POLICY 2.2

SPONSORSHIP AND SPONSORSHIP REQUIREMENTS

Scope of Policy

Issuers undertaking certain transactions such as a New Listing, Reverse Takeover, Change of Business or Qualifying Transaction, may be required to have the transaction sponsored by a Member of the Exchange.

This Policy sets forth:

(a) the circumstances where a Sponsor is required;
(b) exemptions from the sponsorship requirements;
(c) the criteria which must be met in order for a Member to qualify as a Sponsor;
(d) the Review Procedures;
(e) the circumstances and requirements for a Sponsorship Acknowledgement Form; and
(f) the required contents of the Sponsor Report to be provided to the Exchange by the Sponsor.

The main headings in this Policy are:

1. Application
2. Definitions
3. Requirements for Sponsorship
4. Sponsors and Qualifications
5. Review Procedures
6. Sponsorship Acknowledgement Form
7. Sponsor Reports
1. Application

1.1 A number of policies of the Exchange refer to Sponsors and the requirement for a Sponsor Report. Among other policies, a Sponsor may be required under Policy 2.3 - Listing Procedures, Policy 2.4 - Capital Pool Companies, Policy 3.2 – Filing Requirements and Continuous Disclosure, Policy 5.2 - Changes of Business and Reverse Takeovers and Policy 5.3 - Acquisitions and Dispositions of Non-Cash Assets.

2. Definitions

2.1 In this Policy:

“Connected Issuers” has the meaning as defined in National Instrument 33-105 Underwriting Conflicts or any successor instrument or policy.

“Due Diligence” means a due diligence review, appropriate in the circumstances, in connection with the sponsorship of an Issuer.

“Expert” means an expert, consultant or specialist that prepares an assessment or technical report that may be relied upon by the Sponsor in preparing the Sponsor Report.

“Foreign Issuer” means an Issuer:

(a) the majority of whose mind and management or whose Control Person, is resident outside of Canada or the United States; or

(b) the majority of whose principal operating assets are located outside of Canada or the United States.

“Issuer” means:

(a) in connection with an Initial Listing, an applicant Issuer;

(b) in connection with a Qualifying Transaction, Reverse Takeover or Change of Business, the Issuer, and any Target Company and the Resulting Issuer, as applicable; or

(c) in connection with any other transaction, the Issuer, unless the circumstances reasonably require otherwise.

“Related Issuers” has the meaning as defined in National Instrument 33-105 - Underwriting Conflicts or any successor instrument or policy.
“Review Procedures” means:

(a) the minimum review procedures set forth at section 5.4 required to be conducted by a Sponsor, together with the review procedure guidelines at Appendix 2A; and

(b) in the case of a Foreign Issuer, the minimum review procedures set forth in section 5.5, in addition to those set forth at section 5.4, required to be conducted by the Sponsor, together with the review procedure guidelines at Appendix 2A;

in connection with the preparation of a Sponsor Report.

“Sponsor Report” means the report to be provided to the Exchange by the Sponsor.

“Sponsorship Acknowledgement Form” means the form prepared in accordance with Form 2G.

“Third Party Provider” means any accounting firm, law firm, search house or other third party service provider retained by the Sponsor to assist the Sponsor with the conduct of Review Procedures.

3. Requirements for Sponsorship

3.1 Sponsorship Required

Subject to section 3.4 sponsorship will be required in connection with:

(a) any application for a New Listing, other than pursuant to an IPO, where the prospectus is executed by at least one member; or

(b) any application for a New Listing made in the context of a Qualifying Transaction, Change of Business or Reverse Takeover.

See Policy 2.3 – Listing Procedures, Policy 2.4 – Capital Pool Companies, Policy 3.2 – Filing Requirements and Continuous Disclosure and Policy 5.2 – Changes Of Business and Reverse Takeovers.

3.2 Sponsorship May Be Required

The Exchange may, in its discretion, require sponsorship in connection with:

(a) a Change of Management or a Change of Control where the new directors, management or new Control Persons, do not have a sufficient history of involvement and experience with the Exchange, another recognized Canadian Exchange or with other public or non-public Companies, or

(b) other significant transactions, where it is considered necessary or advisable by the Exchange.
3.3 Limited Scope of Certain Sponsor Reports

(a) In connection with a Change of Business, where there is no Change of Management or no Change of Control, the scope of the Sponsor Report may be limited to Review Procedures relating to the proposed new business or assets of the Issuer and a determination of whether such business or assets meet the applicable Initial Listing Requirements; or

(b) In connection with a Change of Management or Change of Control described in section 3.2(a), the scope of the Sponsor Report may be limited to a review of the new directors, management, Insiders or Control Persons.

3.4 Exemptions from Sponsorship

(a) Subject to section 3.5, the Exchange may exempt an Issuer from all or part of the sponsorship requirements of this Policy where:

(i) the following conditions are satisfied:

(A) the Issuer is not a Foreign Issuer;

(B) the management of the Issuer meets a high standard such that the directors and senior officers of the Issuer collectively possess appropriate experience, qualifications and history whereby each member or proposed member of the board is suitable both on an individual basis and in relation to other members of the board, such that the members of the board collectively possess:

(I) a positive record with junior companies, as evidenced by growth of such companies;

(II) the ability to raise financing;

(III) a positive corporate governance and regulatory history;

(IV) technical experience in the appropriate industry sector, where applicable; and

(V) positive experience as directors or senior officers with public companies in Canada or the United States, as evidenced by the growth of such companies and/or the listing of such companies on Tier 1 of the Exchange or on a senior exchange or quotation system such as the TSX, NASDAQ, or NYSE; and
(C) the Issuer is any category of a Mining or Oil and Gas Issuer category that:

(I) satisfies at least the Tier 2 Initial Listing Requirements as set forth in Policy 2.1 - Initial Listing Requirements, and

(II) has a current Geological Report for each of the Issuer’s Qualifying and Principal Properties, including recommendations for exploration and/or development work; or

(ii) the following conditions are satisfied:

(A) the Issuer files a Transaction Disclosure Form (Form 2I); and

(B) either:

(I) there is significant involvement of a bank or other major financial institution in the transaction; or

(II) the Issuer conducts a concurrent brokered financing of at least $500,000 in connection with the transaction, and the agent for that transaction has provided the Exchange with confirmation that it has completed appropriate due diligence on both the transaction and the disclosure document (referred to (C) below) that is generally in compliance with the relevant standards and guidelines applicable in this Policy 2.2; and

(C) a disclosure document such as a Filing Statement or an Information Circular is prepared in conjunction with the transaction. Where the transaction does not require a Filing Statement or Information Circular, the Issuer must prepare a disclosure document containing at a minimum, the information required in an offering memorandum or pursuant to Exchange Requirements.

(iii) in the particular circumstances of a case, the Exchange considers that to do so would not be contrary to the public interest.

(b) In certain situations where sponsorship has been waived, the Exchange may elect not to undertake a review of the specific due diligence performed in relation to the transaction. As such, it is possible that certain transactions that are exempt from sponsorship may not have had the benefit of a third party review as prescribed by this Policy or otherwise.
3.5 Pre-Filing Conference

The Exchange encourages Issuers to hold pre-filing conferences with staff of the Exchange.

In order to rely on any of the exemptions set forth under section 3.4(a), an Issuer must arrange a pre-filing conference with staff of the Exchange and obtain Exchange confirmation that the transaction is exempt from sponsorship. Failure by an Issuer to arrange for a pre-filing conference and obtain such confirmation may result in significant time delays on filings should the Exchange determine that the Issuer is required to retain a Sponsor in respect of a particular transaction. See Policy 2.7 – Pre-Filing Conferences.

4. Sponsors and Qualifications

4.1 Sponsor to be a Member

A Sponsor must be a Member or a Participating Organization of the Toronto Stock Exchange Inc. Unless specifically waived or agreed to by the Exchange, a Sponsor must meet all of the minimum specifications set forth in this section 4.

4.2 Disclosure of a Sponsor

The identity of a Sponsor must be publicly disclosed and the Exchange will generally require public disclosure to be made upon an agreement being reached whereby the Sponsor agrees to sponsor an Issuer and provide a Sponsor Report.

4.3 General Qualifications

The Sponsor shall:

(a) not have previously been advised that it may no longer act as a Sponsor or if so previously advised, the Exchange must have subsequently agreed to accept the Member as a Sponsor;

(b) be a registrant in good standing with each Securities Commission in which it is registered as an adviser, securities dealer, underwriter, portfolio manager or other similar category of registrant, pursuant to applicable Securities Laws and have not had any registration refused, cancelled, restricted or suspended under any Securities Laws;

(c) be a member in good standing with each exchange or other self-regulatory body of which it is a member;

(d) have policies and procedures that encompass the following, to the extent applicable:
(i) conflicts of interest including those which may arise in connection with acting in multiple roles, such as acting as an underwriter and/or Sponsor and trading or advising the public in regard to the securities of a listed issuer;

(ii) separation of underwriting functions and/or sponsorship functions from trading functions, including the establishment of safeguards for dealing with confidential information;

(iii) the accumulation and maintenance of a complete list Connected Issuers and Related Issuers;

(iv) restricting the Sponsor from preparing a Sponsor Report on behalf of any Related Issuer or Connected Issuer;

(v) establishing proficiency requirements including standards for acceptable corporate finance staff education and experience, which are commensurate with the requirements and responsibilities of underwriting;

(vi) ensuring that proper Due Diligence, commensurate with that of an underwriter, is undertaken by or on behalf of the Sponsor prior to the execution by the Sponsor of a Sponsor Report; and

(vii) procedures for periodic review of the Sponsor’s policies and procedures.

4.4 Corporate Finance Department

Without limiting the generality of section 4.3(d)(ii) above, the Sponsor shall have established a corporate finance department to deal with underwriting functions and the preparation of Sponsor Reports which department shall be separate and apart from any of its trading and advising functions.

4.5 Conflicts of Interest Policies and Procedures

The Sponsor shall have policies and procedures for the purpose of:

(a) to the greatest extent possible, restricting access to Material Information from or relating to Issuers in respect of which the Member has been engaged to act as an underwriter or Sponsor where the information obtained is not necessarily in the public domain (“Confidential Information”). Access to Confidential Information shall only be made available to the corporate finance department personnel and the Sponsor’s authorized directors and senior officers (“Corporate Finance Persons”);

(b) ensuring that where Confidential Information is provided to non-Corporate Finance Persons, those persons are advised that they possess Confidential Information which cannot be communicated to any other person;
(c) physically separating, to the greatest extent possible, the work space of members of the corporate finance department, from other areas of the Member’s office and ensuring that access to the corporate finance department work space is restricted;

(d) securing physical and electronic Confidential Information in locked cabinets, computers or offices, and restricting access only to Corporate Finance Persons;

(e) securing at all times, Confidential Information which is not being immediately reviewed or utilized by the Corporate Finance Persons;

(f) ensuring that Confidential Information is not discussed in areas outside of the corporate finance department or within the proximity of persons other than Corporate Finance Persons;

(g) to the greatest extent possible, providing the corporate finance department with separate and dedicated telephones, messaging services, facsimile machines, photocopiers and confidential mail and courier delivery service to ensure that persons engaged in trading or advising functions do not have access, inadvertently or otherwise, to Confidential Information; and

(h) providing education to Member personnel with respect to their ethical responsibilities, including what constitutes Confidential Information, inside information, Insider trading, tipping and the legal restrictions on transmission and use of Confidential Information or Insider information and the legal consequences, criminal, quasi-criminal, civil and regulatory for breaches of such restrictions in respect of Insider trading and tipping.

4.6 Sponsor’s Assessment of Issuers

When engaged as Sponsor in regard to an Issuer, the Sponsor is required to assess and determine whether it is appropriate and advisable to monitor, restrict or discontinue certain activities of itself and of its employees in relation to the securities of such Issuer, including: trading, advising and dissemination of research material.

4.7 Trading and Other Restrictions

Without limiting any other obligation or restriction under applicable Securities Laws or Exchange Requirements, the Sponsor shall have policies and procedures which provide that once the Sponsor has agreed to act as Sponsor of an Issuer:

(a) until such time as the applicable Application for Listing, Information Circular, Prospectus, Filing Statement, other disclosure document or detailed press release is properly filed and disseminated:

   (i) the Corporate Finance Persons are prohibited from, purchasing or selling any of the securities of such Issuer;
(ii) all partners, directors, officers, approved persons and employees of the Sponsor, who by virtue of their position with the Sponsor or involvement with the Issuer have or can reasonably be expected to gain access to Confidential Information in regard to the Issuer are prohibited from:

(A) soliciting purchase orders of the Issuer’s securities; or
(B) purchasing or selling the Issuer’s securities for accounts beneficially owned or controlled by them;

(iii) the Sponsor is prohibited from disseminating research reports relating to the Issuer or buying, selling or otherwise trading the Issuer’s securities for its own account, except for permitted transactions and stabilizing bids contemplated by Exchange Rules;

(iv) in regard to Capital Pool Companies the exercise of an Agent’s Option and sale of securities issued to the Sponsor by the Issuer pursuant to the exercise of previously issued Agent’s Options shall be effected solely to the extent permitted by section 6.2 of Policy 2.4 – Capital Pool Companies; and

(b) trading in the securities of the Issuer by all partners, directors, officers, employees and approved persons shall be monitored by a designated and duly qualified officer of the Sponsor to assess whether trading has or might reasonably appear to have occurred based on access to Confidential Information.

4.8 Officers and Branch Managers

Without limiting the generality of section 4.3(d)(v) (and without limiting any other educational requirements required under applicable Securities Laws or Exchange Requirements), the Sponsor shall employ a corporate finance officer, compliance officer or branch manager who will oversee and be responsible for the preparation of the Sponsor Report and who:

(a) has successfully completed the Canadian Securities Course,
(b) has successfully completed the Partners, Directors and Senior Officers Qualifying Exam (CSI);
(c) is not engaged in trading on behalf of or advising:
   (i) public clients, or
   (ii) any other clients, including associated parties, unless the Sponsor has instituted internal controls to deal with conflicts of interest; and
(d) either:

(i) has at least seven continuous years of relevant experience in the securities industry or securities regulatory industry, two years of which must have been with an underwriter that is a member of a Canadian stock exchange or other self-regulatory body in Canada,

(ii) has at least five continuous years of relevant experience with an underwriter that is a member of a Canadian stock exchange or other self-regulatory body in Canada or five continuous years of relevant experience with a securities regulatory body or Canadian exchange,

(iii) is licensed by the Association of Investment Management and Research to use the designation “Chartered Financial Analyst” or “CFA” or is licensed to use the designation Chartered Business Valuator or “CBV”, or

(iv) has at least three years of relevant experience in the securities industry or securities regulatory industry and has other professional qualifications satisfactory to the Exchange.

4.9 Technical Expertise

The Sponsor shall employ or retain at least one individual with reasonably satisfactory education or experience in evaluating and assessing the technical aspects of businesses in the industry sector in respect of the Issuer in regard to which the Sponsor Report is to be provided, or is intended to be, engaged.

4.10 Review Procedure Materials

The Sponsor agrees, for a period of six years from the date of the Sponsor Report, to provide upon request by the Exchange all and any part of the materials and information obtained or compiled by the Sponsor in connection with the Review Procedures conducted.

4.11 Refusal to Accept Sponsor Report

The Exchange may refuse to accept a Sponsor Report from a Member where it is not satisfied that the Member qualifies as a Sponsor, and the Exchange may refuse to accept a Sponsor Report where it reasonably appears that the Member has not implemented internal policies which are designed to ensure that Confidential Information obtained in the course of the preparation of the Sponsor Report is not communicated or made available to or used by any person involved in the trading of securities or providing investment advice to clients.
4.12 Toronto Stock Exchange Participating Organization Requirements

Every Participating Organization of the Toronto Stock Exchange that is not a Member of the Exchange, which proposes to act as Sponsor of an Issuer must agree to be subject to any applicable Exchange Requirements relating to sponsorship. This agreement must be filed concurrently with any preliminary Sponsor Report required to be filed in accordance with any Exchange Requirements.

5. Review Procedures

5.1 General

(a) The Sponsor is required to complete an appropriate Due Diligence review in connection with the sponsorship of an Issuer. The Exchange requires that the Sponsor complete Review Procedures as set forth at section 5.4 and, if applicable, section 5.5 of this Policy. These Review Procedures are expected to be conducted as part of the Sponsor’s Due Diligence.

(b) The scope and extent of Due Diligence considered appropriate by the Sponsor will vary in each circumstance. The Exchange will rely heavily upon the assumption that a Sponsor has the expertise and ability to determine what constitutes appropriate Due Diligence and to fulfil its responsibilities in that regard. The Due Diligence process should provide the Sponsor with a thorough understanding of the business of the Issuer and the risks associated with the Issuer’s business. The understanding gained from this process puts the Sponsor in a better position to decide whether to sponsor the Issuer and to provide the preliminary Sponsor Report and subsequently, the final Sponsor Report.

5.2 Use of Experts and Third Party Providers

(a) Where the Sponsor, in its professional judgement determines that particular experience or technical expertise is necessary to conduct the appropriate Due Diligence or Review Procedures, the Sponsor is required to ensure that such experience or technical expertise exists either among the employees of the Sponsor or the Sponsor may rely upon an Expert to prepare an assessment report or technical report on which the Sponsor can rely.

(b) The Sponsor may also rely upon the services of any Third Party Provider to assist it with the conduct of its Due Diligence and Review Procedures.

(c) It is the responsibility of the Sponsor to take reasonable steps to confirm that any employee of the Sponsor, Expert or Third Party Provider retained or relied upon, possesses the appropriate business or other experience and education necessary to assess the business, products, services or technology or to otherwise perform the services for which they were retained.
The Sponsor is also responsible for confirming that any Expert or Third Party Provider retained by the Sponsor or upon whom the Sponsor may rely, is not a Related Issuer or Connected Issuer of the Issuer, or does not otherwise have a relationship with the Issuer that may lead a reasonable person to conclude that the Expert’s or Third Party Provider’s independence or objectivity could be compromised. The Sponsor must confirm that any Expert does not have any direct, indirect or contingent interest in any of the securities or assets of the Issuer, its Insiders, or any Associates or Affiliates of the Issuer.

5.3 Review Procedures

The Review Procedures to be conducted by the Sponsor, as part of its Due Diligence, are outlined in section 5.4 of this Policy. In the case of a Foreign Issuer, in addition to the requirements of section 5.4, the Sponsor must undertake the Review Procedures set forth under section 5.5. A Sponsor shall perform a review of the directors, senior officers, other Insiders and Promoters of the Issuer, the Issuer’s business and the conformity of the Issuer to the applicable Initial Listing Requirements or, as may be applicable, Continued Listing Requirements.

5.4 Required Review Procedures

Prior to the execution of a Sponsor Report, the following Review Procedures must be conducted by a Sponsor in the context of its Due Diligence review:

(a) a review and assessment of the directors and management of the Issuer, both on an individual and collective basis as to compliance with Exchange Requirements and their compliance with continuous disclosures responsibilities pursuant to applicable Securities Laws and Exchange Requirements;

(b) a review and general overall assessment of the Issuer’s business, including a review and assessment of its business plan;

(c) a review and assessment of the proposed transaction, and the consideration proposed to be paid and/or issued under the transaction together with an assessment as to whether such consideration and the share structure of the Issuer, upon completion of the transaction, would not be unreasonable;

(d) an assessment of the Working Capital of the Issuer to determine its adequacy to carry out stated purposes as well as whether the Issuer will have sufficient funds available for at least 12 months of operations;

(e) a review of material contracts, including, where applicable, a review of the disclosure respecting material contracts that is included in an Application for Listing, Information Circular, Prospectus, Filing Statement or other disclosure document; and

(f) a review to determine if the Issuer will, upon completion of the transaction, satisfy Minimum Listing Requirements under Policy 2.1 – Initial Listing Requirements and other Exchange Requirements.
5.5 **Review Procedures for Foreign Issuers**

In addition to the Review Procedures under Section 5.4, a Sponsor must undertake the following additional steps for Foreign Issuers:

(a) a site visit must be conducted and title opinions must be prepared in respect of a Foreign Issuer’s principal operating assets located outside of Canada or the United States. The requirement for a site visit in respect of resource properties may be satisfied by the site visit conducted by the independent engineer or geologist providing the Geological Report;

(b) in the case of an oil and gas property the Geological Report must be prepared by an independent engineering firm with international experience preferably in the country where the foreign property is located;

(c) a review of any prior or concurrent financings and proposed share issuances in the proposed Target Company and make appropriate inquiry and if determined to be appropriate, perform database searches on the parties associated with these transactions to determine their acceptability; and

(d) if the Foreign Issuer engages auditors not from Canada or the United States, the Foreign Issuer’s auditors (collectively the “Foreign Auditors”) shall also engage a Canadian auditor to advise them on matters of Canadian GAAP and GAAS applicable to all financial statements audited or reviewed by the Foreign Auditors and all reports and letters filed by the Foreign Auditors with the Exchange. A Canadian auditor so engaged shall be competent as to the main differences between GAAP and GAAS of the Foreign Issuers and Canadian GAAP & GAAS. The Exchange may in its discretion require that auditors in the United States comply with this subclause (d).

5.6 **Review Procedure Guidelines**

(a) The Sponsor is expected to follow the Review Procedure Guidelines in Appendix 2A unless, in relation to a particular Review Procedure, the Sponsor concludes that it is unnecessary.

(b) If the Sponsor does not conduct a Review Procedure outlined in Appendix 2A, the Sponsor shall include in its internal files a reference as to the reasons why that Review Procedure was considered unnecessary.
6. **Sponsorship Acknowledgement Form**

6.1 A number of policies of the Exchange require the filing by a Sponsor of a Sponsorship Acknowledgement Form, which is intended to provide the Exchange with notice that a Member is prepared to act as Sponsor in respect of a particular filing matter and has conducted certain preliminary due diligence. The Sponsorship Acknowledgement Form appears at Form 2G.

See Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.

6.2 Except where a preliminary Prospectus for an IPO will be filed, when a sponsorship agreement has been entered into, a Sponsorship Acknowledgement Form should be filed with the Exchange. Where a Sponsor has been retained, a submission of the Sponsorship Acknowledgement Form will generally be required prior to any halt in trading of the listed Issuer’s securities being lifted where such halt resulted from the announcement of a Qualifying Transaction, Reverse Takeover or Change of Business. See Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers*.

6.3 Prior to submitting the Sponsorship Acknowledgement Form to the Exchange the Sponsor must review:

   (a) the Personal Information Forms and if applicable, the Declarations, for each director, senior officer, other Insider and Promoter and resumes for each member of management of the Resulting Issuer,

   (b) on the basis of a preliminary assessment, the existence of the asset, property or technology that is the subject matter of the transaction, and

based upon this review be able to provide the assurances required by the Sponsorship Acknowledgement Form.

6.4 In carrying out the preliminary assessment referred to in section 6.3 (b), the Sponsor is expected to review:

   (a) in the case of an Oil and Gas or Mining Issuer, the applicable Geological Reports; and

   (b) in the case of any other Issuer, the financial statements of that Issuer.

6.5 In the case of a Change of Business or a Reverse Take Over, and where required by the Exchange, the Sponsorship Acknowledgement Form shall include confirmation by the Sponsor that the securities held by directors, officers, other Insiders and Promoters of the Issuer are subject to a pooling agreement and are releasable upon final Exchange Acceptance of the Reverse Take Over or Change of Business, as the case may be.
7. **Sponsor Reports**

7.1 **Reliance on Sponsor Report**

In making a determination as to whether an Issuer meets Exchange Requirements and is suitable for listing on the Exchange, the Exchange will rely heavily upon the fact that a Sponsor has agreed to sponsor the Issuer and has agreed to prepare and submit a Sponsor Report to the Exchange.

7.2 **Preliminary Sponsor Report**

Subject to section 3.4, Policy 2.3 – *Listing Procedures*, Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reverse Takeovers* require that the Sponsor provide a preliminary Sponsor Report to the Exchange concurrently with the filing of certain Applications for Listing, draft Information Circular or draft Filing Statement by the Issuer. The Exchange expects that the Sponsor will have substantially completed all material Due Diligence and the Review Procedures prior to providing the preliminary Sponsor Report to the Exchange. The Exchange requires that the Sponsor will confirm that it has reviewed the disclosure of the draft Information Circular or draft Filing Statement and all material contracts on a preliminary due diligence basis before the applicable transaction will be presented for consideration to the Executive Listing Committee. A Sponsor should not submit a preliminary Sponsor Report until it is reasonably comfortable that no material adverse issues will arise from completion of the balance of the Due Diligence and the Review Procedures. The Issuer is expected to have addressed any material issues raised by the Sponsor, which arise as a result of its Due Diligence, prior to the filing of a preliminary Sponsor Report.

7.3 **Final Sponsor Report**

(a) Subject to subsections 7.3 (b) and (c), below, a final executed Sponsor Report will be required prior to an Exchange Bulletin being issued confirming final acceptance of the transaction in respect of which the Sponsor Report was required. The final executed Sponsor Report may be required at such earlier time as specified by the Exchange.

(b) Subject to section 3.4, the final executed Sponsor Report required in connection with a New Listing will be required to be filed with the Exchange prior to listing of the Issuer’s securities on the Exchange.

(c) Subject to section 3.4, in the case of Policy 2.4 – *Capital Pool Companies* and Policy 5.2 – *Changes of Business and Reserve Takeovers*, the final Sponsor Report is required to be filed with the Exchange after the meeting of Shareholders at the time that all post-meeting documents are required to be filed and must be filed prior to final acceptance of the transaction by the Exchange. The Exchange expects that all material Due Diligence and all material Review Procedures will have been completed by the Sponsor.
7.4 Disclosure Requirements For A Sponsor Report

(a) Subject to subsection 7.4 (b), the Sponsor shall disclose in the Sponsor Report prepared substantially in accordance with Form 2H, the following:

(i) it has complied with the requirements of sections 4 and 5 of this Policy;

(ii) identification of any information or facts which the Sponsor is aware or has become aware in the course of conducting its Due Diligence which might reasonably impact upon the Exchange’s determination of the suitability for listing of the Issuer or the suitability of the directors and officers to act in such a capacity;

(iii) the qualifications and experience of the person(s) primarily responsible for the investigation and preparation of the Sponsor Report, including knowledge of the proposed industry and/or business of the Issuer and without limitation, such person’s;

(A) name, address and occupation;

(B) relevant educational background, including areas of principal studies;

(C) relevant employment history, including a description as to how it relates to the material aspects of the principal business of the listed Issuer;

(D) experience in the areas of corporate planning and financial analysis;

(E) membership in any professional organization; and

(F) the period during which the Due Diligence and Review Procedures were carried out;

(iv) disclosure of any conflicts of interest, including:

(A) a statement to the effect that the person referred to in section 7.4(a)(iii) has no material conflicts of interest as a result of his or her relationship with the Issuer, and the Issuer’s Insiders, Associates and Affiliates;

(B) a statement that the person referred to in section 7.4(a)(iii) does not own any direct, indirect or contingent interest in any of the securities or assets of the Issuer, or of any Associates or Affiliates of the Issuer or disclosure of any such interest, which interest must not be material;
(C) full particulars of any material past dealings between the Sponsor and any current or proposed Non Arm’s Length Party of the Issuer; and

(D) full particulars of any direct, indirect or contingent interest in any of the securities or assets of the Issuer or of any Associates or Affiliates of the Issuer beneficially owned or controlled by the Pro Group;

(v) where the Sponsor, in preparing the Sponsor Report, has retained the services of an Expert, or otherwise relied upon the services of an Expert, the Sponsor shall state, in respect of each Expert upon whom the Sponsor has relied, the information described in subparagraphs (A), (B), (C), (E) and (F) of section 7.4(a)(iii);

(vi) any other facts or information considered to be material by the Sponsor that could reasonably be expected to significantly affect the value of the securities of the Issuer to be listed; and

(vii) based upon its Due Diligence review:

(A) the directors and management of the applicant Issuer, both on an individual and on a collective basis, comply with Exchange Requirements and are knowledgeable about their ongoing continuous disclosure responsibilities pursuant to applicable Securities Laws and Exchange Requirements;

(B) the consideration and share structure, upon completion of the transaction, will not be unreasonable;

(C) the Working Capital of the applicant Issuer is adequate to carry out stated purposes and it appears reasonable that the Issuer will have sufficient funds available for 12 months of operations;

(D) the applicant Issuer meets the Initial Listing Requirements under Policy 2.1 - Initial Listing Requirements as applicable; and

(E) it has concluded that the applicant Issuer is suitable for listing on the Exchange.

(b) The Exchange, in its discretion, may require that the Sponsor prepare and complete a detailed Sponsor Report that includes, in addition to the requirements of Form 2H, disclosure as to the completion of the applicable Review Procedures set forth at Appendix 2A.

7.5 Execution of Sponsor Report

The Sponsor Report shall be signed by two duly authorized officer(s) and/or director(s) of the Sponsor, one of who shall be a person that would otherwise be eligible to execute a Prospectus on behalf of the Sponsor.