

Going Public in Canada — Listing on the TSX, TSX V, CSE or NEO

This guide is intended as a practical overview of key issues involved in going public in Canada. Advice should be sought in connection with any specific transaction.

To learn more about going-public transactions and the range of legal services that WeirFoulds can assist you with, please visit our website at www.weirfoulds.com/securities or get in touch with someone on our team.



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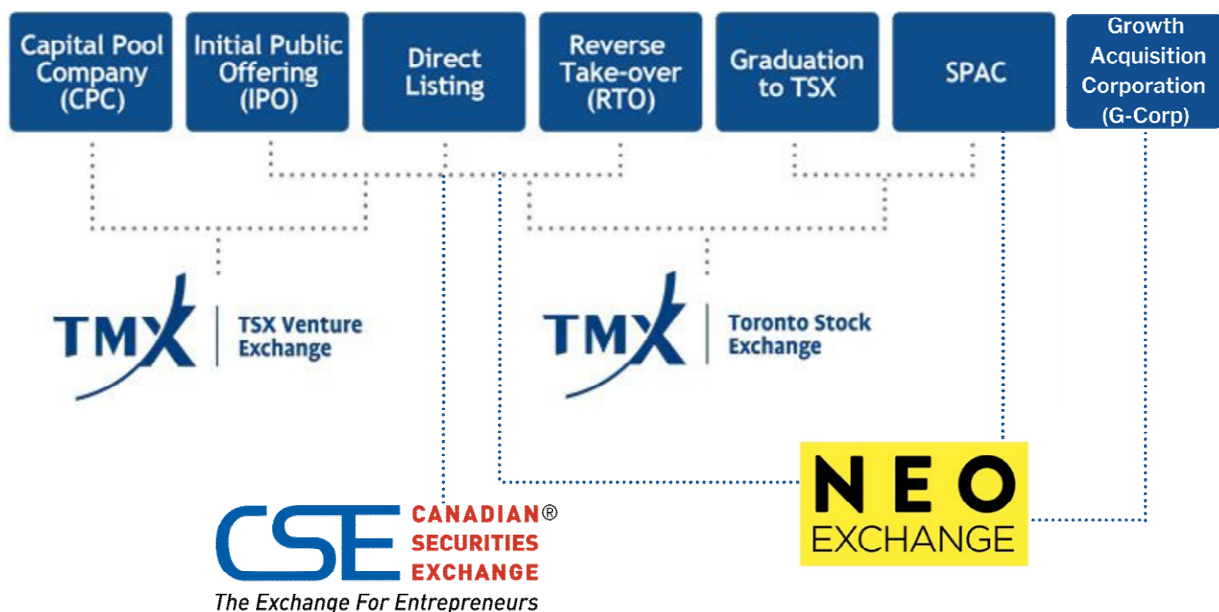
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INTRODUCTION

Canada has a strong and well-regulated capital market with a history of funding growth companies. By going public in Canada, companies can achieve robust valuations and raise funds from an array of institutional and retail investors. Access to funding opportunities is further broadened by allowing companies to select the best option for them among the four main Canadian stock exchanges: the Toronto Stock Exchange (“**TSX**”), the TSX Venture Exchange (“**TSX-V**”), the Canadian Securities Exchange (“**CSE**”), and the NEO Exchange (“**NEO**”).

A company can “go public” and proceed to obtain a listing on a Canadian stock exchange through a variety of methods, including an initial public offering (“**IPO**”), a reverse take-over (“**RTO**”), the TSX-V’s capital pool company program (“**CPC**”), the NEO’s Growth Acquisition Corporation program (“**G-Corp**”), or a special purpose acquisition corporation program (“**SPAC**”) offered by the TSX and the NEO.



If you are considering a going-public transaction in Canada, we invite you to review the information presented in this guide which outlines some of the key issues you may wish to consider, including:

- making the decision to go public in Canada;
- which Canadian stock exchange to list on;
- methods of going public;
- minimum listing requirements; and
- the timeline and cost of going public.

THE DECISION TO GO PUBLIC

Before making the decision to go public, companies should consider the many advantages but also certain burdens or responsibilities that come with being a public company.

Advantages

- **Easier access to capital** – whether it be for specific projects or future growth, companies are able to access capital on more favourable conditions than private equity financing and without the interest costs of debt financing.
- **Greater liquidity for existing and future shareholders** – shares will become easier to sell; however, securities held by principals may be subject to escrow requirements imposed by statute and/or arrangements with underwriters.
- **Greater liquidity options for founders** – founders may sell some or all of their shares or use them as collateral for personal loans.
- **Increased credibility** – generally speaking, due to greater transparency and visibility, public issuer status enhances corporate image which in turn assists in developing relationships with customers, suppliers and the community.
- **Ability to use equity as compensation to management** – permits greater flexibility in compensation arrangements.
- **Ability to use equity as compensation for purchases** – enhances the ability of an issuer to complete mergers utilizing liquid stock as consideration.
- **Enhanced ability to borrow** – the increase in equity base creates more leverage for growth by improving a company's debt-to-equity ratio.
- **Method of valuation through the market** – provides a more accurate assessment of the fair market value of the enterprise.

Other Considerations

- **Set-up costs** – the initial costs of going public incurred, including management time and internal resources.
- **Ongoing costs** – additional costs on a going-forward basis will be incurred to meet continuous disclosure and corporate governance requirements of the exchanges and securities regulators.
- **Decreased flexibility for founders** – public companies become subject to various restrictions under listing rules and that can impact activities, including issuing securities, related party transactions, etc.
- **More pressure on management** – as the number of shareholders increase, meeting their expectations of continuing success and profit, as well as expectations of a broader variety of stakeholders, will require more from management.
- **Loss of confidentiality** – due to extensive corporate and financial reporting obligations.
- **Potential for civil liability** – the issuer, directors and certain advisors could all be held liable for misrepresentations in public disclosure documents.
- **Potential loss of certain tax benefits** – current income tax laws provide certain credits and deductions to Canadian-controlled private corporations which are no longer available to a company once it goes public.
- **Increased vulnerability to hostile takeovers** – especially where founders own less than the majority of the outstanding stock.

CANADIAN STOCK EXCHANGES

There are now four principal stock exchanges in Canada, being the Toronto Stock Exchange (“**TSX**”), the TSX Venture Exchange (“**TSX-V**”), the Canadian Securities Exchange (“**CSE**”), and the NEO Exchange (“**NEO**”). The TMX Group owns and operates both exchanges. Of the two, the TSX is the market for senior issuers. The TSX-V is the market for more junior issuers that have not yet met the requirements for listing on the TSX. The CSE is operated by CNSX Markets Inc. and recognized as a stock exchange in 2004 and the NEO was launched in 2015.

In order to secure a listing on any of these exchanges, a company must complete a listing application which, together with supporting data, must demonstrate that the issuer is able to meet the applicable minimum listing requirements of the relevant exchange.

Toronto Stock Exchange

The TSX is the largest stock exchange in Canada. It lists more than 1,500 companies with an aggregate market capitalization in excess of \$2.8 trillion. In addition to traditional companies, exchange-traded funds, split share corporations, income trusts and other investment funds may be listed on the TSX.

The TSX classifies applicant issuers into one of three listing categories: (i) industrial (general), (ii) mining, and (iii) oil and gas.

- The industrial (general) category is further separated into profitable companies, companies forecasting profitability, technology companies, and research and development companies.
- The mining category is further separated into producing mining companies, and mineral exploration and development-stage companies.

For the minimum listing requirements for the TSX, please refer to Appendix 1.

TSX Venture Exchange

The TSX-V 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 the TSX-V continues to demonstrate its strength in attracting resource companies, its 2,000+ issuers represent a diverse mix of industry sectors, including industrial, life sciences, technology, clean technology and financial services. As the listing requirements are specifically designed for emerging companies, they focus more on the experience of the management team rather than the company’s products and services.

The TSX-V classifies applicant issuers into two tiers based on historical financial performance, stage of business development and financial resources:

- Tier 1 is for issuers with greater financial resources and has more onerous minimum listing requirements and ongoing tier maintenance requirements than for Tier 2 issuers.
- Tier 2 is for early-stage companies in all industry sectors. The majority of the TSX-V listed issuers trade in Tier 2. Tier 2 issuers may obtain Tier 1 status if they later meet Tier 1 minimum listing requirements.

Issuers are further classified within each of the two tiers into industry sectors, including (i) mining, (ii) oil and gas, (iii) technology or industrial, (iv) real estate or investment, and (v) research and development. *For the minimum listing requirements for the TSX-V, please refer to Appendix 2.*

Canadian Securities Exchange

The CSE, formerly known as the Canadian National Stock Exchange, is an alternative for micro-cap and emerging growth companies. It offers simplified reporting requirements, a streamlined regulatory model with no transactional reviews, approvals of fees and reduced barriers to listing, including no mandatory sponsorship requirements.

Built as a solution for today's challenging market conditions, the CSE structure is designed to allow entrepreneurs to spend less time managing their listing and more time focused on growing the company's value for shareholders.

The CSE will permit for listing equity and debt securities with different requirements for each type. Debt instruments listed by the CSE include structure products (such as principal protected notes), government bonds, and corporate debentures and crown-corporation debt instruments.

For the minimum listing requirements for the CSE, please refer to Appendix 3.

NEO Exchange

The NEO is a stock exchange that was launched in 2015 with the aim of helping companies, dealers and investors by eliminating predatory market behaviours, such as high-frequency trading, and offering real-time market data for its listed securities.

The NEO markets itself as a bold, innovative, and disruptive capital markets technology firm founded on the principles of fairness, liquidity, efficiency, and service.

For the minimum listing requirements for the NEO, please refer to Appendix 4.

INITIAL LISTING REQUIREMENTS

Listing Requirements	TSX	TSX-V	CSE	NEO
Ownership	300 public shareholders each holding one board lot or more	250 public shareholders each holding one board lot or more for Tier 1 issuers and 200 for Tier 2 issuers	150 shareholders each holding one board lot or more	300 public shareholders each holding one board lot or more
Public Float	1,000,000 free trading public shares; \$4,000,000 must be held by public shareholders; \$10,000,000 must be held by public shareholders of non-exempt technology issuers	1,000,000 free trading public shares for Tier 1 issuers and 500,000 for Tier 2 issuers; 20% of the issued and outstanding shares in the hands of public shareholders	500,000 free trading public shares; 10% of the issued and outstanding shares in the hands of public shareholders	1,000,000 free trading public shares
Market Capitalization	No minimum with the exception of non-exempt technology issuers where the minimum is \$50,000,000	No minimum	No minimum	No Minimum
Working Capital	Adequate working capital to carry on business where certain categories of issuers need sufficient capital for a stipulated period; for more details see Appendix 1	Adequate working capital to carry on business for 18 months following listing with \$200,000 for Tier 1 issuers and 12 months with \$100,000 for Tier 2 issuers	Adequate working capital to carry on business for 12 months following listing with \$200,000	Adequate working capital to carry on business and an appropriate capital structure

<p>Net Tangible Assets or Revenue</p>	<p>The minimum requirements in respect of these criteria depend on the industry and stage of development; for further details see Appendix 1</p>	<p>The minimum requirements in respect of these criteria depend on the industry and stage of development; for further details see Appendix 2</p>	<p>No minimum except for real estate/investment issuers where net tangible assets in \$2,000,000 with 50% allocated to 2 investments or \$4,000,000</p>	<p>Minimum net tangible assets: \$50,000,000 either in last fiscal year or in two of the last three fiscal years for corporate issuers; \$10,000,000 for closed end funds; \$100,000,000 for structured products; \$1,000,000 for exchange traded funds</p>
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METHODS OF GOING PUBLIC

The listing of a private company on the TSX, the TSX-V, the CSE or the NEO can be achieved through different routes, the most common of which include an initial public offering, completing a reverse take-over, completing a qualifying transaction, and other specific programs offered by the TSX the TSX-V and the NEO. These three, along with other routes mentioned above, are discussed below. While an IPO may come to mind as the most obvious route to listing, most other options available offer quicker and less costly means towards a similar end.

Deciding which road to take should be based on the characteristics of the company, the concurrent capital raising needs of the company and the motivations for taking the company public.

Initial Public Offering

An initial public offering ('**IPO**') is the traditional method of going public. An IPO is typically completed via a long-form prospectus offering of shares in conjunction with an initial listing on a stock exchange.

The typical structure of an IPO is relatively straightforward. The company wishing to complete the IPO files a listing application with the selected exchange. The listing application must demonstrate that the company meets the minimum listing requirements of the selected exchange. In addition to listing, an essential element of the IPO consists of capital raising which requires the engagement of underwriters to market the offering of the securities to the public. Upon approval of the listing application and on closing of the offering, the company's shares become listed for trading on the exchange.

An IPO involves the preparation of a prospectus in accordance with Canadian securities laws. Approval of the prospectus by securities regulators in the jurisdictions in which the securities will be sold is required. The prospectus is written by the company's legal counsel and requires the participation of management, auditors, underwriters (including its legal counsel), securities commissions and the exchange. It must contain full, true and plain disclosure of all material facts relating to the shares being offered for sale to the public. Typically, a prospectus includes:

- the history of the company and a description of its business;
- a description of the company's business and investment plans;
- a description of the intended use of the proceeds raised by the IPO;
- a description of the securities being offered;
- a summary of the major risk factors affecting investment in the company;
- detailed information on management, directors and principal shareholders;
- disclosure regarding particulars of material contracts other than those entered into during the ordinary course of business;
- audited financial statements;
- a plan of distribution and distributions spread (i.e., commissions, options or other fees payable to the underwriters);
- certification of "full, true and plain disclosure of all material facts" signed by the CEO, CFO and two directors; and
- the same certification from the underwriter, with the addition of "to the best of our knowledge, information and belief".

A financing conducted by underwriters can be arranged in different ways, including on a firm-commitment basis and a best-efforts basis. When acting on a firm-commitment basis, the underwriter acts as a principal rather than agent and purchases the offered shares and then attempts to sell them to the public. An IPO underwritten on a firm-commitment basis is attractive to a company as the amount raised by the company is guaranteed regardless of the success the underwriter has in marketing the offered shares and obtaining investors. However, a firm-commitment basis IPO will likely be priced at a larger discount to market, making it easier for the underwriter to sell the shares. In contrast, an underwriter acting on a best-efforts basis may market the offered shares but the purchased shares pass directly from the company to the investors. Furthermore, the underwriter is not obliged to purchase any unsold shares. This exposes the company to the risk that the market will not have an appetite for the offering and the company may raise less than expected. Regardless of the method under which the underwriter sells the shares, both parties must be confident that the shares being sold under the prospectus will be attractive to investors.

As mentioned, a financing is an integral part of the IPO process. While an IPO provides an opportunity to raise significant equity for the company, it also results in share dilution whereby founders or major shareholders of the private company lose their controlling interest in the resulting public company.

The timetable for an IPO is comprised of three general stages.

- The first stage involves the drafting of the preliminary prospectus and concludes with the filing of the preliminary prospectus with the selected exchange and the securities commission.
- The second stage is the period between the filing of the preliminary prospectus and the filing of the final prospectus which involves a review of the preliminary prospectus by the securities commission. This “waiting period” coincides with the underwriter conducting marketing efforts to solicit interest from institutional investors and retail brokers.
- The third stage is the period between the filing of the final prospectus and the closing of the offering.

Throughout the process, underwriters and their legal counsel conduct an extensive due diligence investigation to ensure the prospective issuer has disclosed all material facts that would impact the stakeholders of the company.

Timeline of an IPO

The following chart breaks down the three phases mentioned into a step-by-step timeline of events which generally occur in an IPO of securities by a Canadian corporation. This timeline should be used as a guide only as the actual timing will vary from transaction to transaction. Subject to a number of internal and external factors, an IPO generally takes roughly three to six months.

Phase 1 – Preliminary Steps		
Step 1 Initial Preparation	1 – 2 weeks	<ul style="list-style-type: none"> • Organize and engage working group (including lawyers, auditors, underwriters/agents) • Meet with auditors and other advisers to discuss financials and any technical (mining) reports or oil and gas reports for applicable issuers
Step 2 Draft Preliminary Prospectus	4 – 8 weeks	<ul style="list-style-type: none"> • Underwriters begin due diligence • Commence drafting prospectus • Commence preparation of financial statements and any technical (mining) reports or oil and gas reports for applicable issuers

Step 3 Conduct Due Diligence and Prepare Listing Application	2 – 3 weeks	<ul style="list-style-type: none"> • Review and revision of documents, including: <ul style="list-style-type: none"> - prospectus - financial statements - any technical (mining) reports or oil and gas reports for applicable issuers • Prepare listing application • Attend to listing requirements such as: <ul style="list-style-type: none"> - application for CUSIP number - distribution of personal information forms to directors and officers, etc. • Continue legal and business due diligence • Prepare marketing materials • Arrange financial printers
Step 4 Obtain Board Approval and File Preliminary Prospectus	1 – 2 weeks	<ul style="list-style-type: none"> • Conduct oral due diligence session with company's management, auditors, underwriters/agents and legal counsel • Finalize preliminary prospectus (French translation will be necessary if offering into Quebec) • Hold board meeting to approve preliminary prospectus (including financial statements and any technical reports) • File preliminary prospectus with relevant securities commission(s) • Issue press release
Phase 2 – Waiting Period		
Step 5 Prepare for Closing and File Listing Application	1 – 2 weeks	<ul style="list-style-type: none"> • Begin preparation of closing documentation • Confirm settlement and trading mechanics • Settle underwriting agreement • Respond to comments on preliminary prospectus • Underwriters begin marketing efforts • File listing application
Step 6 Finalize and File Final Prospectus	1 – 2 weeks	<ul style="list-style-type: none"> • Complete marketing and solicit expressions of interest • Hold bring-down due diligence session with company's management, auditors and legal counsel • Resolve any outstanding comments from the securities commissions on the preliminary prospectus • Finalize terms of offering (price, size, etc.) • Finalize prospectus • Board approval of final prospectus and any other ancillary matters • File final prospectus with relevant securities commission(s) • Issue press release • Print commercial copies of final prospectus for distribution to subscribers
Phase 3 – Completion of IPO		
Step 7 Close Transaction and Listing Complete	1 – 2 weeks	<ul style="list-style-type: none"> • Expiry of statutory withdrawal rights in Canada • Pre-closing meeting to settle and sign all closing documentation • Closing occurs • Issue press release • Securities begin trading on the exchange

Other Considerations

Financial Statements included in the Prospectus

Generally, the prospectus requirements include audited financial statements for the three most-recently completed financial years, except for the statement of financial position which is required for the two most-recently completed financial years (in each case, as applicable, depending on when the company was formed). In addition, comparative quarterly financial statements for the period not ending more than 45 days before the date of the prospectus (60 days for the TSXV or the CSE) are required. If an issuer has completed a “significant acquisition” in the most-recently completed financial year or proposes to complete one as part of the IPO process, that issuer must provide audited comparative financial statements in relation to the “significant acquisition”. Quarterly unaudited pro forma financial statements in relation to the “significant acquisition” are also required.

Certain exemptions are also available to the filing of audited financial statements, especially for junior entities where assets, revenue and shareholders’ equity are less than \$10 million. In such circumstances, these junior entities do not need their second and third previous years to be audited. All financial information is to be prepared under and comply with the International Financial Reporting Standards.

Corporate Governance

Corporate governance has recently become even more critical to the operations of public companies, and continues to be highly scrutinized and reviewed by the regulators and by the public. The governance rules vary depending on which exchange is used for listing in Canada. In general, for the TSX and NEO, the board will need three independent directors who are financially literate to serve on the audit committee, while companies listed on the TSXV or the CSE require two independent directors who are financially literate. It is also a listing requirement of all the exchanges that management and the board have adequate experience and technical expertise relevant to the listed company’s business and industry, as well as public company experience. Also, election of directors is done individually, so that slate voting is no longer permitted.

Each company should also consider addressing the following voluntary corporate governance guidelines, as issued by the Canadian regulators:

- The board should consist of a majority of independent directors with an independent chair.
- Written board and committee mandates or policies should be developed and approved.
- Clear position descriptions should be developed for the chairman of the board, chairs of committees and the CEO.
- A written code of conduct and ethics should be established.
- An entirely independent nominating and compensation committee should be created.
- There should be regular assessments of the board, all committees and each board member’s effectiveness.
- There should be succession planning and a process for regular replacement of board members.

Escrowed Shares

In the IPO process, the regulators require the imposition of escrow provisions on the securities held by insiders (directors, senior officers and principal shareholders holding greater than 10% of securities, and promoters). These securities are released over 18 to 36 months, depending on various conditions. In addition, the underwriters may request that key individuals contractually agree to restrict sale of their securities for a period of time following the IPO.

Reverse Take-over

Generally, a RTO, or the reverse take-over of an existing company, is a transaction whereby a public company (typically inactive) which has few, if any, assets (“**Public Co**”) acquires all of the securities of a private company which has substantial assets and/or operations (“**Private Co**”). The result of this transaction is Private Co indirectly “going public”. Public Co acquires the securities of Private Co by issuing to Private Co’s shareholders a significant number of shares in Public Co (equivalent in value to the assets or operations of Private Co).

Typically, the result of a RTO is a change of control in the ownership of Public Co and, in many cases, the former shareholders of Private Co will hold a large majority of the shares of Public Co post RTO. Public Co will remain listed on a stock exchange but will now also have assets and/or operations.

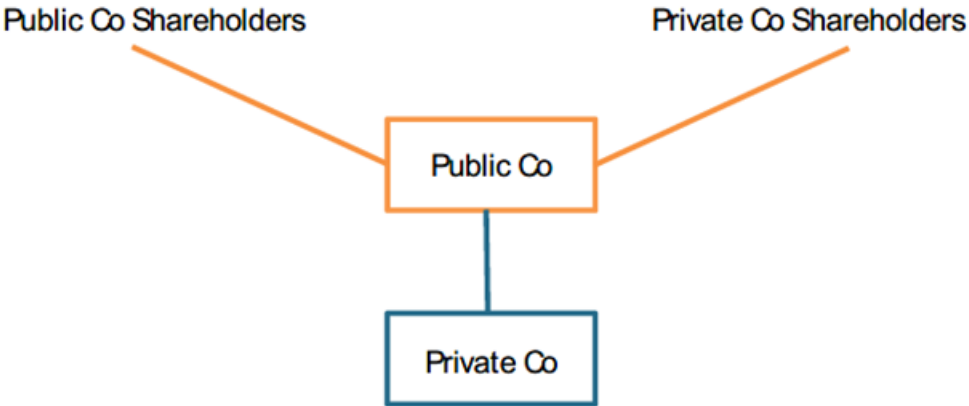
This type of transaction is subject to the approval of the shareholders of Public Co, using a proxy circular prepared with financial statements similar to the requirements for an IPO prospectus. Although the proxy circular distributed to the shareholders of Public Co is not reviewed by securities regulators, it must contain prospectus-level disclosure of the public company, private issuer and the issuer resulting from the RTO. Moreover, the transaction is subject to the review and approval of the applicable exchange, and the issuer resulting from the RTO must meet the original minimum listing requirements of the exchange.

The time and costs of completing a RTO are similar to the time and costs of completing an IPO. An additional factor in a RTO is that Private Co must conduct due diligence on Public Co to ensure that the shell company, Public Co, is clear of any undisclosed liabilities from its prior business. Public Co will also conduct due diligence on Private Co to ensure any potential legal issues are identified, addressed and corrected if necessary. Due diligence is a crucial step to protect the interests of both Public Co and Private Co shareholders.

Pre-RTO



Post-RTO



Timeline of a RTO

<p>Phase 1 Identifying Target, Commencing Negotiations</p>	<p>2 – 4 weeks</p>	<ul style="list-style-type: none"> • Identify Public Co target and commence negotiations • Commence due diligence process on each other • Determine stock consideration ratio or range • Consider whether a financing is required in connection with the RTO • Commence drafting of technical reports (if applicable), required for mining or oil and gas companies • Begin preparation of financial statements for information circular
<p>Phase 2 Announcing Transaction</p>	<p>1 – 2 weeks</p>	<ul style="list-style-type: none"> • Announce transaction with Public Co • Commence preparation of Public Co's shareholders meeting materials • Continue preparation of financial statements and technical reports • Continue legal and business due diligence • Select management and board of directors of resulting issuer
<p>Phase 3 Filing Initial Draft Documents</p>	<p>4 – 8 weeks</p>	<ul style="list-style-type: none"> • Deliver initial draft documentation to the exchange, including: <ul style="list-style-type: none"> - information circular - financial statements - technical reports - listing application - personal information forms • Publish record date for shareholders meeting (at least 7 days prior to the record date)
<p>Phase 4 Obtaining Conditional Approval</p>	<p>2 – 4 weeks</p>	<ul style="list-style-type: none"> • Obtain conditional listing approval from applicable exchange • Determine record date for shareholders meeting (must be at least 30 days prior to meeting date) • Print and mail meeting materials to Public Co shareholders (must be at least 21 days prior to the meeting date)
<p>Phase 5 Closing the Transaction</p>	<p>1 – 2 weeks</p>	<ul style="list-style-type: none"> • Hold shareholders meeting and obtain shareholder approval • Filing of post shareholder approval documents with the TSX, including: <ul style="list-style-type: none"> - scrutineer's report - legal opinion - balance of filing fees • Close RTO transaction • Exchange issues final exchange bulletin (evidencing final listing approval) • Common shares of the resulting issuer commence trading

Qualifying Transactions

Each of the TSX, the NEO and the TSX-V have programs in place that permit a company with no commercial operations and no assets except cash to complete an IPO and become listed. On the TSX-V, this process is done through a capital pool company (“CPC”) raising proceeds between \$200,000 and \$10 million. On the NEO, this process can be accomplished through a Growth Acquisition Corporation program (“G-Corp”) raising proceeds of at least \$300,000. The TSX special purpose acquisition corporation program (“SPAC”) permits raising a minimum of \$30 million. In each case, the sole purpose of creating these companies is to complete a transaction which qualifies the entity for listing within a specified period of time. Upon listing, the CPC, G-Corp or SPAC uses its pool of cash to identify and review assets or businesses with a view to completing a qualifying transaction or qualifying acquisition, respectively, to acquire assets of a business. A SPAC must complete a qualifying acquisition within 36 months of its initial public offering and a G-Corp must complete a qualifying transaction within 27 months of its initial public offering. As of January 1, 2021, there is no deadline by which a CPC must complete a qualifying transaction.

TSX-V’s Capital Pool Company Program

A CPC is a shell company that has completed an IPO, raised a modest amount of money (the minimum required to be raised under the IPO by TSX-V rules is \$200,000 and the maximum permitted by TSX-V rules together with any prior seed funding is \$10 million) and obtained a listing on the TSX-V, with the sole purpose of completing a qualifying transaction — essentially a reverse takeover transaction.

A qualifying transaction must be completed. An advantage of completing a qualifying transaction with a CPC over a regular reverse take-over transaction is that approval of the shareholders of the CPC is not required unless the parties are not at arm’s length or the qualifying transaction is structured in a manner requiring shareholder approval under applicable corporate or securities laws. In most cases, the required disclosure document is a filing statement or, if shareholder approval is required, a proxy circular. Either way, prospectus-level disclosure is required.

Due diligence of the public shell company is typically more straightforward for a qualifying transaction with a CPC than a regular reverse take-over in that it will not have carried on any active business prior to the completion of a qualifying transaction. The financial statements of the private company required to be included in the filing statement or proxy circular for a qualifying transaction are similar to financial statements required for an issuer completing an IPO. Time and costs in completing a qualifying transaction may be less than for a reverse take-over if it is structured such that shareholder approval is not required.

Once the parties reach an understanding as to the valuation of the private company, they are free to negotiate the number of shares of the CPC to be issued. However, minimum public float requirements of the TSX-V, such as the requirement that at least 20% of the issued shares must be in the hands of public shareholders, place a limit on the number of shares that may be issued to shareholders of the private issuer. Moreover, the number of “value securities”, which are subject to more favourable escrow arrangements pertaining to the private issuer, is determined by dividing the value of the private issuer (determined based on a valuation method recognized by the TSX-V) by the last market price before announcement of the qualifying transaction (discounted in accordance with permitted discount rules). In addition, since the TSX-V limits the aggregate number of “surplus securities” the CPC may issue that are unsupported by value in accordance with TSX-V valuation methods, the valuation of the private issuer should be considered early in the process.

Timeline of a CPC Transaction

The CPC Process



Phase 1 – The Capital Pool Company		
Step 1 Creating the CPC	4 – 8 weeks	<ul style="list-style-type: none"> Minimum three individuals with an appropriate combination of business and public company experience put up a minimum of the greater of \$100,000 or 5% of total funds raised. These founders incorporate a shell company (the CPC) and issue shares in exchange for seed capital at a minimum price between the greater of \$0.05 or 50% of the price at which subsequent shares are to be sold via prospectus. The CPC and its advisors prepare a prospectus that outlines management’s intention to raise between \$200,000 and \$9,500,000 by selling CPC shares at typically twice the issuance price of the seed shares and to use the proceeds to identify and evaluate potential acquisitions.
Step 2 Selling the Shares	6 – 12 weeks	<ul style="list-style-type: none"> The CPC files the prospectus with the appropriate securities commission(s) and applies for listing on TSX-V. Regulatory authorities review the prospectus and inform the CPC’s professional advisors of any deficiencies. After all deficiencies are cleared to the satisfaction of the regulators, file an amended prospectus in final form. The securities commission will issue a final receipt as acceptance of the prospectus. This approval allows the CPC to begin selling shares in the provincial jurisdictions where a final receipt has been issued. The broker sells the CPC shares, pursuant to the prospectus, to at least 200 arm’s length shareholders, each of whom buys at least 1,000 shares. No one purchaser can purchase more than 2% of the offering and no one purchaser together with his, her or its associates or affiliates can purchase more than 4% the offering. Once the distribution has been completed and closed, the CPC is listed for trading in the secondary market. The symbol includes “.P” to identify the company as a CPC.

Phase 2 – The Qualifying Transaction		
Step 1 Announcing the Acquisition	2 – 4 weeks	<ul style="list-style-type: none"> The CPC identifies an appropriate business as its “qualifying transaction” and issues a news release to announce that it has entered an agreement in principle to acquire the business. The CPC prepares a draft filing statement or information circular providing prospectus-level disclosure on the business that is to be acquired. TSX-V reviews the disclosure document and evaluates the business to ensure it meets minimum listing requirements.
Step 2 Closing the Deal		<ul style="list-style-type: none"> Where shareholder approval is required for a non-arm’d length qualifying transaction, an information circular is posted on SEDAR and sent to the CPC’s shareholders prior to holding a shareholders’ meeting to obtain majority of the minority approval of the proposed qualifying transaction. Where shareholder approval is not required for an arm’s length qualifying transaction, the filing statement is posted on SEDAR for at least 7 business days, after which the qualifying transaction closes and the business is acquired. Additional components of the deal often include a change of name and a private placement coinciding with the closing of the qualifying transaction. The “.P” from the ticker symbol is removed and the company now trades as a regular TSX Venture listed company.

NEO’s Growth Acquisition Corporation

In 2021, the NEO introduced the Growth Acquisition Corporation (or G-Corp) program as a mid-market alternative to the TSX-V’s CPC program. Similar to a CPC, a G-Corp involves the creation of a publicly-traded shell company with the purpose of acquiring an operating business from the proceeds raised from its initial public offering.

A G-Corp must raise a minimum investment of \$300,000 by its founders and a minimum of \$2,000,000 from its initial public offering, 100% of which must be placed into escrow. A G-Corp must then identify a qualifying transaction within 24 months and complete the qualifying transaction within 27 months of its listing. The qualifying transaction is subject to shareholder approval, excluding the holders of any seed shares. The resulting issuer must have a market capitalization of at least \$30,000,000 and meet the NEO’s initial listing standards. In the event that the G-Corp fails to complete a qualifying transaction within the requisite timeframe, the escrowed funds will be returned to investors on a *pro rata* basis.

Comparison of TSX-V’s CPC and NEO’s G-Corp

Listing Standard	CPC	G-Corp
Seed Capital	At least \$100,000 or 5% of IPO funds raised	At least \$300,000 of free working capital
Market Capitalization	\$300,000 to \$10,000,000 can be raised prior to qualifying transaction	At least \$30,000,000 after closing of qualifying transaction

Minimum Distribution	At least 500,000 securities and 150 public shareholders each holding a board lot	At least 1,000,000 securities and 150 public shareholders each holding a board lot
Use of Proceeds	\$3,000 per month may be used for general administrative expenses (not related to qualifying transaction)	100% of gross proceeds from IPO must be held in escrow
Qualifying Transaction	No deadline for completing a qualifying transaction	Up to 24 months to identify a qualifying transaction and 27 months to close the qualifying transaction (failure will result in liquidation and distribution to shareholders)
Shareholder Approval	Filing statement or information circular (if shareholder approval is required for a non-arm's length transaction) providing prospectus-level disclosure on the qualifying transaction	Prospectus and information circular, with qualifying transaction being subject to majority shareholder approval (excluding founders)

TSX's Special Purpose Acquisition Corporation

In 2008, the TSX introduced a program for special purpose acquisition corporations (or SPACs) as a result of growing market acceptance of SPACs in the United States. A SPAC is similar to a CPC or G-Corp in that each involves the creation of publicly-traded shell companies that later acquire an operating business using the initial proceeds raised.

Like a CPC or G-Corp, a SPAC listing involves a two-step process. A SPAC must first be listed and raise a minimum of \$30 million through its IPO, at least 90% of which must be placed into escrow. The proceeds are then to be used to acquire an operating company or assets through a qualifying acquisition within 36 months of such listing. The business or assets acquired must have an aggregate fair market value equal to at least 80% of the value of the escrowed funds. Once the SPAC has completed its qualifying acquisition, which must meet TSX listing requirements, it is treated as a regular issuer by the TSX.

Despite being similar, SPACs are much larger than CPCs and G-Corps and, therefore, involve more stringent investor protections in the form of regulatory requirements, including:

- prohibition against obtaining any debt financing before the completion of the qualifying acquisition;
- public distribution criteria, including:
 - o at least 1 million free-trading securities held by public holders;
 - o the aggregate market value of the securities held by public holders being \$30 million; and
 - o at least 150 public holders of securities, holding at least one board lot each; and
- requirement that securities issued pursuant to the IPO must be issued at a minimum price of \$2.00 per share or unit.

Direct Listing

An issuer already listed on another stock exchange may list directly on the TSX or the TSX-V if it is able to meet the applicable listing standards. Furthermore, an issuer may be eligible for certain exemptions from the regulatory and reporting requirements under applicable securities laws if it is a reporting issuer in certain foreign jurisdictions.

Graduation to the TSX

A company already listed on the TSX-V now has the opportunity to increase its profile, liquidity and access to capital by graduating to the TSX, provided that the company meets the TSX listing requirements. Since January 1, 2000, 600 companies have taken advantage of this option. The benefits of this option include a reduction of documentation in a streamlined process by which issuer information that is on file with the TSX-V can be provided directly to the TSX with the issuer's consent. In addition, this method is cost saving as the TSX's application fee is waived and credit is given for any TSX-V transaction fees paid in the 90 days prior to the date on which the issuer lists on the TSX. Further, sponsorship requirements can be waived in most cases for qualified TSX-V issuers.

COSTS OF GOING PUBLIC IN CANADA

Costs of going public on one of the stock exchanges in Canada are not limited to the initial listing fees paid to the applicable exchange. Additional common expenses include accounting or auditing fees, legal fees and often an underwriters' commission paid to the agent of a financing in connection with a going-public transaction. A general estimate of these fees, and how they differ under each exchange, is summarized in the chart below.

	TSX	TSX VENTURE	CSE	NEO
Listing Fees	\$10,000 to \$200,000	\$10,000 to \$40,000	\$15,000	\$50,000 to \$150,000
Accounting/Auditing Fees	\$75,000 to \$100,000	\$25,000 to \$100,000	\$15,000 to \$25,000	\$25,000 to \$100,000
Legal Fees	\$400,000 to \$750,000	\$75,000 to \$150,000+	\$50,000 to \$125,000	\$125,000 to \$250,000+
Underwriters' Commission	4% to 8%	up to 12%	7% to 15%	up to 12%

LIFE AS A PUBLIC COMPANY

Regardless of the method used, once a private company has successfully gone public, the resulting issuer is subject to all requirements applicable to a “reporting issuer” under Canadian securities legislation. Insiders of the issuer become subject to reporting and other obligations and restrictions. Moreover, in order to maintain a listing, the company must comply with continuous disclosure obligations set out by each specific exchange. These may include the public filing of annual and interim financial statements, annual and interim management’s discussion and analysis, annual reports, proxy circulars, material change reports (which disclose material changes in the business, operations or capital structure of the reporting issuer) and other reporting requirements.

Going Forward

Once the going public process has been completed, there are a number of ongoing challenges faced by public companies in Canada. The primary areas of these challenges include the following:

- coping with and meeting the increased continuous disclosure obligations, both on the company and on the individual insiders;
- managing relationships with shareholders;
- staying focused on day-to-day business concerns in light of public company pressures;
- adapting to reduced flexibility with respect to board, and sometimes shareholder, involvement;
- dealing with increased vulnerability to takeover;
- meeting the demands of increased regulatory scrutiny;
- handling the selective disclosure of information, including competitive information;
- resisting pressure to keep the stock price up at all costs, which can focus on a short-term outlook that is inconsistent with existing strategy;
- retaining experienced, capable senior management and board members in place;
- dealing with an owner who is not ready to concede control of the company and related succession issues; and
- managing interest from the investment community.

Appendix 1: Minimum Listing Requirements (TSX)

Mining

	TSX Non-Exempt (Mineral Exploration and Development— Stage 1 Companies)	TSX Non-Exempt (Producing Mining Companies)	TSX Exempt
Property Requirements	50% Staged Companies) an advanced property ²	Three years proven and probable reserves as estimated by an independent qualified person (if not in production, a production decision made)	Three years proven and probable reserves as estimated by an independent qualified person
Recommended Work Program	\$750,000 on advanced property as recommended in independent technical report ³	Bringing the mine into commercial production	Commercial level mining operations
Working Capital and Financial Resources	Minimum \$2,000,000 working capital, but sufficient to complete recommended programs, plus 18 months G&A ⁴ , anticipated property payments and capital expenditures; appropriate capital structure	Adequate funds to bring the property 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
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 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 of \$500,000 for past two fiscal years
Other Criteria	Up-to-date comprehensive technical report prepared by independent qualified person and 18-month projection (by quarter) of sources and uses of funds, signed by CFO		Up-to-date comprehensive technical report prepared by independent qualified person
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. Companies are required to have at least two independent directors		
Distribution, Market Capitalization and Public Sponsorship	\$4,000,000 publicly held 1,000,000 free trading public shares; 300 public holders each holding one board lot		
Sponsorship	Required (may be waived if sufficient previous third party due diligence)		Not required

*Mining Disclosure Standards

National Instrument 43-101 is the Canadian Securities Administrators' ("CSA") 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.

NI 43-101 is available at: http://www.osc.gov.on.ca/en/SecuritiesLaw_rule_20051223_43-101_mineral-projects.jsp

1 A company must hold or have the right to earn and maintain 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.

2 "advanced property" refers to one on which a zone of mineralization has been demonstrated in three dimensions with reasonable continuity indicated. The mineralization identified has economically interesting grades.

3 "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.

4 "G&A" means general and administrative expenses.

Oil and Gas (Exploration or Producing)

	TSX Non-Exempt (Oil & Gas Development Stage Companies) ⁵	TSX Non-Exempt (Producing Oil & Gas Companies)	TSX Exempt Oil & Gas Issuers ⁶
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 ⁷ 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 ⁸ ; appropriate capital structure	Adequate funds to execute the program and cover all other capital expenditures, G&A 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 free-trading shares with an aggregate market value of \$4,000,000; 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 free-trading shares with an aggregate market value of \$4,000,000; 300 public holders, each with one board lot or more	
Sponsorship	Sponsor report may be required (generally not required for IPOs or TSX Venture Graduates)		Not required
Property Requirements	Contingent resources ⁹ of \$500,000,000 ¹⁰	\$3,000,000 proved developed reserves ^{11 12}	\$7,500,000 proved developed reserves
Recommended Work Program	Clearly defined development plan, satisfactory to the Exchange, 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 business and industry 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 51-101 ¹³)		

⁵ 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 and gas assets, such as oil sands.

⁶ 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.

⁷ "G&A" means general and administrative expenses.

⁸ This projection must also include actual financial results for the most recently completed quarter;

⁹ "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.

¹⁰ 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.

¹¹ "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.

¹² Reserve value of pre-tax net present value of future cash flows using a 10% discount rate: forecast pricing assumptions are used.

¹³ NI 51-101" means National Instrument 51-101 - Standards of Disclosure for Oil & Gas Activities. Available at: <http://www.osc.gov.on.ca/>

Industrial, Technology and Research and Development Companies

Minimum Listing Requirements	TSX Non-Exempt Technology Issuers ¹⁴	TSX Non-Exempt Research and Development (R&D) Issuers	TSX Non-Exempt Forecasting Profitability	TSX Non-Exempt Profitable Issuers ¹⁵	TSX Exempt Industrial Companies ¹⁶
Earnings or Revenue			Evidence of pre-tax earnings from ongoing operations for the current or next fiscal year of at least \$200,000 ¹⁷	Pre-tax earnings from ongoing operations of at least \$200,000 in the last fiscal year	Pre-tax earnings from ongoing operations of at least \$300,000 in the last fiscal year
Cash Flow			Evidence of pre-tax cash flow from ongoing operations for the current or next fiscal year of at least \$500,000	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 of \$500,000 for the past 2 fiscal years
Net Tangible Assets			\$7,500,000 ^{18 19}	\$2,000,000	\$7,500,000
Adequate Working Capital and Capital Structure	Funds to cover all planned development expenditures, capital expenditures, and G&A ²⁰ expenses for one year ²¹	Funds to cover all planned R&D expenditures, capital expenditures and G&A expenses for two years	Working capital to carry on the business and an appropriate capital structure		
Cash in Treasury	Minimum \$10,000,000 in the treasury, with majority raised by prospectus offering	Minimum \$12,000,000 in the treasury, with majority raised by prospectus offering			
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 ²²	Minimum 2 year operating history that includes R&D activities Evidence of technical expertise and resources to advance its R&D programs ²³			
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 2 independent directors				

¹⁴ 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.

¹⁵ 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.

¹⁶ As well as for granting Exempt status. Special purpose Issuers are generally considered on an exceptional basis.

¹⁷ 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 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.

¹⁸ Under certain circumstances, deferred development charges or other intangible assets can be included in net tangible asset calculations.

¹⁹ Companies with less than \$2,000,000 in net tangible assets may qualify for listing if the earnings and cash flow requirements for senior companies are met.

²⁰ "G&A" means general and administration expenses.

²¹ 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.

²² "Advanced stage of development or commercialization" is generally restricted to historical revenues from the Issuer's main business or contracts for future sales. Other factors may also be considered.

²³ Other relevant factors may also be considered.

Minimum Listing Requirements	TSX Non-Exempt Technology Issuers ¹⁴	TSX Non-Exempt Research and Development (R&D) Issuers	TSX Non-Exempt Forecasting Profitability	TSX Non-Exempt Profitable Issuers ¹⁵	TSX Exempt Industrial Companies ¹⁶
Public Distribution and Market Capitalization	1,000,000 free-trading public shares \$10,000,000 held by public shareholders 300 public shareholders each holding a board lot Minimum \$50,000,000 market capitalization	1,000,000 free-trading public shares \$4,000,000 held by public shareholders 300 public shareholders each holding a board lot			
Sponsorship	Generally required	Not required			

Appendix 2: Minimum Listing Requirements (TSX-V)

Mining

	TSX Venture Tier 1	TSX Venture Tier 2
Property Requirements	Material interest in a Tier 1 property ²⁴	Significant interests ²⁵ in a qualifying property or, at discretion of the Exchange, a right to earn a significant interest 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	\$500,000 on the Tier 1 property as recommended by geological report ²⁶	\$200,000 on the qualifying property as recommended by geological report
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 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	\$2,000,000 net tangible assets	No requirement
Other Criteria	Geological report 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 business and industry as well as adequate public company experience. Companies are required to have at least 2 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
Sponsorship	Sponsor report may be required	

24 "Tier 1 property" means a property that has substantial geological merit and is:

- a property in which the Issuer holds a material interest;
- 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;
- a property that has, at a minimum, a current inferred mineral resource; and
- 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.

25 "significant interest" means at least 50% interest.

26 "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.

Oil and Gas (Exploration or Producing)

	TSX Venture Tier 1	TSX Venture Tier 2
Net Tangible Assets, Earnings or Revenue	No requirement	
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 Requirement	Exploration \$3,000,000 in reserves of which a minimum of \$1,000,000 must be proved developed reserves ²⁷ and the balance probable reserves Producing \$2,000,000 in proved developed reserves	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 Reserves either (i) \$500,000 in proved developed producing reserves or (ii) \$750,000 in proved plus probable reserves
Recommended Work Program	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 Producing No requirement	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 Reserves (i) satisfactory work program and (ii) in an amount of no less than \$300,000 if proved developed producing reserves have a value of less than \$500,000 as recommended in geological report
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. Companies are required to have at least 2 independent directors.	
Other Criteria	Geological report recommending completion of work program	

²⁷ "Proved development 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.

Industrial, Technology, Research and Development, and Real Estate Companies

	TSX Venture Tier 1 Industrial / Technology / Life Sciences	TSX Venture Tier 2 Industrial / Technology/ Life Sciences	TSX Venture Tier 1 Real Estate or Investment	TSX Venture 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, 2-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, 2-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 2 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. Companies are required to have at least 2 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			

Appendix 3: Minimum Listing Requirements (CSE)

	Equity Securities	
	Operating Company	Non-Operating Company
General Requirements	A prospective equity securities Issuer on the CSE must meet one of the following general requirements: 1. an operating company with revenue from the sale of goods or services; 2. a non-operating company with financial resources to carry out its business for 12 months following listing, subject to a minimum of \$200,000 in working capital at the time of listing, and have advanced to a stage of development; or 3. a company that is listed on an exchange in Canada and is not proposing a transaction or change that would be considered a fundamental change or change of business, provided that the company has the 12 months following listing financial resources to achieve stated objectives for	
Float and Distribution	Public float of at least 500,000 free-trading shares and consisting of at least 150 public holders ²⁸ holding at least a board lot each of the security 10% of the issued and outstanding shares held by public holders ²⁹	
Adequate Working Capital and Capital Structure	Must have achieved revenue from the sale of goods or the delivery of services to customers Business plan and financial resources that demonstrate a reasonable likelihood of sustaining operations and achieving its objectives for 12 months following listing	Minimum of \$200,000 in working capital at the time of listing Must have financial resources to carry out proposed work plan or achieve stated objectives for 12 months following listing
Property		Must have (a) a significant interest in its primary business or asset, (b) a history of development of the business or asset, and (c) specific objectives and milestones and financial resources necessary to achieve them Mineral Resource Title to a property (or specific means and ability to acquire interest) that is prospective for minerals on which there has been exploration previously conducted, including qualifying expenditures of at least \$75,000 by the Issuer or its predecessor during the most recent 36 months and an independent report which recommends further exploration on the property, with a budget for the first phase of at least \$100,000 Energy Resource Title to a property (or specific means and ability to acquire interest) on which measurable quantities of conventional energy resources have been identified or title (or specific means and ability to acquire interest) to an unproven property with prospects
Additional Requirements for Investment and Real Estate Companies	Minimum net assets of (i) \$2,000,000, at least 50% of which has been allocated to at least 2 specific investments; or (ii) \$4,000,000 Management with a solid track record of acquiring and divesting interests in arm's length enterprises in a manner that can be characterized as conducting an active business	

28 A "public holder" is any securityholder other than a related person, an employee of a related person of an Issuer or any person or group of persons acting jointly or in concert holding (a) more than 5% of the issued and outstanding securities of the class to be listed; or (b) securities convertible or exchangeable into the listed equity security and would, on conversion or exchange, hold more than 5% of the issued and outstanding securities.

29 The public distribution requirement will not be met if a significant number of the public securityholders (a) did not purchase the shares directly or receive the shares in exchange for previously purchased shares of another Issuer; or (b) hold the minimum number of shares described.

Additional requirements for Debt Securities:

1. For Issuers of asset-backed securities, a trustee must be appointed to represent the interests of the holders and the trustee must hold the underlying assets and all money and benefits flowing from the assets.
2. For Issuers of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.
3. For Issuers of asset-backed securities that are secured by equity securities, the equity securities must represent minority interests in, and must not have control of, the underlying entities and must be listed on an exchange.
4. The Issuer must appoint and maintain a payment agent acceptable to the exchange.

Appendix 4: Minimum Listing Requirements (NEO)

REQUIREMENT	EQUITY STANDARD	NET INCOME STANDARD	MARKET VALUE STANDARD	ASSETS & REVENUES STANDARD	SPAC
Shareholders' Equity	\$5 million	\$2.5 million	\$2.5million ³¹	-	-
Expected Market Value of Public Float	\$10 million	\$5 million	\$10 million	\$5 million	\$30 million ³³
Publicly Held Securities	1 million	1 million	1 million	1 million	1 million
Public Security Holders	300	300	300	300	150
Net Income from Continuing Ops	-	750,000 ³⁴	-	-	-
Market Value of Listed Securities	-	-	\$50 million ³²	-	-
Operating History	2 years	-	-	-	-
Assets and Revenues	-	-	-	\$50 million each ³⁴	-
Minimum Price	\$2 per security ³⁰	\$2 per security ³⁰	\$2 per security ³⁰	\$2 per security ³⁰	\$2 per security ³⁰
Investor Relations Requirement	Yes	Yes	Yes	Yes	No

All dollar amounts are expressed in Canadian dollars.

³⁰ Minimum price - \$2 per security, unless Other Listed Issuer or listed on an Accepted Foreign Exchange.

³¹ Not required unless the market value is derived from combining the market value of securities listed on a Recognized Exchange or an Accepted Foreign Exchange or both and an additional offering of securities concurrent with the listing application.

³² Must meet the Market Value Standard for at least 90 consecutive trading days.

³³ SPACs must also meet the criteria prescribed under section 10.16 of the Listing Manual.

³⁴ In the last fiscal year or in two of the last three fiscal years.