POLICY 5

TIMELY Disclosure, Trading Halts and Posting Requirements

1 Introduction

1.1 The Exchange believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by Listed Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to material information about a Listed Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.

1.2 Recent advances in the technology of information dissemination such as SEDAR and the Internet facilitate immediate, widespread and economical dissemination of Issuer information. For this reason, the Exchange requires Listed Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Issuer’s size. The establishment of a comprehensive, publicly available disclosure base for every Listed Issuer lies at the heart of the Exchange.

1.3 To continue to qualify for listing, every Listed Issuer must make high quality, timely continuous disclosure of material information.

1.4 This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. Listed Issuers must comply with all applicable requirements of securities legislation and Commission rules. In particular, mining Issuers must comply with the additional disclosure requirements of National Instrument 43-101 - Standards of Disclosure for Mineral Projects. Oil and gas Issuers must comply with the additional disclosure requirements of National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. All CNSX Issuers must comply with National Policy 51-201 – Disclosure Standards.

2 Disclosable Events

2.1 Issuers are required to make public disclosure of all material information.

2.2 Listed Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, Listed Issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it
affects only one or a few companies in a material way, an announcement should be made. A reasonable investor’s investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the Listed Issuer’s business and affairs. For example, changes in a Listed Issuer’s issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor’s investment decision.

2.3 Actual or proposed developments that require immediate disclosure include, but are not limited to, the following:

(a) changes in share ownership that may affect control of the Issuer;
(b) changes in corporate structure, such as reorganizations, amalgamations, etc.;
(c) take-over bids or issuer bids;
(d) major corporate acquisitions or dispositions;
(e) changes in capital structure;
(f) borrowing of a significant amount of funds;
(g) public or private sale of additional securities;
(h) development of new products and developments affecting the Issuer’s resources, technology, products or market;
(i) significant discoveries or exploration results, both positive and negative, by resource companies;
(j) entering into or loss of significant contracts;
(k) firm evidence of significant increases or decreases in near-term earnings prospects;
(l) changes in capital investment plans or corporate objectives;
(m) significant changes in management;
(n) significant litigation;
(o) major labour disputes or disputes with major contractors or suppliers;
(p) events of default under financing or other agreements; or
(q) any other developments relating to the business and affairs of the Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

2.4 Disclosure is only required where a development is material. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the Listed Issuer’s board of directors, or by senior management with the expectation of concurrence from the board of directors. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.

2.5 Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts
should not be provided on a selective basis to investors or others not involved in the management of the affairs of the Issuer. If disclosed, they should be generally disclosed.

3 Consultation with the Market Regulator

3.1 It is the responsibility of each Issuer to determine what information is material in the context of the Listed Issuer's own affairs. The materiality of information varies from one Listed Issuer to another, and will be influenced by factors such as the Issuer’s profitability, assets, capitalization, and the nature of its operations. An event that is “significant” or major” in the context of a smaller Issuer's business and affairs may not be material to a larger Issuer.

3.2 Given the element of judgment involved, Listed Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to material information.

4 Rumours and Unusual Trading Activity

4.1 Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor and/or the trading price of the Listed Issuer's securities. It is impractical to expect management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the Listed Issuer make a clarifying statement. A trading halt may be imposed pending release of a “no corporate developments” statement from the Listed Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed material information, the Market Regulator will require the Listed Issuer to make immediate disclosure of the relevant material information, and a trading halt may be imposed pending release and dissemination of that information.

5 Timing of Disclosure and Pre-Notification of the Market Regulator

5.1 Subject to pre-notification of the Market Regulator, a Listed Issuer is required to disclose material information forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk that persons with access to that information will act upon undisclosed information.

5.2 The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the Listed Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading in the Listed Issuer's securities should be temporarily halted.
6 Dissemination

6.1 A news release must be transmitted to the media by the quickest possible method, and by a method that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service (or combination of services) must be used that provides national and simultaneous coverage.

6.2 The Exchange accepts the use of any news services that meet the following criteria:
   (a) dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
   (b) dissemination to all Dealers; and
   (c) dissemination to all relevant regulatory bodies.

6.3 Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the Listed Issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension or disqualification from listing. In particular, The Exchange will not consider relieving a Listed Issuer from its obligation to disseminate news properly because of cost factors.

6.4 CNSX Issuers must simultaneously post to the Exchange website all news releases disseminated.

7 No Selective Disclosure

7.1 Disclosure of material information must not be made on a selective basis. The disclosure of material information should not occur except by means that ensure that all investors have access to the information on an equal footing. The Exchange recognizes that good corporate governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the corporation’s business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than widely disseminated press releases in accordance with this rule, Listed Issuers may not, under any circumstances, communicate material information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the Listed Issuer’s securities.

7.2 The board of directors of a Listed Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, brokers, analysts, and other external parties are aware of their and the Listed Issuer’s obligations with respect to the disclosure of material information.

7.3 Should material information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with the rule, the Listed Issuer must immediately contact the Market Regulator and
request a trading halt pending the widespread dissemination of the information.

8 **Content of News Releases**

8.1 Announcements of material information should be factual and balanced and unfavourable news must be disclosed just as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow them to make informed investment decisions. Listed Issuers should communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

8.2 All news releases must include the name of an officer or director of the Listed Issuer who is responsible for the announcement, together with the Issuer's telephone number. The Issuer may also include the name and telephone number of an additional contact person.

8.3 Any Listed Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice to the Issuer.

9 **Confidential Disclosure - When Information May be Kept Confidential**

9.1 Section 75(3) of the *Securities Act* (Ontario), as supplemented by National Policy 51-201, provides that where, in the opinion of the reporting issuer, the public disclosure of a material change would be unduly detrimental to the interests of the reporting issuer, or where the material change consists of a decision to implement a change made by senior management of the Issuer who believe that confirmation of the decision by the board of directors is probable, the reporting Issuer may file a report disclosing a material change on a confidential basis. Non-disclosure of information is also provided for in s.140(2) of the *Securities Act* (Ontario).

9.2 When a reporting issuer requests that information be kept confidential, then pursuant to s.75(4) of the *Securities Act*, the reporting issuer must advise the Commission in writing within 10 days if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the material information is generally disclosed. The Commission takes the view that it can require the Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the Issuer resulting from disclosure.

9.3 Listed Issuers should be guided by pertinent securities legislation in determining whether material information can be filed on a confidential basis with the Commission. Where a decision is made to file a confidential report with the Commission, the Market Regulator must be immediately notified of the Listed Issuer’s decision to do so. The Market Regulator must be provided with a copy of all submissions to the Commission relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the Listed Issuer and the Commission.
relevant thereto, and any decision of the Commission with respect to the ability of the Issuer to make or continue confidential disclosure, or requiring the Issuer to make general disclosure.

9.4 Similar provisions exist in the securities legislation of other jurisdictions. Listed Issuers that are reporting issuers in other jurisdictions must ensure that they comply with all applicable rules in addition to this Policy.

10 Maintaining Confidentiality

10.1 Where disclosure of material information is delayed, the Listed Issuer must maintain complete confidentiality. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the necessary course of business), the Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before material information is disclosed, market activity in the Issuer's securities should be closely monitored by the Issuer. Any unusual market activity probably means that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the Issuer has made disclosure of the material information.

10.2 At any time when material information is being withheld from the public, the Listed Issuer is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any of the Issuer's officers, employees or advisers, except in the necessary course of business. The directors, officers and employees of a Listed Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

11 Insider Trading

11.1 Listed Issuers should make insiders and others who have access to material information about the Issuer before it is generally disclosed aware that trading in securities of the Issuer (or securities whose market price or value varies materially with the securities of the Issuer) while in possession of undisclosed material information or tipping such information is prohibited under applicable securities legislation, and may give rise to administrative, civil and/or criminal liability.

11.2 In any situation where material information is being kept confidential, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a “special relationship” with the Listed Issuer in which use is made of such information before it is generally disclosed to the public.

11.3 In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Market Regulator may require that an immediate announcement be made disclosing such material information. The Market
Regulator will refer the matter to the appropriate securities commission(s) for enforcement action.

12 Listing and Trading Halts

12.1 The Market Regulator will normally halt quotation and trading if:

(a) the Listed Issuer requests a halt, during trading hours, to allow for the dissemination of material information - the Market Regulator must be advised of the material information and halt request as soon as possible, by phone or fax, so that the Market Regulator may determine whether a quotation and trading halt is warranted pending the filing and dissemination of the news release;

(b) rumours are circulating in the marketplace that might influence or change a reasonable investor’s investment decision;

(c) unusual trading activity suggests that material information is selectively available - the Market Regulator may require that the Listed Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;

(d) the Listed Issuer is not in compliance with the terms of its Listing Agreement or any Exchange Requirement or applicable securities legislation;

(e) the Listed Issuer has issued an inaccurate, inadequate or misleading news release or the Issuer has issued a news release but has not requested a halt pending public dissemination of the news, and the market reacts sharply; or

(f) circumstances exist which, in the opinion of the Exchange or the Market Regulator, could adversely affect the public interest or the integrity of the market.

12.2 Where rumours or unusual trading activity are not based on undisclosed material information, the Market Regulator may halt quotation and trading pending the release and dissemination of a “no corporate developments” statement. When the rumours or unusual trading activity are based on whole or in part on undisclosed material information, the Market Regulator may halt trading and quotation pending the release of the material information.

12.3 The Market Regulator, upon consultation with the Listed Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.

12.4 A Listed Issuer may request a halt in quotation and trading of its securities pending public disclosure of material information concerning the Issuer.

12.5 In the event a Listed Issuer requests a halt in quotation and trading of its securities, the CNSX Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:

(a) disclosing the material information; or

(b) advising that the halt is at the request of the Issuer and that public
disclosure is pending.
In the former case the halt shall be lifted after dissemination of the news release.
In the latter case the halt shall continue unless the Exchange or the Market Regulator determines resumption of quotation and trading is in the public interest.

12.6 It is not appropriate for a Listed Issuer to request a halt if an announcement of material information is not going to be made forthwith.

12.7 A Listed Issuer may request a halt if material information is to be kept confidential and disclosure delayed temporarily.

12.8 Throughout the period during which a Listed Issuer’s securities are halted, Dealers shall not quote or trade the securities of the Issuer on any marketplace or over-the-counter as principal or agent.

13 Documents Required to be Posted

13.1 Subject to section 13.2, every Listed Issuer must post the following documents (unless the disclosure contained therein is posted in a CNSX Form):

(a) every document required by the Policies;

(b) every document required to be:
   (i) filed with any securities regulatory authority for a jurisdiction in which the Issuer is a reporting issuer or equivalent; or
   (ii) delivered to shareholders; or
   (iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing or the delivery;

(c) an annually-updated Management’s Discussion and Analysis set out in Section 6 of the Listing Statement, to be posted within 140 days after the end of the financial year of the Issuer or such shorter time period as may be specified in securities legislation for Issuers that are not exempt from the requirement to provide Management’s Discussion and Analysis;

(d) a Quarterly Listing Statement (Form 5) current as of the last day of the relevant quarter, to be posted concurrently with a Listed Issuer’s unaudited interim financial statement required under applicable securities legislation;

(e) a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be posted before the opening of trading on the fifth trading day of the following month; and

(f) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the Listed Issuer’s audited annual financial statements.
13.2 In respect of every debt security listed on the Exchange, the Listed Issuer must post the following documents (unless the disclosure contained therein is posted in an Exchange-specific Form):

(a) every document required to be:
   i) filed with any securities regulatory authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or
   ii) delivered to security holders of the Issuer; or
   iii) filed on SEDAR,

and such documents must be posted concurrently or as soon as practicable following the filing or the delivery; and

(b) an annually-updated Listing Statement completed to reflect all changes to information appearing in the previously posted Listing Statement to be posted concurrently with the Listed Issuer's audited annual financial statements.

14 Continuous Disclosure Obligations

14.1 General:

(a) a Listed Issuer shall disclose to the public as soon as reasonably practicable any information relating to the Issuer or any of its subsidiaries that has come to the knowledge of the Issuer, if the information

   (i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,

   (ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or

   (iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.

(b) paragraph (a) does not apply to information that

   (i) affects the market or a sector of the market generally, and

   (ii) has already been made available to the investing public.