

13.2 Marketplaces

13.2.1 TSX Notice of Approval – Amendments to Part III, Part V and Part VI of the TSX Company Manual

**TORONTO STOCK EXCHANGE
NOTICE OF APPROVAL
AMENDMENTS TO PART III, PART V AND PART VI OF THE
TORONTO STOCK EXCHANGE (“TSX”) COMPANY MANUAL
(THE “MANUAL”)**

Introduction

In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals (the “Protocol”), TSX has adopted, and the Ontario Securities Commission (the “OSC”) has approved, amendments (the “Amendments”) to Part III, Part V and Part VI of the TSX Company Manual (the “Manual”) which are attached at **Appendix A**. The Amendments are public interest amendments to the Manual. The Amendments were published for public comment in a request for comments on February 4, 2011 (“Request for Comments”).

Reasons for the Amendments

The Amendments:

- A. introduce a new subsection in Section 319 for a new subcategory of minimum listing requirements for oil & gas development stage companies;
- B. amend Subsections 501(c), 604(a)(ii) and 611(b) to provide for aggregation of transactions involving insiders over a six-month period;
- C. amend Subsection 613(c) to provide that no security holder approval will be required for employment inducements provided that the aggregate number of securities issued to officers under the exemption in the one-year preceding period is not more than 2% of the number of securities outstanding; and
- D. delete Subsection 614(n)(v) which provides that a rights offering must be unconditional.

Summary of the Amendments

TSX received no comments in response to the Request for Comments. The blackline at **Appendix B** indicates non-material revisions made since the Request for Comments.

Text of the Amendments

The Amendments are attached at **Appendix A**.

Effective Date

- i) The Amendments to Section 319 and Section 614 are effective today, July 29, 2011.
- ii) The Amendments to Subsections 501(c), 604(a)(ii), 611(b) and 613(c) will become effective thirty (30) days from today, on August 29, 2011. These Amendments will not have any retroactive effect.

**APPENDIX A
PROPOSED AMENDMENTS TO THE TSX COMPANY MANUAL**

MINIMUM LISTING REQUIREMENTS FOR OIL AND GAS COMPANIES

Sec. 319. Requirements for Eligibility for Listing Non-Exempt Issuers²⁸

(b) Oil & Gas Development Stage Companies^{30C}

- (i) contingent resources^{30A} of \$500,000,000^{30B}.
- (ii) a minimum market value of the issued securities that are to be listed of at least \$200,000,000;
- (iii) a clearly defined development plan, satisfactory to the Exchange, which can reasonably be expected to advance the property;^{x3}
- (iv) adequate funds to either: (A) execute the development plan and cover all other capital expenditures as well as general, administrative and debt service expenses, for a period of 18 months with an allowance for contingencies; or (B) bring the property into commercial production, and adequate working capital to fund all budgeted capital expenditures and carry on the business. A management-prepared 18-month projection (by quarter) of sources and uses of funds detailing all planned and required expenditures signed by the Chief Financial Officer must be submitted. The projection must also include actual financial results for the most recently completed quarter; and
- (iv) an appropriate capital structure.

³⁰ – The Company must submit a technical report prepared by an independent technical consultant that conforms to National Instrument 51-101 and be acceptable to the Exchange. Reports prepared in conformity with other reporting systems deemed by the Exchange to be equivalent of National Instrument 51-101 will normally be acceptable also. The value of reserves should be calculated as the net present value of future cash flows before income taxes, prepared on a forecast basis, and discounted at a rate of 2010%. The Exchange may, at its discretion, also require the provision of a price sensitivity analysis.

^{30A} – “contingent resources” are defined in accordance with Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, however the Exchange in its discretion may exclude certain resources classified as contingent resources after taking into consideration the nature of the contingency. The Exchange will use the best-case estimate for contingent resources, prepared in accordance with National Instrument 51-101.

^{30B} – The Company must submit a technical report prepared by an independent technical consultant that conforms to National Instrument 51-101 and be acceptable to the Exchange. Reports prepared in conformity with other reporting systems deemed by the Exchange to be the equivalent of National Instrument 51-101 will normally be acceptable also. The value of the resources should be calculated as the best case scenario of the net present value of future cash flows before income taxes, prepared on a forecast basis, and discounted at a rate of 10%. The Exchange may, at its discretion, also require the provision of a price sensitivity analysis.

^{30C} – The Exchange strongly recommends pre-consultation with the Exchange for any applicant applying under this listing category. Generally, this category will be limited to issuers with unconventional oil & gas assets, such as oil sands.

Part V Special Requirements for Non-Exempt Issuers

Sec. 501.

- (c) Transactions involving insiders or other related parties of the non-exempt issuer¹ (both as defined in Part I) and which (i) do not involve an issuance or potential issuance of listed securities; or (ii) that are initiated or undertaken by the non-exempt issuer and materially affect control (as defined in Part I) require TSX acceptance under this Part V before the non-exempt issuer may proceed with the proposed transaction. Failure to comply with this provision may result in the suspension and delisting of the non-exempt issuer's listed securities (see Part VII of this Manual).

¹ For the purposes of this section, “transactions involving insiders and other related parties of the non-exempt issuer” includes, but is not limited to, (a) services rendered for which fees and commissions are payable; (b) purchases and sales of assets; (c) interest to be received by an insider or other related party pursuant to a loan, but does not include the principal amount of a loan which must be repaid; and (d) a loan by a non-exempt issuer to an insider or a related party, which includes both the principal and interest on any loan.

If the value of the consideration to be received by the insider or other related party exceeds 2% of the market capitalization of the issuer, TSX will require that:

- (i) the proposed transaction be approved by the board on the recommendation of the directors who are unrelated to the transaction; and
- (ii) the value of the consideration be established in an independent report, other than for executive or director compensation for services rendered unless the consideration appears to be commercially unreasonable, as determined by TSX.

In addition, if the value of the consideration to be received by the insider or other related party exceeds 10% of the market capitalization of the issuer, TSX will require that the transaction be approved by the issuer's security holders, other than the insider or other related party.

During any six-month period, transactions with insiders or other related parties will be aggregated for the purposes of this Subsection.

Sec. 604. Security Holder Approval

- (a) In addition to any specific requirement for security holder approval, TSX will generally require security holder approval as a condition of acceptance of a notice under Section 602 if in the opinion of TSX, the transaction:
 - (i) materially affects control of the listed issuer; or
 - (ii) provides consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six-month period, and has not been negotiated at arm's length.

If any insider of the listed issuer has a beneficial interest, direct or indirect, in the proposed transaction which differs from other security holders of the same class TSX will regard such a transaction as not having been negotiated at arm's length.

Sec. 611. Acquisitions

- (b) Security holder approval will be required in those instances where the number of securities issued or issuable to insiders as a group, together with any securities issued or made issuable to insiders as a group for acquisitions during the preceding six months, in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding on a non-diluted basis, prior to the date of closing of the transaction. Insiders receiving securities pursuant to the transaction are not eligible to vote their securities in respect of such approval.

Sec. 613.

Exception to the Requirement for Security Holder Approval—Employment Inducements

- (c) Security holder approval is not required for security based compensation arrangements used as an inducement to a ~~person(s)~~ or company(ies) not previously employed by and not previously an insider of the listed issuer, ~~to enter provided that: i) such person(s) or company(ies) enters~~ into a contract of full time employment as an officer of the listed issuer, ~~provided that; and ii) the number of securities made issuable to such person or company pursuant to this Subsection during any twelve month period do not exceed in aggregate 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the arrangement~~ this exemption is first used during such twelve month period

Sec. 614.

- (n) The following requirements apply to rights which are listed on TSX, although TSX may, in appropriate circumstances, apply these requirements to rights not so listed:
 - (i) once the rights have been listed on TSX, TSX will not permit the essential terms of the rights offering, such as the exercise price or the expiry date, to be amended. However, under extremely exceptional circumstances, such as an unexpected postal disruption, TSX may grant an exemption from the requirement that the expiry date not be extended;

- (ii) the rights offering must be open for a period of at least twenty-one (21) calendar days following the date on which the rights offering circular is sent to security holders or such longer period as is necessary to ensure that security holders, including security holders residing in foreign countries, will have sufficient time to exercise or sell their rights on an informed basis;
- (iii) security holders must receive exactly one right for each security held. An exemption from this requirement will be considered if the rights offering entitles security holders to purchase more than one security for each security held (prior to giving effect to any additional subscription privilege); and
- (iv) if the listed issuer proposes to provide a rounding mechanism, whereby security holders not holding a number of securities equally divisible by a specified number would have their entitlements adjusted upward, adequate arrangements must be made to ensure that beneficial owners of securities registered in the names of CDS, banks, trust companies, investment dealers or similar institutions will be treated, for purposes of such additional entitlements, as though they were registered security holders; and
- (v) ~~the rights offering must be unconditional.~~

**APPENDIX B
REVISIONS MADE SINCE THE REQUEST FOR COMMENTS**

Minimum Listing Requirements for Oil and Gas Companies

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(b) Oil & Gas Development Stage Companies^{30C}

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