

APPLICATION FOR APPROVAL TO ISSUE SHARES AS ELIGIBLE INVESTMENTS

NOTE: IF THIS APPLICATION IS APPROVED, THE APPROVAL WILL HAVE AN EXPIRY DATE DETERMINED IN ACCORDANCE WITH THE LAW, SO THAT THE APPROVAL DOES NOT EXPIRE BEFORE THE SHARES ARE ISSUED. WE RECOMMEND THAT YOUR APPLICATION BE MADE NO MORE THAN TWELVE (12) MONTHS BEFORE THE PROPOSED DATE OF ISSUE.

The Manitoba Government ("Manitoba") acknowledges that the applicant is providing Manitoba with the information in this form and the documents enclosed with this application on a confidential basis. Manitoba agrees not to disclose the information or documents to third parties without the applicant's consent unless the information is publicly available from another source or the law expressly authorizes or requires the disclosure. This does not, in any way, limit Manitoba's right to disclose the information to persons within the government or non-governmental persons that exercise authority delegated by law for the purposes of administering, enforcing and assessing the effectiveness of the Small Business Venture Capital Tax Credit program. If you have any questions about the collection of information under this program, or for more information regarding this form, please contact the Senior Project Manager at the Economic Policy and Programs Branch of the Department of Economic Development and Jobs at 204-945-2475.

1. Corporate applicant's name	2. Date of incorporation
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3. Fiscal year end of corporation	4. Contact person Name: _____ Business Phone: _____ Business Fax: _____ Business E-mail: _____
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5. Location and mailing address of corporation's permanent establishment in Manitoba

6. Location and mailing address of corporation's head office, if different from above

7. Does the corporation have any "affiliates", as defined in Section 1(1) of Reg. 181/2007? Yes No
If yes, list the affiliates by name:

8. What class or classes of shares does the corporation propose to issue as "eligible investments", as defined in Section 1(1) of Reg. 181/2007?

Name of Class

9. What are the total proceeds the corporation expects to receive from issuing each class of shares it proposes to issue?

Name of Class	Proceeds from each Class
	\$ _____
	\$ _____
	\$ _____ Total Proceeds

10. In what Calendar year does the corporation propose to issue the shares?

11.a. Is there a unanimous shareholder agreement among the corporation and its shareholders? Yes No

11.b. Are there any restrictions on the ownership of these shares other than those contained in the unanimous shareholder agreement (if there is one) or in the corporation's articles? Yes No

11.c. If yes, state what they are and in what agreement or other document such restrictions are found:

12.a. For what purpose does the corporation intend to use the "SBVC share proceeds", as defined in Section 1(1) of Reg. 181/2007, received from issuing the proposed shares? How much of the share proceeds will be used for each intended use?

12.b. Where will the proceeds be invested?

13.a. How many "Full-time equivalent employees", calculated in accordance with Section 1(3) of Reg. 181/2007, did the corporation and its affiliates have in the calendar year that immediately precedes the calendar year in which this application is being made?

13.b. What percentage of the time worked by the full-time equivalent employees of the corporation and its affiliates in the calendar year that immediately precedes the calendar year in which this application is being made was worked by residents of Manitoba?

13.c. How many full-time equivalent employees does the corporation estimate it will have in one year after the date of this application?

14. Has the corporation, or any of its affiliates, or any "predecessors" of them as defined in Section 1(1) of Reg. 181/2007, previously issued shares approved as eligible investments? Yes No

If yes,

(a) who was the applicant and on what date(s) was the approval given to issue such shares as eligible investments?

_____ Name of applicant

_____ Date of approval

(b) what was the total amount of SBVC share proceeds paid for such shares?

\$ _____

15. Describe how the intended use of the share proceeds will further Manitoba's economic growth through one or more of the following:

- (a) job creation;
- (b) innovation, research or development;
- (c) export of goods or services outside Manitoba;
- (d) delivery of a significant or essential service to Manitobans;
- (e) construction of capital assets or the purchase of equipment;
- (f) assisting a Manitoba community;
- (g) sustainable development, renewable energy, waste reduction or similar green initiatives.

16.a. Does the corporation intend to raise equity or other capital in addition to that proposed in section 9 of this application within one year after the date of this application? Yes No

16.b. If the answer to 16.a. is "yes", for what purpose does the corporation intend to use the additional capital, and how much of the capital will be used for each intended use?

17. Enclosed are the following documents of the corporation:

- (a) a copy of all articles (including articles of incorporation, amendment, amalgamation and continuance), and any agreements or proposed agreements that affect the rights of a shareholder;
 - (b) a list of the names of all of the shareholders, the number of shares held by all of the shareholders and the class of shares held by all of the shareholders;
 - (c) a copy of the most recent annual financial statements;
 - (d) a copy of the corporation's most recent annual budget;
 - (e) an executive summary of the corporation's business plan, that includes a description of the corporation's business and the nature of services or products being provided by the corporation;
 - (f) a copy of the most recent income tax return and the notice of assessment issued by the Canada Revenue Agency for the taxation year for which the return was filed; and
 - (g) a copy of the unanimous shareholder agreement (if there is one) and copies of all other agreements or documents listed under 11.c. above (if any).
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18. Certifications and Undertakings of Officer

I, _____ (name), the _____ (title/office) of the applicant corporation, have the authority to make this application on behalf of the corporation.

I certify that the corporation satisfies all of the requirements of Section 2(1) in Reg. 181/2007 and therefore is an "eligible small business corporation", as defined in Section 1(1) of Reg. 181/2007.

I certify that the shares, in respect of which a "SBVC tax credit receipt" will be issued, are "equity shares" as defined in Reg. 181/2007.

I certify that the information contained in this application, and that which accompanies this application, is true, correct and complete.

I undertake to ensure that the corporation will seek capital only from "eligible investors" as defined in Section 11.13(1) of *The Income Tax Act* (Manitoba).

I undertake to ensure that the corporation issues SBVC tax credit receipts only to eligible investors who comply with Section 5 of Reg. 181/2007.

_____ Signature

_____ Date

19. Submission Details

Submit application to: Manitoba Economic Development and Jobs
Economic Policy and Programs Branch
Attention: Senior Project Manager
1010 – 259 Portage Avenue
Winnipeg MB R3B 3P4

Telephone.: 204-945-2475
E-mail: ecdevprograms@gov.mb.ca
Web Site: <https://www.gov.mb.ca/jec/busdev/financial/sbvctc/index.html>

- Before submitting the application, make sure that all of the documents required, as indicated in Section 17 of this application, are enclosed.
- Applicants should note that the Government of Manitoba may require additional information or documents to determine or verify the applicant's eligibility to issue shares as eligible investments, and may request such information or documents in the course of reviewing the application.
- The Office will only consider complete applications.

TO BE COMPLETED BY OFFICE

APPROVAL GIVEN

APPROVAL NO. _____

1. The issuance by _____ (insert corporate applicant's name) of shares proposed in the application to be issued as eligible investments is hereby approved, subject to the conditions set out below.
2. The eligible investment must be issued during the approval period. This approval period begins on _____ and expires on _____.

Conditions of Approval

1. The applicant must provide the Economic Policy and Programs Branch, at the address set out in Section 19 of this approved application, with the information called for in Schedule "A" attached to this approved application, which has been attested to by the applicant's lawyer.
2. For every investor that is not an accredited investor, the applicant must provide the Economic Policy and Programs Branch, at the address set out in Section 19 of this approved application, with a copy of the investor's signed Acknowledgement of Risk statement.
3. For every investor, the applicant must provide the Economic Policy and Programs Branch, at the address set out in Section 19 of this approved application, with a copy of the investor's signed Subscription Agreement.
4. The conditions set out in paragraphs 1, 2 and 3 above must be satisfied within seven (7) days after the shares are issued.

Date

Signature of Minister or authorized delegate

TO BE COMPLETED BY OFFICE

APPROVAL DENIED

The application by _____ (insert corporate applicant's name) to issue shares as eligible investments is denied because:

- the application was incomplete.
- the applicant is not an eligible small business corporation.
- the total consideration for the shares to be issued does not comply with Section 4(4) of Reg. 181/2007.
- approvals for the calendar year in which the applicant proposes to issue shares have reached the annual maximum.
- the intended use of the SBVC share proceeds is a prohibited use under Section 7(3) of Reg. 181/2007.
- other: _____

Date

Signature of Minister or authorized delegate

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The following list of definitions is not an exhaustive list of terms defined in *The Income Tax Act* and Reg. 181/2007 and the applicant must not assume that it is.

The entire Act and Regulation can be found at: <http://web2.gov.mb.ca/laws/statutes/ccsm/i010e.php>.

TERMS USED IN THIS APPLICATION FORM

"**accredited investor**" means an accredited investor as defined in National Instrument 45-106, Prospectus and Registration Exemptions (adopted by the Manitoba Securities Commission as MSC Rule 2005-16).

"**active business**", "**Canadian-controlled private corporation**", "**fiscal period**" and "**specified shareholder**" have the same meaning as in *The Income Tax Act* (Canada).

"**affiliate**" of a corporation means a person or partnership that is affiliated with the corporation, as determined under section 251.1 of the federal Income Tax Act, but does not include a person or partnership that is declared under subsection (2) not to be an affiliate of the corporation.

"**approval period**" means a period during which an eligible small business corporation may issue shares as eligible investments.

"**eligible investment**" means an equity share that, when issued to an eligible investor, is an investment for which the investor may claim a SBVC tax credit.

"**eligible investor**", in relation to an investment, means

- (a) a corporation that
 - (i) at the time of making the investment, is a taxable Canadian corporation with a permanent establishment in Manitoba,
 - (ii) is not a prescribed venture capital corporation or prescribed labour-sponsored venture capital corporation under Part LXVII of the federal regulations, and
 - (iii) in the taxation year in which it makes the investment, paid salary and wages to employees resident in Manitoba totalling not less than 25% of the total salary and wages paid by it in that year; and
- (b) an individual other than
 - (i) a trust, or
 - (ii) acting in his or her capacity as an investment dealer under *The Securities Act*.

Eligible small business corporation

2(1) A corporation is an eligible small business corporation when it satisfies all of the following requirements:

CCPC with permanent establishment in Manitoba

1. The corporation is a Canadian-controlled private corporation — other than a financial institution and a prescribed venture capital corporation under Part LXVII of the federal regulations — with a permanent establishment in Manitoba.

Assets used in active business

2. All or substantially all of the carrying value of the assets of the corporation is attributable to one or more of the following:
 - (a) assets that are used principally in an active business carried on by the corporation or by an affiliate of the corporation;
 - (b) assets consisting of shares or indebtedness of, or partnership or beneficial interests in, one or more affiliates of the corporation all or substantially all of the carrying value of the assets of each of which is attributable to assets described in clause (a) or this clause.

Revenue from active business

3. The revenue of the corporation and its affiliates (determined on a combined and consolidated basis where applicable) for the most recently completed fiscal period was derived principally from one or more active businesses and not principally from property, ineligible activities or any combination of them.

Minimum share equity

4. The corporation's stated capital is at least \$25,000.

Small business

5. Either
 - (a) the corporation and its affiliates did not have, for the immediately preceding calendar year, more than 100 full-time equivalent employees; or
 - (b) the gross revenue of the corporation and its affiliates (determined on a combined and consolidated basis, where applicable) for the most recently completed fiscal period is less than \$15,000,000.

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Manitoba employees

6. At least 25% of the full-time equivalent employees of the corporation and its affiliates are attributable to employees who are resident in Manitoba.

Not a reporting issuer

7. The corporation is not a reporting issuer as defined in *The Securities Act*.

Under \$10,000,000 limit

8. The total of all amounts, each of which is the consideration previously paid for shares issued by the corporation, an affiliate of the corporation or a predecessor of any of them as eligible investments, is less than \$10,000,000.

"equity share" means a share in the capital stock of a corporation, other than a share in relation to which there are terms or conditions (whether attached to the share or under an agreement, understanding or commitment in respect of the share) that

- (a) require, or entitle the holder or beneficial holder of the share to require, the share to be redeemed or purchased, or to be converted into anything other than an equity share, within the holding period for that share;
- (b) create a debt between the holder or beneficial holder of the share and any other person; or
- (c) will entitle the holder or beneficial holder of the share to a payment or benefit that would reduce any loss, or the impact of any loss, that he or she might sustain in relation to the share.

Full-time equivalent employees

1(3) For the purpose of this regulation, the number of full-time equivalent employees of an employer for a calendar year is the total of

- (a) the number of full-time employees that were employed by the employer for the whole year;
- (b) for each employee who was a full-time employee of the employer for less than the whole year, the number of weeks in the year that he or she was so employed divided by 52; and
- (c) for each employee who was employed on a part-time basis for all or part of the year,
 - (i) if the employee is paid a salary determined as a fraction of the salary that would be paid to a full-time employee, that fraction, and
 - (ii) in any other case, the number of the employee's paid hours of work in the year — excluding those falling within the weeks, if any, that are taken into account under clause (b) — divided by 2,080.

In this subsection, an employee who regularly works at least 40 hours per week is a full-time employee.

"holding period", in relation to a share issued as an eligible investment, means the period beginning on the day the share was issued and ending three years after that day.

"issuer" means a corporation that has the approval to issue, or has issued, shares as eligible investments. It includes another corporation in relation to which an issuer is a predecessor.

"SBVC share proceeds" means the amount paid by one or more subscribers for one or more shares issued to them as eligible investments.

"SBVC tax credit receipt" means a receipt, in a form authorized by the responsible minister, which contains prescribed information concerning an eligible investment issued to an eligible investor or to a flow-through entity in which an eligible investor has an interest.