

POLICY 7

SIGNIFICANT TRANSACTIONS AND DEVELOPMENTS

1. Significant Transactions and Developments

- 1.1 CNSX defines the term “significant transaction” as any corporate transaction, not involving equity securities, that constitutes material information concerning the CNSX Issuer. Significant transactions include, but are not limited to, material acquisitions, dispositions, option and joint venture agreements or license agreements entered into by the CNSX Issuer. In addition, “significant transaction” includes
- (a) any transaction or series of transactions with a Related Person with an aggregate value greater than the lower of (i) \$10,000 and (ii) 10% of the CNSX Issuer’s market capitalization;
 - (b) any loan to a CNSX Issuer other than a loan made by a financial institution;
 - (c) any payment of bonuses, finders fees, commissions or other similar payment by a CNSX Issuer; and
 - (d) entering into any oral or written contract for Investor Relations Activities relating to the CNSX Issuer by the CNSX Issuer or by any other person of which the CNSX Issuer has knowledge.
- 1.2 CNSX defines the term “developments” as any internal corporate development that constitutes material information concerning the CNSX Issuer. Developments include, but are not limited to, material developments to a CNSX Issuer’s products or the creation of a new product. A development may also include developments relating to an agreement such as the Issuer completing or failing to complete a milestone provided for in an agreement or breaching the terms of an agreement.
- 1.3 If the significant transaction constitutes material information concerning the CNSX Issuer, the Issuer must disseminate a news release pursuant to Policy 5.
- 1.4 The issuer must include updated information relating to significant transactions and developments in its Monthly Progress Report and Quarterly Listing Statement.

- 1.4 Significant transactions that result in a change of business may be subject to the additional requirements of Policy 8. Non-arm's length significant transactions may be subject to the requirements of OSC Rule 61-501 in addition to the requirements of this Policy. In the case of an acquisition, management of the Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to CNSX upon request.
- 1.5 CNSX Issuers involved in a significant transaction or development must immediately post notice of the proposed significant transaction or development (Form 10) concurrently or as soon as practicable following the issuance of a news release announcing the significant transaction or development (if the significant transaction constitutes material information concerning the CNSX Issuer) or upon the CNSX Issuer agreeing to the significant transaction (in all other cases).
- 1.6 At least one full Business Day prior to the closing of a proposed significant transaction the CNSX Issuer must post an initial or amended Form 10, if applicable.
- 1.7 Forthwith upon closing of a significant transaction, the CNSX Issuer must post
 - (a) a letter of CNSX Issuer confirming receipt of proceeds or payment of consideration provided for in the agreement(s) relating to the significant transaction (or describing the receipt or payment schedule); and
 - (b) an executed Certificate of Compliance (Form 6) from the CNSX Issuer that it has complied and is in compliance with Ontario securities law.

2. Restrictions on Contracts for Investor Relations Activities

2.1 Compensation to any persons providing Investor Relations Activities for a CNSX Issuer must be reasonable in proportion to the financial resources and level of operations of the CNSX Issuer and should be based on the value of the services provided and not on the CNSX Issuer's market performance. In particular, compensation to persons providing Investor Relations Activities may not be determined in whole or in part by the CNSX Issuer's securities attaining certain price or trading volume thresholds. The total number of listed securities (either issued directly or issuable on exercise of options or convertible securities) provided as compensation to persons providing Investor Relations Activities cannot exceed 1% of the outstanding number of listed securities in any 12-month period.

2.2 Persons performing Investor Relations Activities on behalf of a CNSX Issuer must ensure that they do not engage in any activities requiring registration under applicable securities legislation unless they are appropriately registered.