BLG
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Guide to Going Public in Canada

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Introduction

This guide gives an overview of what is involved in going public and listing a company in Canada. It is a practical overview of the process from the prerequisites through to life as a public company.

Executive Summary

Why List securities in Canada?

Listing your company's securities on a Canadian stock exchange provides access to significant capital pools and investors, both in Canada and abroad. The Canadian capital markets are particularly attractive for resource-based issuers and may provide greater visibility for smaller and medium sized issuers than a listing on other significant markets.

Aside from these advantages, Canada has less rigorous corporate governance requirements than the United States does under Sarbanes-Oxley. While going public in Canada is not fundamentally different than going public in the United States, this guide also highlights the advantages Canada has to offer from the corporate governance and regulatory perspectives.

How is the offering done?

The most common means of offering securities to the public in Canada is to distribute securities under a prospectus in one or more Canadian jurisdictions and to list those securities on one of the Canadian stock exchanges. However, undertaking an initial public offering (IPO) in Canada is not the exclusive way to take your company public. This guide also highlights alternative ways to take your company public in Canada.

Does your company qualify?

The prerequisites for listing in Canada are determined by the applicable stock exchange. To qualify for listing on the Toronto Stock Exchange (TSX), your company must have a relatively well established business and meet industry-based financial criteria. However, the listing requirements of the TSX Venture Exchange (TSX-V) and the Canadian Securities Exchange (CSE) accommodate more junior and early-stage issuers. The Aequitas NEO Exchange (NEO) is a new equities market majority-owned by large institutional investors. In addition to listing its own securities, it trades all TSX, TSX-V and CSE securities and is accessible to investors via all major online trading platforms.

Is your company ready?

Before offering its securities, your company should review its:

- business plan – a detailed strategic business plan for the company and the proceeds to be raised through the offering should be developed to assist in marketing, preparation of the prospectus and stock exchange approval;
- structure – the capital and organizational structure should be consistent with that of a typical public company and unusual attributes that could interfere with marketing the flotation should be reconsidered; and
- corporate governance - board composition, committees and mandates should be reviewed to ensure adequate representation of independent directors and compliance with corporate governance requirements.

What goes in the prospectus?

The prospectus will contain a detailed description of your company designed to provide full, true and plain disclosure of all material facts related to the securities to be distributed in the offering. Audited financial statement for the 3 most recently completed financial years and unaudited interim financial statement are also required.

What is involved in the process?

This guide summarizes the principal steps in undertaking an IPO in Canada including the initial preparations, preparation and review of the prospectus, marketing the offering and the primary continuing obligations following a successful IPO.

This guide also summarizes the principal steps in undertaking a reverse take-over (RTO) of an existing TSX or TSX-V listed company. Aside from an IPO, an RTO transaction is another way to take your company public in Canada.

While any listed issuer may complete an RTO transaction, the TSX also has a special listing category for "Special Purpose Acquisition Corporations" (SPACs). SPACs allow the founders of listed shell companies to raise proceeds for the purpose of completing the acquisition of an operating business within 36 months of listing. The specific requirements governing SPACs are also summarized in this guide.

Your company could also go public in Canada through a transaction known as a "qualifying transaction" with a capital pool company listed on the TSX-V. The rules are substantially different for that process and are beyond the scope of this guide. For a summary of these rules, see *A Guide to Capital Pool Companies and Qualifying Transactions Resulting in Reverse Take-Overs,* BLG (March 2017).

Canadian Regulatory Framework and Exchanges

Each of the provinces and territories of Canada has its own securities legislation and rules, although the process for offering the securities of your company is substantially harmonized. The securities regulatory authorities in the jurisdictions where you choose to offer securities will be the principal regulators for the offering.

The federal government, five provinces and one territory are pushing ahead with the establishment of a single securities regulation system (to be operated jointly by the federal and provincial governments), notwithstanding the historical opposition by a number of provinces to the establishment of a single regulator.

The Canadian stock exchange on which you choose to list will also be involved in the process, through review of your business plan, investigation of the principal shareholders, directors and officers of your company and imposition of initial minimum listing requirements.

The TSX is the senior equities market in Canada, with approximately 1,523 listings and a market capitalization of approximately $2.6 trillion at December 31, 2018.

The TSX-V is the principal junior equities market in Canada, with approximately 1,707 listings and a market capitalization of approximately $45 billion at December 31, 2018.

The CSE primarily serves junior equities and other smaller stock exchanges. The CSE had approximately 431 listings and a market capitalization of approximately $16 billion at December 31, 2018.

The NEO is a new equities market majority-owned by large institutional investors with 7 corporate listings, over 65 fund listings and a market capitalization of approximately $4 billion at December 31, 2018.

Prerequisites to Listing

Generally, a company seeking a Canadian listing will offer securities under a prospectus for which a receipt is obtained in one or more Canadian jurisdictions. The prospectus must contain specified disclosure about your company and will provide the foundation for your company's ongoing Canadian disclosure obligations.

The market will expect strong indications of profitability and positive future prospects. Effective management, a demonstrated track record, innovative products or services, a significant market share, a niche market, or a high growth industry may make a company more attractive to underwriters and investors.

Many companies already listed on non-Canadian stock exchanges will meet the requirements for listing their securities in Canada.

Listing Requirements – The Toronto Stock Exchange

The TSX is focused on listing growth-oriented companies with strong performance records. To list on the TSX, your company must have at least 1 million freely tradable shares, generally having a market value in excess of $4 million, which are held by at least 300 independent public holders, each holding one board lot or more.

The TSX has specific listing requirements for industrial companies, mining companies and oil and gas companies. For industrial companies, the financial criteria differ for profitable companies, companies forecasting profitability, technology companies and research and development companies. For mining and oil and gas companies, there are different criteria for producing companies and exploration and development companies.

Examples of the TSX minimum listing requirements are attached in Appendix A.

International companies already listed on other exchanges do not have to meet specific TSX listing requirements but must demonstrate that they are able to satisfy public reporting obligations in Canada. In addition, companies organized under the laws of foreign jurisdictions that do not have equivalent shareholder protections to those under Canadian corporate law may be required to amend their constating documents to provide such protections.

Listing Requirements – The TSX Venture Exchange

The TSX-V is focused on emerging companies seeking access to public venture capital. The minimum distribution requirements for the TSX-V are a public float of 500,000 shares, 200 independent public shareholders, each holding 1 board lot or more and having no resale restrictions, and at least 20% of the issued and outstanding shares in the hands of public shareholders. Your underwriters will assist you in meeting the distribution requirements. It is important that the underwriters you select have retail distribution capabilities.

The TSX-V has specific listing requirements tailored by industry and stage of development. Issuers are classified into Tier 1 and Tier 2 companies. Generally, Tier 2 companies need to comply with slightly less stringent requirements in respect of assets or revenues, working capital and financial resources, and public distribution.

Examples of the TSX-V initial listing requirements are attached in Appendix B.

International companies already listed on other exchanges do not have to meet specific TSX-V listing requirements but must demonstrate that they are able to satisfy public reporting obligations in Canada. However, the TSX-V may impose the following additional requirements for a foreign company seeking listing in Canada:

- articles of incorporation of the issuer must be reviewed and amended so they are consistent with the Canadian corporate law standards;
- the issuer must be sponsored by an existing member of the TSX-V or an organization, who is not a member but has access to the trading privileges of the TSX and agrees to the TSX-V requirements relating to sponsorship;
- the issuer must become a reporting issuer by making its public offering in at least Alberta and British Columbia, and in Ontario if it has significant connections with Ontario;
- the issuer must maintain an office in Canada; and
- some of the directors of the issuer must have North American reporting issuer experience.

Listing Requirements – The Canadian Securities Exchange

The CSE, formerly the Canadian National Stock Exchange, offers simplified reporting requirements as compared to the TSX or the TSX-V.

The CSE has specific listing requirements for industrial companies, mining companies and real estate/investment companies.

Examples of the CSE initial listing requirements are attached in Appendix C.

International companies already listed on other exchanges do not have to meet specific CSE listing requirements but must demonstrate that they are able to satisfy public reporting obligations in Canada.

Listing Requirements – The NEO Exchange

The NEO is a new equities market majority-owned by large institutional investors. In addition to listing its own securities, it trades all TSX, TSX-V and CSE securities and is accessible to investors via all major online trading platforms.

Examples of the NEO initial listing requirements for companies are attached in Appendix D.

International companies already listed on foreign exchanges can rely on foreign disclosure documents in certain circumstances.

Listing Requirements – Cannabis Companies

Canadian securities exchanges have different positions as to whether companies with cannabis operations in the United States may be listed. Listed companies with ongoing business activities that violate United States federal law regarding marijuana are not in compliance with the requirements of the TSX or the TSX-V. The CSE, however, has allowed the listing of companies with cannabis operations in the United States.

The Deal Team

The process of listing on an exchange and going public in Canada will require your company to assemble an experienced deal team. The deal team will include underwriters, lawyers, accountants, technical experts and other consultants.

Underwriters

A public offering is conducted through an investment dealer or dealers, acting as underwriter, who offer your company's securities to the public. Underwriters play a key role in pricing and structuring the offering.

Lawyers

Counsel for your company and the underwriters manage the offering process and prepare the required documents and agreements, such as the prospectus, listing application and underwriting agreement, and deal with the securities depository, securities regulators and stock exchange. They will also arrange translation of your prospectus into French, if it will be filed in Quebec.

Accountants

Audited historical financial statements are required in order to go public. Accountants will assist your company in updating audited financial statements, preparing and verifying other financial information in the prospectus, including interim financial statements, capitalization tables and other non-audited financial disclosures, translation of financial statements into French if required, and providing comfort letters to the securities regulators and underwriters. Accountants will also assist in establishing the controls and procedures required for ongoing public company reporting.

Experts

Companies in the mining or oil and gas industries will require experts to prepare independent technical reports to support technical information, such as reserves and resources, disclosed in the prospectus. In addition, other expert reports, such as property appraisals, may be considered to be necessary or desirable from a marketing perspective.

Securities legislation may require such reports to be certified and a written consent of the expert will be required to be filed in connection with filing the prospectus.

Transfer Agent

Your company will need to retain a registrar and transfer agent. Generally, securities are issued in book entry only form using CDS Clearing and Depository Services Inc. as the depository.

Consultants

Typically a public relations or investor management consultant will be retained. Also, it is common for a company to retain a roadshow consultant to assist in marketing of an IPO.

Getting the Issuer Ready

Strategic Business Plan

A well-constructed business plan is the most useful tool for a company considering an IPO. Your business plan will be reviewed by underwriters, institutions, and potential investors. The business plan will form the basis for disclosure in the prospectus and marketing road shows. Taking the time to define your business and its strategic alignment will be invaluable during your IPO.

Capital Structure

Your company's capital structure and any unusual share attributes, shareholder rights or agreements should be reviewed and may need to be amended prior to going public. Public companies in Canada typically have the ability to issue an unlimited number of common shares and may often have the right to issue preferred shares in series, with the series rights to be established by the directors in future. It is not unusual for Canadian listed companies to have multiple classes and types of securities outstanding.

Corporate Governance

Corporate governance processes appropriate for a public company will need to be adopted and disclosed annually. Significant representation of independent directors on the board will be expected. A TSX listed company is required to have an audit committee composed of at least 3 directors, all of whom are independent and financially literate. Issuers listed on the TSX-V, CSE or NEO have more flexibility regarding the composition of the board.

Executive Compensation

Detailed executive compensation disclosure is required. You should review your employment, incentive and compensation practices to make sure they are appropriate for a public company. Any employee stock option or compensation plans should be reviewed for compliance with the applicable exchange requirements.

Information and Reporting Systems

Your chief executive officer and chief financial officer will be required to certify on an annual and quarterly basis that the company has appropriate disclosure controls and procedures and internal controls over financial reporting. The systems required to support such certificates should be in place prior to the IPO.

Financial Reporting

Canada has adopted International Financial Reporting Standards for all public companies. However, foreign companies may be eligible to report in accordance with generally acceptable accounting principles of the United States or certain other foreign jurisdictions.

Overview of Offering Process and Timing

The time required to complete an IPO varies considerably depending on the circumstances of the company and complexity of the transaction. An IPO may take from 3 to 6 months or longer to complete.

The process generally includes:

- engaging the underwriters and assembling the deal team and determining where the offering will be made and the exchange on which the securities will be listed;
- preparing and filing a preliminary prospectus with the securities regulators in the jurisdictions where the offering will be made;
- undergoing regulatory review of the preliminary prospectus;
- applying for listing of the securities on the exchange;
- marketing the offering and obtaining expressions of interest from potential purchasers;
- finalizing the underwriting syndicate and forming the selling group;
- finalizing the price and terms of the offering and the underwriting agreement;
- filing and obtaining a receipt for the final prospectus from the relevant securities regulators;
- delivering the final prospectus to and obtaining binding subscriptions for the securities from purchasers; and
- closing the offering and completing the listing on the exchange.

A typical IPO timetable is attached in Appendix E.

A typical IPO checklist is attached in Appendix F.

The Prospectus and Statutory Liability

The Prospectus Requirement and Right of Withdrawal

Generally, in order for your company to sell securities to the public in Canada, it must first file and obtain a receipt for both a preliminary prospectus and a final prospectus with the local provincial and territorial securities authorities in each Canadian jurisdiction where offering is being made. The Canadian securities regulators have adopted a passport system that will allow your company to file documents only with a single principal regulator in the jurisdiction where the company has its head office or has the greatest connection. Your company will also have to file with the Ontario Securities Commission, if it is not the principal regulator.

A prospectus is required to contain full, true, and plain disclosure of all material facts concerning the securities being offered for sale. In addition, the prospectus must include all of the information required under the applicable prospectus form including, audited annual financial statements for each of the 3 most recently completed financial years and unaudited interim financial statements for any subsequent interim period.

The number and price of the securities being offered, and information derived from these amounts, may be omitted from the preliminary prospectus. In all other respects, the requirements for the preliminary prospectus and the final prospectus are the same.

The company and underwriters are permitted to market the offering and solicit expressions of interest from potential purchasers (but not binding commitments) only once the preliminary prospectus has been filed and a receipt for it has been issued by the securities regulators. The preliminary prospectus must be delivered to any prospective investor who is contacted.

When the final terms of the offering have been settled and the regulators' comments regarding the preliminary prospectus have been satisfied, the company will file the final prospectus. Once the receipt for the final prospectus has been issued the underwriters may accept subscriptions from potential investors. However, no agreement to purchase securities is binding on a potential investor for a period of two days from the date on which the potential purchaser, or a dealer acting on behalf of the purchaser, receives a copy of the final prospectus.

Contents of a Prospectus

The prospectus form requires detailed disclosure regarding the company and its securities, including the following:

- **Cover Page – includes required disclosure regarding the offering and underwriters**
- **Table of Contents**
- **Summary of Prospectus**
- **Corporate Structure – basic information regarding the company**
- **Description of the Business – three year history of the business, with specific disclosure required depending on the industry**
- **Use of Proceeds – detailed description of how funds will be used**
- **Dividends or Distributions – the company's policy and history regarding distributions**
- **Management's Discussion and Analysis – discussion of financial results shown in the included financial statements**
- **Earnings Coverage Ratios – for companies with outstanding debt securities**
- **Description of the Securities Distributed – detailed description of the attributes of the securities being offered**
- **Consolidated Capitalization – description of changes in capitalization from the most recent financial statements included in the prospectus**
- **Options to Purchase Securities – summary of outstanding options**
- **Prior Sales – summary of securities issued in the prior 12 months**

- Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – summary of restricted securities
- Principal Securityholders and Selling Securityholders – disclosure regarding 10% shareholders and any shareholders selling under the prospectus
- Executive Compensation – disclosure of all compensation for the CEO, CFO and 3 other most highly compensated employees for the past three years
- Indebtedness of Directors and Executive Officers
- Plan of Distribution – description of how the underwriters will sell the offering
- Risk Factors – detailed list of potential risks associated with the securities offered
- Promoters – disclosure regarding founders of the business
- Legal Proceedings and Regulatory Actions – disclosure of any material actions involving the company
- Interests of Management and Others in Material Transactions
- Relationship between Issuer or Selling Securityholder and Underwriter
- Auditors, Transfer Agents and Registrars
- Material Contracts – description of all material contracts of the company
- Experts – disclosure regarding any experts providing reports
- Other Material Facts – any other material fact not specifically required under the prospectus form items
- Rights of Withdrawal and Rescission – disclosure of statutory rights
- List of Exemptions – descriptions of any exemptions from the prospectus requirements obtained from the regulators
- Financial Statements – required for the company and potentially other entities (e.g. significant acquisitions, guarantors of debt securities)
- Certificates – Company and underwriters certify that the prospectus contains full true and plain disclosure of all material facts related to the securities

Preparation of the Prospectus

Your company's legal counsel will typically be responsible for drafting the prospectus. Successive drafts of the prospectus will be reviewed in detail by the deal team until everyone is content.

Statutory Liability

The prospectus is intended to act as both the primary marketing document and as a liability document. Any misrepresentation in the prospectus may lead to claims against your company, its officers and directors, and the underwriters, as well as any expert who consented to the use of its report in the prospectus if the misrepresentation related to the report or disclosure based on the report. A misrepresentation is an untrue statement of material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. Any fact that would reasonably be expected to have a significant effect on the market price or value of your company's securities is considered to be material.

A purchaser who purchases securities under a prospectus that contains a misrepresentation has a statutory right of action for either damages or rescission.

A purchaser in the secondary market may also have a statutory right of action against your company and its officers and directors based on a misrepresentation in a prospectus that has not been publicly corrected.

Due Diligence

Before a prospectus is filed, all members of the deal team undertake detailed verification procedure to ensure that all material facts included are correct and that there have been no omissions. This process is generally referred to as due diligence.

The purpose of due diligence is to ensure that the public has accurate information regarding your company and its securities. Statutory liability for a misrepresentation in the prospectus, provides the parties with an incentive to conduct proper due diligence. Due diligence also forms the basis of a defense to prospectus liability since Canadian securities law provides that no one other than your company or a selling security holder is liable for misrepresentation in any part of the prospectus unless he or she failed to conduct reasonable investigation so as to provide reasonable grounds for a belief that there had been no misrepresentation. Although this defense is not available to your company, it provides the parties involved in the offering with a strong incentive to conduct and maintain a record of an effective due diligence process.

The underwriters and their legal counsel play the primary role in the due diligence process. Typical due diligence will include comprehensive information requests to your company and detailed review of its legal obligations. Independent verification of key material information and the use of third party experts are common. In addition, the underwriters will conduct formal question and answer sessions with key members of management to review any potential issues identified.

The underwriters will also request a formal comfort letter from your company's auditors specifying the procedures undertaken to provide assurance regarding the material financial information contained in the prospectus.

Regulatory Review

Securities Regulators

The preliminary prospectus will be filed with the securities regulators. A receipt for the preliminary prospectus is issued following a minimal documentation review. At this point, the preliminary prospectus will be made publicly available and it may be used by the underwriters in marketing the offering.

A substantive regulatory review is undertaken on the preliminary prospectus. Initial comments on the preliminary prospectus will typically be provided by the securities regulators within 10 days for an IPO. The regulators' comments are typically focused on the adequacy of the prospectus disclosure. However, the regulators may also raise comments to determine whether it is in the public interest for the offering to proceed. Substantive concerns may arise, for example, if:

- the prospectus fails to comply with securities law, contains false or misleading information or contains a misrepresentation;
- unconscionable consideration has been given for promotional purposes or for the acquisition of property;
- the proceeds from the sale of the securities, together with other resources of your company, are insufficient to accomplish the purpose of the issue;
- your company cannot reasonably be expected to be financially responsible in the conduct of its business having regard to the financial condition of the company or an officer, director, promoter or major shareholder;

- the past conduct of your company or an officer, director or promoter or major shareholder gives rise to the belief that the business of the company will not be conducted with integrity and in the best interests of the security holders;
- a person considered to be unacceptable has prepared or certified part of the prospectus or a report or valuation used in connection with the prospectus; or
- escrow arrangements that are considered to be necessary have not been entered into.

Your company and its counsel will respond to the regulators' comments and, if necessary to resolve any concerns, agree to changes to the prospectus disclosure. An amended preliminary prospectus may be required in connection with this process if the changes are extensive. Once all of the regulators' comments have been resolved, the company will be free to file the final prospectus.

If the regulators' concerns are not resolved, they may refuse to issue a receipt for the final prospectus. Your company will be provided with an opportunity to be heard prior to such a refusal and the decision may be appealed. However, in practice such a refusal is very rare. Typically a prospectus will be withdrawn if the regulators' comments cannot be resolved in a reasonable period of time.

Exchange

The exchange on which your company will be listed will also conduct a review. The prospectus will form the basis for the listing application. Generally the exchange will rely on the substantive review of the prospectus carried out by the securities regulators and will focus more on the suitability of your company's business plan, the material shareholders, officers and directors, and compliance with the minimum listing requirements of the exchange. In connection with listing on an exchange, your company will be required to enter into a listing agreement which includes an obligation to comply with the exchange's requirements for maintenance of the listing and to pay listing fees. Initial listing fees will be payable on the successful closing of the offering. Additional fees are payable on an annual basis, and for the subsequent listing of additional securities.

The exchange will require evidence of a successful operation, or, where your company is relatively new and its business record is limited, there must be other evidence of management experience and expertise. In all cases, the quality of management will be an important factor in the consideration of a listing application.

The TSX, TSX-V, CSE and NEO will require detailed personal information forms for each material shareholder, officer and director and will conduct thorough background checks of each individual prior to approving a listing. Particularly where individuals are resident outside of Canada, these checks can take some time to complete.

Underwriting Arrangements

Underwriting Agreement

When the underwriter is selected, it will typically enter into a place holding engagement letter which is subsequently replaced with a full underwriting agreement. In an IPO, the underwriting agreement will be negotiated while the prospectus is undergoing regulatory review. The underwriting agreement will be finalized and filed publically at approximately the same time as the final prospectus is filed.

The underwriting agreement will specify the size of the offering, the underwriters' compensation and indemnities, and the parties' respective rights and obligations concerning the offering.

Types of Underwriting

The type of underwriting will provide your company with a varying level of certainty regarding completion of the offering. An underwriting may be either a firm commitment underwriting or a best efforts underwriting.

In a firm commitment underwriting, the underwriters agree to purchase all the proposed securities at a specified price with a view to reselling them to the public. The underwriter will bear some of the risk that there may be insufficient market demand for the securities. The commitment will be entered into after the underwriters have marketed the offering and negotiated the pricing with your company. In addition, there will be certain termination rights or "outs" in favour of the underwriters: a "disaster out" clause, which applies if there is an event of national or international consequence that negatively affects the ability to complete the transaction, and a "market out" clause, which applies if there is an adverse material change in the state of the market for the shares. In addition, other termination rights may be negotiated in specific transactions regarding risks identified by the underwriters in connection with their due diligence.

In a best efforts underwriting, also referred to as an agency deal, the underwriters do not agree to buy the securities, but merely to arrange for purchasers as an agent of your company.
Your company will bear the risk of insufficient demand.

Termination rights of underwriters

In addition to the out clauses discussed above, the underwriters will generally be entitled to terminate an underwriting agreement if your company is unable to fulfill its obligations to obtain a receipt for the final prospectus, breaches a representation, warranty or covenant or fails to meet a condition of closing in the agreement. Typically, an underwriting agreement will provide for representations and warranties regarding the state of your company's business and public disclosure and compliance with laws, including securities laws, covenants regarding the conduct of the business during the transaction and conditions of closing regarding receipt of regulatory approvals, legal and audit opinions and other prerequisites for successful completion of the transaction.

Lockups and Escrows

The underwriters will typically require that your company, its material shareholders, officers and directors refrain from issuing or selling securities of the company without the underwriters' consent for a period of 30 to 180 days following closing of the offering. This requirement is intended to minimize any potential negative disruption to the market for your company's securities following the offering.

Junior issuers may also be subject to escrow policies under which a portion of the shares held by material shareholders, officers and directors are required to be placed with an escrow agent and released over time or on certain events.

Market Stabilization

Underwriters may stabilize the price of a security following a public offering. In order to provide market stabilization, the underwriters must over-sell the offering at closing, which creates a short position. If the market price of the securities falls following the closing, the underwriters can fill their short position by buying in the market, which creates upward pressure on the market price.

In order to avoid being exposed to the risk of an increased market price following closing, the underwriters will require your company to provide them with an option to purchase additional securities at the offering price in order fill their short position. This is referred to as an over-allotment option or a "green shoe". Over-allotment options are exercisable for:

- a period of no more than 60 days following the closing of the offering; and

- the lesser of the 15% of the securities sold in connection with the offering and the amount that the underwriters actually over-allot on closing.

The restrictions on the size of the over-allotment option effectively limit the extent to which the underwriters will stabilize the market following the closing.

Syndication and Selling Group

Your company will generally deal primarily with 1 or 2 lead underwriters. However, as the deal progresses, the lead underwriters will recruit additional dealers to form a syndicate of underwriters. Syndication reduces the risk to your company and the underwriters by facilitating sales of the securities to a larger network of potential clients and dealers. In addition, the underwriters may also recruit additional dealers to participate in the offering but who have no obligation to sell a particular number of securities. These additional dealers form part of the selling group, but have no relationship with the issuer and are compensated by the underwriting syndicate.

Marketing

The underwriters will market the offering. A summary of the prospectus, referred to as a “green sheet”, will typically be prepared to educate the internal sales force of the selling group members regarding the offering. In addition, the underwriters and senior management of your company will present the principal features of the offering in a series of investor meetings with key institutional and large retail clients, referred to as a “road show”. The road show may cover several cities and provides an opportunity for salespersons, advisors, portfolio managers, investors and industry analysts to meet your company’s management team and ask questions about the offering and your company.

The prospectus, which is required to contain full, true and plain disclosure regarding the offering and the associated risks, is intended to be the primary marketing document and the use of market materials other than the prospectus is restricted. Care is taken to ensure that all marketing materials, including the green sheet and the road show presentation, are derived only from information available in the prospectus. These items are not circulated to potential purchasers.

The underwriters may solicit expressions of interest during marketing, but may not accept firm subscriptions. Based on these expressions of interest, the lead underwriter will start building the book of interested investors. Building a book simply implies making a list of interested investors and keeping track of the quantity of securities they would be willing to purchase and at what price.

Pricing, Closing and Listing

Based on the results of marketing, the lead underwriters and your company will determine the price of the offering. All outstanding issues arising from the regulators’ review of the preliminary prospectus will have been resolved by this point. Once the offering has been priced, there is considerable pressure to prepare and file the final prospectus and finalize the underwriting agreement as soon as possible to avoid any changes in the potential demand for the offering. Typically, an additional due diligence question and answer session is conducted by the underwriters with senior management immediately prior to filing the final prospectus.

Once a receipt has been issued for the final prospectus, it is printed and delivered to prospective purchasers. As discussed above, the prospective purchasers have a 2 day period during which they are free to withdraw from any agreement to purchase securities.

When the withdrawal period has expired for all purchasers, your company will be ready to close the offering. Typically closing will take place within 10 days to 2 weeks of the issuance of the receipt for the final prospectus.

All of the documents and legal opinions contemplated under the underwriting agreement will be negotiated and finalized for closing. A follow-up due diligence session may also be held immediately prior to closing of the offering.

Following closing, the securities are listed and trading will commence on the exchange. In some cases, the trading may begin prior to closing on a "when-issued basis". In this case, all trades are conditional upon the closing of the offering and will be unwound should the offering not close as planned.

Alternatives to IPO

Aside from an IPO, an RTO transaction and a qualifying acquisition with a SPAC are other ways to take your company public in Canada. The principal steps in undertaking both of these transactions are summarized below.

Your company could also go public in Canada through a transaction known as a "qualifying transaction" with a capital pool company listed on the TSX-V. The rules are substantially different for that process and are beyond the scope of this guide. For a summary of these rules, see *A Guide to Capital Pool Companies and Qualifying Transactions Resulting in Reverse Take-Overs*, BLG (March 2017).

IPO Advantages

Among the main advantages of an IPO are that an IPO:

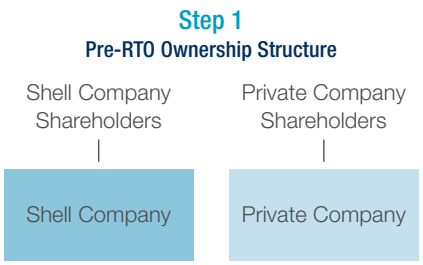
- provides a company with the opportunity to directly conduct a financing; and
- allows for a wider distribution of securities, which can create more publicity especially for a company not well known in Canada.

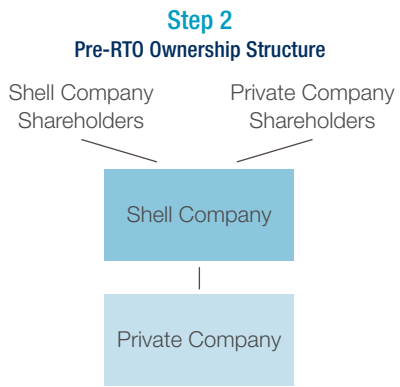
If it is not anticipated that there will be significant appetite for your company's securities in the public markets, an IPO may not be as suitable as the following methods for obtaining a listing.

RTO Alternative

Another way to go public in Canada is through an RTO.

In an RTO, a private company is acquired by a listed company, typically with very few assets (Shell Company). This can occur through a number of ways, including a share exchange, amalgamation or plan of arrangement. Generally, the shareholders of the private company receive shares that make them, as a group, controlling shareholders of the resulting listed company. The listed company resulting from the RTO must still meet the original listing requirements of the TSX or TSX-V, but it now also has assets or operations.





The RTO is subject to the approval of the shareholders of the Shell Company. In order to obtain shareholder approval, the Shell Company must send to its shareholders a management information circular containing prospectus-level disclosure of the Shell Company, the private company and the listed company resulting from the RTO.

The management information circular is not reviewed by Canadian securities regulators but an RTO is subject to the review and approval of the TSX or TSX-V. The TSX or TSX-V will typically treat an RTO as a new listing of the acquired business. The TSX or TSX-V may also impose escrow restrictions on certain shareholders, such as officers, directors, and insiders. These escrow restrictions generally impact the liquidity of their holdings for an initial period.

A typical RTO checklist is attached in Appendix G.

SPAC Alternative

A SPAC is a shell holding company or shell with no current operations or business that completes an IPO to raise a minimum of $30 million with a view to using that capital to acquire one or more operating businesses through a qualifying acquisition within 3 years from the date of the IPO.

Until such qualifying acquisition is completed, the SPAC is largely precluded from spending the capital raised through the IPO.

SPACs are an alternative to both the restrictive rules and low maximum capital limits of the TSX-V's Capital Pool Company regime and the more formal, high minimum capital threshold of the traditional public offering route for entities looking to raise capital in the Canadian capital markets.

A SPAC is founded by a sponsor, which, along with the SPAC's management, is responsible for identifying an acquisition target, negotiating and executing the qualifying acquisition, and ultimately supporting the operations of the resulting issuer.

The SPAC regime is controlled by the TSX itself rather than a provincial securities regulator and is subject to many stringent restrictions. It may be necessary for a SPAC to obtain exemptive relief from the TSX and applicable Canadian securities regulatory rules in order to achieve the SPAC's objectives. Specific requirements are discussed in greater detail below.

IPO Requirements

An IPO Prospectus

SPAC securities must be qualified by an IPO Prospectus receipted by the issuer's principal regulator in order to be listed on the TSX.

Founding Securityholders

Prior to listing on the TSX, founding securityholders (founders) must subscribe for units, shares, or warrants of the SPAC.

The IPO Prospectus must disclose the terms of the initial investment by the founders. The founders must agree not to transfer any of their founding securities before the completion of a qualifying acquisition and, in the event of liquidation and delisting, must agree that their founding securities shall not participate in any liquidation distribution.

Minimum Offering

In order to be listed on the TSX, a SPAC must raise a minimum of $30 million through an IPO of shares or units listed on the TSX and issued at a minimum price of $2.00 per share or unit. In addition, at least one million freely tradable securities must be held by public holders, the aggregate value of the securities held by public holders must be at least $30 million, and there must be at least 150 public security holders holding at least one board lot each.

No Binding Acquisition Agreement Prior to IPO

A SPAC must not carry on any active business. At the time of its IPO, a SPAC must not have entered into either a written or orally binding acquisition agreement with respect to a potential qualifying acquisition and it must disclose such fact in its IPO Prospectus. However, a SPAC may identify a target business sector or geographic area in which to make its qualifying acquisition, provided such information is disclosed in the IPO Prospectus. Further, the TSX rules do not prohibit a SPAC from entering into confidentiality agreements and non-binding letters of intent regarding potential acquisitions prior to its IPO. Thus, a SPAC can be formed with a view to purchasing an identified target as long as no binding acquisition agreement has been formed.

IPO Proceeds must be placed into Escrow

Upon Completion of an IPO, a SPAC must place a minimum of 90% of the gross proceeds and 50% of the commission earned on the IPO by the underwriters into escrow. The escrow agent must invest the funds in certain permitted investments. The deferred commissions will be released upon completion of a qualifying acquisition and, if no qualifying acquisition is executed within 36 months, the deferred commissions will be distributed to securityholders other than the founders.

The 10% of the proceeds that is not placed in escrow and any income earned by the escrowed IPO funds may be used to fund administrative expenses incurred in connection with the IPO, for general working capital expenses, and for the identification and completion of the qualifying acquisition.

Capital Structure Requirements

Securities issued by the SPAC in the IPO must include both a conversion feature and a liquidation feature. A conversion feature allows securityholders who voted against a proposed qualifying acquisition to convert their securities into a pro rata portion of the proceeds held in escrow (including deferred commissions) if a qualifying acquisition is completed. Securityholders who exercise their conversion rights shall be paid within 30 calendar days of the completed qualifying acquisition. A liquidation distribution feature entitles non-founding securityholders to a pro-rata portion of proceeds held in escrow if a qualifying acquisition is not completed within 36 months of the IPO.

If the SPAC issues units, each unit may consist of one share and a maximum of two share purchase warrants, which shall not be exercised before the completion of a qualifying acquisition. Warrants must expire on the earlier of (i) the date specified in the IPO Prospectus or (ii) the date on which the SPAC fails to execute a qualifying acquisition within the required time period. Warrants are not entitled to escrowed funds upon the liquidation of the SPAC.

Further, before the completion of its qualifying acquisition, a SPAC may not adopt a security based compensation agreement or transfer the founders' securities out of escrow. Under the rules, the SPAC must also not obtain any form of debt financing (excluding ordinary course short term trade or accounts payable) prior to the completion of its qualifying acquisition.

Additional Financing before a Qualifying Acquisition

After an IPO, a SPAC may raise additional capital through a rights offering with the qualification that 90% of the additional funds raised must be deposited into escrow. Again, the remaining 10% may be used for administrative expenses or to fund a qualifying acquisition.

Completion of a Qualifying Acquisition

A SPAC must complete a qualifying acquisition within 36 months of closing its IPO. A qualifying acquisition may be comprised of more than one acquisition. The business assets of the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount in the SPAC escrow account (effectively, 72% of the gross proceeds of the IPO), excluding deferred underwriting commissions and taxes payable on interest earned on the escrowed funds. Where the minimum IPO is completed, the minimum target size requirement means that the SPAC would only be able to consider target acquisitions with aggregate values equal to at least $21.6 million.

Meeting to Approve the SPAC's Qualifying Acquisition

Under the rules, a qualifying acquisition must be approved by a majority of the directors unrelated to the qualifying acquisition. There is no longer any shareholder approval requirement for qualifying acquisitions provided that: (i) 100% of the gross proceeds of the SPAC's IPO are placed in escrow, (ii) a notice of redemption is mailed to shareholders, and the prospectus for the qualifying acquisition is posted on the SPAC's website, at least 21 days before the redemption deadline, and (iii) the SPAC delivers a copy of the prospectus to shareholders at least two business days before the redemption deadline, which delivery may be effected electronically.

If there are multiple acquisitions in the qualifying acquisition, each must be approved.

Information Circular for the Meeting to Approve the SPAC's Qualifying Acquisition

The information circular prepared for the qualifying acquisition approval meeting must contain prospectus-level disclosure of the resulting issuer, assuming the completion of the qualifying acquisition, and must be submitted to the TSX for pre-clearance prior to distribution to securityholders.

A SPAC must file a prospectus with disclosure regarding the SPAC and proposed qualifying acquisition with the provincial securities commission in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer. It must also file the prospectus in the jurisdiction where the head office of the resulting issuer, assuming completion of the qualifying acquisition, is located in Canada.

It is imperative that the SPAC obtain a receipt for the qualifying acquisition prospectus prior to distributing the information circular. If a receipt is not obtained, completion of the qualifying acquisition will result in delisting of the SPAC by the TSX.

Liquidation of the SPAC

If a SPAC does not complete a qualified acquisition within 36 months of the IPO closing, it must complete a liquidation distribution within 30 calendar days. The funds in escrow will be distributed to securityholders on a pro rata basis. Founders cannot participate in a liquidation distribution with respect to their pre-IPO securities. The liquidation distribution includes 90% of the gross proceeds from the IPO, the proceeds from the founding shares of the founders, and 50% of the underwriters' commissions. A SPAC will be delisted from the TSX on or about the liquidation distribution date.

The Escrow Policy Statement

Where escrow is applicable to an issuer listing on the TSX by completing a SPAC, 10% of the founding securities will be released at the date of closing of the qualifying acquisition rather than 25% as required for other issuers by the TSX Escrow Policy Statement. The balance of the founding securities will be released in equal amounts over the next 18 months with one quarter (1/4) upon closing of the qualifying acquisition and one quarter (1/4) at six month intervals thereafter. Promoters of the SPAC, post qualification acquisition directors and officers, as well as certain principal shareholders will be subject to escrow. The TSX will administer the escrow agreement under the TSX escrow policy.

Key Documents Required in the SPAC Regime

- Pre-IPO Subscription Agreement for founders;
- IPO Prospectus;
- Agency Agreement for IPO;
- Transfer Agency Agreement & Registrar Agreement;
- Trust Indenture (90% of IPO proceeds and 50% of underwriting commissions);
- TSX Listing Agreement;
- Definitive Agreement for Qualifying Acquisition;

- Information Circular (for shareholders meeting);
- Prospectus for Qualifying Acquisition;
- Escrow Agreement;
- Charter Documents (including articles of incorporation and equivalent documents); and
- Personal Information from each officer, director, or 10% holder of the SPAC.

Once your company completes an RTO, a qualifying acquisition with a SPAC or a qualifying transaction with a capital pool company listed on the TSX-V, it is subject to all requirements applicable to a reporting issuer under Canadian securities legislation, as further detailed below.

Life as a Public Company – Ongoing Requirements

Reporting Issuer Status

Once your company becomes a reporting issuer under securities legislation in at least one Canadian jurisdiction, it is subject to continuous disclosure obligations going forward.

Periodic Filings

Annual financial statements are required to be publicly filed by reporting issuers. A company listed on the TSX must file annual audited financial statements within 90 days of the end of its financial year. Companies listed on junior exchanges such as the TSX-V and CSE, also known as “venture issuers”, have 120 days to file their annual audited financial statements.

Annual financial statements must be accompanied by management’s discussion and analysis (MD&A) in prescribed form. MD&A includes a discussion of financial results, together with a forward-looking analysis of known trends and uncertainties. The MD&A must also discuss the company’s liquidity and capital resources.

TSX listed companies are required to file an Annual Information Form (AIF), which includes disclosure regarding the company similar to a prospectus, by the same date.

Venture issuers are not required to prepare an AIF. However, an AIF is required before an issuer can be eligible to use the short form prospectus system which enables an accelerated follow-on offering. Accordingly, many venture issuers choose to file an AIF.

Quarterly interim financial statements must be filed within 45 days of the end of each interim period for TSX listed issuers (60 days for venture issuers), accompanied by updated MD&A.

All reporting issuers are required to file an information circular in connection with management’s solicitation of proxies for their annual meeting.

In addition, a reporting issuer is required to file a copy of any material contracts (subject to certain exceptions) and any document sent to its securities holders.

Foreign companies may be entitled to satisfy their Canadian reporting obligations by filing the comparable documents required under the securities laws of their home jurisdiction. The availability of this exemption depends on the jurisdiction and the level of Canadian ownership of the company’s securities.

Certification

All annual and interim financial statement filings must be certified by the company's chief executive officer and chief financial officer. The certificates also address disclosure controls and procedures and internal controls over financial reporting. The certificate forms for annual filings are more comprehensive than for quarterly filings. Venture issuers are permitted to file more limited certificates than TSX listed issuers.

Timely Disclosure

Securities legislation requires immediate disclosure by press release of each material change involving a reporting issuer, followed by filing of a material change report within 10 days of the date on which the material change occurs. A material change includes any change to a reporting issuer's business, operations or capital that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer as well as a decision to implement such a change by the board of directors, or by senior management who believe that confirmation of that decision by the board of directors is probable. It is possible to file a material change report on a confidential basis in certain circumstances if immediate disclosure of a material change would be unduly prejudicial to a reporting issuer.

Any press releases that include financial information must be filed by a reporting issuer.

Exchange listed issuers are also required to provide timely disclosure of all material information. Accordingly, disclosure under the exchange rules may be more comprehensive and may be required earlier than mandated under securities legislation.

Proxy Solicitation

A reporting issuer is required to prepare and send an information circular to its securities holders in connection with the solicitation of proxies. The form of proxy must comply with the requirements of securities legislation.

Insider Reporting and Early Warning

Reporting insiders, including directors and certain officers and significant shareholders of a reporting issuer, must file reports with the securities regulators regarding their ownership of, or control or direction over, securities of a reporting issuer, as well as other financial interests in the reporting issuer involving securities. An initial insider report must be filed within 10 days of becoming a reporting insider. Thereafter, any change in ownership or control of securities of the reporting issuer or other financial interests must be reported within 5 days.

Any person or company who acquires ownership of, or control or direction over, more than 10% of any class of voting or equity securities of a reporting issuer is required to promptly issue and file a press release, and within 2 business days file an early warning report with the securities regulators. There is also a cooling-off period that prohibits further purchases until the expiry of 1 business day after each report is filed. In determining whether the 10% threshold has been met, securities held by any joint actors or that may be acquired within 60 days (whether or not on conditions) must be included. Additional press releases and reports are required for further acquisitions of 2% of the class of securities or a change in a material fact contained in an earlier report. Dispositions of securities trigger similar reporting requirements when there is a decrease of beneficial ownership below 10% of the class of securities and for each disposition resulting in a decrease of 2% or more until the 10% threshold is crossed.

There are exceptions to the early warning and insider reporting requirements for certain classes of institutional investors, such as pension funds and investment fund managers, who may be eligible to provide monthly reports regarding their ownership of securities.

Take-over Bids

Canadian securities legislation restricts the acquisition of a significant position in a reporting issuer in order to ensure that all security holders are treated fairly. Any offer to acquire voting or equity securities of a reporting issuer that, together with the securities already held by the acquirer, that exceeds 20% of the outstanding securities of the class must comply with the take-over bid requirements. In determining whether the take-over bid threshold has been met, securities held by joint actors and securities that may be acquired within 60 days (whether or not on conditions) must be included in the total securities held by the acquirer.

Any offer that is a take-over bid must be made to all holders of the class of securities on the same terms and is subject to several procedural requirements that are intended to ensure that all security holders receive identical consideration, full disclosure and have adequate time to decide whether to sell their securities.

A formal take-over bid must be outstanding for at least 105 days, subject to abridgement by the target company to 35 days. Where a mandatory 50% minimum tender condition has been achieved, and all other terms and conditions of the bid have been complied with or waived, the bid must be extended for an additional 10 days to permit other shareholders a further opportunity to tender to the bid.

Exemptions to the formal take over bid requirements are available for normal course market purchases of up to 5% of the class of securities in a 12 month period, private agreements with up to 5 sellers at a premium of no more than 15%, purchases of securities of non-reporting issuers and purchases of securities of foreign issuers that have limited Canadian shareholders.

The acquisition of by an issuer of its own securities is also regulated to ensure equal treatment of security holders. However, there are exemptions that allow for purchases to be made pursuant to corporate law or the issuer's constating documents, and to allow normal course issuer bids made on an exchange, subject to certain conditions.

Insider Trading

No person or company in a special relationship with a reporting issuer is permitted to purchase or sell securities of the reporting issuer while in possession of material undisclosed information or to inform, or tip, any other person regarding such material undisclosed information. A person or company in a special relationship with a reporting issuer includes insiders, officers, employees, associates and affiliates of the reporting issuers or an insider, as well as any person or company that engages in business with the reporting issuer. A violation of the insider trading or tipping prohibitions is an offence under Canadian securities legislation.

These prohibitions are intended to ensure that those who have advance inside information regarding a reporting issuer are not able to profit from that information at the expense of security holders generally and to provide an incentive for those insiders with both access to information and influence over the reporting issuer to ensure that information is publicly disclosed in a timely manner.

There are limited exceptions to the insider trading prohibition where both parties to a trade have knowledge of the same information and to the tipping prohibition in order to allow information to be shared in the necessary course of business.

Subsequent Financings (public and private)

Once the company is a reporting issuer subsequent financings may generally be made more quickly and with less expense. Listed issuers are typically eligible to make use of the short form prospectus system. A short form prospectus incorporates the issuer's continuous disclosure documents by reference, and is much easier to prepare. The regulatory review for a short form prospectus is generally much faster. Initial comments are issued within 3 business days and the entire review may be concluded in as little as a week.

In view of the shorter timelines for a short form prospectus offering, underwriters may be willing to conduct a bought deal for companies with an established market. In a bought deal, the underwriters offer to purchase specific number of securities at a set price prior to the issuer filing a preliminary prospectus. The underwriters assume the market risk of the offering and will purchase the securities as principal if they are unable to find sufficient purchasers. Once a bought deal agreement is entered into, the preliminary prospectus must be filed within 4 business days. Typically, a bought deal will close within 2 weeks of announcement.

Reporting issuers may also offer securities on a private placement basis in reliance on an exemption from the prospectus requirement. Generally securities purchased in a private placement will be subject to restrictions on transfer for a period of 4 months. Given this hold period, private placements are generally made at a discount to the trading price of the company's securities. The stock exchanges regulate the size of the discount and other terms of a private placement and may require shareholder approval for particularly significant transactions.

Disclosure Requirements – Cannabis Companies

Canadian securities regulators have set out specific disclosure expectations for all issuers with direct or indirect cannabis operations in the United States, and will continue to permit financings in Canada by such issuers provided that specific risk disclosure requirements be included in prospectus filings, AIFs, marketing materials and MD&A.

Appendix A – TSX Listing Requirements

Mining Companies

	TSX NON – EXEMPT EXPLORATION AND DEVELOPMENT STAGE	TSX NON-EXEMPT PRODUCER	TSX EXEMPT
Property Requirements	Advanced Property detailed in report prepared by an independent qualified person. Minimum 50% ownership of property.[1]	At least three years proven and probable reserves as calculated by an independent qualified person (if not in production, a production decision made).	At least three years proven and probable reserves as estimated by an independent qualified person.
Recommended Work Program	$750,000 on advanced exploration property[2] as recommended in a technical report[3] prepared by an independent qualified person.	Bringing the mine into commercial production.	Commercial level mining operations.
Working Capital and Financial Resources	Minimum $2,000,000 working capital and appropriate capital structure. Sufficient funds to complete planned programme meeting G&A[4] costs, property payments and capital expenditures for 18 months.	Sufficient funds to bring the mine into commercial production; plus adequate working capital for all budgeted capital expenditures and to carry on the business. Appropriate capital structure.	Adequate working capital to carry on the business. Appropriate capital structure.
Net Tangible Assets, Earnings or Revenue	$3,000,000 net tangible assets.	$4,000,000 net tangible assets; evidence indicating a reasonable likelihood of future profitability supported by a feasibility study or documented historical production and financial performance.	$7,500,000 net tangible assets; pre-tax profitability from ongoing operations in last fiscal year; pre-tax cash flow of $700,000 in last fiscal year and average pre-tax cash flow of $500,000 for past two fiscal years.
Other Criteria	Management-prepared 18 month projection (by quarter) of sources and uses of funds detailing all expenditures and signed by CFO.		Up-to-date, comprehensive technical report4 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 mining projects as well as adequate public company experience. Companies are required to have at least two independent directors.		
Distribution, Market Capitalization and Public Float	Minimum 1,000,000 freely tradeable shares with market value of $4,000,000 held by at least 300 public holders, each with one board lot or more.		
Sponsorship	Required (may be waived if sufficient previous third party due diligence).		Not required.

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

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

***Mining Disclosure Standards**

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

NI 43-101 is available at: www.osc.gov.on.ca/en/15019.htm

Oil and Gas (Exploration or Producing) Companies

	TSX NON – EXEMPT OIL AND GAS DEVELOPMENT STAGE ISSUERS[9]	TSX NON-EXEMPT OIL AND GAS PRODUCING ISSUERS	TSX EXEMPT OIL AND GAS ISSUERS[4]
Net Tangible Assets, Earnings or Revenue	No requirements.		Pre-tax profitability from ongoing operations in last fiscal year. Pre-tax cash flow from ongoing operations of $700,000 in last fiscal year and average pre-tax cash flow from ongoing operations of $500,000 for the past two fiscal years.
Working Capital and Financial Resources	Adequate funds to either: (a) execute the development plan and cover all other capital expenditures & G&A[1] and debt service expenses, for 18 months with a contingency allowance; OR (b) bring the property into commercial production, and adequate working capital to fund all budgeted capital expenditures and carry on the business. 18 month projection of sources and uses of funds signed by CFO[6] appropriate capital structure.	Adequate funds to execute the program and cover all other capital expenditures and G&A[1] and debt service expenses for 18 months with a contingency allowance; 18 month projection of sources and uses of funds signed by CFO; appropriate capital structure.	Adequate working capital to carry on the business. Appropriate capital structure.
Distribution, Market Capitalization and Public Float	At least 1,000,000 freely tradable shares with an aggregate market value of $4,000,000; minimum 300 public holders, each with one board lot or more. Minimum market value of the issued securities that are to be listed of at least $200,000,000.	At least 1,000,000 freely tradable shares with an aggregate market value of $4,000,000; minimum 300 public holders, each with one board lot or more.	
Sponsorship	Sponsor report may be required (generally not required for IPOs or TSX Venture Graduates)		Not required.
Property Requirements	Contingent resources[7] of $500,000,000.[8]	$3,000,000 proved developed reserves.[2, 5]	$7,500,000 proved developed reserves.[2, 5]
Recommended Work Program	Clearly defined development plan, satisfactory to TSX, which can reasonably be expected to advance the property.	Clearly defined program to increase reserves.	

	TSX NON – EXEMPT OIL AND GAS DEVELOPMENT STAGE ISSUERS[9]	TSX NON-EXEMPT OIL AND GAS PRODUCING ISSUERS	TSX EXEMPT OIL AND GAS ISSUERS[4]
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's oil and gas projects as well as adequate public company experience. Companies are required to have at least two independent directors.		
Other Criteria	Up-to-date technical report prepared by an independent technical consultant (NI 51-101[3]).		

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

(2) "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.

(3) "NI 51-101" means National Instrument 51-101 – Standards of Disclosure for Oil & Gas Activities – available at: http://www.osc.gov.on.ca/

(4) 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.

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

(6) This projection must also include actual financial results for the most recently completed quarter.

(7) "Contingent resources" are defined in accordance with Canadian Oil and Gas Evaluation Handbook and NI 51-101; however, TSX in its discretion may exclude certain resources classified as contingent resources after taking into consideration the nature of the contingency. TSX will use the best-case estimate for contingent resources, prepared in accordance with NI 51-101.

(8) The Company must submit a technical report prepared by an independent technical consultant that conforms to National Instrument 51-101 and be acceptable to TSX. Reports prepared in conformity with other reporting systems deemed by TSX to be the equivalent of NI 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%. TSX may, at its discretion, also require the provision of a price sensitivity analysis.

(9) TSX strongly recommends pre-consultation with TSX 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

Industrial, Technology and Research & Development Companies

MINIMUM LISTING REQUIREMENTS	TSX NON-EXEMPT TECHNOLOGY ISSUERS[1, 7]	TSX NON-EXEMPT RESEARCH AND DEVELOPMENT (R&D) ISSUERS[7]	TSX NON-EXEMPT FORECASTING PROFITABILITY[7]	TSX NON-EXEMPT PROFITABLE ISSUERS[7]	TSX EXEMPT INDUSTRIAL COMPANIES[8]
Earnings or Revenue			Evidence of pre-tax earnings from on-going operations for the current or next fiscal year of at least $200,000.[2]	Pre-tax earnings from on-going operations of at least $200,000 in the last fiscal year.	Pre-tax earnings from on-going operations of at least $300,000 in the last fiscal year.
Cash Flow			Evidence of pre-tax cash flow from on-going operations for the current or next fiscal year of at least $500,000.[2]	Pre-tax cash flow of $500,000 in the last fiscal year.	Pre-tax cash flow of $700,000 in the last fiscal year, and an average pre-tax cash flow of $500,000 for the past two fiscal years.
Net Tangible Assets			$7,500,000[3]	$2,000,000[3, 4]	$7,500,000[3]
Adequate Working Capital and Capital Structure	Funds to cover all planned development expenditures, capital expenditures, and G&A[5] expenses for one year.[6]	Funds to cover all planned R&D expenditures, capital expenditures and G&A[5] expenses for two years.[6]	Working capital to carry on the business, and an appropriate capital structure.		

MINIMUM LISTING REQUIREMENTS	TSX NON-EXEMPT TECHNOLOGY ISSUERS[1, 7]	TSX NON-EXEMPT RESEARCH AND DEVELOPMENT (R&D) ISSUERS[7]	TSX NON-EXEMPT FORECASTING PROFITABILITY[7]	TSX NON-EXEMPT PROFITABLE ISSUERS[7]	TSX EXEMPT INDUSTRIAL COMPANIES[8]
Cash in Treasury	Minimum $10,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus.	Minimum $12,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus.			
Products and Services	Evidence that products or services at an advanced stage of development or commercialization and that management has the expertise and resources to develop the business.[9]	Minimum two year operating history that includes R&D activities. Evidence of technical expertise and resources to advance its research and development programme(s).[10]			
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience. Companies are required to have at least two independent directors.				
Public Distribution and Market Capitalization	Minimum 1,000,000 free trading public shares. Minimum $10,000,000 held by public shareholders. 300 public shareholders each holding a board lot. Minimum $50,000,000 market capitalization.	Minimum 1,000,000 free trading public shares. Minimum $4,000,000 held by public shareholders. 300 public shareholders each holding a board lot or more.			
Sponsorship	Generally required.				Not required.

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

(1) Generally includes companies engaged in hardware, software, telecommunications, data communications, information technology and new technologies that are not currently profitable or able to forecast profitability.

(2) Applicants should file a complete set of forecast financial statements covering the current and/or next fiscal year (on a quarterly basis). Forecasts must be accompanied by an independent auditor's opinion that the forecast complies with the CICA Auditing Standards for future-oriented financial information. Applicants should have at least six months of operating history.

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

(4) Companies with less than $2 million in net tangible assets may qualify for listing if the earnings and cash flow requirements for senior companies are met.

(5) "G&A" means general and administration expenses.

(6) A quarterly projection of sources and uses of funds, for the relevant period, including related assumptions signed by the CFO must be submitted. Projection should exclude uncommitted payments from third parties or other contingent cash receipts. R&D issuers should exclude cash flows from future revenues.

(7) Exceptional circumstances may justify granting of a listing, notwithstanding minimum requirements – generally an affiliation with established business and/or exceptionally strong financial position is required.

(8) (7), as well as for granting Exempt status. Special purpose issuers are generally considered on an exceptional basis.

(9) "Advanced stage of development or commercialization," generally restricted to historical revenues from the issuer's current business or contracts for future sales. Other factors may also be considered.

(10) Other relevant factors may also be considered.

Appendix B – TSX-V Listing Requirements

Industrial, Technology, Life Sciences and Real Estate Companies

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

INITIAL LISTING REQUIREMENTS	TSXV TIER 1 INDUSTRIAL TECHNOLOGY LIFE SCIENCES	TSXV TIER 2 INDUSTRIAL TECHNOLOGY LIFE SCIENCES	TSXV TIER 1 REAL ESTATE OR INVESTMENT	TSXV TIER 2 REAL ESTATE OR INVESTMENT
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.			

Oil and Gas (Exploration or Producing) Companies

	TSXV TIER 1	TSXV TIER 2
Net Tangible Assets, Earnings or Revenue	No requirements.	
Working Capital and Financial Resources	Adequate working capital and financial resources to carry out stated work program or execute business plan for 18 months. following listing; $200,000 unallocated funds.	Adequate working capital and financial resources to carry out stated work program or execute business plan for 12 months. following listing; $100,000 unallocated funds.
Distribution, Market Capitalization and Public Float	Public float of 1,000,000 shares; 250 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.	Public float of 500,000 shares; 200 Public Shareholders each holding a Board Lot and having no Resale Restrictions on their shares; 20% of issued and outstanding shares in the hands of Public Shareholders.
Sponsorship	Sponsor report may be required	
Property Requirements	Exploration – $3,000,000 in reserves of which a minimum of $1,000,000 must be proved developed reserves r and the balance probable reserves. Producing – $2,000,000 in proved developed reserves.[1]	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 were 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 no less than $300,000 if proved developed producing reserves have a value of less than $500,000 as recommended in Geological Report.

	TSXV TIER 1	TSXV TIER 2
Management and Board of Directors	Management, including board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience in Canada or a similar jurisdiction. Companies are required to have at least two independent directors.	
Other Criteria	Geological Report recommending completion of work program.	

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

Mining Companies

	TSXV TIER 1	TSXV TIER 2
Property Requirements	Material interest in a Tier 1 property.[1]	Significant interest[2] in a qualifying property or, at discretion of TSXV, a right to earn a significant interest[2] 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[1] as recommended by geological report.[3]	$100,000 of Approved Expenditures on the qualifying property within 36 months period preceding application of listing; $200,000 on the qualifying property as recommended in a geological report.
Working Capital and Financial Resources	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[3] recommending completion of work program.	
Management and Board of Directors	Management, including board of directors, should have adequate experience and technical expertise relevant to the company's mining projects as well as adequate public company experience. Companies are required to have at least two independent directors.	
Distribution, Market Capitalization and Public Float	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.	

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

(a) a property in which the Issuer holds a material interest;

(b) a property on which previous exploration, including detailed surface geological, geophysical and/or geochemical surveying and at least an initial phase of drilling or other detailed sampling (such as trench or underground opening sampling), has been completed;

(c) a property that has, at a minimum, a current inferred mineral resource; and

(d) an independent geological report recommends a minimum $500,000 Phase 1 drilling (or other form of detailed sampling) program based on the merits of previous exploration results; or an independent, positive feasibility study demonstrates that the property is capable of generating positive cash flow from ongoing operations.

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

(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.

Appendix C – CSE Listing Requirements

REQUIREMENTS	INDUSTRIAL, TECHNOLOGY & LIFE SCIENCES	MINING	REAL ESTATE/ INVESTMENT
Net Tangible Assets or Revenue	N/A	N/A	C$2,000,000 net tangible assets allocated to 2 investments or C$4 million.
Minimum Cash in Treasury	Adequate to carry out stated work plan or execute business plan for 12 months following listing.	Adequate to carry out stated work plan or execute business plan for 12 months following listing.	Adequate to carry out stated work plan or execute business plan for 12 months following listing.
Minimum Working Capital	C$200,000	C$200,000	C$200,000
Property	Significant interest in business or primary assets used to carry on business.	Significant interest in real property.	No requirements.
Prior Expenditure and Work Program	History of development of business or asset or have achieved revenue from sale of goods or the delivery of services.	$75,000 in last three years in qualifying expenditures.	Disclosed investment policy.
# of Public Board Lot Holders	150	150	150
Minimum Free Trading Public Float	500,000 shares.	500,000 shares.	500,000 shares.
Minimum % of Issued and Outstanding Listed Shares Held by Public	10%	10%	10%
Market value of Issued Securities to be Listed	No minimum.	No minimum.	No minimum.
Minimum IPO Price Conducted Concurrent to Listing(1)	C$0.10	C$0.10	C$0.10
Other(1)	No shares issued for less than C$0.005 in previous 18 months.	No shares issued for less than $0.005 in previous 18 months. NI 43-101 Report recommending a first phase program of at least $100,000.	No shares issued for less than $0.005 in previous 18 months.

(1) The CSE may waive various requirements if issuer has a substantial float ($1 million in arm's length financing, 1 million in free trading shares, 200+ public shareholders, and 20% of issued and outstanding shares held by public holders).

Appendix D – NEO Listing Requirements

Listing Requirements (for Companies) of the Aequitas NEO Exchange

REQUIREMENT	EQUITY STANDARD	NET INCOME STANDARD	MARKET VALUE STANDARD	ASSETS & REVENUE STANDARD
Shareholders' Equity	$5 million	$2.5 million	$2.5 million **	-
Market Value of Public Float	$10 million	$5 million	$10 million	$5 million
Net Income from Continuing Operations	-	$750,000	-	-
Market Value of Listed Securities	-	-	$50 million ***	-
Operating History	2 years	-	-	-
Assets and Revenue	-	-	-	$50 million each
Minimum Price	$2 per share*	$2 per share*	$2 per share*	$2 per share*
Publicly Held Shares	1 million	1 million	1 million	1 million
Public Shareholders	300	300	300	300
Analyst / Investor Relations Requirement	Yes	Yes	Yes	Yes

* Minimum price - $2 per share, unless Other Listed Issuer or listed on an Accepted Foreign Exchange.

** If 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.

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

Appendix E – Typical IPO Timetable

ONTARIO SECURITIES COMMISSION (OSC) AS PRINCIPAL REGULATOR

DAY	ACTION ITEM	RESPONSIBILITY
1	Meeting with underwriters; determination of terms of offering, underwriting agreement	Company, Underwriters
1-14	First draft of prospectus prepared	Company, Company Counsel
15-28	Meetings to review and revise prospectus	Working Group
	Review of corporate records, material contracts	Company Counsel, Underwriters' Counsel
	Other due diligence	Underwriters
1-28	Financial Statements are prepared	Company, Auditors
29-30	Prospectus formatted for commercial copies	Printer
31-35	Prospectus translated	Quebec Counsel, Auditors
	Prospectus proof reviewed and revised	Working Group
36	Memorandum sent to directors regarding liabilities and due diligence obligations with a request to review draft prospectus	Company Counsel
38	Final revisions to preliminary prospectus; due diligence meeting with senior officers of the company and relevant subsidiaries	Working Group
39	Audit committee to approve financial statements in preliminary prospectus; directors meeting to approve financial statements and preliminary prospectus	
	Signing of preliminary prospectus	Company, Underwriters
	Filing preliminary prospectus with the Commissions through SEDAR	Company Counsel
40	Application for listing submitted to stock exchange	Company Counsel
40-67	Share conditions, amendments to articles, underwriting agreement drafted, negotiated and settled	Underwriters' Counsel
47	Stock exchange grants conditional listing	Company Counsel
53	Receive first comment letter from OSC	Company Counsel

DAY	ACTION ITEM	RESPONSIBILITY
53-67	Road shows	Underwriters, Company
53-61	Draft and settle responses to comments	Working Group
62	File response to comments	Company Counsel
65	Settle comments with OSC	Company Counsel
66	Revise prospectus to reflect comments, update; send changes to printer, translators	Working Group
67	Deliver draft final prospectus to directors	Company Counsel
68	Final due diligence meeting; pricing of issue; printing of final changes and proofreading	Working Group
69	Audit committee meeting to approve financial statements; directors' meeting to approve financial statements and final prospectus	Company
	Signing underwriting agreement, registrar and transfer agent agreement; articles of amendment, auditors comfort letter, translation opinions	Working Group
	Filing final material with Commissions through SEDAR	Company Counsel
70-80	Preparation of closing documents and settling of local counsel opinions	Company Counsel
82	Pre-closing	Company Counsel, Underwriters' Counsel
83	Closing; delivery of closing proceeds, share certificates exchanged	Company, Underwriters' Counsel, Registrar and Transfer Agent

Appendix F – Typical IPO Checklist

ONTARIO SECURITIES COMMISSION (OSC) AS PRINCIPAL REGULATOR

[Month] [Year]

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

[Month] [Year]

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

[Month] [Year]

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Milestone Events

EVENT	TARGET DATE
Kick-off Meeting	•
Business and legal due diligence	•
Transaction structuring (business arrangements, financial, tax)	
Draft preliminary prospectus (English and French)	
Prepare management presentation	
Complete audit and review of historical financial statements	
Send draft prospectus and management presentation to proposed syndicate	•
Management presentation to bankers	
Syndicate due diligence call	
Key Selling Shareholder Decision	•
Syndication	•
File preliminary prospectus	•
Regulatory review and comment period	•
Key Selling Shareholder Decision	•
File amended and restated preliminary prospectus including pricing range	•
Institutional sales and research analyst 'dry-run' presentations	
Marketing	•
Key Selling Shareholder Decision	•
Price and allocate book	
Bring-down due diligence call	•
File final prospectus	
Closing	•

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
I. PRELIMINARY MATTERS			
1. Organizational Meeting	Working Group	•	
2. Confirm Offering Jurisdictions	Company, Lead Underwriter	•	
3. Draft and circulate “scare” memo	Company Counsel	•	
4. Consider bank financing arrangements	Company, Lead Underwriter	•	
5. Confirm adequacy of Company historical financial statements	Company, Company Counsel	•	
6. Select Printer	Company, Company Counsel	•	
7. Select Transfer Agent	Company, Company Counsel	•	
8. Coordinate transfer of corporate records to Transfer Agent	Company, Company Counsel	•	
II. ENGAGEMENT LETTER			
1. Engagement letter	Lead Underwriter, Underwriters’ Counsel	•	
III. DUE DILIGENCE			
1. Preliminary Due Diligence Request Lists	Lead Underwriter, Underwriters’ Counsel, Company Counsel	•	
2. Assemble Data Room	Company, Company Counsel	•	
3. Response to Due Diligence Request List	Company, Company Counsel	•	
4. Business, financial and legal due diligence, including: • site tours • technology demonstrations • supplier and customer calls	Lead Underwriter, Underwriters’ Counsel	•	
5. Obtain third party consents, if necessary	Company/ Company Counsel	•	
6. Circulate Preliminary Due Diligence Questions to Working Group	Lead Underwriter, Underwriters’ Counsel	•	
7. Preliminary Oral Due Diligence Session	Working Group	•	
8. Circulate Final Due Diligence Questions to Working Group	Lead Underwriter, Underwriters’ Counsel	•	
9. Circulate Written Responses of Auditors	Company Auditors	•	
10. Final Oral Due Diligence Session	Working Group	•	
11. Circulate Closing Due Diligence Questions	Lead Underwriter, Underwriters’ Counsel	•	
12. Circulate Written Responses of Auditors and Company Counsel	Company Auditors, Company Counsel	•	
13. Closing Due Diligence Session	Working Group	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
III. FINANCIAL INFORMATION			
1. Audited financials	Company/ Company Auditors	•	
2. MD&A	Company/ Company Auditors	•	
3. Regulatory relief/exemptions	Company Auditors/ Company Counsel	•	
IV. GOVERNANCE			
A. Board of Directors			
1. Determine size and composition of Board of Directors	Company, Lead Underwriter, Company Counsel	•	
2. Determine Committees of the Board of Directors and composition thereof	Company Counsel	•	
3. Determine compensation of Directors	Company Counsel	•	
4. Prepare and circulate D&O questionnaires	Company Counsel, Underwriters' Counsel	•	
5. Draft Committee Charter and Terms of Reference for additional Committees, as necessary	Company Counsel	•	
6. Draft Governance Policies/Charters, including: a. Board Charter b. Audit Committee c. Corp Governance and Nominating Committee d. Human Resources and Compensation Committee e. Strategy Committee f. Director Duties and Expectations g. Corp Governance and Framework Standards h. Disclosure Policy i. Chairman Position Description j. CEO Position Description k. Disclosure Policy l. Insider Trading Policy	Company Counsel	•	
7. Resolution of the Board of Directors revising committees and policies	Company, Company Counsel	•	
8. Background checks against Board members and each named executive officer.	Underwriters' Counsel	•	
B. Management			
9. Term sheet for employment agreements with senior management	Company, Company Counsel	•	
10. Draft employment agreements	Company, Company Counsel	•	
11. Review of employment agreements by independent legal counsel to senior management, as desired by senior management	Senior Management, Independent Legal Counsel	•	
12. Resolution of the Compensation Committee approving employment agreements with senior management and recommendation to Board of Directors	Company, Company Counsel	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
13. Resolution of the Board of Directors approving employment agreements with senior management	Company, Company Counsel	•	
14. Resolution of the Board of Directors confirming new officers	Company, Company Counsel	•	
15. Execute employment agreements with senior management	Company, Senior Management	•	
C. Equity Compensation Arrangements			
16. Equity compensation arrangements to be discussed	Company, Company Counsel	•	
17. Resolution of Human Resources and Compensation Committee approving Stock Option Plan and ● Plan	Company, Company Counsel	•	
18. Resolution of the Board of Directors approving Stock Option Plan and ● Plan	Company, Company Counsel	•	
D. Insurance			
19. Review current/new Directors & Officers insurance policy	Company, Company Counsel	•	
20. Obtain quotes for new Directors & Officers insurance policy, as necessary	Company	•	
21. Obtain new Directors & Officers insurance policy, as necessary	Company	•	
E. Lock-up Agreements			
22. Obtain Lock-up Agreements from directors, officers and other shareholders, as required by lead underwriter	Company, Lead Underwriter, Company Counsel, Underwriters' Counsel	•	
V. PRELIMINARY PROSPECTUS			
1. Draft preliminary prospectus	Company, Company Counsel	•	
2. Circulate initial draft of preliminary prospectus	Company Counsel	•	
3. Circulate draft riders for: a. Industry Section b. Business Section c. Risk Factors d. MD&A	Company, Underwriters' Counsel, Company Counsel	•	
4. First drafting session	Working Group	•	
5. Written comments on initial draft of preliminary prospectus	Working Group	•	
6. Circulate second draft of preliminary prospectus	Company Counsel	•	
7. Commence translation of preliminary prospectus	Translator	•	
8. Commence translation of financial statements	Company Auditors	•	
9. Commence artwork for preliminary prospectus	Company, Lead Underwriter	•	
10. OSC pre-filing discussions	Company Counsel	•	
11. Draft and circulate Resolution of the Board of Directors approving preliminary prospectus and other offering related matters.	Company	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
12. Draft US Wrap to Preliminary Prospectus	Company Counsel/ US Counsel	•	
13. Confirm printing arrangements with printer	Company Counsel	•	
14. Written comments on second draft of preliminary prospectus	Working Group	•	
15. Second drafting session	Working Group	•	
16. Circulate third draft of preliminary prospectus	Company Counsel	•	
17. Circulate draft annual audited financial statements	Company, Company Auditors, Company Counsel	•	
18. Written comments on third draft of the preliminary prospectus	Working Group	•	
19. Calculate and request filing fees	Company Counsel	•	
20. Obtain completed personal information forms from directors and officers	Company, Company Counsel	•	
21. Send draft preliminary prospectus and statement to printers for typesetting	Company Counsel	•	
22. Draft press release announcing filing of preliminary prospectus	Company, Company Counsel	•	
23. Circulate draft of preliminary prospectus	Company Counsel	•	
24. Written comments on draft of preliminary prospectus	Working Group	•	
25. Final drafting session, if necessary	Working Group	•	
26. Resolution of the Board of Directors approving preliminary prospectus and other offering related matters.	Company	•	
27. Approval of the selling shareholders of the foregoing materials	Company, Selling Shareholders	•	
28. Circulate final draft of preliminary prospectus	Printer	•	
29. Finalize US Wrap	Company Counsel/ US Counsel	•	
30. Obtain preliminary prospectus certificate pages, including from selling shareholders	Company, Company Counsel	•	
31. Obtain certificate pages and SEDAR Form 6s	Company Counsel	•	
32. Obtain MRRS section 7.2 certificate and Underwriters' supporting certificate	Company, Company Counsel	•	
33. Obtain draft comfort letter	Company, Company Counsel, Company Auditors, Underwriters' Counsel	•	
34. Obtain filing fees	Company Counsel	•	
35. Finalize preliminary prospectus	Working Group	•	
36. Contact AMF re: Translation timing	Company Counsel, Company	•	
37. Create SEDAR profile	Company Counsel	•	
38. File Material Contracts	Company Counsel, Company	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
39. File Documents Affecting the Rights of Securityholders	Company Counsel, Company	•	
40. File preliminary prospectus and ancillary documentation with Securities Commissions	Company Counsel	•	
41. Obtain receipt from OSC on behalf of Securities Commissions for preliminary prospectus	Company Counsel	•	
42. Issue press release announcing filing of preliminary prospectus	Company	•	
43. Print commercial copies of preliminary prospectus	Printer	•	
44. Finalize translation opinions	Translator, Company Auditors	•	
VI. UNDERWRITING AGREEMENT			
1. Circulate underwriting agreement to Company, Company Counsel and Company Auditors	Lead Underwriter, Underwriters' Counsel	•	
2. Circulate Resolution of the Board of Directors approving execution and delivery of underwriting agreement (subject to pricing)	Company, Company Counsel	•	
3. Finalize underwriting agreement (other than pricing)	Working Group	•	
4. Resolution of the Board of Directors approving execution and delivery of underwriting agreement (subject to pricing)	Company, Company Counsel	•	
5. Determine size and pricing terms of the Offering	Company, Lead Underwriter	•	
6. Execution and delivery of underwriting agreement	Company, Underwriters	•	
7. File underwriting agreement on SEDAR	Company Counsel	•	
VII. TORONTO STOCK EXCHANGE			
1. Circulate TSX Personal Information Forms	Company Counsel	•	
2. Draft TSX listing application	Company Counsel	•	
3. Preliminary discussions with TSX concerning: a. proposed offering, b. listing qualification criteria, and c. proposed share compensation arrangements.	Company Counsel	•	
4. Pre-clear certain draft prospectus disclosure with TSX (if necessary), including: a. proposed equity compensation arrangements, b. listing representation language, and c. other	Company Counsel	•	
5. Discussions with TSX regarding listing application	Company Counsel	•	
6. Determine TSX Ticker symbol	Company, Company Counsel	•	
7. File TSX listing application, together with Personal Information Forms	Company Counsel	•	
8. Receive TSX conditional listing approval	Company Counsel	•	
9. Calculate TSX listing fees	Company Counsel	•	
10. Request TSX listing fees	Company Counsel	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
11. Satisfy TSX conditional listing approval requirements, including payment of listing fees	Company, Company Counsel	•	
VIII. SHARE CERTIFICATES			
Application to CDS for CUSIP number for common shares	Company Counsel	•	
Select new share certificate for common shares	Company, Company Counsel	•	
Receipt of CUSIP number for common shares	Company Counsel	•	
Resolution of the board of directors approving form of share certificate for common shares	Company, Company Counsel	•	
IX. MARKETING			
A. Solicitations of Expression of Interest			
1. Solicitations of expressions of interest from accredited investors	Lead Underwriter	•	
2. Materials provided to accredited investors marked confidential and with prescribed legends	Working Group	•	
B. Marketing Materials			
3. Draft greensheet	Lead Underwriter	•	
4. Draft Marketing Deck	Lead Underwriter	•	
5. Circulate Marketing Deck	Lead Underwriter	•	
6. Send Marketing Deck for translation	Company, Company Counsel	•	
7. Settle marketing range for size and pricing of offering	Company, Lead Underwriter	•	
8. Finalize Marketing Deck	Working Group	•	
9. Print Marketing Deck	Printer	•	
10. File Marketing Deck with Securities Regulators, as applicable	Company Counsel	•	
C. Roadshow			
11. Select roadshow consultants, as necessary	Company, Lead Underwriter	•	
12. Prepare roadshow presentation	Roadshow Consultant, Company, Lead Underwriter	•	
13. Dry run with Lead Underwriter	Roadshow Consultant, Company, Lead Underwriter	•	
14. Roadshow	Roadshow Consultant, Company, Lead Underwriter	•	
X. PROSPECTUS COMMENT LETTERS			
1. Receipt from OSC of initial comment letter	Company Counsel	•	
2. Circulate initial OSC comment letter to Working Group	Company Counsel	•	
3. Draft response to initial OSC comment letter	Company Counsel	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
4. File response to initial OSC comment letter	Company Counsel	•	
5. Receipt and responses to subsequent comment letters	Company Counsel	•	
6. Settle any and all issues with Securities Commissions	Company Counsel	•	
7. Obtain clearance to file final prospectus	Company Counsel	•	
XI. AMENDED AND RESTATED PROSPECTUS			
1. Draft amended and restated prospectus	Company Counsel	•	
2. Draft US Wrap to the amended and restated prospectus	Company Counsel/ US Counsel	•	
3. Circulate initial draft of amended and restated prospectus	Company Counsel	•	
4. Written comments on draft of amended and restated prospectus	Working Group	•	
5. Draft press release announcing filing of amended and restated prospectus	Company	•	
6. Draft and circulate Resolution of the Board of Directors approving amended and restated prospectus and other offering related matters	Company, Company Counsel	•	
7. Circulate final draft of amended and restated prospectus	Printer	•	
8. Obtain amended and restated prospectus certificate pages, including from selling shareholders	Company, Company Counsel	•	
9. Obtain MRRS section 7.2 certificate and Underwriters' supporting certificate	Company, Company Counsel	•	
10. Obtain filing fees	Company Counsel	•	
11. Finalize amended and restated prospectus	Working Group	•	
12. Finalize US Wrap	Company Counsel/ US Counsel	•	
13. Obtain translation opinions	Translator, Company Auditors	•	
14. Resolution of the Board of Directors approving amended and restated prospectus and other offering related matters	Company, Company Counsel	•	
15. Approval of the selling shareholders of the foregoing matters	Company, Selling Shareholders	•	
16. File amended and restated prospectus and ancillary documentation with Securities Commissions	Company Counsel	•	
17. Obtain receipt from OSC on behalf of Securities Commissions for amended and restated prospectus	Company Counsel	•	
18. Issue press release announcing filing of amended and restated prospectus	Company	•	
19. Print commercial copies of amended and restated prospectus	Printer	•	
XII. FINAL PROSPECTUS			
1. Draft final prospectus	Company Counsel	•	
2. Draft final US Wrap	Company Counsel/ US Counsel	•	
3. Circulate initial draft of final prospectus	Company Counsel	•	
4. Draft press release announcing filing of the final prospectus	Company	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
5. Draft and circulate Resolution of the Board of Directors approving: a. size and pricing, b. final prospectus, c. underwriting agreement, and d. other offering related matters.	Company, Company Counsel	•	
6. Provide circle up of filed Amended and Restated Preliminary Prospectus for auditors long form comfort letter	Lead Underwriter, Underwriters' Counsel	•	
7. Draft auditors long form comfort letter	Company Auditors	•	
8. Determine material agreements to be filed on SEDAR, if any	Company, Company Counsel	•	
9. Draft undertaking to OSC regarding filing of material agreements	Company Counsel	•	
10. Draft undertaking to BCSC regarding fees	Company Counsel	•	
11. Written comments on initial draft of final prospectus	Working Group	•	
12. Finalize final prospectus	Working Group	•	
13. Finalize US Wrap	Company Counsel/ US Counsel	•	
14. Obtain translation opinions	Company Counsel	•	
15. Obtain auditors long form comfort letter	Company Counsel	•	
16. Obtain expert consents	Company Counsel	•	
17. Obtain MRRS section 7.3 certificate and Underwriters' supporting certificate	Company Counsel	•	
18. Obtain undertaking to OSC regarding filing of material agreements	Company Counsel	•	
19. Obtain undertaking to BCSC regarding fees	Company Counsel	•	
20. Resolution of the Board of Directors approving: a. size and pricing, b. final prospectus, c. underwriting agreement, and d. other offering related matters.	Company, Company Counsel	•	
21. Approval of the selling shareholders of the foregoing matters	Company, Selling Shareholders	•	
22. File final prospectus and ancillary documentation with Securities Commissions	Company Counsel	•	
23. Obtain receipt from OSC on behalf of Securities Commissions for final prospectus	Company Counsel	•	
24. Issue press release announcing final size and price of offering and filing of final prospectus	Company, Company Counsel	•	
XIII. AMENDMENT TO SHARE TERMS			
A. Preliminary Matters			
1. Determine proposed amendment to share terms	Company Counsel	•	
2. Draft articles of amendment to end up with only one class of common shares and one class of preferred shares	Company Counsel	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
B. Shareholders Resolution			
3. Draft materials, including: a. description of proposed amendment b. articles of amendment c. form of special resolutions	Company Counsel	•	
4. Circulate resolution and materials to shareholders	Company, Company Counsel	•	
5. Resolutions of the shareholders of Company approving and/or confirming: a. articles of amendment, b. electing directors, c. re-appointing auditors, and d. audited financial statements.	Company, Company Counsel	•	
C. Effecting the Amendment			
6. File articles of amendment	Company Counsel	•	
XIV. PRE-CLOSING & CLOSING			
1. Draft closing agenda	Company Counsel	•	
2. Circulate draft closing agenda	Company Counsel	•	
3. Draft and circulate closing documents	Company Counsel	•	
4. Retain and obtain draft local counsel opinions	Company Counsel	•	
5. Expiry of statutory rights of withdrawal		•	
6. Pre-Closing	Working Group	•	
7. Closing	Company Counsel	•	
8. Press Release announcing Closing	Company, Company Counsel	•	
XV. POST-CLOSING MATTERS			
A. General			
1. Prepare Ongoing Obligations of a Public Company in Canada	Company Counsel	•	
2. Deliver Ongoing Obligations of a Public Company in Canada	Company Counsel	•	
3. File material agreements, if any, on SEDAR	Company Counsel	•	
4. Satisfy remaining TSX listing requirements	Company Counsel, Company	•	
5. If requested, file insider trading and early warning reports on behalf of insiders	Company Counsel	•	
6. Update SEDAR profile	Company Counsel	•	
7. Prepare draft insider trading reports	Company Counsel	•	
8. Prepare draft early warning reports	Company Counsel	•	

ITEM	RESPONSIBILITY	TARGET DATE	STATUS
9. Circulate draft insider trading and early warning reports to insiders, with memorandum on responsibilities and instructions	Company Counsel	•	
10. Material Change Report	Company Counsel	•	
B. Over-Allotment Option			
11. Notice of exercise of over-allotment option	Lead Underwriter	•	
12. Draft press release re: exercise of over-allotment option	Company, Company Counsel	•	
13. Issue press release announcing exercise of over-allotment option	Company, Company Counsel	•	
14. Draft closing agenda for over-allotment option closing	Company Counsel	•	
15. Draft press release re: closing of over-allotment option	Company, Company Counsel	•	
16. Closing of over-allotment option	Working Group	•	
17. Issue press release announcing closing of exercise of over-allotment option	Company, Company Counsel	•	
18. File press release announcing exercise and closing of over-allotment option with Securities Regulators	Company Counsel	•	
C. Distribution			
19. Notice that distribution has ceased	Lead Underwriter	•	
20. File notice of cessation of distribution with Securities Regulators	Company Counsel	•	

Appendix G – Typical RTO Checklist

TSX LISTED ISSUER AS SHELL COMPANY

ITEMS	TIMING & COMMENTS
1. Form working group	Immediately, designate TSX Issuer and Target's key business people, retain financial advisor and/or sponsor of Target, retain TSX Issuer's legal counsel, retain Target's legal counsel and retain Target's auditors
2. Hold initial working group meeting	Immediately, review objectives (including any funding required), roles, costs and timing
3. Develop deal structure	Legal counsels, financial advisors and auditors to advise [working hypothesis: plan of arrangement]
4. Negotiate principal terms of letter of intent ("**LOI**")	Usually 2 weeks, will need to address principal business points:
a. Commonly non-binding terms	• capitalization table for combined entity including exchange price of shares of TSX Issuer for shares or assets of Target, and any related valuation issues and mechanism for contingencies and holdbacks, if any
	• mutual representations and warranties to be given by TSX Issuer and Target
	• name of resulting entity
	• identification and terms of disposition of excess assets, and satisfaction of outstanding liabilities
	• cap on number of dissenting shareholders of TSX Issuer (to prevent cash leakage)
	• timing and responsibility for stock exchange and other regulatory approvals
	• terms for dealing with outstanding warrants and options, new option plan
	• identification of key management to be retained, directors, composition of audit committee and independent directors going forward
	• determination of need for and use of any valuation opinions obtained, and any additional escrow requirements
b. Commonly binding terms	• conduct of business before closing
	• rights of parties to conduct due diligence and confidentiality
	• allocation of costs, break fees, exclusivity and standstill
5. TSX Issuer issues press release and files material change report	Immediately after LOI
6. TSX Issuer fixes record, mailing and meeting dates (assuming shareholder approval required)	
7. TSX Issuer commences review of transaction with exchange	
8. Target and TSX Issuer conduct mutual due diligence	Usually two weeks after LOI
9. Hold financial advisors / legal counsels / auditors meeting	Review any issues arising from due diligence. Resolve plan for pre-filing of accounting for business combination and comparative financial statements. Target will generally require 3 years of audited financial history. Confirm availability of tax losses (if any). Settle responsibility for and timing of requisite audit reports and comfort letters

ITEMS	TIMING & COMMENTS
10. Hold pre-filing meeting with stock exchange and principal regulators	Satisfy any open points regarding substitutional / supplemental listing; verify net tangible assets, earnings test and shareholdings tests, expecting trading profile, listing symbol, market makers, sponsorship, management and board composition. Principal regulators discussion / pre-filing regarding financial information regarding proposed method of measurement and disclosure for reverse takeover
11. Negotiate definitive combination agreement	Usually 2 weeks after completion of due diligence. Implements principal terms of LOI. Definitive provisions regarding overall transaction mechanics, directors, officers, shareholdings, by-laws, options, evaluation and legal opinions and reports and escrow requirements. Requires approval of directors of TSX Issuer and acceptance of RTO by stock exchange
12. Draft information circular for shareholders meeting of TSX Issuer	Mostly prepared by TSX Issuer and its counsel, approved by TSX Issuer's board. Required inputs from Target. Pre-file draft with stock exchange before mailing, and obtain pre-clearance
13. File personal information forms for new officers, directors and major shareholders	Required for stock exchange listing
14. Mail to shareholders information circular and other prescribed documents	After any required court approval (if applicable) and stock exchange acceptance
15. Complete any required private placement / public offering	Timing and cost depends on requirements post-closing, typically issue conditional security providing for refund if RTO not completed
16. Hold shareholder meeting and any necessary court approvals	Typically about 35 days after mailing
17. Hold closing, issue shares of TSX Issuer and handle post-closing steps	Immediately after shareholder and court approval (if under a plan of arrangement) and any other conditions are met. Includes delivery of transfers of assets, issue of shares, exchange of certificates and indemnities, exchange of legal opinions and all other implementation steps
18. Issue closing press release, file material change report and, if applicable, business acquisition report	Issued by new board as constituted on closing
19. Comply with early warning and insider reporting requirements	Target to comply

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