

The Canadian Securities Exchange (“CSE”) has established, maintains, requires compliance with various mechanisms to avoid and appropriately manage conflicts of interest or potential conflicts of interest, real or perceived (collectively “Conflicts”). This includes the Conflict of Interest & Confidentiality Policy (“Conflicts Policy”); Codes of Conduct for its employees and contractors, volunteers and interns, (collectively “CSE Personnel”) and its board of directors (collectively “CSE Codes”); and corporate governance structures and processes.

CONFLICTS OF INTEREST

The various CSE Codes provide guidance on Conflicts, impose the duty to avoid Conflict situations, and specify the required actions to take if a Conflict occurs. The CSE Codes are reviewed and approved by the CSE board of directors (“Board”).

There is a general requirement that CSE Personnel identifying an actual or potential conflict of interest (real or perceived) must report such to the General Counsel’s Office which will report it to the Corporate Governance Committee of the Board for its consideration.

Where there is a conflict between (i) CSE’s business interests, and (ii) CSE’s public interest responsibilities or obligations to maintain a fair, orderly and transparent market; the obligation of CSE to maintain a fair, orderly, and transparent market and to act in the public interest will take precedence.

CSE Personnel whose responsibility involves both supervisory and business activities shall report to different individuals or committees for each respective category of activity.

OPERATION OF CSE AND ITS SERVICES

The CSE will identify and manage Conflicts arising, but not limited to,

- (i) from the involvement of any partner, director, officer or employee of a significant shareholder¹ in the management or oversight of the exchange operations or regulation functions of the CSE and the services and products it provides,
- (ii) from any interactions between the CSE and a significant shareholder where the CSE may be exercising discretion that involves or affects the significant shareholder either directly or indirectly,

¹ A "significant shareholder" means a person or company that beneficially owns or controls, directly or indirectly, more than 5% of any class of voting shares of the CSE.

(iii) between the regulation functions and the business activities of the CSE, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the CSE issuer regulation functions and the business activities of the CSE, and

(iv) from the listing of the shares of any significant shareholder or affiliated entity.

Partners, directors, officers or employees of a significant shareholder (“Significant Shareholder Personnel”) are not permitted to manage CSE operations or regulation functions.

LISTINGS

Listing Decisions

Listing decisions are made by the CSE’s Listing Committee except for consideration of conflicts of interest. This includes review and approval of listing applications, listing compliance reviews and consideration of requests for relief from a CSE listing requirement.

Listing Committee Composition

The Listing Committee is comprised of at least two senior members of the Listings & Regulation Division and an officer from another CSE division (excluding those that perform any listing business development functions or carry on similar activities).

Members of the CSE Board, CSE significant shareholders’ and their representatives², and CSE staff that perform any listing business development functions or carry on similar activities are not permitted to be members of the Listing Committee, nor are they permitted to attend Listing Committee meetings.

No member of the Listings Committee shall perform any listing business development functions or carry on similar activities, nor have a reporting relationship (direct or otherwise) to a significant shareholder representative.

Identification and Responses to Conflicts of Interest in the Listing Process

As part of the Listing Process, the Listings & Regulation Division staff are required to identify and document any actual or potential conflict of interest (real or perceived)³ in reviewing: listing applications, listing compliance reviews and any requests for relief from a CSE listing requirement. Where a conflict situation is identified they

² This includes a partner, director, officer or employee of a CSE significant shareholder and any affiliated entity.

³ If there is no actual or potential conflict of interest (real or perceived), Listings & Regulation Division staff will note such in the file under consideration.

must report it to the General Counsel who will report to the Corporate Governance Committee of the Board for its consideration.

The Corporate Governance Committee of the Board will assess all actual or potential conflicts of interest (real or perceived) and decide on a course of action. The decision will be communicated to Listings Committee by the General Counsel.

The Listings Committee may not accept recommendations for its decisions from any CSE personnel that perform any listing business development functions or carry on similar activities, or significant shareholders and their representatives.

TRADING

Market Operations and Corporate Development staff are required to identify and document any actual or potential conflicts of interest (real or perceived) regarding trading. CSE Market Operations staff performs the day-to-day functions described in the Market Operations procedures manual. Any identified actual or potential conflict of interest (real or perceived) regarding trading must be referred to the General Counsel who will report to the Corporate Governance Committee of the Board for its consideration.

Market Making applications are reviewed by the Market Making Committee. Market Making applications are processed as described in the Market Making procedures. Any identified actual or potential conflict of interest (real or perceived) regarding Market Making applications must be referred to the General Counsel who will report to the Corporate Governance Committee of the Board for its consideration.

Record Keeping and Reporting

Any record pertaining to the identification of a potential or actual conflict of interest (real or perceived), will include, but not be limited to, the following information:

Initial Information

- the date (and time, if applicable) at which the actual or potential conflict of interest was first identified;
- the person who first identified the actual or potential conflict of interest;
- description of the communication or event which gave rise to the actual or potential conflict of interest;
- description of any immediate steps taken to manage the actual or potential conflict of interest; and
- the person to whom the actual or potential conflict of interest was reported;

Subsequent Information

- Whether the conflict of interest was an actual or potential conflict of interest;
- the steps taken to manage the actual or potential conflict of interest;

- the resolution of the actual or potential conflict of interest including any undertakings or follow-up actions;
- any recommendations for, or changes to procedure that resulted from the management of the actual or potential conflict of interest; and
- any other information that would be considered relevant with respect to identifying and managing the actual or potential conflict of interest.

CONFIDENTIALITY

The CSE has established, maintains, requires compliance with its confidentiality obligations. The mechanisms employed include the Conflicts Policy, Codes, contracts, and operational processes.

CSE Personnel or the Board may have access to information regarding listed issuer activities that is confidential. They have an obligation to ensure that they keep such information confidential in accordance with the provisions of the respective Codes.

If Significant Shareholder Personnel obtain any confidential information regarding CSE's operations, regulation functions, a CSE dealer or a CSE listed issuer through an oversight role of CSE (such as through directorship), they are required to

- (A) keep such information separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of the CSE's operations and the individual can and does exercise due care in his or her disclosure of the information, and
- (B) not use the confidential information to provide an advantage to the significant shareholder or its affiliated entities.

Compliance

The Corporate Governance Committee of the Board will ensure that at least annual compliance reviews will be undertaken for this policy and related procedures. The reviews will be documented and will identify any deficiencies and the rectification thereof. A report detailing the reviews will be provided to the British Columbia Securities Commission and the Ontario Securities Commission on an annual basis.

Posting

This policy will be posted on the publicly accessible component of the CSE website.

Questions

Questions concerning the application of the Conflicts Policy are to be directed to the General Counsel & Corporate Secretary.