

APPENDIX 2A

REVIEW PROCEDURE GUIDELINES

The following procedures are expected to be used as guidelines by a Sponsor in order to complete the Review Procedures set forth at Policy 2.2 – *Sponsorship and Sponsorship Requirements* prior to execution of a Sponsor Report:

(a) Directors, Insiders, Promoters and Management

A review of the past conduct of existing and proposed directors, senior officers, other Insiders and Promoters of the Issuer for purposes of assessing their general experience and integrity, including a review, of whether the director, senior officers, other Insiders and Promoters have demonstrated a history of regulatory compliance and corporate and financial success. This review may include the following:

- (i) inquiries through appropriate data base searches;
- (ii) determination as to whether inquiries and discussions with references, former and present business associates and with other offices of the Sponsor are required;
- (iii) searches of the usual public registries, such as court house and bankruptcy searches, in the jurisdictions where the business is located or the directors, senior officers, other Insiders and Promoters are resident;
- (iv) review of Personal Information Forms and, if applicable, Declarations;
- (v) confirmation of educational and professional qualifications of individuals the Sponsor determines are key to the business of the Issuer where the educational or professional qualifications are material to the business of the Issuer;

- (vi) review of financial statements of other material public and private Issuers in respect of which such key directors or management are, or have been, involved either in the capacity of a director or member of senior management and which the Sponsor determines are material to its assessment of the track record of the proposed directors and management of the Issuer, including an assessment of the operational expenditures versus the general and administrative and management compensation expenditures and a determination of the involvement of the key directors and management with any NEX, shell, suspended or delisted Companies.
 - (vii) where the key directors and management of an Issuer have an involvement in more than two NEX, shell, delisted or suspended Companies, review of the status of these Companies and the current plans to reactivate these Companies and provide information to the Exchange in this regard. The Sponsor shall discuss with these persons the role of these individuals with those NEX, shell, delisted or suspended Companies and, if applicable, why one of the existing NEX, shell, suspended or delisted Companies could not be reactivated instead of forming a new public Company;
 - (viii) assess the capacity and ability of the Issuer's directors and officers to fulfil the continuous disclosure obligations pursuant to Securities Laws and Exchange Requirements; and
 - (ix) where the board of directors and management of an Issuer do not have an apparent positive track record or have been involved with NEX, shell, suspended, or delisted Companies, assessment as to the reasons why it wishes to support the management of, and sponsor the Issuer.
- (b) Initial Listing Requirements and Exchange Requirements

An assessment of whether the Issuer at the time of listing or completion of the proposed transaction will meet Initial Listing Requirements, as applicable, which assessment may include whether:

- (i) the Issuer, upon completion of any New Listing will meet the applicable Initial Listing Requirements of the Exchange as described in Exchange Policy 2.1 – *Initial Listing Requirements* (except as to distribution requirements on Reverse Takeovers, Change of Business and Qualifying Transactions in respect of Capital Pool Companies, in regard to which the Issuer need only comply with applicable Tier Maintenance Requirements under Exchange Pooling Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement*);
- (ii) the Issuer and its directors and officers are in compliance with the applicable provisions of Exchange Policy. 3.1 - *Directors, Officers Other Insiders & Personnel and Corporate Governance*;

- (iii) the share consideration in the transaction is reasonable and that the Resulting Issuer's capital structure is appropriate. Where Surplus Securities are issued, a review the rationale for the issuance of such securities. In making this determination, consideration by the Sponsor and the Issuer of whether any additional pooling agreement is required on Principal shares or whether any additional performance criteria are necessary.

(c) Business of the Issuer

A general overall assessment and review of the business of the Issuer, which provides the basis for a conclusion that the Issuer is suitable for listing. The assessment and review may include the following:

- (i) an assessment of the reasonableness of the Issuer's business plan, marketing plan, budgets, projections, pro forma financial statements and their underlying assumptions, Working Capital requirements, verification of the Issuer's ability to produce its products at current and projected levels, any key relationships, material sales contracts, material partnerships and relationships with key suppliers and customers;
- (ii) obtaining and where advisable, undertaking procedures to verify the authenticity of a certificate of qualification and independence from each Expert (including engineers, geologists, management consultants, authors of valuations, technical assessments or feasibility studies and authors of non-Canadian legal or title opinions). The certificate shall include details of the education and credentials of such Experts and whether the Exchange or any Securities Commission in Canada has accepted similar reports from them;
- (iii) a physical inspection of the material assets, whether owned or leased, including property, plant, equipment and inventory used, or to be used, in connection with the Issuer's stated business objectives, or full particulars as to why a physical inspection was not considered necessary;
- (iv) confirmation that it has had discussions with the Issuer's auditor, the chief financial officers of the Issuer and any other parties as the Sponsor may determine to be necessary, relating to the existence and effectiveness of the Issuer's internal financial controls and whether the Issuer needs to implement or adjust those controls;
- (v) a review of any title opinions on the assets, property or technology considered necessary or advisable;
- (vi) a review of all material contracts of the Issuer to ensure adequacy and accuracy of the disclosure of such material contracts in any public disclosure document;

- (vii) for any legal proceedings determined by the Sponsor to be material, a review of the publicly available material documents in such legal proceedings, and proceedings known to be contemplated, involving the Issuer or the Insiders, and a determination of whether disclosure of such proceeding is required;
- (viii) if determined appropriate by the Sponsor, investigation and confirmation of the existence of any proprietary interests, intellectual property rights and licensing arrangements material to the Issuer's business; and
- (ix) an assessment, by an employee of the Sponsor or by an Expert retained by the Sponsor, of the material provided by the Issuer regarding the technical feasibility of any new product or technology developed, under development or proposed to be developed which the Sponsor determines is material to the business of the Issuer.

(d) Corporate Information

An assessment of the integrity of the corporate information produced by the Issuer indicating:

- (i) a review the minute books of the Issuer to ensure adequacy and accuracy of corporate information;
- (ii) a review publicly available filings of the Issuer to assess the adequacy and accuracy of the continuous disclosure record.

(e) Information Circular

In the case of a Qualifying Transaction, Reverse Takeover or Change of Business, a review of the draft Information Circular and the disclosure items therein, as set forth in Form 3B or Form 3D as applicable, in connection with its preliminary Due Diligence, as required by section 12.3(b) of Policy 2.4 – *Capital Pool Companies* or section 5.2(d) of Policy 5.2 – *Changes of Business and Reverse Takeovers*, as applicable.
