

13.1.2 TSX Notice of Approval - Amendments to Parts III and IV of the TSX Company Manual

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

**AMENDMENTS TO PARTS III AND VI OF THE
TORONTO STOCK EXCHANGE ("TSX") COMPANY MANUAL**

Introduction

In accordance with the "Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals" (the "Protocol") between the Ontario Securities Commission (the "OSC") and Toronto Stock Exchange ("TSX"), TSX has adopted and the OSC has approved various amendments (the "Amendments") to the TSX Company Manual (the "Manual").

Reasons for the Amendments

The Amendments represent changes to the original listing requirements in Part III of the Manual (the "Part III Amended Sections"). As well, on January 1, 2005, certain amendments to Parts V, VI and VII of the Manual became effective (the "January 1, 2005 Amendments"). Since that time, it has come to our attention that a subsection of the January 1, 2005 Amendments had been published incorrectly and required updating. TSX has corrected this subsection (the "Part VI Amended Sections", together with the Part III Amended Sections, the "Amended Sections").

Summary of the Amendments

The Part III Amended Sections represent amendments to TSX's requirements for Canadian directors in Sections 311, 316 and 321, and the repeal of its original listing requirements for foreign issuers in Section 324. Sections 311, 316 and 321 are identical, with the exception of references to the applicable industry sectors.

The Part VI Amended Sections represent amendments to a provision in Subsection 613(a) that was inadvertently published incorrectly. The provision deals with whether or not restricted security holders are able to vote on a basis proportionate to their equity interests on security holder resolutions relating to security based compensation requirements. Although we received several comments on the January 1, 2005 Amendments during the comment process, no comments were directly made on this error. TSX has also removed the requirement to obtain approval of the majority of unrelated directors for security based compensation arrangements.

Effective Date

The Amendments will become effective on February 15, 2006. The Amendments were published for public comment on December 16, 2005. No comment letters were received.

The Amended Sections are attached as Appendix A.

Appendix A:
Public Interest Amendments to Parts III and VI of the TSX Company Manual

Toronto Stock Exchange ("TSX") has amended the policies of the TSX Company Manual (the "Manual") as follows:

Part III of the Manual

1. Section 308 of the Manual will be amended by deleting the sentence "The requirements for foreign companies are set out in Section 324."
2. Section 311 of the Manual will be amended as follows:

"Sec 311. The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to the company's business and industry and adequate public company experience which demonstrates that they are able to satisfy all of their reporting and public company obligations. ~~Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies as detailed in Section 324.~~ Companies will be required to have at least two independent directors,¹⁴ a chief executive officer (CEO), a chief financial officer who is not also the CEO, and a corporate secretary.

¹⁴An independent director is defined as a person who:

(a) is not a member of management and is free from any interest and any business or other relationship which in the opinion of the Exchange could reasonably be perceived to materially interfere with the director's ability to act in the best interest of the company; and

(b) is a beneficial holder, directly or indirectly, or is a nominee or associate of a beneficial holder, collectively of 10% or less of the votes attaching to all issued and outstanding securities of the applicant.

The Exchange will consider all relevant factors in assessing the independence of the director. As a general rule, the following persons would not be considered an independent director:

- (i) a person who is currently, or has been within the past three years, an officer, employee of or service provider to the company or any of its subsidiaries or affiliates; or
- (ii) a person who is an officer, employee or controlling shareholder of a company that has a material business relationship with the applicant."

3. Section 316 of the Manual will be amended as follows:

"Sec. 316. The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to a company's mining projects and adequate public company experience which demonstrates that they are able to satisfy all of their reporting and public company obligations. ~~Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements For Foreign Companies as detailed in Section 324.~~ Companies will be required to have at least two independent directors,²⁷ a chief executive officer (CEO), a chief financial officer who is not also the CEO, and a corporate secretary.

²⁷ See footnote 14."

4. Section 321 of the Manual will be amended as follows:

"Sec. 321. The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to a company's oil and gas projects and adequate public company experience which demonstrates that they are able to satisfy all of their reporting and public company obligations. ~~Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies detailed in Section 324.~~ Companies will be required to have at least two independent directors,³⁵ a chief executive officer (CEO), a chief financial officer who is not also the CEO, and a corporate secretary.

³⁵ See footnote 14."

5. Section 324 of the Manual will be repealed and replaced with the following:

“Minimum Listing Requirements for International Issuers

Sec. 324. International issuers are entities where the issuer is already listed on another recognized exchange which is acceptable to the Exchange, and is incorporated outside of Canada. There are no unique requirements for the management or the financial requirements for ~~international foreign~~ issuers. However, these issuers are generally required to have some presence in Canada and must be able to demonstrate, as with all issuers, that they are able to satisfy all of their reporting and public company obligations in Canada. This may be satisfied by having a member of the board of directors or management, an employee or a consultant of the issuer situated in Canada.”

Part VI of the Manual

6. Section 601 of the Manual will be amended by deleting the definition of “unrelated director”.
7. Subsection 602(g) of the Manual will be amended by deleting the last sentence that begins with “The exemptions contained in this Subsection 602(g) ...”.
8. Section 613(a) of the Manual will be amended as follows:

“613. (a) ~~When instituted, and when required for amendment,~~ all security based compensation arrangements must be approved by:

- (i) a majority of the listed issuer’s directors; ~~and~~
- (ii) ~~a majority of the listed issuer’s unrelated directors; and~~
- (iii) ~~—~~subject to Subsections 613(b), (c), (g) and (i), by the listed issuer’s security holders.

Every three years after institution, all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable, must be approved by:

- (i) a majority of the listed issuer’s directors; ~~and~~
- (ii) ~~a majority of the listed issuer’s unrelated directors; and~~
- (iii) ~~—~~subject to Subsections 613(b), (c), (g) and (i), the listed issuer’s security holders.

Insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approvals required by this Subsection 613(a) unless the aggregate of the listed issuer’s securities;

- (i) ~~issued to insiders of the listed issuer, within any one year period, and~~
- (ii) ~~issuable to insiders of the listed issuer, at any time,~~

~~issued and issuable to insiders of the listed issuer~~ under the arrangement, or when combined with all of the listed issuer’s other security based compensation arrangements, could not exceed 10% of the listed issuer’s total issued and outstanding securities.

If any security holder approval is required for a security based compensation arrangement and insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approval required by this Subsection 613(a), ~~when combined with all of the listed issuer’s other security based compensation arrangements could exceed 10% of the listed issuer’s total issued and outstanding securities,~~ holders of Restricted Securities, as defined in Section 624, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the listed issuer.

Security holder approval required for a security based compensation arrangement must be by way of a duly called meeting. The exemption from security holder approval contained in Subsection 604(e) is not available in respect of security based compensation arrangements.”