

Public Company Reporting: Annual TMX Update

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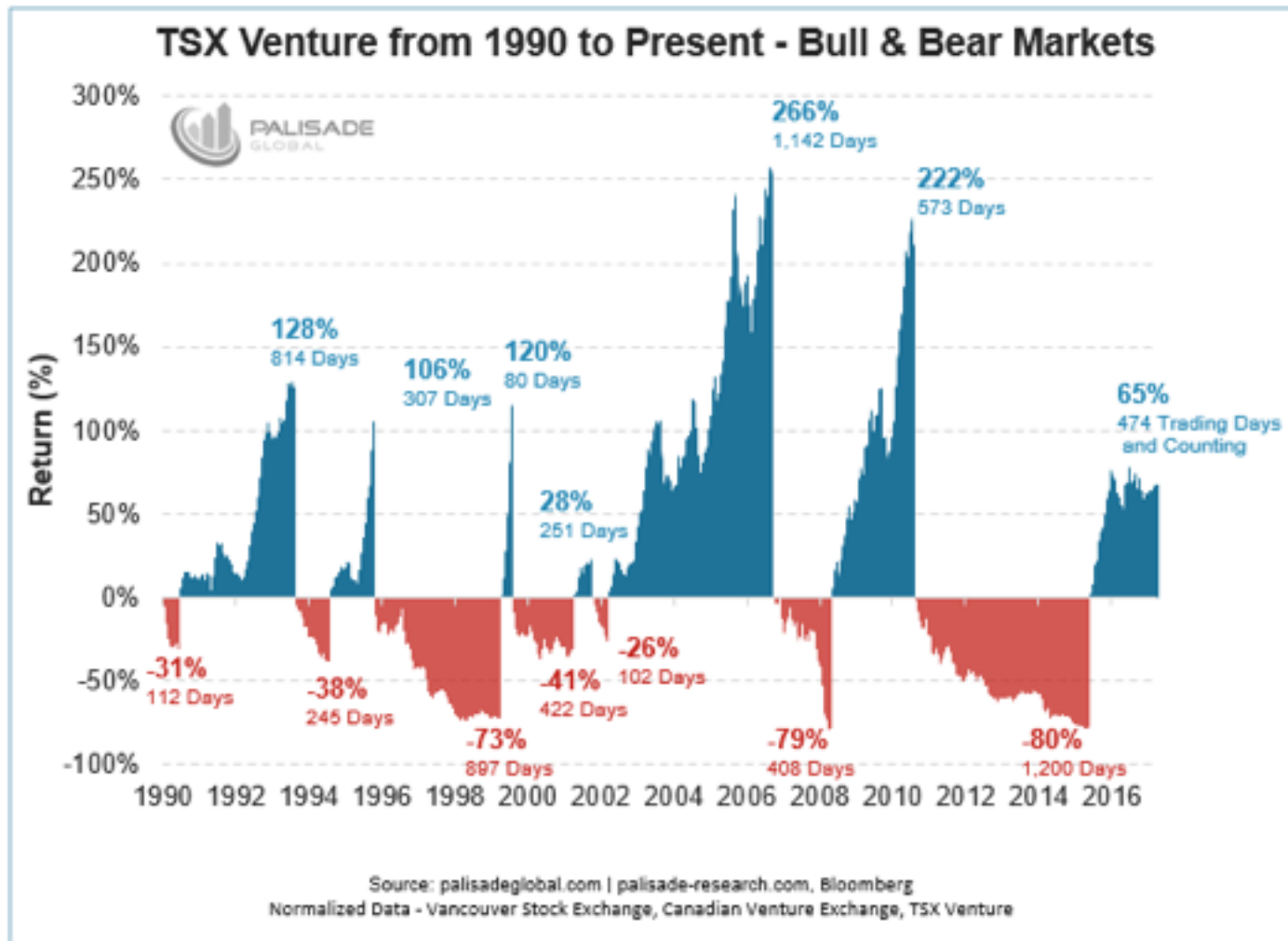
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TOPICS OF DISCUSSION

1. TSX/TSXV Market Updates
2. TSX/TSXV Marijuana Sector
3. TSX/TSXV Cryptocurrency Sector
4. TSX/TSXV CUSIP / ISIN
5. TSX/TSXV Personal Information Forms
6. TSXV Policy 5.2 COB/RTO
7. TSX Private Placement Guidance
8. TSX Website Disclosure
9. TSX Security Based Compensation

Bull Market Demonstrating Strength



Resurgence of Deal Makers

YTD/as at December 31, 2017	TSX Venture Exchange	TSXV Last Year	% Change
Number of Issuers	1,653	1,648	0.3%
Quoted Market Value (QMV) (C\$ Billions)	50.8	38.1	33%
Going Public Activity/New Listings	143	104	38%
IPOs (ex CPCs/ETFs/CEFs/SPACs)	11	1	1000%
CPC/SPAC IPOs	37	17	118%
ETF & Closed-End Fund IPOs			
Qualifying Transactions (QTs)	38	29	31%
Qualifying Acquisitions (QAs)			
TSXV RTOs	12	13	-8%
NEX RTOs	11	6	83%
Grads			
Other	34	38	-11%
Equity Capital Raised (C\$ Millions)	6,102.1	4,408.4	38%
Initial Public Offerings	97.0	33.5	190%
Public Offerings/Supplementary	1,825.0	977.0	87%
Private Placements	4,180.1	3,397.9	23%
Number of Financings	1,564	1,549	1%
Volume Traded (Billions of Shares)	49.3	43.0	15%
Value Traded (C\$ Billions)	23.0	15.1	52%
# of Trades (Millions)	9.4	6.5	45%
S&P/TSX/TSXV Composite Indices	850.7	762.4	12%

- # of Issuers holding steady
- New listing activity strong
- Financing Activity up 38% Year over Year
- Inventory of shell vehicles consumed
 - Return of CPC program
 - Increase in number of QTs & RTOs
- Financing businesses, not just G&A
 - Average financing size up to \$4.1m, from \$2.5m January 2016

Challenges for Senior Financing

What's Going on Generally (YTD/as at December 31, 2017)

YTD/as at December 31, 2017	TSX Venture Exchange	TSXV Last Year	% Change	Toronto Stock Exchange	TSX Last Year	% Change	TSXV and TSX	TSXV and TSX Last Year	% Change
Number of Issuers	1,653	1,648	0.3%	1,501	1,482	1%	3,154	3,130	0.8%
Quoted Market Value (QMV) (C\$ Billions)	50.8	38.1	33%	2,968.6	2,735.5	9%	3,019.4	2,773.6	9%
Going Public Activity/New Listings	143	104	38%	153	117	31%	296	221	34%
IPOs (ex CPCs/ETFs/CEFs/SPACs)	11	1	1000%	17	3	467%	28	4	600%
CPC/SPAC IPOs	37	17	118%	2	1	100%	39	18	117%
ETF & Closed-End Fund IPOs				107	82	30%	107	82	30%
Qualifying Transactions (QTs)	38	29	31%				38	29	31%
Qualifying Acquisitions (QAs)				4		100%	4	-	100%
TSXV RTOs	12	13	-8%				12	13	-8%
NEX RTOs	11	6	83%				11	6	83%
Grads				15	16	-6%	15	16	-6%
Other	34	38	-11%	8	15	-47%	42	53	-21%
Equity Capital Raised (C\$ Millions)	6,102.1	4,408.4	38%	48,419.7	57,751.8	-16%	54,521.7	62,160.1	-12%
Initial Public Offerings	97.0	33.5	190%	6,046.6	1,543.3	292%	6,143.6	1,576.8	290%
Public Offerings/Supplementary	1,825.0	977.0	87%	32,912.4	52,102.2	-37%	34,737.4	53,079.2	-35%
Private Placements	4,180.1	3,397.9	23%	9,460.7	4,106.2	130%	13,640.8	7,504.1	82%
Number of Financings	1,564	1,549	1%	658	631	4%	2,222	2,180	1.9%
Volume Traded (Billions of Shares)	49.3	43.0	15%	81.3	96.1	-15%	130.6	139.0	-6%
Value Traded (C\$ Billions)	23.0	15.1	52%	1,442.1	1,395.4	3%	1,465.1	1,410.5	4%
# of Trades (Millions)	9.4	6.5	45%	198.8	230.1	-14%	208.2	236.6	-12%
S&P/TSX/TSXV Composite Indices	850.7	762.4	12%	16,209.1	15,287.6	6%			

- Low interest rate environment means senior issuers have better access to non-dilutive funding alternatives
- Depth of private equity continues to keep companies private longer, and acquire from public markets - reducing listed issuers
- Positive momentum in energy expected through 2018

Mining Activity Rebounding

What's Listed on TSX Venture Exchange (As at December 31, 2017)

Sector	TSX Venture Exchange			
	Listed Issuers		Total QMV (\$ millions)	
Clean Technology & Renewable Energy	56	3%	1,287	3%
Closed-End Funds				
Comm. & Media	11	1%	894	2%
Consumer Products & Services	42	3%	877	2%
CPC/SPAC	51	3%	37	0.07%
ETFs				
Financial Services	56	3%	5,635	11%
Industrial Products & Services	57	3%	1,726	3%
Life Sciences	100	6%	6,692	13%
Mining	987	60%	22,892	45%
Oil & Gas	135	8%	3,646	7%
Real Estate	29	2%	2,354	5%
Technology	127	8%	4,694	9%
Utilities & Pipelines	2	0.1%	102	0.2%
TOTAL	1,653	100%	50,837	100%
Region				
British Columbia	836	51%	20,240	40%
Alberta	180	11%	5,619	11%
Prairies	21	1%	1,827	4%
Ontario	361	22%	14,890	29%
Quebec	102	6%	2,753	5%
Atlantic Canada	26	2%	876	2%
International	127	8%	4,632	9%
International Breakdown:				
USA	67	53%	2,204	48%
Australia/NZ/PNG	8	6%	344	7%
Asia	20	16%	404	9%
UK/Europe	12	9%	668	14%
Africa	3	2%	325	7%
Latin America	10	8%	581	13%
Other	7	6%	106	2%
TOTAL	1,653	100%	50,837	100%

What's Financed on TSX Venture Exchange by Sector (YTD December 31, 2017)

Sector	TSX Venture Exchange (C\$ Millions)			
	IPO	PO	PP	Total
Clean Tech & Renewable Energy	-	11.4	49.0	60.4
Closed-End Funds				
Comm. & Media	-	5.8	7.3	13.0
Consumer Products & Services	-	23.3	49.8	73.0
CPC/SPAC	18.0	-	4.5	22.6
ETFs				
Financial Services	-	29.8	249.7	279.6
Industrial Products & Services	-	134.3	58.5	192.8
Life Sciences	-	257.6	365.3	623.0
Mining	56.5	560.4	2,619.7	3,236.5
Oil & Gas	-	302.4	407.2	709.6
Real Estate	22.5	468.0	39.7	530.2
Technology	-	32.0	329.4	361.4
Utilities & Pipelines	-	-	-	-
TOTAL	97.0	1,825.0	4,180.1	6,102.1

- Mining represents 60% of our listed issuer base - accounts for 53% of financing activity
- Life sciences has financed more actively per issuer - 6% of issuers, 10% of financing
- Marijuana activity led early 2017
- Pipeline of blockchain related companies closed 2017 strong

What's Financed on TSXV

Sector	TSX Venture Exchange (C\$ Millions)			
	IPO	PO	PP	Total
Clean Technology & Renewable En	-	11.4	49.0	60.4
Closed-End Funds	-	-	-	-
Comm. & Media	-	5.8	7.3	13.0
Consumer Products & Services	-	23.3	49.8	73.0
CPC/SPAC	18.0	-	4.5	22.6
ETFs	-	-	-	-
Financial Services	-	29.8	249.7	279.6
Industrial Products & Services	-	134.3	58.5	192.8
Life Sciences	-	257.6	365.3	623.0
Mining	56.5	560.4	2,619.7	3,236.5
Oil & Gas	-	302.4	407.2	709.6
Real Estate	22.5	468.0	39.7	530.2
Technology	-	32.0	329.4	361.4
Utilities & Pipelines	-	-	-	-
TOTAL	97.0	1,825.0	4,180.1	6,102.1

Top 10 Financings for the Month of December 2017

TSXV Top 10 Financings

1. OrganiGram Holdings Inc., Life Sciences - \$58M Public Offering
2. Sterling Resources Ltd., Oil & Gas - \$44M Private Placement
3. Neo Lithium Corp., Mining - \$30M Private Placement
4. CWC Energy Services Corp., Industrial Products & Services - \$26M Public Offering
5. Lumina Gold Corp., Mining - \$20M Private Placement
6. Cronos Group Inc., Life Sciences - \$17M Public Offering
7. Northern Empire Resources Corp., Mining - \$15M Public Offering
8. Kutcho Copper Corp., Mining - \$15M Private Placement
9. LeoNovus Inc., Technology - \$14M Public Offering
10. INDIVA Limited, Life Sciences - \$12M Private Placement

Top 10 Financings in 2017

TSXV Top 10 Financings

1. Cobalt 27 Capital Corp., Mining - \$200M Public Offering, June
2. Leagold Mining Corporation, Mining - \$175M Public Offering, March
3. StorageVault Canada Inc., Real Estate - \$135M Public Offering, July
4. PetroShale Inc., Oil & Gas - \$110M Public Offering, April
5. Mosaic Capital Corporation, Financial Services - \$100M Private Placement, January
6. Pure Multi-Family REIT LP, Real Estate - \$92M Public Offering, April
7. Pure Multi-Family REIT LP, Real Estate - \$92M Public Offering, June
8. Blackbird Energy Inc., Oil & Gas - \$85M Public Offering, March
9. Trek Mining Inc., Mining - \$83M Private Placement, March
10. Leucrotta Exploration Inc., Oil & Gas - \$80M Public Offering, April

MARIJUANA SECTOR

- October 16, 2017 – TSX Staff Notice and TSXV Bulletin
- Background: A number of states in the USA have legalized the cultivation, distribution or possession of marijuana to various degrees, **BUT** marijuana remains illegal under U.S. federal law as it is a Schedule I drug under the *Controlled Substances Act*.
- Issuers with ongoing business activities that violate U.S. federal law regarding marijuana are not complying with TSX/TSXV requirements.

MARIJUANA SECTOR

Such business activities may include, in order of concern to TSX/TSXV:

- (i) direct or indirect ownership of, or investment in, such entities;
- (ii) commercial interests or arrangements with such entities that are similar in substance to ownership of, or investment in, such entities;
- (iii) providing services or products that are specifically designed for, or targeted at, such entities; or
- (iv) commercial interests or arrangements with entities engaging in the business activities described in (iii).

The business activities in (iii) and (iv) are referred to as “**Ancillary Services Activities**”.

MARIJUANA SECTOR

- TSX/TSXV are conducting continued listing reviews of issuers in the marijuana sector and are dividing such issuers into two categories:
 - (i) issuers with business activities that involve the cultivation, distribution or possession of marijuana in any jurisdiction; and
 - (ii) issuers that do not cultivate, distribute or possess marijuana, but that appear to be engaging in Ancillary Services Activities.
- If a listed issuer is engaging in illegal activities that are contrary to its requirements, the Exchange has the discretion to initiate a delisting review.

MARIJUANA SECTOR

TSX and TSXV continue to welcome qualified applicants in the marijuana sector that comply with applicable laws.

Resources: Natural or Human?

Total Market Value of TSX/
TSXV Resources (\$B)



Total Market Value of TSX/
TSXV (\$B)



Resources: Natural or Human?

~40%



~20%

Growing Importance of Tech in Canada

#1

sector for IPOs and new listings
(on TSX/TSXV in 2015-17)

93

IPOs and new listings
(on TSX/TSXV in 2015-17)

\$21B

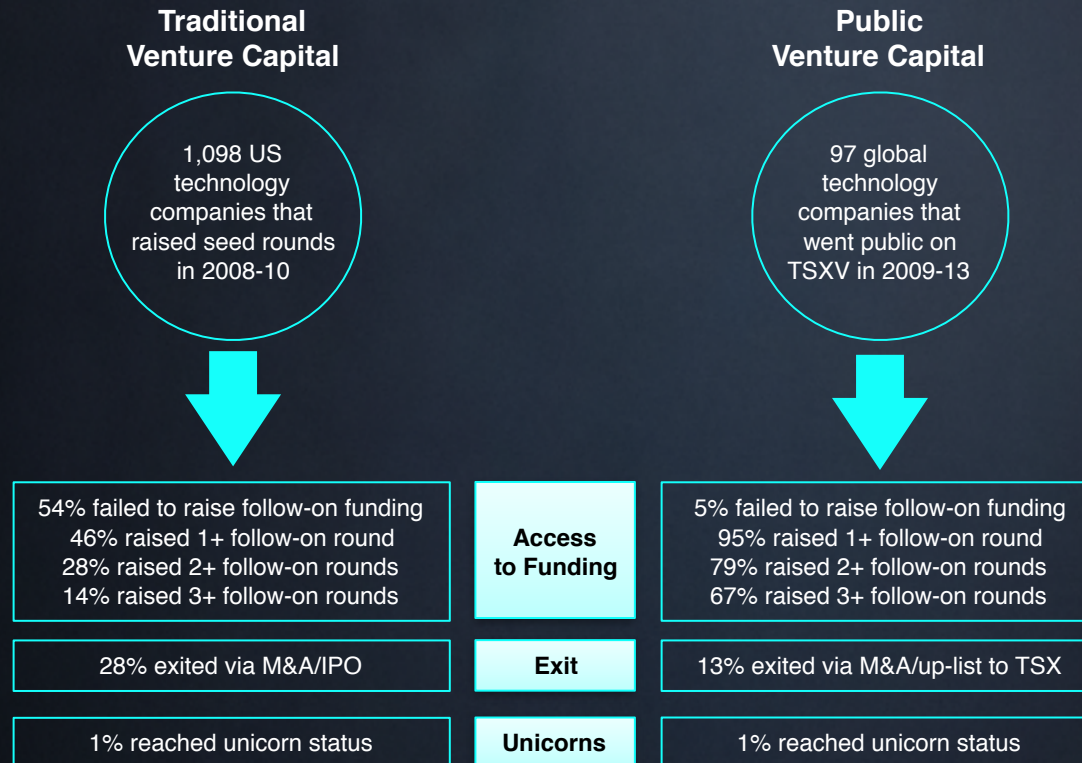
in equity capital raised
(on TSX/TSXV in 2015-17)

Growing Importance of Tech Globally



Where Are They Now?

We compared the performance of nearly 1,200 early-stage tech companies that took different funding paths ... **this is what we learned.**



Raising multiple funding rounds is more common with public venture capital

Early-stage M&A exits are more common with traditional venture capital

The likelihood of reaching unicorn status is the same

CRYPTOCURRENCY SECTOR

- CSA Staff Notice 46-307 dated August 24, 2017
- Cryptocurrency offerings can provide new opportunities for businesses to raise capital and for investors to access a broader range of investments, **BUT** they can also raise investor protection concerns, due to issuer around volatility, transparency, valuation, custody and liquidity, as well as the use of unregulated cryptocurrency exchanges.
- Provide notice to issuers that securities laws may apply to them and their cryptocurrency offerings, including:
 - the need to file a prospectus or rely upon an exemption from the prospectus requirement
 - the need to be registered
 - the need for a trading platform to comply with marketplace requirements or an exemption

CRYPTOCURRENCY SECTOR

- Hot Topic “Marijuana 2.0”
- Similarly, listed issuer’s activities must be legal

TIO Networks Corp.



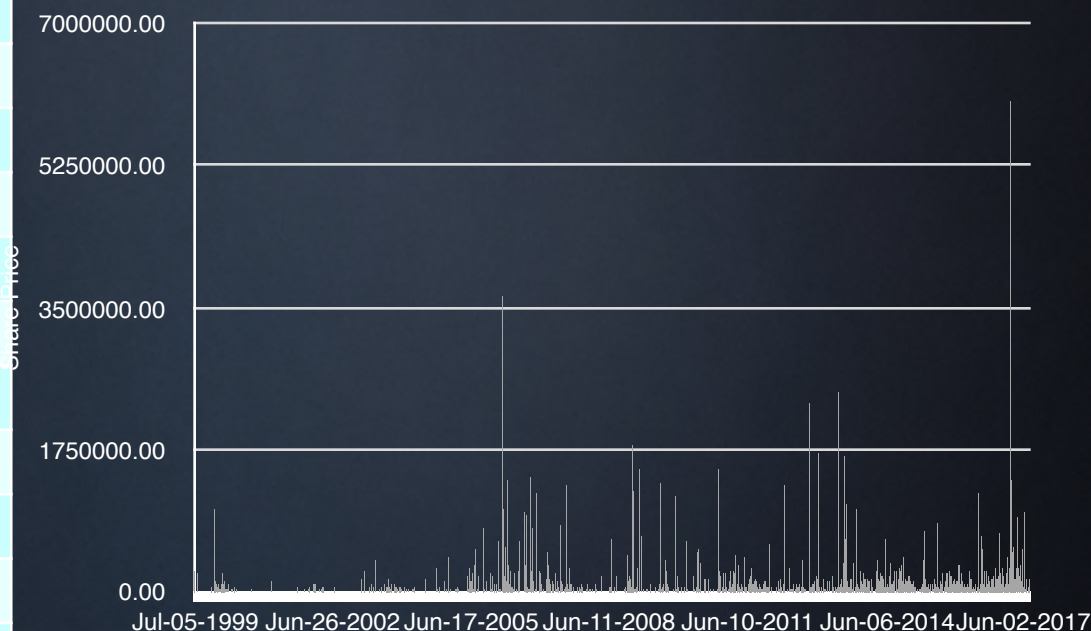
Acquired by



Overview

1999
\$1M Public Venture Capital Financing
Revenues of \$1M
1999-2017
\$30M+ Follow-on Funding Rounds
3 Acquisitions
Revenues of \$85M+
2017
Sale to PayPal - \$300M

Share Price Performance (since listing)



- IPO
- Financings
 - \$32 million in 15 Financings
- M&A Activity
 - 3 Acquisitions
 - 1 Strategic Private Placement
- Acquired by PayPal

BTL Group Ltd.

(TSXV: BTL)



Overview

2015

\$2M Public Venture Capital Financing

Revenues of \$0M

2015-2017

\$15M+ Follow-on Funding Rounds (pending)

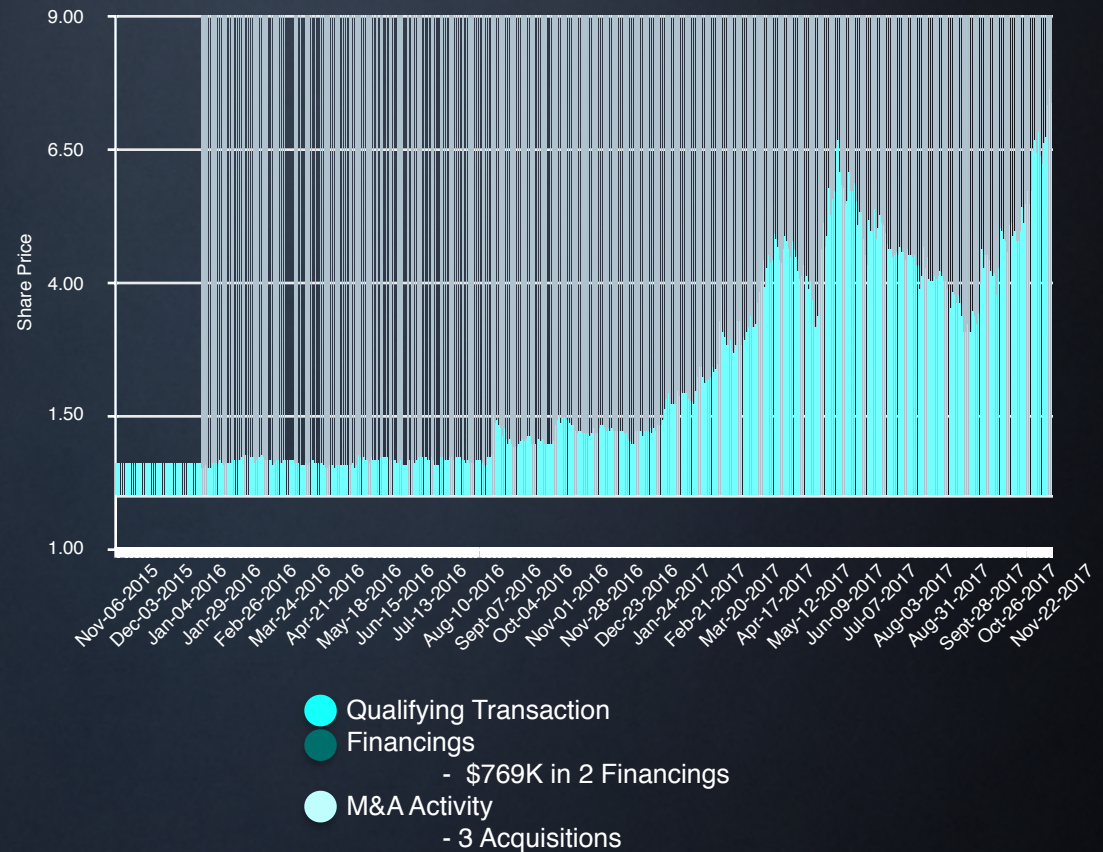
Venture 50 Winner, 2017

2017

Market Value of \$140M



Share Price Performance (since listing)



Hive Blockchain Technologies Ltd.

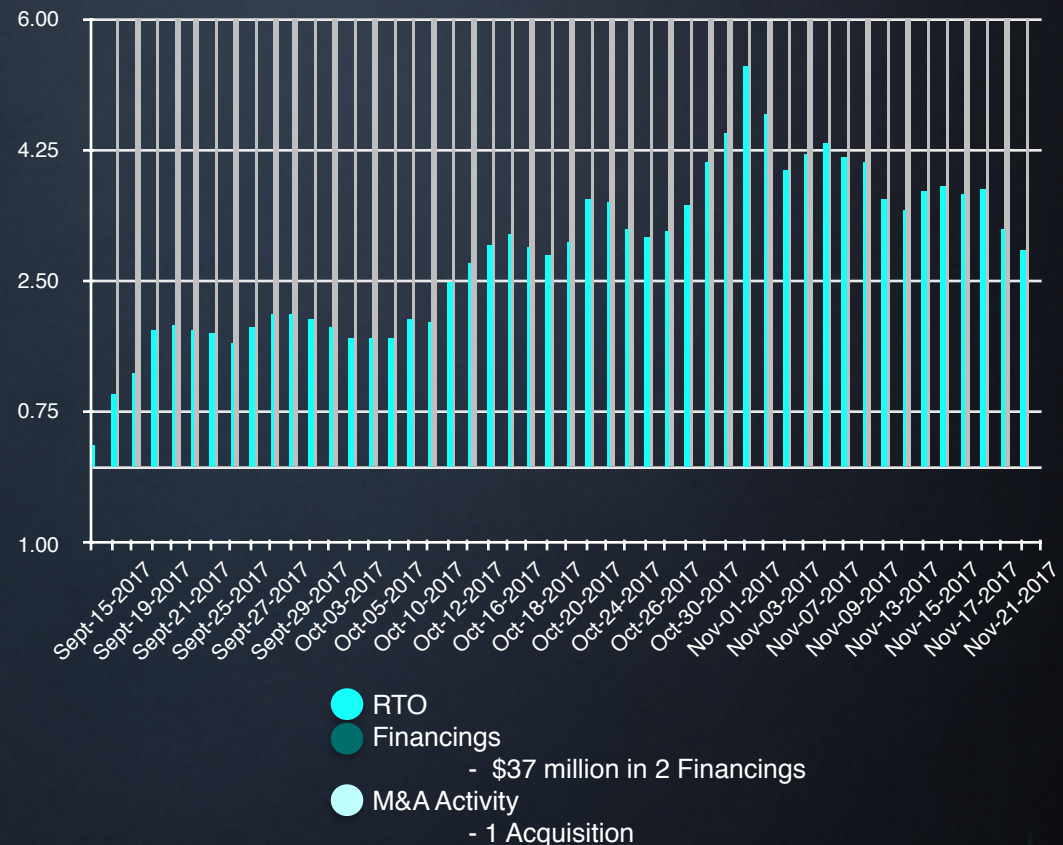
(TSXV: HIVE)



Overview

2017
\$17M Public Venture Capital Financing
Revenues of \$0M
2017
\$150M+ Follow-on Funding Rounds
2017
Market Value of \$875M

Share Price Performance (since listing)



CUSIP / ISIN

- **Two Step Process for ISIN Eligibility:**

- ISIN issuance (get the number); AND
- CDS Eligibility (apply for, and have CDS approve, the eligibility of the security to clear at least two business days in advance of the proposed effective date)

Late eligibility requests trigger significant late fees

- Events that trigger the need for a new ISIN include issuing a new class of securities, a share split, a share consolidation, a name change etc.
- Fees are also required for certain other corporate actions. A complete list of CDS' issuer fees can be found at: <https://www.cds.ca/cds-notice/>

PERSONAL INFORMATION FORMS

- Created an online PIF which can be completed and saved electronically online
- “Smart” PIF in which certain responses lead to or skip other questions, notify the filer if information is missing or incorrect etc.
- Key benefits:
 - Eliminates the notarization requirement
 - Permits electronic signatures
 - Permits electronic filing online
- <http://www.tmx.com/pif>
- https://tmxorg1.force.com/pif/s/login/?language=en_CA&startURL=%2Fpif%2Fs%2F&ec=302

TSXV POLICY 5.2 – COB/RTO

Shareholder Approval Exemption.

Three key factors to qualify for exemption from requirement to obtain shareholder approval of a COB or RTO:

- Arm's length transaction
- Inactive issuer
- Good standing

TSX PRIVATE PLACEMENTS

- November 2, 2017 Guidance (Staff Notice 2017-0010)
- Issuers listed on TSX are required to provide TSX with notice of a proposed private placement by completing and submitting a Form 11
- Item 12 requires an issuer to disclose any significant information regarding the proposed private placement not otherwise disclosed in the Form 11
- When responding to Item 12, TSX expects issuers to include any relevant significant matters including, but not limited to, any upcoming shareholders meeting, any pending mergers, acquisitions, take-over bids, changes to capital structure or other significant transactions, and details regarding potential dissident shareholders and/or anticipated proxy contests.

TSX WEBSITE DISCLOSURE

On May 26, 2016 TSX published a Request for Comments (followed by a second Request for Comments on April 6, 2017) and issued a Notice of Approval on October 19, 2017 regarding amendments to Part IV of the TSX Company Manual

- Section 473 introduced which will require listed issuers to make constating documents, certain corporate policies and corporate governance documents available on their websites (ancillary amendments made to Section 461.2 and Part XI)
- Non-Corporate Issuers, Eligible Interlisted Issuers and Eligible International Interlisted Issuers are exempt from these requirements
- Part IV amendments to become effective April 1, 2018

TSX SECURITY BASED COMP

On May 26, 2016 TSX published a Request for Comments (followed by a second Request for comments on April 6, 2017) and issued a Notice of Approval on October 19, 2017 regarding amendments to Part VI of the TSX Company Manual

- clarified and amended Section 613(d) and added Section 613(p)
- Section 613(d) amended to require annual burn rate disclosure and clarify existing disclosure regarding the maximum number of “Awards” issuable, the number of outstanding Awards and the number of Awards available for grant under a plan, and further amended to change the time period covering the disclosure
- Section 613(p) provides the formula for calculating the burn rate

TSX COMPANY MANUAL – HOUSEKEEPING AMENDMENTS

- On October 12, 2017, announced changes made to TSX reporting Form 5 (dividends/distributions) - effective November 4, 2017
- On July 13, 2017, announced changes resulting from moving to T+2 settlement - effective September 5, 2017
- On May 11, 2017, announced changes to TSX Company Manual to fix typos, clarifying provisions, updating references to securities legislation and sections of the Manual, amending language to reflect changes in technology and the addition of a newswire service provider - effective May 11, 2017

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