

POLICY 2.5

CONTINUED LISTING REQUIREMENTS AND INTER-TIER MOVEMENT

Scope of Policy

This Policy describes the minimum standards to be met by Issuers to continue to qualify for listing in each tier. These minimum standards, referred to as Continued Listing Requirements or CLR, relate to the financial situation, business activity and shareholder distribution of Issuers.

Capitalized terms, unless otherwise defined in this Policy, will have the meanings given to them in Policy 2.1 - *Initial Listing Requirements*. This Policy also describes the process which applies when an Issuer seeks to move to a higher tier.

The main headings in this Policy are:

1. Application of Continued Listing Requirements
2. Continued Listing Requirements
3. Inability to Meet Continued Listing Requirements
4. Suspension
5. Graduation from Tier 2 to Tier 1

1. Application of Continued Listing Requirements

1.1 General

Each Issuer must meet the CLR standards applicable to its category in order to remain listed in either Tier 1 or Tier 2. The Exchange can move an Issuer to a lower tier or to NEX, designate an industry segment, suspend trading in, or delist the Listed Shares of any Issuer which does not meet applicable CLR.

Refer to section 2 for Tier 1 and Tier 2 CLR.

1.2 News Release Requirement

The Exchange deems movement of an Issuer from one tier to another and any transfer of an Issuer to NEX to be “Material Information” under Policy 3.3 - *Timely Disclosure*. It may also be a “material change” under applicable Securities Laws. If an Issuer transfers to another tier or receives notice from the Exchange of a pending transfer to NEX, the Issuer must issue a news release announcing the transfer and its resulting effect on any securities of the Issuer subject to escrow.

1.3 Exchange Bulletin

The Exchange will issue Exchange Bulletins for any move by an Issuer from one tier to another. The Exchange will also issue an Exchange Bulletin when an Issuer is put on notice for transfer of its listing to NEX.

2. Continued Listing Requirements

2.1 The following table sets out the Tier 2 Continued Listing Requirements:

Tier 2 Continued Listing Requirements				
Standard	Industry Segments			
	Mining	Oil & Gas (Exploration or Reserves)	Industrial or Technology or Life Sciences	Real Estate or Investment
Public Distribution and Market Capitalization	(i) no less than 500,000 Listed Shares in the Public Float (ii) 10% of Listed Shares must be in Public Float (iii) Listed Shares in Public Float must have minimum market capitalization of \$100,000 (iv) at least 150 Public Shareholders holding at least one Board Lot each, free of Resale Restrictions			
Working Capital	adequate Working Capital or Financial Resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months			
Assets and Operations	no requirements generally although the Exchange retains discretion to declare that an Issuer no longer meets Tier 2 Continued Listing Requirements if, in the Exchange's opinion, the Issuer or its principle operating subsidiary substantially reduces or impairs its principal operating assets, ceases or discontinues a substantial portion of its operations or business for any reason, or seeks protection or is placed under the protection of any insolvency or bankruptcy laws or is placed into receivership			
Activity	either A or B below: A) For the Issuer's most recently completed financial year: i) positive cash flow; ii) significant operating revenue; or iii) \$50,000 of exploration or development expenditures. B) In aggregate, for the Issuer's two most recently completed financial years, \$100,000 of exploration or development expenditures.		either A or B below: A) For the Issuer's most recently completed financial year: i) positive cash flow; ii) \$150,000 of operating revenues; or iii) \$150,000 of expenditures directly related to development of its assets or business. B) In aggregate, for the Issuer's two most recently completed financial years, either: i) \$300,000 of operating revenues; or ii) \$300,000 of expenditures directly related to the development of its assets or business.	

2.2 A Tier 1 Issuer will be deemed to meet Tier 1 Continued Listing Requirements if, after listing, the Tier 1 Issuer continues to meet the Tier 1 ILR applicable to its industry segment.

3. Inability to Meet CLR

3.1 Tier 1 CLR

- (a) A Tier 1 Issuer which is unable to meet one of the Tier 1 CLR will not immediately be transferred to Tier 2. The Exchange will notify the Issuer in writing (the “Tier 1 Notice”) as to the Tier 1 CLR that it does not meet and will allow the Issuer six months from the date of the Tier 1 Notice to meet the requirement. If, after that six-month period, the Issuer does not meet all Tier 1 CLR, it will have its listing transferred to Tier 2.
- (b) If a Tier 1 Issuer is unable to meet more than one Tier 1 CLR, the Exchange will send a Tier 1 Notice notifying the Issuer of the Tier 1 CLR that it does not meet and will allow the Issuer 90 days from the date of the Tier 1 Notice to meet the requirements. If, after that 90 day period, the Issuer does not meet all Tier 1 CLR, it will have its listing transferred to Tier 2.
- (c) If a Tier 1 Issuer’s financial circumstances or Public Float has declined such that the Issuer can meet only one or none of the Tier 1 CLR, the Exchange may immediately transfer the Issuer listing to Tier 2. If at that time it does not meet more than one Tier 2 CLR, the Exchange may notify the Issuer of a pending transfer of its listing to NEX, or suspend and delist the Issuer in accordance with sections 3.2(b) and 3.2 (d) of this Policy.
- (d) A Tier 1 Issuer that has been suspended from trading for more than 10 business days may have its listing transferred, to Tier 2, without notice from the Exchange.
- (e) A Tier 1 Issuer that has had its listing transferred to Tier 2 may be reinstated to Tier 1 but only after the Issuer has been on Tier 2 for at least six months. The Issuer must satisfy the Exchange that it meets all applicable Tier 1 Initial Listing Requirements before reinstatement.
- (f) The Exchange uses discretion and flexibility in applying Tier 1 CLR. The Exchange may permit an Issuer, which does not meet one or more of the Tier 1 CLR, to continue to be a Tier 1 Issuer if other elements of the Issuer’s business are strong or the Issuer is affected by seasonal or other business cycles.

3.2 Tier 2 CLR

- (a) A Tier 2 Issuer which is unable to meet one of the Tier 2 CLR will not immediately have its listing transferred to NEX. The Exchange will notify the Issuer in writing (the “Tier 2 Notice”) as to the Tier 2 CLR that it does not meet and will allow the Issuer six months from the date of the Tier 2 Notice to meet the requirement. During those six months, the Issuer will trade as a normal Tier 2 Issuer. If, after that six-month period, the Issuer does not meet all applicable Tier

2 CLR, the Exchange may either, at its discretion, suspend and delist the Listed Shares of the Issuer or transfer its listing to NEX.

- (b) If a Tier 2 Issuer is unable to meet more than one Tier 2 CLR, the Exchange will send a Tier 2 Notice notifying the Issuer of the Tier 2 CLR that it does not meet and will allow the Issuer 90 days from the date of the Tier 2 Notice to meet the requirements. If, after that 90 day period, the Issuer does not meet all Tier 2 CLR, the Exchange may either, at its discretion, transfer the Issuer's listing to NEX or suspend and delist the Listed Shares of the Issuer.
- (c) Upon the issuance of the Tier 2 Notice, until the Exchange notifies the Issuer in writing that it meets Tier 2 CLR, the Issuer must not enter into any contract relating to Investor Relations Activities unless the obligations of the Person performing in the Investor Relations Activities in the contract can be and are completed in the six month or 90 day period under section 3.2(a) or section 3.2(b), as applicable.
- (d) The Exchange may, however, suspend and delist the Listed Shares of the Issuer or transfer its listing to NEX without the 90 day notice period in circumstances which it deems appropriate. These circumstances may include situations where the Issuer has disposed of, or abandoned all or substantially all of its assets, declared bankruptcy or is subject to receivership.

See Policy 2.6 – *NEX Companies and Reactivation* for a discussion of Issuers that have been trading on NEX prior to Reactivation.

- (e) The Exchange uses discretion and flexibility in applying Tier 2 CLR. If an Issuer has a viable business, the Exchange may determine that it is not appropriate to transfer the Issuer to NEX even where the Issuer is unable to meet all Tier 2 CLR. The Exchange will, for example, consider the seasonal or other cycles which affect an Issuer's business. If an Issuer's Working Capital is low because of seasonal or other temporary conditions, the Exchange may delay enforcement of this Policy but will continue to monitor the Issuer.

4. Suspension

The Exchange will automatically suspend from trading the Listed Shares of an Issuer if the Exchange determines that it is in the public interest to do so.

See Policy 2.9 - *Trading Halts, Suspensions and Delisting*.

5. Graduation from Tier 2 To Tier 1

- 5.1 If the management of a Tier 2 Issuer reasonably believes that the Issuer meets all of the Tier 1 ILR, the Tier 2 Issuer may apply in writing to the Exchange for graduation to Tier 1.
 - 5.2 The Exchange will request that an application made under section 5.1 include details on the Issuer's ability to meet **Tier 1** Public Distribution standards under **applicable ILR and** the fee prescribed by Policy 1.3 - *Schedule of Fees*.
 - 5.3 The Exchange will make any determination on graduation based on its review of the document(s) submitted by the Issuer under section 5.2 and any other documents filed by the Issuer and available on SEDAR. Where necessary, the Exchange may also request from the Issuer other documents during its review prior to and for the purposes of making any final determination on graduation.
 - 5.4 The Exchange may refuse an application for graduation to Tier 1 even where the Issuer appears to satisfy Tier 1 ILR if the Exchange determines that it is in the public interest to do so.
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