

POLICY 2

QUALIFICATION FOR LISTING

1. Eligibility for Listing

- 1.1 Only an Issuer that is a reporting issuer or the equivalent in a jurisdiction in Canada and that is not in default of any requirements of securities legislation in any jurisdiction in Canada is eligible for listing.
- 1.2 Each Issuer wishing to qualify for listing of its securities must:
 - (a) prepare and file with CNQ the Listing Statement and prescribed documentation;
 - (b) enter into a CNQ Issuer Agreement;
 - (c) have high speed access to the Internet and post on the CNQ.ca website the Listing Statement and prescribed documentation; and
 - (d) pay to CNQ the non-refundable listing application fee prescribed by Policy 10-Schedule of Fees, plus applicable taxes.
- 1.3 Each CNQ Issuer must have a public float of at least 500,000 freely-tradeable shares worth at least \$50,000 and consisting of at least 150 public holders holding at least a board lot each of the security. The public float must constitute at least 10% of the total issued and outstanding of that security, provided that a CNQ Issuer may have a public float that constitutes at least 5% of the total issued and outstanding if it has at least 200 public holders of at least a board lot each of the security. For the purposes of this Policy, a “public holder” is any shareholder other than a Related Person, an employee or a Related Person of a CNQ Issuer or any person or group of persons acting jointly or in concert holding
 - (a) more than 5% of the issued and outstanding; or
 - (b) securities convertible or exchangeable into the listed security and would, on conversion or exchange, hold more than 5% of the issued and outstanding.
- 1.4 CNQ shall designate as a “thin float issuer” any CNQ Issuer that has less than 10% of the total issued and outstanding held by the public holders as freely tradeable shares. CNQ will also apply this designation to companies that have a smaller public float as a percentage of the issued and outstanding than would be determined by the following formula:

Target % freely tradeable shares = $35 - (0.05 \times \text{actual number of public holders of at least a board lot})$

For example, an issuer that had a public float comprising 25% of the outstanding shares would need to have at least 200 public board lot holders to avoid being a thin float issuer ($35 - (0.05 \times 200) = 25$). If the float were 20% of the outstanding, the issuer would need at least 300 shareholders ($35 - (0.05 \times 300) = 20$). An issuer that has a public float comprising at least 27.5% of the outstanding and that otherwise meets the requirements for listing would not be a thin float issuer as the formula is satisfied by the minimum number of shareholders ($35 - (0.05 \times 150) = 27.5$). An issuer that has a public float of 10% or less of the outstanding will always be a thin float issuer.

An identifying marker will be added to the Issuer's stock symbol and disclosure on the CNQ.ca website.

- 1.5 Notwithstanding compliance with the foregoing, CNQ may in its discretion designate any CNQ Issuer as a "thin float" issuer whose shareholder distribution profile indicates a susceptibility to market volatility.
- 1.6 Operating companies in any industry must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements, or on an interim statement supported by a comfort letter from the company's auditor. These companies, if not yet profitable, must have liquid assets or a business plan that demonstrates a reasonable likelihood that the company can sustain its operations and achieve its objectives.
- 1.7 Non-operating companies in any industry must have a reasonable plan to develop an active business and the financial resources to carry out that plan. Companies at an early stage of development must be able to achieve limited objectives that will advance their development to a stage where additional financing is typically available to the companies in their industry. In particular, the following criteria apply:
 - (a) Mineral resource companies must have title to a property that is prospective for minerals and on which there has been exploration previously conducted. It must have obtained an independent report that meets the requirements of National Instrument 43-101 and that recommends further exploration on the property. If the company does not have title to the property, it must have the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program that will be completed within a reasonable time.
 - (b) Energy resource companies must have title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to earn a significant interest in the property upon completion of a fully-financed exploration program. The company must also

submit a qualifying report on the property in accordance with National Policy 2B or any successor instrument.

(c) Investment companies must have an appropriate balance between income and activity depending on the nature of their investments. Holding companies that are not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the shareholders of the issuer through distributions, or have prospects for growth through the reinvestment of earnings. Merchant banking or venture capital companies must have minimum net tangible assets of

(i) \$2 million, at least 50% of which has been allocated to at least 2 specific investments, or

(ii) \$4 million,

and a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting an active business.

1.8 An Issuer must have (i) cash generating capacity; (ii) a recent history as a listed company and a minimum working capital of \$50,000; or (iii) a minimum working capital of \$100,000. A company has a "recent history as a listed company" if it has been listed on a Canadian stock exchange within the previous 6 months and has not violated any of that exchange's requirements (other than minimum financial or shareholder distribution requirements for maintaining a listing) or applicable securities legislation.

1.9 CNQ will not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer severs relations with such person to CNQ's satisfaction.

1.10 CNQ may not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer

(a) have entered into a settlement agreement with a securities regulator or other authority;

(b) are known to be associated with other offenders depending on the nature and extent of the relationship and the seriousness of the offence committed; or

(c) have a consistent record of business failures, particularly failures involving public companies,

unless the Issuer severs relations with such person to CNQ's satisfaction.

- 1.11 CNQ may deem any person to be unacceptable to be associated in any manner with a CNQ Issuer if CNQ reasonably believes such association will give rise to investor protection concerns or could bring the CNQ marketplace into disrepute.

2. Required Documentation

In connection with an initial application for listing, an Issuer must file with CNQ the documents described below.

2.1 Application

The application for listing must include the following:

- (a) a letter applying to qualify for listing (Form 1A) requesting qualification for listing of one or more specific classes of equity securities of the Issuer and indicating the number and class of the Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;
- (b) a completed Listing Application (Form 1B) together with the supporting documentation set out in Appendix A to the Listing Application;
- (c) a draft Listing Statement (Form 2A) (including financial statements approved by the Issuer's Board of Directors and its Audit Committee, if the Issuer has an Audit Committee);
- (d) a draft Listing Summary (Form 2B);
- (e) a duly executed Personal Information Form (Form 3) from each Related Person of the Issuer; if any of these persons is not an individual, a PIF from each director, senior officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
- (f) current insider reports from each person required to file a PIF, as filed with the Commission; and
- (g) the application fee prescribed by Policy 10 - Schedule of Fees.

2.2 Comments, Responses and Additional Documentation

The Issuer must respond to any questions or comments, written or oral, from CNQ, and submit any additional documents or agreements requested by CNQ.

2.3 Final Documentation

CNQ must receive the following documents prior to qualification for listing:

- (a) two originally executed copies of the Listing Statement (Form 2A) dated within three business days of the date they are submitted to CNQ together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;
- (b) two originally executed copies of the Listing Summary (Form 2B) dated within three business days of the date they are submitted to CNQ;
- (c) two duly executed Listing Agreements (Form 4);
- (d) three choices for a stock symbol;
- (e) an opinion of counsel that the Issuer:
 - (i) is in good standing under and not in default of applicable corporate law;
 - (ii) is a reporting issuer or equivalent under the securities legislation of [state applicable jurisdictions] and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent;
 - (iii) has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder; and
 - (iv) has taken all necessary corporate action to authorize the execution, delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms;
- (f) an opinion of counsel that all shares previously issued of the class of securities to be listed or that may be issued upon conversion, exercise or exchange of other previously-issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable shares;
- (g) a certificate of the applicable government authority that the Issuer is in good standing under and not in default of applicable corporate law;
- (h) a certificate of the applicable commission(s) that the Issuer is a reporting issuer and not on the list of defaulting reporting issuers maintained under applicable securities legislation; and

- (i) [Repealed].

2.4 Posting Officer

- (a) A CNQ Issuer may not post any documents required under the CNQ Requirements except through its designated posting officer who has been designated, trained and approved as follows:
 - (i) The Issuer must designate at least one individual to act as the Issuer's posting officer and at least one backup. The posting officers will be responsible for executing, on behalf of the Issuer, all of the postings required of the Issuer under the CNQ Requirements.
 - (ii) The Issuer's designated postings officers must be trained by CNQ or a party selected by CNQ to execute postings on CNQ's Internet website.
 - (iii) The Issuer's designated posting officers will not be permitted to execute any postings until CNQ is satisfied that the designated posting officers are capable of executing postings.
- (b) A CNQ Issuer may post documents through the facilities of a third party CNQ approved posting service provider.

2.5 CNQ Postings

- (a) **Access** – The Issuer must have high speed access to the Internet.
- (b) **Postings** – The Issuer must post on the CNQ.ca website the following:
 - (i) the Listing Statement, including all reports required to be filed therewith;
 - (ii) the Listing Summary;
 - (iii) the Listing Agreement;
 - (iv) the opinions of counsel described in Policy 2 - 2.3(e) and (f);
 - (v) the certificate of good standing described in Policy 2 – 2.3(g);
 - (vi) the reporting issuer certificate described in Policy 2 - 2.3(h);
 - (vii) an executed Certificate of Compliance (Form 6); and
 - (viii) all documents comprising the Issuer's SEDAR record, and an index of such filings, for the previous two calendar years.

3. Continuing to Qualify for Listing

- 3.1 To continue to qualify for listing on the CNQ System, a CNQ Issuer must meet all of the following requirements:
- (a) the CNQ Issuer must be in good standing under and not in default of applicable corporate law;
 - (b) the CNQ Issuer must remain a reporting issuer or equivalent in good standing in each jurisdiction in which it is a reporting issuer or equivalent and must not be in default of any requirement of any such jurisdiction;
 - (c) the CNQ Issuer must be in compliance with the CNQ Requirements, and the terms of the Listing Agreement;
 - (d) the CNQ Issuer must post all required documents and information required under the Policies of CNQ, including without limitation, the requirement to post a monthly Certificate of Compliance (Form 6);
 - (e) the CNQ Issuer must concurrently post all public documents submitted to SEDAR; and
 - (f) The CNQ Issuer must submit a Personal Information Form for any new Related Person of the Issuer (if any of these persons is not an individual, a PIF from each director, officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual).

3.2 [REPEALED].

3.3 [REPEALED].

3.4 [REPEALED].

4. Procedure

- 4.1 CNQ will automatically suspend from quotation the securities of a CNQ Issuer if CNQ or the CNQ Market Regulator determines that the CNQ Issuer fails to meet any of the above criteria or it is in the public interest to suspend quotation of the securities of the CNQ Issuer.

5. Listing in US Dollars

- 5.1 The CNQ System accommodates securities being quoted in US dollars. Securities cannot trade in both US and Canadian dollars, but a CNQ Issuer may have one class of security qualify for quotation in US dollars and a different security qualify for quotation in Canadian dollars.

6. Listing of Securities Convertible or Exercisable into Securities of Exchange Listed Issuers

- 6.1 CNQ may in its discretion permit listing of warrants or convertible securities of Issuers, whose underlying securities are listed on a recognized stock exchange in Canada if the warrants or convertible securities are not listed on the stock exchange.
- 6.2 CNQ may amend, modify or waive its qualification for listing requirements, in whole or in part, to permit listing of warrants or convertible securities of exchange listed Issuers. CNQ will permit listing of warrants or convertible securities only after consultation and in co-ordination with the recognized stock exchange.