. Specific responsibilities include keeping shareholders informed, producing annual / quarterly reports and arranging the annual general meeting.

Questions for IR firms

1. Can you provide a list of clients of a similar size, and in a similar industry?
2. How would your firm generate awareness of my company?
3. What will be the source of investors for my company?
4. What specific services would you provide?
5. How familiar is your firm with disclosure and filing requirements, and securities commissions' rules and regulations?
6. Does your firm have a history of disciplinary matters, such as settlement agreements or disciplinary actions, with any regulatory body?

Corporate structuring & housekeeping

Your company's Board and management team will be responsible for your company's business plan and corporate structure. The CFO in particular will play a significant role in determining the ideal corporate structure for going public.

Creating a board of directors

The Exchanges look carefully at all directors and officers when reviewing a company's application for listing. The Exchanges will exercise discretion in considering all factors related to your company's directors, officers and other insiders (and any other individuals involved with your company).

The composition of your management team and Board of Directors should include:

- Individuals with experience and expertise relevant to your business;
- Individuals with relevant public company experience. In the case of TSX Venture Exchange, a director with specific experience with TSXV is important;
- Individuals familiar with Canadian securities laws;
- Independent directors:
 - TSX requires at least two independent directors, as defined below
 - TSXV requires at least two independent directors, as defined below
- At least two directors with public company experience are recommended (TSX only);
- Securities law (National Instrument 51-101) requires three independent directors for the Audit Committee (TSX only).

Independent directors

TSX

An independent director is a person who meets the following criteria:

- is not a member of management, and is free from any business interest or other relationship that could reasonably be perceived to interfere materially with his or her ability to act in the best interest of your company; and
- is a beneficial holder, directly or indirectly, collectively of 10% or less of the votes of all issued and outstanding securities of your company.

TSXV

An independent director is a person who meets the following criteria:

- has no direct or indirect material relationship with your company (a material relationship is any relationship which could, in the opinion of your company, interfere with the exercise of the individual's independent judgment).

Both exchanges

The following types of individuals would not be considered independent directors by either Exchange:

- A person who is currently an officer, employee or a service provider to your company, or any of its subsidiaries, or has been within the past three years;
- A person who is an officer, employee or controlling shareholder of a company that has a material business relationship with your company.

Board mandate

Your Board should adopt a written mandate that acknowledges responsibility for:

- a. stewardship of your company;
- b. the integrity of the chief executive officer (CEO) and other executive officers, and their creation of a culture of integrity throughout the organization;
- c. adopting a strategic planning process and approving (on at least an annual basis) a plan which takes into account the opportunities and risks of your business;
- d. identifying principal risks of your business, and implementing appropriate risk management systems;
- e. succession planning (including appointing, training and monitoring senior management);
- f. adopting a communication policy;
- g. internal control and management information systems; and
- h. developing corporate governance principles and guidelines.

The written mandate of the Board should also set out:

- a. the stakeholder communication process; and
- b. the directors' basic duties with respect to issues such as Board meeting attendance and advance review of meeting materials.

Position descriptions

The Board should develop descriptions for the following positions:

- Chair of the Board
- Chair for each Board committee
- CEO (including his/her corporate goals and objectives)

Code of business conduct and ethics

The Board should adopt a written code of business conduct and ethics (a code) applicable to directors, officers and employees. The code should constitute written standards designed to promote integrity and address the following areas:

- a. conflicts of interest;
- b. use of corporate assets;
- c. confidentiality;
- d. fair dealing with security holders, customers, suppliers, competitors and employees;
- e. compliance; and
- f. reporting of illegal or unethical behaviour.

Creating an audit committee

Public companies listed in Canada must have an audit committee. This is a cornerstone of corporate governance and financial reporting. Audit committees of companies with international operations should have knowledge of Canadian securities laws and financial reporting, and be conversant in the languages and customs of the country or countries in which any international business is conducted.

The minimum qualifications for an audit committee are:

Toronto Stock Exchange Listed Companies

The audit committee members must be independent and **financially literate**.

- Independence is defined as not having a direct or indirect material relationship with the company. A material relationship is one that could, in the view of your company's Board of Directors, reasonably be expected to interfere with the exercise of a member's independent judgment.
- Financial literacy is the ability to read and understand financial statements containing the breadth and complexity of issues that can reasonably be expected to be raised by your company's financial statements.

TSX Venture Exchange Listed Companies

- The audit committee must be comprised of at least three directors, the majority of whom are not officers, employees, or control persons of your company, or any of its associates or affiliates.

Responsibilities of the audit committee

The audit committee of a company listed on either Exchange must fulfill the following responsibilities, although there may be some transitional relief immediately prior to going public and for a short period afterwards. Your audit committee must:

1. Have a written charter that sets out the audit committee mandate and responsibilities.
2. Recommend to the Board of Directors: a. the compensation of the external auditor; and b. the external auditor to be nominated.
3. Be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
4. Pre-approve all non-audit services to be provided to your company or its subsidiary entities by the external auditor.
5. Review your company's financial statements, management discussion and analysis (MD&A), and annual and interim earnings press releases before your company publicly discloses this information.
6. Be satisfied that adequate procedures are in place for reviewing your company's public disclosure of financial information extracted or derived from the company's financial statements, and periodically assess the adequacy of those procedures.
7. Establish procedures for:
 - a. the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing; and
 - b. the confidential anonymous submission, by employees of your company, of concerns regarding questionable accounting or auditing matters.
8. Review and approve your company's hiring policies regarding partners, employees and former partners and employees of any present or former external auditor.

Organizing financial statements

Because the organization of financial statements can be a long and complicated process, it should begin well in advance of the preparation of the rest of your listing application. Your application to list on either Exchange must generally contain audited annual financial statements, including:

- statement of profit or loss, cash flow and changes in equity for the last two completed financial years ending more than 90 days before the date of the application (or 120 days in the case of most applications to TSXV);
- statement of financial position as at the end of the two most recently completed financial years (in some instances, only one financial year of audited financial statements is required); and
- notes to the financial statements.

Note

Audit opinions must be without qualification, although depending on the financial history or position of your company, some exceptions may apply.

If any interim (financial) period ended:

- a. after the most recent annual financial statements included in your application, and
- b. more than 45 days before the date of your application (60 days in the case of most applicants to TSXV)

then you will usually also have to provide interim period financial statements for the most recent interim period that meets those criteria. Specifically, you'll need to provide:

- a balance sheet as at the end of the interim period, and a balance sheet as at the end of the immediately preceding financial year,
- an income statement, a statement of retained earnings and a cash flow statement, all for the year-to-date interim period, as well as comparative financial information for the corresponding interim period in the immediately preceding financial year (if any),
- if the interim period is not the first interim period in the current financial year:
 - an income statement for the three month period ending on the last day of the interim period,
 - a cash flow statement for the three month period ending on the last day of the interim period, and
 - comparative financial information for the corresponding interim period in the preceding financial year (if any)
- notes to the financial statements.

These interim financial statements may be unaudited, but they will require a review by the external auditors. In the case of listing by way of a reverse takeover or a qualifying transaction with a CPC, financial statements are generally required for both the existing listed company (i. e. the shell company or CPC) and the company seeking to complete the reverse takeover or qualifying transaction with the existing listed company (i. e. your company).

You should consult your auditor, legal counsel and TSX or TSXV listing team early in the application process to understand the specific financial statement requirements applicable to your company. In some cases, your underwriters may require additional periods of financial information in order to provide adequate information to potential investors.

Financial statement preparation

The financial statements included in your listing application must be prepared in accordance with one of the following:

1. International Financial Reporting Standards (IFRS)
2. U.S. GAAP (only applicable to companies with U.S. registered securities)
3. Accounting principles that cover substantially the same core subject matter as Canadian GAAP (applicable to publicly accountable enterprises and only permitted for designated international jurisdictions; some countries, including China, are not currently among these jurisdictions), with a reconciliation to Canadian GAAP

Listing requirements

TSX and TSXV have original listing requirements for listing your company depending on your industry sector. The sectors include:

- Mineral exploration and mining;
- Oil and gas;
- Industrial;
- Research & development;
- Technology;
- Investment funds and structured products; and
- Real estate (TSXV only)

TSX and TSXV divide certain industry segments into two tiers, based on the stage of development, historical financial performance, and the financial resources of the issuer.

TSX refers to its more established companies as exempt companies and less established ones as non-exempt companies. TSXV refers to its more established companies as Tier 1 issuers and less established ones as Tier 2 issuers. Both TSX and TSXV have original listing requirements consisting of certain financial tests, working capital, public distribution, market capitalization, work programs, property valuations, management and board composition requirements that must be met; these vary according to individual industry sectors.

TSX companies are usually established, well-capitalized businesses. However, TSX's requirements also set out criteria for listing companies that have not yet reached profitability at the time of listing, but are able to meet alternative criteria. Technology, biotechnology and mineral or oil and gas exploration companies that have not yet reached profitability at the time of listing may be able to list on TSX if the specific sector requirements for these companies are met.

TSXV companies are usually at an earlier stage of their development and are not required to have advanced to profitability. The financial requirements and listing requirements are appropriately reduced to reflect this. A company could be at the development stage, having cleared technology, marketing and manufacturing hurdles, but yet to show a profit.

The TSX and TSX Venture business development team will work with a company to determine if it is likely to meet the listing requirements.

A full list of listing requirements for Exploration and Mining Companies can be found in Appendix A; Oil & Gas Companies can be found in Appendix B; and Industrial, Technology, and Research and Development companies can be found in Appendix C.

TSX Venture Exchange Listing Experience

Submitting an application for listing

When your company applies to list on TSXV, there are a number of documents you'll need to file as part of, and in support of, that application. The exact documentation required will vary depending on whether the listing transaction is:

- a listing application made concurrently with an IPO
- an IPO by a CPC
- a direct listing
- a reverse takeover or
- a qualifying transaction

The chart below gives an overview of the documents you'll need to file as part of your initial submission to the Exchange (and explains which documents are required for which type of listing transaction). Additional documents which must be filed following conditional approval will be discussed later in the chapter.

All Forms referred to are TSXV forms, and all Policies are policies found in the TSXV Corporate Finance Manual. Both the Forms and the Manual can be found online at www.tmx.com/listingprocess

The information below is a general guide. For more specific information about your particular type of application for listing, please contact your listing team or visit www.tmx.com/listingprocess

Documents to be filed – initial submission

ALL APPLICANTS

TSXV

Personal information form and consent for disclosure of criminal record information form (Collectively, a PIF; Form 2a)

Required for all applications. To be completed by every individual who will, at the time of listing:

- be an officer or director of the applicant; or
- beneficially own or control, directly or indirectly, securities carrying greater than 10 percent of the voting rights attached to all outstanding voting securities of the applicant.

Submission letter

Required for all applications. This letter must:

- specify which industry the company is applying for,
- identify any applicable waiver or exemptions that the company is applying for, and
- provide three choices for a stock symbol.

Disclosure document

Required for all applications. This draft disclosure document must provide full, true and plain disclosure of all material facts relating to the applicant's securities. The exact nature of the document will depend on the listing transaction:

- For an IPO: a preliminary prospectus
- For a direct listing: a draft Form 2B (Listing Application)
- For a qualifying transaction: a draft Form 3B1/3B2 (Information Required in an Information Circular/Filing Statement)
- For a reverse takeover: a draft Form 3D1/3D2 (Information Required in an Information Circular/Filing Statement)

In all cases, the draft disclosure document must include all applicable annual and interim period financial statements (See Chapter 3 for an overview of commonly required financial information).

ALL APPLICANTS	TSXV
Securityholder information	Required for all applications. Specifically, applicants must file a Form 2J (Securityholder Information), which sets forth the particulars of its existing shareholders.
Stock option or security purchase plans	All applicants who have stock option plans, security purchase plans and/or any other agreement under which securities may be issued must submit the plan(s) and/or agreement(s).
Material contracts	Required for all applications. Must include any material contracts that the applicant has entered into (and any draft material contract which it expects to enter into) relating to the issuance of securities, Non Arm's Length Transactions or the assets upon which the Exchange listing will be based.
Valuation or appraisal report (if applicable)	Must be prepared by a qualified individual in accordance with industry standards.
Preliminary sponsor report	Must be included if required by Policy 2.2 – Sponsorship and Sponsorship Requirements
Title opinion	Usually required of any applicant whose principal properties or assets are located outside Canada or the United States. May be either a title opinion or another appropriate confirmation of title in a form acceptable to the Exchange.
Listing fee	A cheque representing the applicable listing fees, as provided in Policy 1.3 – Schedule of Fees
MINING AND OIL & GAS APPLICANTS	TSXV
Geological reports	Required for each of the applicant's principal properties. May include recommendations for exploration and/or development work.
TECHNOLOGY APPLICANTS	TSXV
Comprehensive business plan	Required for applicants whose business has not generated net income in line with the Minimum Listing Requirements. Must be a comprehensive business plan with forecasts and assumptions for the next 24 months.
RESEARCH AND DEVELOPMENT APPLICANTS	TSXV
Work program	Must be a description of the research and development conducted to date and a comprehensive recommended research and development work program.

Documents

Documents be filed can be found at www.tmx.com/listingprocess

Receipt of application & exchange review

After receiving your initial submission, the Exchange will send you any questions or comments we may have. You will need to respond to these questions and comments, as well as submit any additional documents or agreements that the Exchange considers appropriate in the circumstances. If your Application for Listing is made concurrently with a prospectus offering, you must provide the Exchange with copies of all correspondence with the applicable securities commissions.

Conditional acceptance

After reviewing your application, the Exchange will provide one of the following

Grant conditional approval — meaning your application for listing is conditionally approved, subject to meeting specific conditions within a 90 day period; or

Defer — meaning a decision on your application for listing is deferred pending resolution of specified issues within a 90 day period. If you fail to address these issues to the satisfaction of the Exchange within the 90 day period, your application will be declined; or

Decline — meaning your application for listing is declined. At least six months must pass before your company will become eligible for reconsideration.

Conditional acceptance of the application will be subject to the following conditions:

- a. there are no material changes in the final Disclosure Document to the information disclosed in the draft Disclosure Document filed with the Exchange as part of the initial submission.
- b. all other required documentation, including evidence of satisfactory distribution of the securities, will be filed with the Exchange within 90 days, or such other date as the Exchange may stipulate.

Final filing requirements

The Exchange must receive the following final documentation prior to providing final acceptance of your listing:

1. The final version of the applicable Disclosure Document;
2. A copy of the final version of the applicable Disclosure Document blacklined to the draft version filed with the Exchange;
3. An Executed Listing Agreement (Form 2D) filed in paper form (if not previously filed);
4. A consent letter from each auditor, accountant, engineer, appraiser, lawyer or other person or party whose report, appraisal, opinion or statement is disclosed or summarized or incorporated by reference into the Disclosure Document or supporting documents (if applicable);
5. Executed copies of the applicable escrow agreement(s) under which securities held by principals of your company will be subject to escrow under applicable securities laws and/or Exchange policies;
6. An executed copy of the final Sponsor Report (if applicable);

7. For an IPO or a direct listing:
 - A letter from the transfer agent confirming that the security certificate complies with Exchange requirements (see Policy 3.1 – Directors, Officers, Other Insiders & Personnel and Corporate Governance). In the case of a generic certificate, the letter must confirm that the generic certificate complies with the requirements of the Security Transfer Association of Canada;
 - An unqualified letter from CDS Clearing and Depository Services Inc. (CDS) confirming the CUSIP or ISIN number(s) assigned to your securities;
 - A letter from your transfer agent and registrar confirming that it has been appointed as your transfer agent and registrar. The transfer agent must also undertake to provide the Exchange with a copy of each treasury order of your company within five business days after any issuance of Listed Shares;
 - A legal opinion which says that your company is in good standing under, or not in default of, applicable corporate law, and is a reporting issuer in good standing and not in default in each jurisdiction in which you report (if applicable);
8. For a reverse takeover or a qualifying transaction: a. Where shareholder approval for the transaction is required, evidence of shareholder approval; b. A legal opinion, or officer's certificate, confirming that all closing conditions other than Exchange acceptance have been satisfied and, in the case of a qualifying transaction, that the CPC is in good standing under or not in default of applicable corporate law and is a reporting issuer in good standing and not in default in each jurisdiction in which it is a reporting issuer;
9. The balance of the applicable listing fee as set out in Policy 1.3 – Schedule of Fees; and
10. Any other documentation requested by the Exchange.

In addition to the above documents required, if your Application for Listing is made concurrently with a prospectus offering, the Exchange must also receive a Distribution Summary Statement (Form 2E) prepared by a Member firm acting as, or on behalf of, your company's Agent prior to providing final Exchange acceptance of the listing.

Approval of listing and posting of securities

When all the documentation has been submitted and approved, TSXV staff will complete an Exchange Bulletin regarding your listing. This bulletin acts as the notification to TSX Trading that they should initialize your stock symbol, and provides details about your listing to member firms of the Exchange. The bulletin is sent out two days prior to the first day of trading of your company.

Toronto Stock Exchange Listing Experience

Submitting a listing application

To secure a listing of securities on TSX, your company must complete a Listing Application Form. This, together with supporting data, should demonstrate that your company meets the original listing requirements of the Exchange. Once approved, your company must also sign a Listing Agreement to formally place on record your commitment to comply with Exchange requirements for the continuance of its listing.

The Listing Application is made up of three principal components: the Principal Listing Document, the Listing Application Form and the Supporting Documents.

1. Principal listing document

The Principal Listing Document is the primary source of disclosure made by your company to TSX – that is, it is the main source of relevant information about your company. Your Principal Listing Document will be one of the following:

Prospectus (using Form 41-101 F1, available from the relevant securities commission)

Annual Information Form (using Form 51-102F2 available from the relevant securities commission)

Annual Report For U.S. Issuers (using Form 10-K, available from the SEC)

Annual Report For Foreign Private Issuers (using Form 20-F, available from the SEC)

You may be able to use documents and forms from other jurisdictions, if they provide a level of disclosure acceptable to the Exchange. You must pre-clear the use of any other such form with TSX. Contact your listing team for more details.

Your Principal Listing Document should be for the most recently completed financial year. If your Principal Listing Document is a Prospectus, it must have been filed with the Canadian Securities Administrators within the last 12 months preceding the date on which you file your original listing application with TSX. If the Principal Listing Document is an Annual Information Form (AIF), you may present information as at the last day of your company's most recently completed financial quarter or financial year. Your AIF must specify the relevant date of the disclosure (i. e. of the information it contains).

Although your Principal Listing Document is for the most recently completed financial year, the disclosure you provide to TSX must be up-to-date as of the date of your application to the Exchange. Therefore, in an appendix to the Listing Application, your company must supplement the disclosure in the Principal Listing Document by attaching relevant subsequent continuous disclosure filings. This includes material change reports, business acquisition reports and press releases, and any other information required to ensure the disclosure provided to TSX is current. (See Chapter 11 for more information on continuous disclosure and related documents).

Filing a prospectus

The prospectus is a critical document if your company is listing via an Initial Public Offering (IPO). It provides investors with the essential information they need to make an informed investment decision regarding your company. Successful completion of the prospectus requires the co-operation of management, legal counsel, auditors and the relevant securities commission(s). The prospectus should include:

- A history of your company and description of operations.
- Current and historical audited financial statements.
- Your business plan.
- Your company's use of proceeds, as well as the particulars of any major assets to be acquired and prospects to be developed.
- A description of your company's officers, directors and major shareholders.
- The details of shares held in escrow.

Filing a prospectus is a four-step process:

1. Your company files a preliminary prospectus with the securities commission in its home province and in any other jurisdictions where shares will be sold. The degree of detail in the prospectus must be very high, as securities laws require full, true and plain disclosure.
2. The securities commissions review the prospectus and advise your company and its professional advisors of any deficiencies. The Exchange reviews the prospectus together with your listing application to determine whether your company meets its listing requirements.
3. After all the deficiencies are cleared to the satisfaction of the commissions and the Exchange, your company files a prospectus in final form with both the commissions and the Exchange.
4. The securities commissions issue a final receipt as approval of the prospectus. The final receipt is essentially approval for your company to begin selling shares in jurisdictions where the receipt has been issued.

2. Listing application form

The Listing Application should initially be submitted in draft form using the "TSX – Listing Application" at www.tsx.com/listings/listing-with-us/listing-guides/tsx-listing-process. Please do not skip over questions, leave them unanswered, or change their order. The executed application in final form will only be required as part of the final listing material. The listing application fee must be paid when filing the listing application.

3. Documents to be filed in support of the listing application

The documents to file in support of the listing application are outlined below (the official list can be found online at www.tsx.com/listings/listing-with-us/listing-guides/tsx-listing-process). These documents must be filed at the same time as the Principal Listing Document and the Listing Application in draft form. Additional documents which must be filed following conditional approval will be discussed later in the chapter.

Companies already listed on TSXV who are applying to graduate to TSX may be exempt from filing some of the documents below. For more information on the graduation process, please contact our Business Development Team (see the contact list at the end of this Guide) or visit www.tsx.com/graduation.

Companies may also be exempt from submitting certain documents if those documents have already been filed with the Canadian Securities Administrators via their System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. These exemptions are noted in the document list below.

Documents to be filed

ALL APPLICANTS TSX

Personal information form and consent for disclosure of criminal record information form (collectively, a PIF / form 4)

Must be completed by every individual who will, at the time of listing:

- be an officer or director of the applicant; or
- beneficially own or control, directly or indirectly, securities carrying greater than 10% of the voting rights attached to all outstanding voting securities of the applicant.

Any officer or director who has submitted a PIF to TSX (or TSXV) within the last 36 months, in connection with any company, can instead file a Statutory Declaration Form and a Consent for Disclosure of Criminal Record Information Form if the information provided on the PIF has not changed.

In the context of the listing of a special purpose issuer, where an individual has submitted a PIF to either Exchange within the last 12 months and the information on the PIF has not changed, that individual will not have to provide either a PIF or a Statutory Declaration Form and a Consent for Disclosure of Criminal Record Information Form.

There may be additional costs to conduct searches on individuals living outside of Canada, the United States, the United Kingdom and Australia. These will be charged to, and must be paid by, the applicant.

Financial statements

Unless they are already included in the Principal Listing Document or available on SEDAR, all applicants must provide:

1. Audited financial statements for the most recently completed fiscal year, signed by two directors of the applicant on behalf of its board of directors (board).
2. Unaudited financial statements for the most recently completed financial quarter, signed by two directors of the applicant on behalf of its board.

Additionally, if the applicant has recently (within the current or immediately preceding year) completed, or proposes to soon complete, a transaction (such as a business acquisition or a significant disposition) which would materially affect their financial position or operating results, pro forma financial statements that give effect to the transaction must be submitted. Specifically, the applicant must submit:

- A pro forma balance sheet as of the date of the most recent balance sheet included in the Principal Listing Document. This must reflect the impact of the significant transaction as if it had occurred at that date.
- A pro forma income statement which reflects the impact of the significant transaction as if it had taken place at the beginning of the most recently completed financial year for which audited financial statements are included in the Principal Listing Document.
- A pro forma income statement for the most recently completed interim period for which financial statements are included in the Principal Listing Document. This must reflect the impact of the significant transaction as if it had taken place.

ALL APPLICANTS

TSX

Charter documents

All applicants must provide certified copies of all charter documents, including: Articles of Incorporation, Letters Patent, Articles of Amendment, Articles of Continuance, Articles of Amalgamation, partnership agreements, trust indentures, declarations of trust or equivalent documents.

Applicants incorporated outside of Canada may be required to provide reconciliation of the corporate laws in their home jurisdiction to those of the Canada Business Corporation Act.

Take-over protection agreement (or coattail trust agreement)

Applicants with Restricted Voting Securities must provide a copy of this agreement. This agreement must meet, or be amended to meet, the requirements of Section 624(l) of the TSX Company Manual.

Security-based compensation arrangement

All applicants must submit a copy of every security-based compensation arrangement as well as any similar agreement under which securities may be issued. These should be submitted together with a sample of the option agreement used for option grants or with individual option agreements, whichever is applicable. If securityholder approval was required for the agreements, applicants must include a copy of the approval.

Other agreements relating to securities

All applicants must submit a copy of any agreement under which securities are held in escrow, pooled, or under a similar arrangement.

Reports on freely tradeable securities

All applicants must submit reports demonstrating the number of freely tradeable securities, and the number of securityholders, for each class of securities to be listed including warrants and convertible debentures.

These reports should be prepared using the forms attached to the Listing Application Form.

Sponsorship letter (if applicable)

Any applicant that is required by the Exchange must submit a sponsorship letter. Depending on the circumstance, this requirement could possibly be waived.

Updated information for the principal listing document

All applicants must submit any additional information required to supplement the Principal Listing Document such that, overall, the information provided to the Exchange is current as of the date the application is submitted. This additional information includes continuous disclosure filings such as material change reports, business acquisition reports and press releases.

In addition, if the applicant is listed elsewhere, this information should include an updated chart of the trading history of the securities of the applicant, up to the end of the month preceding the submission of the application.

Original listing fee

All applicants must provide a cheque payable, as provided in the TSX Listing Fee Schedule.

MINING AND OIL & GAS APPLICANTS

TSX

Technical reports

All Mining or Oil & Gas applicants must submit:

1. Full and up-to-date reports on their significant properties, prepared in compliance with National Instrument 43-101 (NI 43-101) for Mining applicants and in compliance with National Instrument 51-101 (NI 51-101) for Oil & Gas applicants. Reports prepared in conformity with other reporting systems deemed by TSX to be substantially equivalent to NI 43-101 and NI 51-101 will normally be acceptable also. Written consent from the author must be provided for the use of the reports in support of the Listing Application. (For more information on NI 43-101 or NI 51-101, see Chapter 6 or Chapter 7)
2. A certificate from the author of the reports confirming that he/she: i) has reviewed the disclosures in the Principal Listing Document regarding the properties covered by such reports; and ii) considers the disclosure to be accurate to the best of his/her knowledge.
3. A projected sources and uses of funds statement for a period of 18 months, including related assumptions, presented on a quarterly basis, prepared by management and signed by the Chief Financial Officer, unless the applicant is applying for listing pursuant to Section 314.1 or 319.1 (TSX Requirements for Eligibility for Listing Exempt from Section 501).

TECHNOLOGY APPLICANTS

TSX

Projections

All Technology applicants must submit a projected sources and uses of funds statement, including related assumptions, for a period of 12 months, presented on a quarterly basis. These must be prepared by management and signed by the Chief Financial Officer.

RESEARCH AND DEVELOPMENT APPLICANTS

TSX

Projections

All Research & Development applicants must submit a projected sources and uses of funds statement, including related assumptions, for a period of 24 months, presented on a quarterly basis, prepared by management and signed by the Chief Financial Officer.

Documents

Documents to be filed can be found at www.tsx.com/listings/listing-with-us/listing-guides/tsx-listing-process

Receipt of application & exchange review

Following receipt of an original listing application, the Exchange will notify you within five business days whether you've submitted all required documentation for an assessment in a form acceptable to the Exchange. You will have 75 days to submit any outstanding documentation. If you fail to submit any outstanding documentation within the 75 day period, it will result in your application being considered withdrawn. Any further consideration will require resubmission and the payment of an additional application fee.

Once all documentation has been submitted, the Exchange will use its best efforts to assess your application and render a decision as soon as possible within 60 days from the date of receipt of all documentation. The Exchange will also use its best efforts to accommodate your schedule for the filing of a prospectus and the closing of an offering of securities. At any time during the assessment, however, the Exchange may require additional information or documentation, which may extend the assessment period.

When TSX is satisfied that the application documents are in order, the application is submitted to the Exchange's Listings Committee, which is comprised of members of Listed Issuer Services.

The Listings Committee may ask for additional information in order to clarify certain areas of the application.

Listing on the Exchange is considered to be a privilege, even if your company appears to meet the prescribed original listing requirements.

Following the completion of the assessment, the Exchange will either:

Grant conditional approval — your listing application is conditionally approved, subject to meeting specific conditions within a 90 day period; or

Defer — your listing application is deferred pending resolution of specified issues within a 90 day period. Failure to address these issues to the satisfaction of the Exchange within the 90 day period will result in your application being declined; or

Decline — your listing application is declined. At least six months must pass before your company becomes eligible for reconsideration.

Conditional approval of your application based on a preliminary prospectus will be subject to the following conditions:

- a. There are no material changes in the final prospectus to the information disclosed in the preliminary prospectus.
- b. All other required documentation, including evidence of satisfactory distribution of the securities, will be filed with the Exchange within 90 days, or such other date as the Exchange may stipulate.

Moving from conditional approval to approval

The following documents must be filed after your company has been conditionally approved for listing on TSX, together with any additional documentation specified in the conditional approval letter.

TSX listing application, completed in final form. The certificate and declaration accompanying the Listing Application must be signed by your: i) Chief Executive Officer (or President) ; and ii) Corporate Secretary or Chief Financial Officer, or, if they are not available, by another duly authorized senior officer. The required statutory declarations must be made before a Notary Public. If the declarations are made outside of Canada, appropriate adjustments should be made.

A letter from the trust company which acts as transfer agent and registrar in the City of Toronto stating that it has been appointed as transfer agent and registrar for your company and is in a position to make transfers and to make prompt delivery of security certificates. The letter must state what fee, if any, is charged for transfers.

Security certificates – One of the following, for each class of securities to be listed:

- a. If you are using engraved security certificates – A definitive specimen certificate which meets the requirements set out in the TSX Company Manual, printed by a bank note company approved by TSX.
- b. If you are using the book entry only system administered by CDS Clearing and Depository Services Inc. (CDS) – A copy of the global certificate.
- c. If you are using a generic certificate – A definitive specimen of the generic certificate and a letter from the issuing transfer agent confirming that the generic certificate is in compliance with all Securities Transfer Association of Canada requirements.

CUSIP confirmation – One of the following for each class of securities to be listed:

- a. If your company is incorporated in Canada – An unqualified letter from CDS confirming the CUSIP number assigned to each class of securities to be listed on TSX.
- b. If your company is incorporated outside of Canada – An unqualified letter from the entity which has the jurisdiction to assign CUSIPs confirming the CUSIP number assigned to each class of securities to be listed and a confirmation from CDS that the securities to be listed on the Exchange are eligible for clearing and settlement through CDS.

A letter from your legal counsel setting out, in effect, that the legal counsel has examined, or is familiar with, the records of your company and is of the opinion that:

- a. It is a valid and subsisting company (or other legal entity, as applicable);
- b. All of the securities, which have been allotted and issued as set out in the listing application, have been legally created; and
- c. All of the securities, which have been allotted and issued as set out in the listing application, are or will be validly issued as fully paid and non-assessable.

A copy of every material contract referred to in the listing application (if not already provided to fulfill a different requirement in this list and if not available in current form on SEDAR).

If applicable, an executed copy of the final sponsor report, or sponsorship letter.

A duly completed registration form for TSX SecureFile, which is available on www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-issuer-resources/tsx-securefile/how-to-register?lang=en.

Any other information requested by the Exchange.

Approval of listing and posting of securities

After your company's securities have been approved for listing, the Exchange will select a participating organization to act as the designated market maker for the securities. The designated market maker assists in maintaining an orderly market in the securities. The process of selecting the designated market maker usually takes two to three weeks. A company can request that a specific participating organization become their designated market maker.

Once your listing application has been approved, the posting of the securities for trading may take place shortly thereafter – as a general rule, not more than 90 days after approval of the listing application.

In the case of securities being offered to the public, the listing may take place prior to the closing of the offering, at your company's request. Exchange staff will advise your company of the requirements in this regard. Any trading that takes place prior to closing will be on an "if, as, and when issued" basis.

Special Considerations for Mining Companies

The Exchanges have consistently demonstrated strength when it comes to listing resource companies and are global leaders in listing mining companies. Our business development team is very well-versed in the needs and concerns of mining companies as they go public, and we encourage you to consult with our Global Mining team as you prepare your company for the listing process. Contact information can be found at the end of this guide. A key consideration for mining companies preparing to list with the Exchanges is that all mining companies, whether applying to TSX or TSXV, must provide specific geological and/or technical reports as part of their application. The requirements for these reports are laid out in National Instrument 43-101.

National Instrument 43-101 – standards of disclosure for mineral projects

For more detailed information, please contact our business development team, consult the instrument itself and/or contact your local securities regulator (Contact information for provincial securities regulators can be found at the end of this guide).

Key definition: qualified person

Disclosure of scientific or technical information about a mineral project on a property of significance to a company must be based on information prepared by a qualified person (or under the supervision of a qualified person). In most instances, the qualified person must be independent of the company. This includes disclosure of a mineral resource or reserve.

A qualified person or QP is defined as an individual with at least five years' experience in mineral exploration, mine development or operation, or mineral project assessment as an engineer or geologist, plus relevant experience in the subject matter of the technical report or mineral project. The qualified person must also be in good standing with a professional association in Canada, or be a member of one of the recognized foreign associations listed below and hold the professional designation that corresponds with that organization.

Recognized foreign associations and designations

FOREIGN ASSOCIATION	Designation
American Institute of Professional Geologists (AIPG)	Certified Professional Geologist
Any state in the United States of America	Licensed or certified as a Professional Engineer
Mining and Metallurgical Society of America (MMSA)	Qualified Professional
European Federation of Geologists (EFG)	European Geologist
Australasian Institute of Mining and Metallurgy (AUSIMM)	Chartered Professional Member or Fellow
Institute of Materials, Minerals and Mining (IMMM)	Professional Member, Fellow, Chartered Scientist or Chartered Engineer

FOREIGN ASSOCIATION

Australian Institute of Geoscientists (AIG)

Designation

Member, Fellow or Registered Professional Geoscientist

Chilean Mining Commission

Member or Fellow

South African Institute of Mining and Metallurgy (SAIMM)

Registered Member

South African Council for Natural Scientific Professions (SACNASP)

Fellow

The Society for Mining, Metallurgy and Exploration inc.

Professional Natural Scientist

Engineering Council of South Africa (ECSA)

Registered Member

Comisión Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission)

Professional Engineer or Professional Certified Engineer

Institute of Geologists of Ireland (IGI)

Professional Member

Geological Society of London (GSL)

Chartered Geologist

Source: Companion Policy 43-101CP to National Instrument 43-101 Standards of Disclosure for Mineral Projects

Report requirements

The technical report(s) filed by a mining company applying to list on a Canadian exchange must:

- Provide a summary of scientific and technical information concerning mineral exploration and development activities on the mineral property in question.
- Be prepared by, or under the supervision of, at least one qualified person (as defined above; in most instances, an independent QP).
- Be prepared on the basis of all available data relevant to the disclosure.

Upon listing you will become a “reporting issuer”, and the company must update that information provided, filing a technical report for each material mineral project on each of their properties with the Canadian Securities Administrators (CSA) via the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com. All information filed on SEDAR is visible to the public.

Along with each report, the company must file a consent form for each qualified person responsible for preparing or supervising any portion of the report. This is consent from the qualified person:

- consenting to the public filing of the technical report;
- consenting to the use of extracts from, or a summary of, the technical report in the identifying the document that the technical report supports;
- confirming the the qualified person has read the document and that it fairly and accurately represents the information in the technical report of part of the qualified person is responsible for.

This is simply a consent from the qualified person to use the information they prepared or supervised. Consents must be signed and dated, and if the signatory has a seal, sealed. Examples of consents can be found on SEDAR.

Companies should note that once they are reporting issuers, they will have to continue to file technical reports to support disclosures they are required to make. These may be disclosures required under continuous disclosure obligations – for example, annual or quarterly reports – or disclosures required in connection with material events. Material events are events that management expects to affect the price of their company's securities, positively or negatively. For an exploration company this might be something as simple as drill results, while for a more senior company, generally only a more unusual event, such as a major acquisition, would potentially affect share price and therefore be considered material. Disclosure is the responsibility of the company.

The Exchanges require that all material events be disclosed to the public in a timely fashion via news release. For more information on disclosure obligations, see Chapter 11, and consult NI 43-101 and the TSXV Corporate Finance Manual or TSX Company Manual, as applicable.

Disclosure requirements

Any disclosure of scientific or technical information regarding a mineral project, whether written or oral, must be read and approved by a qualified person (who may be an employee of the company). This includes disclosure via a web site as well as disclosure made in a news release. Disclosure via news release must include:

- The name and relationship to the company of the QP who prepared/supervised the basis of the information (independence test).
- The methods of verification the data underwent. If the data was not verified, the company must provide the reason why.
- A summary of the material results and the interpretation of the exploration information (such as sampling results, assays from diamond drilling, etc.). Note that materiality is proportional to the exploration stage of the particular company: operating mining companies have a higher threshold of disclosure than junior exploration companies, meaning they generally don't have to disclose as much day-to-day information.
- A description of the quality control and quality assurance methods that were used during the execution of the work being reported.

Special Considerations for Oil & Gas Companies

TSX is a global leader when it comes to listing Oil & Gas companies. The Exchange's strong presence in the resource sector means we understand the particular challenges faced by Oil & Gas companies both in the leadup to listing and while operating as a public company. Our experienced business development team, and in particular our Global Energy Head, can answer questions about your specific situation as you prepare to go public. We encourage you to use the contact information found at the back of this guide.

Some requirements are common to all Oil & Gas companies, whatever their specific situation. In particular, Oil & Gas companies applying to list on either Exchange must file particular technical and/or geological reports in support of their application. Once public, regularly filing such reports will be part of your company's ongoing disclosure obligations. These reports are governed by National Instrument 51-101.

An overview of NI 51-101 is provided below for your reference. For more detailed information, please contact our business development team, consult the instrument itself, and/or contact your local securities regulator. (Contact information for provincial securities regulators can be found at the end of this guide).

National instrument 51-101 – standards of disclosure for oil & gas activities

NI 51-101 provides oil and gas companies with guidance for disclosing information to the securities regulatory authority, shareholders and the public, and contains instruction for the board of directors. It sets out definitions to be used as well as guidelines for filing reports and statements and for disclosing information specific to oil and gas companies.

Definitions

Independent qualified auditor/evaluator

A key document that must be filed regularly is a report prepared by an independent qualified reserves evaluator or auditor.

To be independent, this person must have nothing in their relationship with the company that could, in the opinion of a reasonable person who knew all the facts, interfere with either the person's or the company's judgment when it comes to preparing information for the company to use.

To be qualified, the person must have the appropriate professional qualifications and experience to make them able to evaluate or audit the data in question. They must also be a member in good standing of a professional organization.

Reserve classification

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, generally accepted as being reasonable, which shall be disclosed.

Reserves are classified based on the degree of certainty. There are three types:

RESERVE CLASSIFICATION

Proved reserves	Can be estimated with a high degree of certainty to be recoverable. The amount ultimately recovered will likely exceed the estimated proved reserves. Proved reserves should be established with a 90% probability that the quantities actually recovered will exceed or equal the estimated proved reserves.
Probable reserves	Less certain to be recovered than proved reserves. The amount ultimately recovered is just as likely to be less than the estimated proved and probable reserves put together as it is to exceed it. Probable reserves should be established with at least a 50% certainty that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.
Possible reserves	Additional reserves less certain to be recovered than probable reserves. The amount ultimately recovered will be unlikely to exceed estimated proved plus probable plus possible reserves put together. Possible reserves should be established with at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

Source: National Instrument 51-101

Each classification of reserve can be further broken down into two sub-types: developed and undeveloped.

RESERVE CLASSIFICATION BREAKDOWN

Developed reserves	These are reserves expected to be recovered from existing wells and installed facilities (or accumulations where it would cost little to start production, when compared to e.g. the cost of drilling a well). The developed category may be subdivided into producing and non-producing.
Developed producing reserves	These are reserves expected to be recovered from completion intervals open at the time of the estimate. They are currently producing or, if shut-in, they were previously on production and the date of the resumption of production is known.
Developed nonproducing reserves	These reserves are not currently producing and either have not been on production before, or were on production before but are now shut-in with the date of resumption of production unknown.
Undeveloped reserves	These reserves are expected to be recovered from known accumulations where it would be expensive to start production (when compared to e.g. the cost of drilling a well). As with all sub-types of reserve, undeveloped reserves must fully meet the requirements of the reserves classification (proved, probable, possible) to which they're assigned.

Source: National Instrument 51-101

In multi-well pools, it may be appropriate to divide total pool reserves between the developed and undeveloped categories or to subdivide the pool's developed reserves between developed producing and developed non-producing. Such divisions should be based on the estimator's assessment of the reserves to be recovered from specific wells, facilities and completion intervals in the pool, and their respective development and production status.

Reports required on listing and annually

Three different statements and reports are required of oil and gas companies under NI 51-101. The following statements and reports must be filed upon listing, and then annually, by oil and gas companies:

REPORTS REQUIRED

Statement of reserves data and other information (NI 51-101F1)

This statement involves the disclosure of all reserves data based on both constant prices (costs and prices at the time of the estimate) and forecast prices (reasonably predicted future costs and prices). This disclosure applies to all the different classifications of reserves defined above. It must include:

- a breakdown of proved reserves;
- the present value of the future net revenue attributable to proved reserves;
- a breakdown of certain elements of future net revenue (as laid out in NI 51-101F1); and
- additional information as described in NI 51-101F1.

Report of independent qualified reserves evaluator or auditor (NI 51-101F2)

This is a report submitted to the board of directors by an independent qualified evaluator or auditor, as defined above, and gives a detailed opinion based on an audit conducted by that person. The independent qualified person will have:

- evaluated or audited at least 75 percent of the future net revenue (calculated using a discount rate of 10 percent) attributable to proved plus probable reserves, as reported in the Statement of Reserves Data; and
- reviewed the balance of such future net revenue.

Report of management and directors (NI 51-101F3)

This report from the board of directors confirms that the information in the Statement of Reserves Data has been reviewed by the board of directors, that the independence of the qualified person was verified and that there were no reservations behind the information received. In this report, the board of directors approves:

- the content and filing with the securities regulatory authorities of the reserves data and other oil and gas information;
- the filing of the report of the independent qualified reserves evaluator on the reserves data;
- the content and filing of the Report of Management and Directors itself.

This report is meant to confirm the responsibilities of the company's management and confirms the role of the board of directors in connection with the responsibilities of the management.

News releases to announce filing

Once the above reports are filed, the company is responsible for issuing a news release announcing the filing of the reports and where an electronic copy can be found.

Responsibilities of reporting issuers and directors

Board of directors

Prior to the company filing its reports, the board of directors must:

- periodically review the company's procedures for the disclosure of information concerning oil and gas activities, including compliance with the rules and restrictions of this instrument;
- periodically review the procedures in which information is provided to the qualified reserves evaluators or auditors, who prepare the Report of Independent Qualified Reserves Evaluator or Auditor; and
- review the appointment of each independent qualified reserves evaluator or auditor.

Reserves committee

The responsibilities of the board of the directors can be delegated to a committee of the board. If a committee is delegated, the board must adhere to its recommendations concerning approving the content and filing of information. The majority of the members of the committee must be individuals who, in the last 12 months, have not:

- been an officer, employee or affiliate of the reporting issuer, or a relative of someone who is/was; nor
- owned 10 percent or more of the outstanding voting securities, or been a relative of someone who does/did.

All members of the committee must be free of any business or other relation which could be considered to interfere with their independence.

Requirements for disclosed reserves data

When a document is filed with a securities regulatory authority, there are a number of requirements regarding estimates of reserves for future net revenue that must be adhered to. The estimates must be prepared or audited by a qualified reserves evaluator or auditor, in accordance with the Canadian Oil and Gas Evaluation (COGE) Handbook, and assume that the development of each property will occur despite future funding. In addition, the company disclosing the data must take into account the reasonable future abandonment and reclamation costs relating to the property in question. Aggregate future net revenue should be estimated considering deductions from future well abandonment costs and future tax expenses. Finally, any event or transaction reported in an annual financial statement must correspond with the same date or period in which it was first reflected in the company's annual reserves data disclosure.

Requirements applicable to all disclosure

All disclosure requirements apply to all disclosures made by, or on behalf of, a company. Any disclosures regarding a statement filed with a securities regulatory authority must be consistent with the corresponding information in the statement. There may only be a departure from the original statement if a supplementary one was submitted afterwards.

Special Considerations for International Companies

The Exchanges welcome companies from around the world. However, non-Canadian companies do have some additional issues to consider in preparing to list on TSX or TSXV. The first issue to consider is what your company is defined as for the purposes of Canadian securities law – and in particular, if you are considered a non-Canadian company, or “foreign reporting issuer”. Generally speaking, your company will qualify as a foreign issuer if:

- it is not incorporated or organized under the laws of Canada or a jurisdiction in Canada;
- Canadian residents do not own more than 50% of the votes for an election of the directors, directly or indirectly;
- the majority of your senior officers or directors are not residents of Canada;
- less than 50% of your company’s assets are located in Canada; and
- your company’s business is administered principally outside Canada.

If your company qualifies as a foreign reporting issuer, it may also fall into one of three additional categories: (See National Instrument 71-102 - Continuous Disclosure and Other Exemptions Relating to Foreign Issuers).

SEC foreign issuer

These are foreign reporting issuers that have a class of securities registered with, or reporting to, the SEC.

Designated foreign issuer

These are foreign reporting issuers who have less than 10% ownership in Canada and who are subject to foreign disclosure requirements in:

- | | | | | |
|-------------|-------------|-------------------|----------------|------------------|
| • Australia | • Hong Kong | • Mexico | • Singapore | • Sweden |
| • France | • Italy | • The Netherlands | • South Africa | • Switzerland |
| • Germany | • Japan | • New Zealand | • Spain | • United Kingdom |

Other foreign issuer

An issuer that is incorporated or organized under the laws of a foreign jurisdiction, unless outstanding voting securities of the issuer carrying more than 50% of the votes for the election of directors are beneficially owned by residents of Canada, and any of the following apply:

- the majority of the executive officers or directors of the issuer are residents of Canada;
- more than 50% of the consolidated assets of the issuer are located in Canada; or
- the business of the issuer is administered principally in Canada.

Though the specific answer will vary depending on which category or categories apply to your company, and depending on your company’s unique situation, all international companies looking at listing in Canada will have to consider:

- How can I make sure my financial statements are in line with Canadian requirements?
- How can I make sure my auditor meets appropriate standards?
- What reporting and disclosure requirements will – and won’t – I be subject to once my company is listed in Canada?

Accounting & Auditing

As discussed in Chapter 3, the Exchanges advise companies preparing to go public to start preparing financial statements as early as possible. In fact, because of the extensive audit requirements, many companies choose to establish a relationship with a public accounting firm early in their development and have annual audits performed, even if there's no specific requirement to do so. That way, when the decision to go public is made, audited financial statements and quarterly results are already available.

Regardless of what your company is or isn't already doing, it's a good idea to start looking at auditing requirements as soon as you can. A company would be advised to not delay auditing matters until the time the Listing Document is being prepared for several reasons:

Not always feasible – If your company has significant inventories, auditors will generally need to observe and test the annual physical inventory counts to issue a “clean” opinion for each of the years under audit. This cannot be done after the fact, except possibly by a costly audit of a “roll back” of a current physical inventory.

Unexpected audit results – Income results and trends may not be what you're expecting and may lead your company, or your underwriters, to cancel or delay the IPO or listing. But since you're already deep into preparation for your listing, your company has already incurred substantial, unrecoverable costs.

Potential further delays – An audit covering two or three years is time-consuming and could delay the listing process by several months. A few months' delay could mean missing the best opportunity to go public.

Accounting principles

Another reason to get a jump on preparing your financial statements is that, as an international company looking to list in Canada, you'll need to ensure your financial statements are prepared in accordance with Canadian regulations. In some cases, this will simply mean reconciling the principles you are using to Canadian Generally Accepted Accounting Principles (GAAP), but in other cases the situation will be more complicated.

National Instrument 52-107 lays out the acceptable accounting principles, auditing standards and reporting currency for all public companies listed in Canada, including non-Canadian companies. Under NI 52-107, the acceptable accounting principles for use in preparing interim and annual financial statements are:

- Canadian GAAP
- U.S. GAAP if your company is an SEC Foreign Issuer
- Principles that meet the disclosure requirements for foreign private issuers if:
 - your company is an SEC Foreign Issuer, and
 - less than 10% of your company's total equity securities are owned by Canadian residents (as of the beginning of the most recent interim period for which operating results are included in the financial statements being prepared).
- Principles that meet the disclosure requirements of your home jurisdiction, if your company is a Designated Foreign Issuer
- Principles that cover substantially the same core subject matter as Canadian GAAP, including recognition and measurement principles and disclosure requirements, as long as the notes to the financial statements:
 - explain the nature of material differences, between Canadian GAAP and the accounting used, that relate to measurement in your financial statements;
 - quantify the effect of material differences, between Canadian GAAP and the principles used, that relate to measurement in your financial statements; and
 - provide disclosure consistent with Canadian GAAP requirements, to the extent not already reflected in the financial statements.

Accounting principles permitted for annual and interim financial statements of foreign issuers

ACCOUNTING PRINCIPLES	FOREIGN ISSUERS		
	SEC foreign issuers	Designated foreign issuers	Other foreign issuers
Statement of reserves data and other information (NI 51-101F1)	•	•	•
U.S. GAAP	• No Canadian GAAP reconciliation required	• Canadian GAAP reconciliation may be required	• Canadian GAAP reconciliation required
IFRS	•	•	•
Foreign accounting principles used in an SEC filing (annual f/s reconciled to U.S. GAAP)	• If ≤ 10% Canadian shareholders		
Accounting principles accepted in the designation jurisdiction (no reconciliation)		•	
Foreign accounting principles reconciled to Canadian GAAP	•	•	•

Source: Acceptable Accounting Principles & Auditing Standards and National Instrument 71-102: Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

Note

1. This decision chart provides general guidance and should be read in conjunction with National Instrument 52-107, Companion Policy 71-102CP and National Instrument 51-102. The decision chart does not relate to financial statements other than those of reporting issuers.
2. Foreign Issuers who are not foreign issuers are required to fully comply with National Instrument 51-102.
3. A Canadian GAAP reconciliation would not be required if the designated foreign jurisdiction accepts financial statements prepared in accordance with U.S. GAAP. See the second last row of this chart.

Responsibilities of the CFO

Since auditor independence standards often restrict auditor assistance in financial statement preparation, your company's management will have to be responsible for preparing your financial statements. As one of the most important players in a successful listing, your chief financial officer (CFO) should be capable of preparing financial statements in accordance with one of the acceptable GAAP regimes.

The Exchanges expect the CFO to have the necessary proficiency in acceptable accounting framework, the ability to converse in the local language in which the business is conducted, and sufficient understanding of local business laws and customs. In addition, the CFO should spend a significant amount of time observing operations in the places where business is conducted so that appropriate oversight of controls occurs and all transactions are duly recorded.

Auditing standards

The external auditor is a particularly important hire for international companies. Having put the effort into making sure your financial statements are appropriately prepared, you'll want to take the same care in choosing an auditor who adheres to auditing standards acceptable to Canadian authorities and the Exchanges. The acceptable standards are:

- Generally Accepted Auditing Standards (GAAS);
- U.S. GAAS;
- Standards that meet the foreign disclosure requirements of your home jurisdiction, if your company is a Designated Foreign Issuer; or
- Standards that are substantially equivalent to International Standard on Auditing.

Auditing standards permitted for foreign issuers

ACCOUNTING PRINCIPLES	FOREIGN ISSUERS		
	SEC foreign issuers	Designated foreign issuers	Other foreign issuers
Canadian GAAS (ISA)	•	•	•
U.S. GAAS	•	•	•
International standards on auditing	•	•	•
Auditing standards accepted in the designated jurisdiction		•	

Source: National Instrument 52-107: Companion Policy and and National Instrument 71-102: Continuous Disclosure and Other Exemptions Relating to Foreign Issuer

Responsibilities of the auditor

You'll need to make sure that the auditor you choose is expert in both the GAAP used to prepare your financial statements and the GAAS used to conduct the audit. Like the CFO, the auditor (and the auditor's partners and/or senior staff) should speak the local languages and understand the local business environment where most of the business is carried out. The auditor's partners and senior staff should supervise the field work directly. Employing agents to complete audit procedures will only be acceptable in cases where there is a significant international affiliation with robust global audit methodologies, and the signing audit firm retains significant review and oversight in the field.

Reporting, continuous disclosure, and other ongoing responsibilities for public companies in Canada

Going public in Canada may mean big changes for your company. It may mean being subject to increased regulation, which can change the way business is conducted and result in enhanced responsibility for the board of directors. In Canada, public companies must provide timely, continuous reporting of information such as:

- financial results of the company's operations;
- executive compensation;
- share transactions of insiders; and
- material corporate changes.

Continuous and timely disclosure is the cornerstone of the Canadian capital markets. Public companies listed on the Exchanges are subject to continuous and timely disclosure obligations imposed by both their Exchange and the relevant provincial securities authorities. As a listed company, you'll be required to make prompt disclosure of any material change, positive and negative, in your affairs that might reasonably be expected to expect to have a significant effect on the value of your securities. In addition, you'll be expected to make timely disclosure with regard to financial statements, annual information forms, management discussion and analysis, information circulars and certain other continuous disclosure related materials.

However, since your company is a non-Canadian company, you may be exempt from certain Canadian continuous disclosure obligations, as long as you comply with securities regulatory requirements in your home jurisdiction, and with the rules of the Exchange you're listing on (Please note that the following information generally does not apply to investment funds, which are a special case).

How to tell if your company is exempt

To qualify as exempt, your company must both be a foreign reporting issuer and fall under one of the two additional categories defined at the beginning of this chapter: SEC Foreign Issuer or Designated Foreign Issuer. If you qualify as exempt, you are specifically exempt from the Canadian requirements relating to:

- a. the disclosure of material changes;
- b. the preparation, approval, delivery and filing of interim financial statements, annual financial statements and auditor's report, MD&A and annual information forms;
- c. the preparation and filing of business acquisition reports;
- d. the disclosure of voting results;
- e. the filing of news releases disclosing information regarding your results of operations or financial condition;
- f. early warning and insider reporting;
- g. the filing of documents affecting the rights of securityholders and material contracts entered into other than in the ordinary course of business (this exemption applies even if you are not required to file this information with your home country regulator);
- h. a change in year-end;
- i. a change of auditor; and
- j. the disclosure about, and minority approval of, restricted securities.

(Please note that the above is only an overview of the rules regarding exemptions for non-Canadian companies. Whether you are exempt and from what requirements should be reviewed carefully with your securities lawyer. See also National Instrument 71-102.)

If and when your company does file in Canada

Even if you and your legal advisors determine that you are exempt, there may still be occasions when you need to file certain documents with Canadian authorities. All foreign reporting issuers, therefore, should be prepared to meet the following requirements.

Language requirements

Any documents you file with the Exchange or with a Canadian securities commission must be submitted in either English or French. If the document is also delivered to your securityholders in English, French or both, you must file it in the same language(s) that it was sent to securityholders in, no later than when you send it to your securityholders.

If the original document was created in a language other than English or French, the original must be submitted with the translation, along with a certificate as to the accuracy of the translation. The original must be submitted to the Exchange and/or securities commission(s), as appropriate, before it is delivered to securityholders.

In Quebec, a reporting issuer must comply with the rights and obligations written out in Quebec law.

Timing requirements

Any documents that must be filed both in Canada and in your home jurisdiction must be filed in Canada at the same time, or at the latest shortly thereafter they are submitted to the authority in your home jurisdiction.

If a document you file in Canada is being sent to securityholders in your home jurisdiction, you must also send it to securityholders whose last address is in the local Canadian jurisdiction. The document must be sent to these Canadian securityholders at the same that it's sent to the securityholders in your home jurisdiction.

Accounting & auditing requirements

Preparing financial statements for the listing process is not the last time you'll encounter Canadian rules regarding acceptable accounting principles and auditing standards. A large percentage of the information subject to continuous disclosure is financial information, and all financial documents filed with Canadian authorities must be prepared in accordance with Canadian regulations as outlined in the sections above.

Cost of Listing

Exactly how much it will cost for your company to go public is hard to determine. Each company and each listing is unique. Costs depend on how many shares are being listed, how complex the offering is and whether supporting documents – such as financial statements, contracts and agreements, and expert reports – are available and up-to-date.

The listing fees for TSX and TSXV are set, although they are subject to change. The current fee schedule is available at www.tsx.com/listings/listing-with-us/listing-guides/listing-costs. Listed companies are notified in advance of any fee schedule changes.

Other costs are usually significant, and most are not recoverable. For example, fees paid to professional advisors are generally not reimbursed if the going public process is unsuccessful. However, certain costs, such as the broker/investment dealer's commission, are only incurred once the funding has been secured.

Exchange listing fees

The fees to list on TSX run from \$10,000 to \$200,000. Fees for listing on TSXV run from \$7,500 to \$40,000. Generally speaking, TSX fees are calculated based on your "Listing Capitalization" (the value of the securities listed), and TSXV fees on the value of your financing. The basic fees include:

Original listing fee — A one-time fee payable for listing on your chosen Exchange, based on your Listing Capitalization or value of your financing, and calculated separately for each class of listed securities.

Annual sustaining fees — The fee paid annually (by calendar year) by all listed companies to maintain their listing on TSX or TSXV. The sustaining fee is based on the Market Capitalization (the value of securities for each class of listed securities) as at the last trading day of the previous year, and is charged at the end of every January. For newly listed companies, the sustaining fee is payable at the beginning of the month following their listing, and is prorated based on the time remaining in the calendar year.

Additional listing fees — After an original listing, if your company lists additional securities, there is a fee payable based on the listing capitalization.

Various transactions, such as acquisitions, public offerings and private placements, require additional filing fees. As with listing fees, these fees are typically based on either the listed capitalization or the value of the financing. Complete listing fee schedules can be found on www.tsx.com/listings/listing-with-us/listing-guides/listing-costs.

Form-related fees

No additional PIF filing fee is charged for PIFs filed in connection with an application to list. Both TSX and TSXV may, however, require your company to reimburse the Exchange for costs associated with background checks on foreign residents.

Broker fees

The investment dealer or broker distributing your company's shares will charge a sales commission of about 4-10% of the value of the securities sold. These sales commissions are paid out of the offering proceeds, so they only represent costs to your company if the financing undertaken on your company's behalf is successful.

In addition, the investment dealer structuring and leading your company's financing may charge a corporate finance fee. However, your broker is often your sponsor, and so this corporate finance fee is usually combined with the sponsorship fees discussed below.

Sponsorship fees

While either Exchange may require sponsorships, there are other cases where your business may be exempt. Where it is required, sponsorship covers the cost of conducting due diligence to ensure your company's business and business plan are sound and meet original listing requirements. The complexity and geographic distribution of your business operations will affect the cost of the due diligence processes. Sponsorship fees are highly variable: they depend on the scope of due diligence required and the extent of your sponsor's previous knowledge of and experience with your company.

Professional fees

Audits — Audit costs vary dramatically. They'll depend on the complexity of your company, the state of its accounting records and its financial position. The cost of auditing an operating company for the first time may be considerable – ranging from \$12,000 to in excess of \$80,000 for an IPO or reverse takeover. In addition to the cost of the audit itself, there may be additional auditing costs associated with going public, such as comfort letters (essentially, a statement that any unaudited financial material included with disclosure documents has been sufficiently reviewed, and the auditor is comfortable it was properly prepared in accordance with appropriate accounting principles).

Legal Costs — Legal counsel must conduct due diligence to help your company's management ensure full, true and plain disclosure of all material facts. The costs will vary depending on the quality and quantity of documentation your company prepares, and the complexity of your business. U.S. or foreign-based companies will likely incur higher legal fees, as will certain types of businesses. Legal fees for a reverse takeover may also be higher, because the due diligence is conducted on two separate companies.

It is not uncommon for the company's corporate secretary or chief financial officer, if experienced, to prepare a draft prospectus or filing statement for legal counsel to review before submitting it to the securities commission. Drafting a prospectus in-house may help keep costs lower.

Legal and investor relations fees may also be higher if your company needs help meeting its continuous disclosure requirements, including issuing quarterly financial statements or news releases. These fees depend largely on how well your company directors understand the requirements of your exchange and securities legislations. If your management team is knowledgeable and experienced, more work can be done in-house, keeping costs lower.

FEES	TSX	TSXV
Listing fees	\$10,000 – \$200,000	\$10,000 – \$40,000
Accounting and auditing fees	\$75,000 – \$100,000	\$25,000 – \$100,000
Legal fees	\$400,000 – \$750,000	\$75,000+
Underwriters' commission	2 – 8%	Up to 10%

Note

Actual individual and total costs will vary from these estimated ranges depending on the nature and complexity of the transaction and relative sophistication of the private company, its management, internal controls and reporting processes.

Securities commission fees

Securities commissions will charge you administrative fees of over \$3,000 in Ontario to cover the prospectus filing, plus additional fees for resources companies. An additional fee of 0.025% of gross proceeds is charged once the proceeds are received. Extra filings will incur costs of between \$250 and \$1,000. Fees vary by province, so check with your local securities commission or your legal counsel for up-to-date fees. For more information on individual provinces' securities rules and regulations, please contact the securities commission of that province. Contact information can be found at the back of this guide.

Tax considerations

As soon as a company goes public, it may lose the preferential tax treatments and advantages it enjoyed as a privately held enterprise. This is an aspect of listing that must be explored in depth with a corporate tax specialist.

International companies

If your company is a foreign company that does not operate in either English or French, you may incur additional costs for language translation. You may also face higher costs associated with performing background checks on individuals within the company who do not reside in Canada, particularly if they are not residents of the U.S., the UK or Australia. Beyond that, however, many listing costs are similar worldwide. Canadian lawyers and auditors are generally cost competitive with the U.S. and UK.

Ongoing Requirements and Responsibilities

Continuous and timely disclosure

Unlike a privately held company, a publicly traded company must provide timely ongoing reporting about its financial position and any material information that could impact share price or activity. A high degree of detail is necessary so the investing public has enough information to make an informed decision.

This concept is known as “full, plain and true disclosure,” and it’s the principle on which the Exchanges operate. Besides giving information to shareholders, a company’s periodic report helps build public confidence and encourage efficient company management. A listed company is obligated to provide:

- a complete picture of financial dealings and the results of operations;
- details of executive compensation packages, including options to buy shares;
- timely disclosure of material information;
- details of transactions of any insiders who exercise their rights to trade shares. Securities regulations in Canada call for a great deal of transparency. Investors around the world can easily access any public company’s securities filings, including quarterly and annual financial reports, prospectuses and, for mining companies, comprehensive technical reports. Securities-related information filed with the Canadian Securities Administrators (CSA) is visible to the public via the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

Once your company is listed on TSX or TSXV, it will be a reporting issuer with ongoing reporting and disclosure obligations. These obligations arise under both securities law and the requirements of the Exchanges. Accordingly, the obligations will result in filing required information with the securities commissions, the Exchanges, or both.

The documents that reporting issuers must file as part of their continuous and timely disclosure responsibilities include:

DOCUMENTS REQUIRED

Document	Description
Annual and interim financial statements	Annual financial statements must be audited. While there is no requirement for the reporting issuer’s auditor to review interim financial statements, if the auditor did not review them, this fact must be disclosed.
Management Discussion and Analysis (MD&A)	Securities commissions in Canada have specific rules regarding what must be included in the MD&A. The MD&A is management’s narrative explanation of the reporting issuer’s financial condition and future prospects. The objective in preparing the MD&A is to improve the issuer’s overall financial disclosure by giving a balanced discussion of the operating results and financial condition.
Annual Information Form (AIF)	An AIF is a disclosure document intended to provide material information about the issuer and its business at a point in time, in the context of its historical and possible future development. The AIF describes the company, its operations, prospects, risks and other external factors that impact the company specifically. The AIF disclosure is supplemented throughout the year with continuous disclosure filings including news releases, material change reports, business acquisition reports, financial statements and MD&A. All TSX issuers are required to file an AIF. In addition, a current AIF is necessary for short form prospectus financings. For TSXV issuers, AIF submissions are optional.

DOCUMENTS REQUIRED

Material change reports

If a material change occurs in the affairs of a reporting issuer, the reporting issuer must immediately issue and file a news release, authorized by senior officers, disclosing the nature and substance of the change. The issuer must also file a material change report on SEDAR within 10 days of the date on which it occurs. A material change is defined as a change in the business, operations or capital of the reporting issuer that would reasonably be expected to have a significant effect on the market price or value of any of its securities.

Material information

Material information is defined as information relating to the business and affairs of a company that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the company's listed securities. It consists of both material change and material facts. Material information must be disseminated via news release on an exchange-approved news wire.

Business Acquisition Reports (BAR)

A BAR must be filed by a company after completing a significant acquisition. It describes the business(es) acquired and the effect of the acquisition on the reporting issuer. The BAR includes financial statements of the acquired business and pro forma financial statements of the reporting issuer reflecting the impact of the acquisition.

Ongoing disclosure requirements may change from time to time; companies are advised to consult a securities lawyer for information on these and other regulatory requirements.

The free flow of capital...

Is dependent on the free flow of information.

Corporate governance

The CSA has published Corporate Governance Guidelines that provide guidance on corporate governance practices. These are designed to:

- achieve a balance between providing protection to investors and fostering fair and efficient capital markets and confidence in capital markets;
- be sensitive to the realities of the greater numbers of small companies and controlled companies in the Canadian corporate landscape;
- take into account the impact of corporate governance developments in the U.S. and around the world;
- recognize that corporate governance is evolving; and
- ensure that each issuer discloses special information regarding its corporate governance practices.

Other responsibilities

Board of directors

The board has a larger profile in a public company, as they become responsible for disclosing information to a large number of public shareholders. Directors are accountable to the shareholders and must act in their best interest. Members of the board can offer advice relating to broader issues and long-term goals. They can serve as a good balance to the company's management and lend credibility to the company.

Restrictions on share disposal

When a company completes an Initial Public Offering (IPO), people who hold early shares may have to retain all or part of them for a time. These people would include company directors, senior officers, and any shareholders who have a significant number of shares. Their shares may be held in escrow, meaning that they cannot be sold for a specific period. The shares may subsequently be released from escrow over eighteen months.

For TSX escrow restrictions do not apply to principals of companies meeting the requirements of an exempt listing. Also, restrictions do not apply to non-exempt companies which have a market capitalization of at least \$100 million immediately after their IPO. Issuers are also subject to National Policy 46-201.

Management style

The management style should be considered because of the special constraints and obligations on the management of a public company. Corporate decisions must be fair and in the best interests of the company. Decisions are also subject to public, shareholder and regulatory scrutiny.

Ownership of a public company

Management should carefully consider the degree of control they wish to retain. When a company goes public, a reasonable percentage of the shares must be publicly owned. For companies listing on TSX, the publicly owned shares must have a minimum market value of \$4 million at the time of listing. For companies listing on TSXV, there are no minimum market value requirements.

Frequently Asked Questions

Getting listed

QUESTION

Answer

Do I have to give up control of my company in order to go public?

No. Many companies structure their offerings so that after the initial offering, the owner(s) still have control. If the shares held by the public are widely distributed, management may maintain effective control, even when it owns less than 50 percent of the shares. If more than 50 percent of a company's shares are sold to just a few outside individuals, however, the original owners could lose control of the company.

Are there any courses on being a public company?

Managing the responsibilities of corporate governance and continuous disclosure can be challenging for companies. The Exchanges offer interactive workshops that provide the critical information necessary to run a successful public company. Visit www.tmx.com/learning for more information.

How much capital should be raised on an IPO?

This depends on the amount of funds your company needs to raise and, of course, on investor interest in your company. You must be able to justify your specific need for capital to investors. Your company's management must also carefully consider the degree of control they wish to retain – although when a company goes public, a reasonable percentage of the shares must be publicly owned.

Who sets the original share price on an IPO?

Your company sets the share price, with professional input. Your broker will advise you on the price the market will bear, which is ultimately driven by investors. Investors must be convinced that the price reflects the value of your company.

Beyond your company's revenues, other contributing factors to the original share price are: past earnings, projected future growth, the economic climate, and market sentiment in general. In the last decade, investors have become increasingly savvy about reading balance sheets and understanding the impact of operating expenses, debt, share dilution, and the cost of executive stock options. Before buying shares, many will examine these aspects and even discuss a company's shares on the Web in public forums. When pricing shares, it's important to remember that the stock market is an auction where buyers and sellers come to mutually agreeable terms about prices.

Is sponsorship required for all new listings on Toronto Stock Exchange and TSX Venture Exchange?

Not necessarily. Sponsorship by a Participating Organization of the Exchange is often required to ensure an applicant meets minimum listing requirements. However, the Exchanges have discretion to waive the sponsorship requirement if the applicant is filing a full prospectus, completes a brokered financing immediately before or concurrently with listing, meets certain profitability tests, or satisfies other criteria. Graduates of TSX Venture Exchange to TSX may also have the sponsorship requirement waived. Sponsorship by a Participating Organization is not an ongoing relationship, but a onetime interaction that takes place around the time of listing.

Are there requirements as to the composition of the board and management?

The Exchanges require that:

- The board and/or management include persons with public market experience, including experience with North American capital markets, and relevant industry experience for the sector.
- The board have a minimum of 2 independent directors.
- Management include a CEO, CFO and Corporate Secretary.

QUESTION

Answer

How does a Qualifying Transaction with a CPC compare to an IPO?

The CPC program gives emerging businesses a foothold on TSXV and access to public financing when a traditional IPO is not the preferred route. It is a flexible, straightforward solution for smaller companies that are anxious to take the underwriting risk of an IPO out of the equation. And it enables a CPC with a focused vision to build momentum, raising capital for the purpose of identifying a qualifying transaction, and ultimately obtaining a full listing on TSXV. There are some instances in which a company will use the CPC program and immediately list on TSX.

Does my company have to incorporate in Canada?

There is no listing, regulatory or financial requirement that companies must incorporate in Canada. However, it is recommended that international companies have a strategy to develop relationships with the Canadian investment community and a program to satisfy all of their reporting and public company obligations in Canada. This may be achieved by having a member of the board of directors or management, an employee or a consultant situated in Canada.

How many shareholders must I have to list in Canada?

TSX requires 300, and TSXV requires 200 public holders. A public shareholder is an investor holding one board lot or more of freely tradable shares. There is no specific requirement for Canadian shareholders at the time of listing, but we strongly recommend a shareholder base in North America for a successful listing, and/or a plan to develop a liquid market.

Documents to be filed

QUESTION

Answer

Who is required to clear a PIF?

A PIF or statutory declaration is required for all insiders of your company. An insider includes all officers and directors as well as all holders of greater than 10% of the shares outstanding.

What type of technical report is required for mining or oil and gas companies preparing to list?

Applications must include current and up-to-date reports on the applicant's significant properties, prepared in compliance with the National Instrument 43-101 for Mining and National Instrument 51-101 for Oil & Gas.

For mining companies, NI 43-101 accepts JORC, SAMREC and international resources and reserves standards. The report should cover only material properties. The recommended work program should coincide with the 12 or 18 month projection of sources and uses.

For more information on the reports required from mining companies, see Chapter 6, and for more information on the reports required from oil and gas companies, see Chapter 7.

Will Toronto Stock Exchange or TSX Venture Exchange review shareholder protection and rights?

It depends. If your company is incorporated in Canada, or in a jurisdiction where shareholder protection and rights are established as being similar to those in Canada, the Exchanges will not review these. Jurisdictions we do not review include Australia, UK and some U.S. states (including Delaware). If your company is incorporated outside of Canada, you may be required to complete a questionnaire regarding your home country/jurisdiction's shareholder protection and rights. The Exchange you are applying to will then review the comparison and your company's articles and by-laws to ensure the shareholder protection and rights in your jurisdiction are comparable to those established in Canada. You may be required to make amendments to your articles or by-laws as a condition of listing.

QUESTION

Answer

Are listed companies required to have Canadian-based directors or management.

Directors and management do not need to be Canadian residents. Directors and/or management must, however, have adequate relevant public company experience in North American markets.

Why do I need a legal opinion before my company is approved to list?

A letter from legal counsel confirming that the applicant is a legal entity and that the securities have been legally created and will be issued as fully paid and non-assessable is required for all TSX applicants to support the valid existence of the securities at the time of listing.

Does Toronto Stock Exchange or TSX Venture Exchange require me to have an audit committee?

Yes. Both Exchanges require listed companies to have an audit committee as defined under National Instrument 52-110 (unless your company is a foreign company that is exempt under National Instrument 71-102). An audit committee is comprised of a minimum of three members and all members must be independent as defined under instrument National Instrument 52-110.

Most TSXV companies are exempt from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of National Instrument 52-110.

How do you define net tangible assets (NTA)?

TSX defines NTA as shareholders equity minus intangible assets. TSXV defines NTA as total assets less total liabilities, goodwill, and intangibles.

Are interim quarterly financial statements required?

Quarterly financial statements (management prepared) and annual financial statements (with auditor's report) will be required once your company is listed. Some exceptions apply for foreign companies: see Chapter 8 and consult NI 71-102.

Trading and raising capital

QUESTION

Answer

How is a trading symbol assigned?

You can request specific trading symbols and we will try to accommodate your choices. If none of your preferred symbols are available, your Exchange will assign a symbol. Symbols previously used by other issuers cannot be reassigned for 53 weeks.

What is the role of a Market Maker?

When your company lists on TSX, a Market Maker is assigned to your stock to maintain a fair, orderly and continuous two-sided market. A Market Maker helps reduce volatility and enhance liquidity by buying or selling against the market. Investors are assured of fair pricing, thanks to the Registered Trader's commitment to trade all orders of a certain size (known as a minimum guaranteed fill) within a set spread goal (the price difference between buy and sell orders). The minimum guaranteed fill and spread goal vary by company, depending on issuer size, public float and trading activity.

Will listing on TSX or TSXV prevent me from raising capital in the United States?

No. Companies listed in Canada can legally raise capital in the United States, either:

- through public registered offerings under the United States Securities Act of 1933, as amended (U.S. Securities Act) and in accordance with applicable state securities laws, or
- pursuant to several exemptions from the general registration requirements of the U.S. Securities Act and state securities laws, which may be available in connection with private capital raising transactions.

Non-Canadian issuers

QUESTION

What exemptions from Canadian continuous disclosure obligations are available for non-Canadian companies?

Answer

Two categories of non-Canadian listed companies – or “issuers” – are eligible for relief:

1) SEC FOREIGN ISSUERS – U.S. Domestic Issuers and Foreign Private Issuers with securities registered with the U.S. Securities and Exchange Commission.

2) DESIGNATED FOREIGN ISSUERS – Issuers who have less than 10% ownership in Canada, and who are subject to the disclosure requirements of Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom.

So long as SEC Foreign Issuers and Designated Foreign Issuers are in compliance with the securities regulatory requirements in their home jurisdictions and with the rules of their Exchange, they are exempt from the Canadian requirements relating to: (a) the disclosure of material changes; (b) the preparation, approval, delivery and filing of interim financial statements, annual financial statements and auditor’s report, MD&A and annual information forms (other than an AIF prepared to make an issuer eligible to file a short form or shelf prospectus); (c) the preparation and filing of business acquisition reports; (d) the disclosure of voting results; (e) the filing of news releases disclosing information regarding its results of operations or financial condition; (f) early warning and insider reporting; (g) the filing of documents affecting the rights of security holders and material contracts entered into other than in the ordinary course of business (this exemption applies even if there is no requirement that these documents be filed with the home country regulator); (h) a change in year-end; (i) a change of auditor, and (j) the disclosure about, and minority approval of restricted securities.

For more information about exemptions from Canadian disclosure obligations for non-Canadian companies, see Chapter 8 and consult NI 71-102.

What type of accounting/auditing standards are acceptable?

Non-Canadian company financial statements can be prepared according to IFRS without reconciliation to Canadian GAAP as defined in National Instrument 52-107. Canadian companies are required to use IFRS. U.S. GAAP is acceptable only if the company has U.S. registered securities.

For more information about acceptable accounting and auditing standards, see Chapter 8 and consult NI 52-107.

Must my company’s auditors be registered in Canada?

Yes. Once your company is listed, your year-end audited financial statements – an ongoing disclosure obligation – must be certified by an auditor registered with the Canadian Public Accountability Board (CPAB).

QUESTION

What is Canada's legislative framework?

Answer

Your non-Canadian company will evaluate a variety of internal factors in its preparations to list on TSX or TSXV, including its management structure, the composition of its board of directors and the existing provisions for shareholder protection and financial reporting. The Canadian legislative framework sets the stage for some of these issues.

LEGISLATIVE FRAMEWORK – Canada has a federal system of government. It has both common law and civil law jurisdictions. The activities of companies are regulated by a variety of governments and agencies, including the federal government and the provincial and territorial governments. Securities laws which govern listing requirements, however, are provincial (or territorial, as applicable).

Each of Canada's ten provinces and three territories has its own securities commission or similar regulatory authority and its own local securities legislation. Although the provincial and territorial securities regulatory authorities have, to a considerable extent, standardized their codes and procedures, there may be important differences between some jurisdictions. Foreign companies are advised to consult with legal counsel and other advisors to determine the requirements imposed by the applicable Canadian jurisdiction.

Although Canada has two official languages, English and French, only companies incorporated or reporting issuers in the province of Quebec are required to translate routine documents into both languages.

SHAREHOLDER PROTECTION – If your company is incorporated in a jurisdiction outside of Canada, the Exchanges will consider the acceptability of the shareholder protection built into your corporate articles or by-laws as well as the relevant laws in your home jurisdiction. Some jurisdictions are established as having substantially similar shareholder protection and rights laws, and companies established in these jurisdictions are exempt from this review. These jurisdictions include Australia, UK and some U.S. states (including Delaware).

If a review of your articles and your home jurisdiction's laws reveals shareholder protection provisions that are significantly weaker than those which apply to Canadian companies, the Exchange may require either an amendment to your articles as a condition of listing, or decline to list your company.

RE-DOMICILING – Neither TSX nor TSXV requires a foreign corporation pursuing a listing to incorporate in Canada or register as an extra-provincial company with the federal or a provincial Registrar of Companies. However, a foreign corporation which "carries on business" in Canada may need to register as an "extra-provincial company". The various provincial securities commissions may require foreign companies to appoint an agent for the service of legal process in the province.

QUESTION

Answer

Are there any special considerations for foreign companies when it comes to disclosure?

Foreign companies listed in Canada may be able to access the Multi Jurisdictional Distribution System (MJDS), a reciprocal initiative by the Canadian Securities Administrators and the U.S. Securities Exchange Commission (the SEC). The MJDS allows eligible Canadian issuers to satisfy certain U.S. offering and reporting requirements by submitting disclosure documents that comply with the requirements in Canada. Under the MJDS, a Canadian issuer may rely on the Canadian prospectus to distribute securities in the United States without having to meet all of the requirements of the SEC.

Will my company incur Canadian corporate taxes for the capital raised on TSX or TSXV?

No. There are no Canadian corporate taxes applicable to capital raised in Canada. Those fees are payable to securities commissions and the Exchanges.

Will my company automatically be subject to reporting requirements in the United States and Sarbanes-Oxley if my company goes public in Canada?

No. There are exemptions available from the registration and reporting requirements of the United States Securities Exchange Act of 1934, as amended (U.S. Exchange Act) and, therefore, the reporting requirements of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley). Your company may qualify for these exemptions through careful structuring of your company's listing and continued monitoring of your company's status in the future.

Appendix A

Toronto Stock Exchange

Listing Requirements for Mining Companies

TSX Venture Exchange

	TSX NON-EXEMPT EXPLORATION AND DEVELOPMENT STAGE	TSX NON-EXEMPT PRODUCER	TSX EXEMPT	TSXV TIER 1	TSXV TIER 2
Property Requirements	Advanced Property detailed in report prepared by an independent qualified person. Minimum 50% ownership of property. ³	At least three years proven and probable reserves as calculated by an independent qualified person (if not in production, a production decision made).	At least three years proven and probable reserves as estimated by an independent qualified person.	Material interest in a Tier 1 property. ⁴	Significant interest ⁵ in a qualifying property or, at discretion of TSXV, a right to earn a significant interest ⁵ in a qualifying property. Sufficient evidence of no less than \$100,000 of exploration expenditures on the qualifying property in the past three years.
Recommended Work Program	\$750,000 on advanced exploration property ² as recommended in a technical report ⁶ prepared by an independent qualified person.	Bringing the mine into commercial production.	Commercial level mining operations.	\$500,000 on the Tier 1 property ⁴ as recommended by geological report. ⁶	\$100,000 of Approved Expenditures on the qualifying property within 36 months period preceding application of listing; \$200,000 on the qualifying property as recommended in a geological report.
Working Capital and Financial Resources	Minimum \$2,000,000 working capital and appropriate capital structure. Sufficient funds to complete planned programme meeting G&A ¹ costs, property payments and capital expenditures for 18 months.	Sufficient funds to bring the mine into commercial production; plus adequate working capital for all budgeted capital expenditures and to carry on the business. Appropriate capital structure.	Adequate working capital to carry on the business. Appropriate capital structure.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 18 months following listing; \$200,000 in unallocated funds.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 12 months following listing; \$100,000 in unallocated funds.
Net Tangible Assets, Earnings or Revenue	\$3,000,000 net tangible assets.	\$4,000,000 net tangible assets; evidence indicating a reasonable likelihood of future profitability supported by a feasibility study or documented historical production and financial performance.	\$7,500,000 net tangible assets; pre-tax profitability from ongoing operations in last fiscal year; pre-tax cash flow of \$700,000 in last fiscal year and average pre-tax cash flow of \$500,000 for past two fiscal years.	\$2,000,000 net tangible assets.	No requirement.
Other Criteria	Management-prepared 18 month projection (by quarter of sources and uses of funds detailing all expenditures and signed by CFO.		Up-to-date, comprehensive technical report ⁶ prepared by independent qualified person.	Geological report ⁶ recommending completion of work program.	
Management and Board of Directors	Management, including board of directors, should have adequate experience and technical expertise relevant to the company’s mining projects as well as adequate public company experience. Companies are required to have at least two independent directors.				
Distribution, Market Capitalization and Public Float	Minimum 1,000,000 freely tradeable shares with market value of \$4,000,000 held by at least 300 public holders, each with one board lot or more.			Public float of 1,000,000 shares; 250 public shareholders each holding a board lot and having no resale restrictions on their shares; 20% of issued and outstanding shares in the hands of public shareholders.	Public float of 500,000 shares; 200 public shareholders each holding a board lot and having no resale restrictions on their shares; 20% of issued and outstanding shares in the hands of public shareholders.
Sponsorship	Required (may be waived if sufficient previous third party due diligence).		Not required.	Sponsor report may be required.	

(1) "G&A" means general and administrative expenses.

(2) TSX will consider a property to be sufficiently advanced if continuity of mineralization is demonstrated in three dimensions at economically interesting grades.

(3) A company must hold or have the right to earn and maintain at least a 50% interest in the property. Companies holding less than a 50% interest will be considered on a case-by-case basis looking at program size stage of advancement of the property and strategic alliances.

(4) "Tier 1 property" means a property that has substantial geological merit and is:

- (a) a property in which the Issuer holds a material interest;
- (b) 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;
- (c) a property that has, at a minimum, a current inferred mineral resource; and
- (d) an independent geological report recommends a minimum \$500,000 Phase 1 drilling (or other form of detailed sampling) program 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.

(5) "significant interest" means at least 50% interest.

(6) "geological report" or "technical report", in the case of a mining property, is a report prepared in accordance with National Instrument 43-101* – Standards of Disclosure for Mineral Projects or any successor instrument.

*Mining Disclosure Standards

National Instrument 43-101 is the Canadian Securities Administrators' policy that governs the scientific and technical disclosure for mineral projects made by mineral exploration and mining companies, including the preparation of technical reports. The instrument covers oral statements as well as written documents and websites. NI 43-101 requires that all technical disclosure be prepared by or under the supervision of a "qualified person." Issuers are required to make disclosure of reserves and resources using definitions approved by the Canadian Institute of Mining, Metallurgy and Petroleum. National Instrument 43-101 is available at: www.osc.gov.on.ca/en/15019.htm

Appendix B

Toronto Stock Exchange

Listing Requirements for Oil and Gas (Exploration or Producing) Companies

	TSX NON-EXEMPT OIL AND GAS DEVELOPMENT STAGE ISSUERS ¹	TSX NON-EXEMPT OIL AND GAS PRODUCING ISSUERS	TSX EXEMPT OIL AND GAS ISSUERS ⁴
Net Tangible Assets, Earnings or Revenue	No requirements.		Pre-tax profitability from ongoing operations in last fiscal year. Pre-tax cash flow from ongoing operations of \$700,000 in last fiscal year and average pre-tax cash flow from ongoing operations of \$500,000 for the past two fiscal years.
Working Capital and Financial Resources	Adequate funds to either: (a) execute the development plan and cover all other capital expenditures & G&A ¹ and debt service expenses, for 18 months with a contingency allowance; OR (b) bring the property into commercial production, and adequate working capital to fund all budgeted capital expenditures and carry on the business. 18 month projection of sources and uses of funds signed by CFO; ² appropriate capital structure.	Adequate funds to execute the program and cover all other capital expenditures and G&A ¹ and debt service expenses for 18 months with a contingency allowance; 18 month projection of sources and uses of funds signed by CFO; appropriate capital structure.	Adequate working capital to carry on the business. Appropriate capital structure.
Distribution, Market Capitalization and Public Float	At least 1,000,000 freely tradable shares with an aggregate market value of \$4,000,000; minimum 300 public holders, each with one board lot or more. Minimum market value of the issued securities that are to be listed of at least \$200,000,000.	At least 1,000,000 freely tradable shares with an aggregate market value of \$4,000,000; minimum 300 public holders, each with one board lot or more.	
Sponsorship	Sponsor report may be required (generally not required for IPOs or TSXV Graduates)		Not required.
Property Requirements	Contingent resources ⁷ of \$500,000,000. ⁸	\$3,000,000 proved developed reserves. ^{2, 5}	\$7,500,000 proved developed reserves. ^{2, 5}
Recommended Work Program	Clearly defined development plan, satisfactory to TSX, which can reasonably be expected to advance the property.	Clearly defined program to increase reserves.	
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's oil and gas projects as well as adequate public company experience. Companies are required to have at least two independent directors.		
Other Criteria	Up-to-date technical report prepared by an independent technical consultant (NI 51-1013).		

- (1) The Exchange strongly recommends pre-consultation with the Exchange for any applicant applying under this listing category. Generally, this category will be limited to issuers with unconventional oil & gas assets, such as oil sands.
- (2) Exceptional circumstances may justify the granting of Exempt status notwithstanding the minimum requirements – generally an affiliation with an established business and/or exceptionally strong financial position is required.
- (3) "G&A" means general and administrative expenses.
- (4) This projection must also include actual financial results for the most recently completed quarter.
- (5) "Contingent resources" are defined in accordance with Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101; however, the Exchange in its discretion may exclude certain resources classified as contingent resources after taking into consideration the nature of the contingency. The Exchange will use the best-case estimate for contingent resources, prepared in accordance with National Instrument 51-101.
- (6) The Company must submit a technical report prepared by an independent technical consultant that conforms to National Instrument 51-101 and be acceptable to the Exchange. Reports prepared in conformity with other reporting systems deemed by the Exchange to be the equivalent of National Instrument 51-101 will normally be acceptable also. The value of the resources should be calculated as the best-case estimate of the net present value of future cash flows before income taxes, prepared on a forecast basis, and discounted at a rate of 10%. The Exchange may, at its discretion, also require the provision of a price sensitivity analysis.
- (7) "Proved developed reserves" are defined as those reserves that are expected to be recovered from existing wells and installed facilities, or, if facilities have not been installed, that would involve low expenditure, when compared to the cost of drilling a well, to put the reserves on production.
- (8) Reserve value of pre-tax net present value of future cash flows using a 10% discount rate: forecast pricing assumptions are used.
- (9) "NI 51-101" National Instrument 51-101 – Standards of Disclosure for Oil & Gas Activities – available at: <http://www.osc.gov.on.ca/>

The foregoing is a summary of the applicable listing requirements only. For detailed listing requirements, refer to the TSX Company Manual which is available at www.tsx.com.

TSX Venture Exchange

Listing Requirements for Oil and Gas (Exploration or Producing) Companies

	TSXV TIER 1	TSXV TIER 2
Net Tangible Assets, Earnings or Revenue	No requirements.	
Working Capital and Financial Resources	Adequate working capital and financial resources to carry out stated work program or execute business plan for 18 months. following listing; \$200,000 unallocated funds.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 12 months. following listing; \$100,000 unallocated funds.
Distribution, Market Capitalization and Public Float	Public float of 1,000,000 shares; 250 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.	Public float of 500,000 shares; 200 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.
Sponsorship	Sponsor report may be required.	
Property Requirements	<p>Exploration – \$3,000,000 in reserves of which a minimum of \$1,000,000 must be proved developed reserves⁽¹⁾ and the balance probable reserves.</p> <p>Producing – \$2,000,000 in proved developed reserves.¹</p>	<p>Exploration – either (i) Issuer has an unproven property with prospects or (ii) Issuer has joint venture interest and \$5,000,000 raised by Prospectus offering.</p> <p>Reserves – either (i) \$500,000 in proved developed producing reserves or (ii) \$750,000 in proved plus probable reserves.</p>
Recommended Work Program	<p>Exploration – satisfactory work program (i) of no less than \$500,000 and (ii) which can reasonably be expected to increase reserves, as recommended in a Geological Report.</p> <p>Producing – No requirement.</p>	<p>Exploration – minimum of \$1,500,000 allocated by issuer to a work program as recommended in a Geological Report except where Issuer has a joint venture interest and has raised \$5,000,000 in Prospectus offering.</p> <p>Reserves – (i) satisfactory work program and (ii) in an amount no less than \$300,000 if proved developed producing reserves have a value of less than \$500,000 as recommended in Geological Report.</p>
Management and Board of Directors	Management, including board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience in Canada or a similar jurisdiction. Companies are required to have at least two independent directors.	
Other Criteria	Geological Report recommending completion of work program.	

(1) "Proved developed reserves" are defined as those reserves that are expected to be recovered from existing wells and installed facilities, or, if facilities have not been installed, that would involve low expenditure, when compared to the cost of drilling a well, to put the reserves on production.

Appendix C

Toronto Stock Exchange

Listing Requirements for Industrial, Technology and Research & Development Companies

MINIMUM LISTING REQUIREMENTS	TSX NON-EXEMPT TECHNOLOGY ISSUERS ^{1,7}	TSX NON-EXEMPT RESEARCH AND DEVELOPMENT (R&D) ISSUERS ⁷	TSX NON-EXEMPT FORECASTING PROFITABILITY ⁷	TSX NON-EXEMPT PROFITABLE ISSUERS ⁷	TSX EXEMPT INDUSTRIAL COMPANIES ⁸
Earnings or Revenue			Evidence of pre-tax earnings from on-going operations for the current or next fiscal year of at least \$200,000. ²	Pre-tax earnings from on-going operations of at least \$200,000 in the last fiscal year.	Pre-tax earnings from on-going operations of at least \$300,000 in the last fiscal year.
Cash Flow			Evidence of pre-tax cash flow from on-going operations for the current or next fiscal year of at least \$500,000. ²	Pre-tax cash flow of \$500,000 in the last fiscal year.	Pre-tax cash flow of \$700,000 in the last fiscal year, and an average pre-tax cash flow of \$500,000 for the past two fiscal years.
Net Tangible Assets			\$7,500,000 ³	\$2,000,000 ^{3,4}	\$7,500,000 ³
Adequate Working Capital and Capital Structure	Funds to cover all planned development expenditures, capital expenditures, and G&A ⁵ expenses for one year. ⁶	Funds to cover all planned R&D expenditures, capital expenditures and G&A ⁵ expenses for two years. ⁶	Working capital to carry on the business, and an appropriate capital structure.		
Cash in Treasury	Minimum \$10,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus.	Minimum \$12,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus.			
Products and Services	Evidence that products or services at an advanced stage of development or commercialization and that management has the expertise and resources to develop the business. ⁹	Minimum two year operating history that includes R&D activities. Evidence of technical expertise and resources to advance its research and development programme(s). ¹⁰			
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience. Companies are required to have at least two independent directors.				
Public Distribution and Market Capitalization	Minimum 1,000,000 free trading public shares. Minimum \$10,000,000 held by public shareholders. 300 public shareholders each holding a board lot. Minimum \$50,000,000 market capitalization.	Minimum 1,000,000 free trading public shares. Minimum \$4,000,000 held by public shareholders. 300 public shareholders each holding a board lot or more.			
Sponsorship	Generally required.				Not required.

The listing requirements above must be met at the time of listing. Any funds raised or transactions closing concurrent with listing contribute to the company meeting the listing requirements.

- (1) Generally includes companies engaged in hardware, software, telecommunications, data communications, information technology and new technologies that are not currently profitable or able to forecast profitability.
- (2) Applicants should file a complete set of forecast financial statements covering the current and/or next fiscal year (on a quarterly basis). Forecasts must be accompanied by an independent auditor's opinion that the forecast complies with the CICA Auditing Standards for future-oriented financial information. Applicants should have at least six months of operating history.
- (3) Under certain circumstances, deferred development charges or other intangible assets can be included in net tangible asset calculations.
- (4) Companies with less than \$2 million in net tangible assets may qualify for listing if the earnings and cash flow requirements for senior companies are met.
- (5) "G&A" means general and administration expenses.
- (6) A quarterly projection of sources and uses of funds, for the relevant period, including related assumptions signed by the CFO must be submitted. Projection should exclude uncommitted payments from third parties or other contingent cash receipts. R&D issuers should exclude cash flows from future revenues.
- (7) Exceptional circumstances may justify granting of a listing, notwithstanding minimum requirements – generally an affiliation with established business and/or exceptionally strong financial position is required.
- (8) [7], as well as for granting Exempt status. Special purpose issuers are generally considered on an exceptional basis.
- (9) "Advanced stage of development or commercialization," generally restricted to historical revenues from the issuer's current business or contracts for future sales. Other factors may also be considered.
- (10) Other relevant factors may also be considered.

The foregoing is a summary of the applicable listing requirements only. For detailed listing requirements, refer to the TSX Company Manual which is available at www.tsx.com.

TSX Venture Exchange

Listing Requirements for Industrial, Technology, Life Sciences and Real Estate Companies

INITIAL LISTING REQUIREMENTS	TSXV TIER 1 INDUSTRIAL TECHNOLOGY LIFE SCIENCES	TSXV TIER 2 INDUSTRIAL TECHNOLOGY LIFE SCIENCES	TSXV TIER 1 REAL ESTATE OR INVESTMENT	TSXV TIER 2 REAL ESTATE OR INVESTMENT
Net Tangible Assets, Revenue or Arm's Length Financing (as applicable)	\$5,000,000 net tangible assets or \$5,000,000 revenue. If no revenue, two-year management plan demonstrating reasonable likelihood of revenue within 24 months.	\$750,000 net tangible assets or \$500,000 in revenue or \$2,000,000 Arm's Length Financing. If no revenue, two-year management plan demonstrating reasonable likelihood of revenue within 24 months.	Real Estate: \$5,000,000 net tangible assets. Investment: \$10,000,000 net tangible assets.	\$2,000,000 net tangible assets or \$3,000,000 Arm's Length Financing.
Adequate Working Capital and Capital Structure	Adequate working capital and financial resources to carry out stated work program or execute business plan for 18 months following listing; \$200,000 unallocated funds.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 12 months following listing; \$100,000 unallocated funds.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 18 months following listing; \$200,000 unallocated funds.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 12 months following listing; \$100,000 unallocated funds.
Property	Issuer has significant interest in business or primary asset used to carry on business.		Real Estate: Issuer has significant interest in real property. Investment: No requirement.	
Prior Expenditures and Work Program	History of operations or validation of business.		Real Estate: No requirement. Investment: Disclosed investment policy.	Real Estate: No requirement. Investment: (i) disclosed investment policy and (ii) 50% of available funds must be allocated to at least two specific investments.
Management and Board of Directors	Management, including board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience in Canada or a similar jurisdiction. Companies are required to have at least two independent directors.			
Distribution, Market Capitalization and Public Float	Public float of 1,000,000 shares; 250 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.	Public float of 500,000 shares; 200 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.	Public float of 1,000,000 shares; 250 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.	Public float of 500,000 shares; 200 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.
Sponsorship	Sponsor Report may be required.			

Provincial securities commissions

ONTARIO SECURITIES COMMISSION

T 416 593-8314
www.osc.gov.on.ca

MANITOBA SECURITIES COMMISSION

T 204 945-2548
www.msc.gov.mb.ca

QUÉBEC AUTORITÉ DES MARCHÉS FINANCIERS

T 514 395-0337
www.lautorite.qc.ca

NEW BRUNSWICK SECURITIES COMMISSION

T 506 658-3060
www.nbsc-cvmnb.ca

BRITISH COLUMBIA SECURITIES COMMISSION

T 604 899-6500
www.bcsc.bc.ca

THE PRINCE EDWARD ISLAND SECURITIES OFFICE

T 902 368-6288
www.gov.pe.ca/securities

ALBERTA SECURITIES COMMISSION

T 403 297-6454
www.albertasecurities.com

NOVA SCOTIA SECURITIES COMMISSION

T 902 424-7768
www.gov.ns.ca/nssc

SASKATCHEWAN FINANCIAL SERVICES COMMISSION, SECURITIES DIVISION

T 306 787-5645
www.sfsc.gov.sk.ca/ssc

SECURITIES COMMISSION OF NEWFOUNDLAND AND LABRADOR

T 709 729-4189
www.gs.gov.nl.ca/insurance

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To inquire about listing on TSX Venture Exchange or Toronto Stock Exchange, please contact a member of our Business Development team from the appropriate sector category:

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Guide to Listing

Cross-border Legal and Tax Considerations for U.S. Issuers

Dual-Listing Guide

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