



Overview of the additional amended policies regarding the CPC program

| Topic and Section Reference | Amended Policy 2.4 | Former Policy |
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| Seed Capital & Aggregate Funds: | | |
| Section 3.2(f)(i) | Ability to raise a maximum of \$1,000,000 in Seed Capital below the IPO price | Maximum \$500,000 Seed Capital raised below IPO price |
| Section 3.2(k) | Ability to raise a maximum of \$10,000,000 in aggregate funds | Maximum \$5,000,000 in aggregate funds raised by a CPC |
| Agents & Pro Group: | | |
| Section 5.1 | IPO Agent need not be a Member of the Exchange | IPO Agent must be a Member of the Exchange |
| Section 5.2(c)(iv) | Maximum 5 year term for Agent's Options | Maximum 2 year term for Agent's Options |
| Removal of section 14.8 of the Former Policy | Shares acquired by Pro Group at or above the IPO price will not be subject to escrow | All shares acquired by the Pro Group are subject to escrow, regardless of the issue price |
| Removal of section 14.8 of the Former Policy | Shares issued to the Pro Group members as part of the Qualifying Transaction will not be subject to a four month hold period unless required by law | All shares issued to the Pro Group as part of the Qualifying Transaction are subject to a four month hold period |
| CPC Stock Options: | | |
| Section 6.1 | Stock Option Plan – 10% rolling option plans based on number of shares outstanding at the time of grant | Stock Option Plan – 10% fixed based on number of shares outstanding on closing of the IPO |
| Section 6.4 | Minimum exercise price for CPC Stock Options granted before the IPO will be the lowest Seed Share issue price | Minimum exercise price for CPC Stock Options is greater of IPO price and Discounted Market Price |
| Section 10.1 | Escrow for all CPC Stock Options and all Option Shares issued at an exercise price that is less than the IPO price | |
| Use of Proceeds: | | |
| Section 7.1 | General and Administrative expenses limited to \$3,000 per month | Non-Qualifying Transaction expenses (e.g. General Administrative) limited to lesser of 30% of gross proceeds raised by CPC and \$210,000 over life of CPC |
| Sections 7.1 and 7.2 | Expanded guidance on permitted uses of proceeds and payments to Non-Arm's Length Parties | |



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| Section 7.4 | Deposit/advance/loan provisions similar to what is permitted in Policy 5.2 – <i>Changes of Business and Reverse Takeovers</i> | |
| Private Placements: | | |
| Section 9.3 | Only available for Common Shares prior to Completion of the Qualifying Transaction, but a Concurrent Financing may in certain circumstances involve the issuance of Subscription Receipts or Special Warrants that convert into Listed Shares, or Listed Shares and Warrants, on Completion of the Qualifying Transaction | Only Common Shares prior to Completion of the Qualifying Transaction |
| Section 9.7 | Pre-Qualifying Transaction – compensation up to 10% cash plus 10% Warrants permitted | |
| Sections 9.4, 9.5 and 9.6 and section 7.4 | Introduce Bridge Financing and Concurrent Financing provisions similar to those in Policy 5.2 – <i>Changes of Business and Reverse Takeovers</i> | |
| Qualifying Transaction Finder’s Fees: | | |
| Section 7.3(a) | Finder’s fee may be paid to Person that is not a Non-Arm’s Length Party to the CPC | Finder’s fee may be paid to Person that is not a Non-Arm’s Length Party to the CPC |
| Section 7.3(b) | Finder’s fee may be paid to a Non-Arm’s Length Party to the CPC if: <ul style="list-style-type: none"> - Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction; - Qualifying Transaction is not a transaction between the CPC and an existing public company; - Finder’s fee is payable in cash, Listed Shares and/or Warrants; - The amount of any Concurrent Financing is not included in the value of the measurable benefit; and - Disinterested Shareholder approval is obtained | Finder’s fee may not be paid to a Non-Arm’s Length Party to the CPC |
| Financial Statements: | | |
| Form 3B1/3B2 | CPC: <ul style="list-style-type: none"> - Annual Financial Statements 120 days - Interim Financial Statements 60 days | CPC: <ul style="list-style-type: none"> - Annual Financial Statements 120 days - Interim Financial Statements 60 days |
| Form 3B1/3B2 | Target Company: <ul style="list-style-type: none"> - Annual Financial Statements 90 days - Interim Financial Statements 45 days | Target Company: <ul style="list-style-type: none"> - Annual Financial Statements 90 days - Interim Financial Statements 60 days |



| Other Points: | | |
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| Section 1.1 | CPC can be a trust | Trust structure not expressly permitted |
| Section 1.1 | Majority of the Minority Approval may be obtained at a meeting of Shareholders OR by written consent | Majority of the Minority Approval required to be obtained at a meeting of Shareholders |
| Removal of section 14.9 of the Former Policy | No restriction on reverse takeover within first year after Qualifying Transaction | Restriction on reverse takeover within first year after Qualifying Transaction |
| Section 11.1(e) | Resulting Issuer may be a finance issuer (but still cannot be a mutual fund) | Resulting Issuer could not be a finance issuer |

Information in the chart is extracted from the TSXV [bulletin](#) dated December 1, 2020

