



POLICY 3.1

DIRECTORS, OFFICERS, OTHER INSIDERS & PERSONNEL AND CORPORATE GOVERNANCE

Scope of Policy

This Policy describes the qualifications that Directors, Officers and other Insiders, as well as certain personnel, of an Issuer must meet in order for the Issuer to be listed and remain listed on the Exchange, as well as corporate governance standards and policies required to be implemented by all Issuers. This Policy is not an exhaustive statement of corporate governance requirements applicable to Issuers. Nothing in this Policy limits the obligations and responsibilities imposed on Issuers by applicable corporate and Securities Laws. This Policy must be read in conjunction with applicable corporate and Securities Laws, including National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”), National Policy 58-201 *Corporate Governance Guidelines* (“NP 58-201”) and National Instrument 52-110 *Audit Committees* (“NI 52-110”).

The main headings in this Policy are:

1. Definitions
2. Exchange Review of Directors, Officers, Other Insiders & Personnel
3. Initial Listing Requirements
4. Continued Listing Requirements
5. Qualifications and Duties of Directors and Officers
6. Disclosure of Insider Interests
7. Transfer Agent, Registrar and Escrow Agent
8. Security Certificates
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14. Shareholders’ Meetings and Proxies
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17. Issuers with Head Office Outside Canada
18. Assessment of a Significant Connection to Ontario
19. Corporate Governance Guidelines
20. Disclosure of Corporate Governance Practices
21. Audit Committees

1. Definitions

1.1 For the purposes of this Policy:

“**Director**” has the meaning prescribed by applicable Securities Laws.

“**Independent**” has the meaning used in NI 52-110.

“**Insider**” if used in relation to an Issuer means:

- (i) a Director or Officer of the Issuer;
- (ii) a Person who performs functions similar to those normally performed by a Director or Officer;
- (iii) a Director or Officer of a Company that is an Insider or subsidiary of the Issuer;
- (iv) A Person that beneficially owns or control, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (v) the Issuer itself, if it holds any of its own securities.

“**Officer**” has the meaning prescribed by applicable Securities Laws.

“**Securities Regulatory Authority**” or “**SRA**” means a body created by statute in any jurisdiction to administer Securities Laws, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory organization.

“**Self Regulatory Organization**” or “**SRO**” means (a) a stock, commodities, futures or options exchange; (b) an association of investment, securities, mutual fund, commodities, or future dealers; (c) an association of investment counsel or portfolio managers; (d) an association of other professionals (e.g. legal, accounting, engineering); and (e) any other group, institution or self-regulatory entity, recognized by an SRA, that is responsible for the enforcement of rules, disciplines or codes under any applicable legislation, or considered a self regulatory organization in another country.

“**Senior Officer**” has the meaning prescribed by applicable Securities Laws.

2. Exchange Review of Directors, Officers, Other Insiders & Personnel

- 2.1 The Exchange considers the Directors, Officers and other Insiders, as well as certain other people involved with an Issuer, to be important factors in determining whether to accept and/or maintain the listing of an Issuer. The Exchange will exercise discretion in considering all factors related to the Directors, Officers and other Insiders of an Issuer, as well as certain other people involved with the Issuer.

Exchange Discretion

- 2.3 In exercising its discretion, the Exchange may review the conduct of Directors, Officers, other Insiders, Promoters, significant securityholders, Control Persons, employees, agents, and consultants in order to satisfy itself that:

- (a) the business of the Issuer is and will be conducted with integrity and in the best interests of its securityholders and the investing public; and
- (b) Exchange Requirements and the requirements of all other regulatory bodies having jurisdiction are and will be complied with.

- 2.4 In exercising the Exchange's discretion regarding individuals involved or proposed to be involved with an Issuer, the Exchange may:

- (a) prohibit an individual from serving as a Director or Officer or being an Insider of an Issuer or impose restrictions on any Director, Officer or other Insider;
- (b) prohibit a Person from being a Promoter, employee, agent or consultant or being engaged by or working on behalf of an Issuer or impose restrictions on any Promoter, employee, agent, or consultant;
- (c) request a Sponsor Report before it will accept the involvement of any Person with an Issuer;
- (d) require that Persons with appropriate reporting issuer and/or industry experience and a history of regulatory compliance be added as Directors or Officers of an Issuer by a certain date; and
- (e) require that one or more Directors or Officers complete a prescribed course.

3. Initial Listing Requirements

- 3.1 Before the Exchange will accept the Initial Listing of an Applicant or Resulting Issuer, each Director, Officer and other Insider and each person providing or managing Investor Relations Activities, promotional or market making services on behalf of the Issuer must submit a Personal Information Form (a “PIF”) (Form 2A) or, if applicable, a Declaration (Form 2C1) to the Exchange duly completed. In addition, the Exchange may require a PIF from other Persons involved with the Issuer. *See Policy 3.2 – Filing Requirements and Continuous Disclosure.*
- 3.2 The Exchange will not accept an Initial Listing or a New Listing unless the Directors, Officers, other Insiders and, at the discretion of the Exchange, any Promoter, employee, consultant or agent of an Issuer, or Person otherwise being engaged by or working on behalf of an Issuer, meet the applicable minimum requirements set out under Section 5 of this Policy.

4. Continued Listing Requirements

- 4.1 On an ongoing basis, the Directors, Officers, other Insiders and, at the discretion of the Exchange, employees, consultants and agents of each Issuer, and any Person otherwise being engaged by or working on behalf of an Issuer, must continue to meet the requirements set forth in this Policy. The Exchange may halt, suspend, or delist the securities of an Issuer that has failed to maintain the requirements of this Policy on an ongoing basis.
- 4.2 The Exchange requires information on any proposed new Director, Officer, other Insider or Person providing or managing Investor Relations Activities, promotional or market making services on behalf of an Issuer in order to determine their suitability before he or she becomes involved with any Issuer. The Issuer must provide the Exchange with the following materials relating to such individuals:
- (a) PIFs or, if applicable, Declarations; and
 - (b) any other materials which the Exchange requests.
- 4.3 If there is a change in the Directors or Officers of an Issuer, the Issuer must issue a press release as required by Policy 3.3 – *Timely Disclosure.*
- 4.4 Issuers must submit a PIF for any Person involved with that Issuer, in any capacity, directly or indirectly, upon the request of the Exchange.

5. Qualifications and Duties of Directors and Officers

General Requirements – Directors and Officers

- 5.1 Every Director and every Officer must be an individual who is at least 18 years old and is the age of majority in the jurisdiction where he or she resides.
- 5.2 Every Director and Officer must be qualified under the corporate and Securities Laws applicable to the Issuer to serve as a Director or Officer.

General Duties of Directors and Officers

- 5.3 Each Director and Officer of an Issuer must act honestly and in good faith with a view to the best interests of the Issuer in exercising their powers and discharging their duties.
- 5.4 Each Director and Officer must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 5.5 Directors and Officers of an Issuer must ensure that the Issuer complies with the applicable Exchange Requirements, corporate and Securities Laws.

Board and Management Composition and Qualifications

- 5.6 Each Issuer must have at least three Directors.
- 5.7 Each Issuer must have at least two Independent Directors.
- 5.8 Management must include, at a minimum:
 - (a) a Chief Executive Officer (CEO);
 - (b) a Chief Financial Officer (CFO). The CFO of every Issuer must be financially literate, as defined by NI 52-110; and
 - (c) a corporate secretary.
- 5.9 A Person may act as a CEO and corporate secretary or CFO and corporate secretary of the same Issuer at the same time. However, no Person may act as CEO, CFO and corporate secretary of the same Issuer at the same time and, no person may act as a CEO and CFO of the same Issuer at the same time other than where the Issuer is an inactive Issuer or a CPC.
- 5.10 Management, Directors and Officers must have:
 - (a) adequate experience and technical expertise relevant to the Issuer's business and industry; and
 - (b) adequate reporting issuer experience in Canada or a similar jurisdiction.

- 5.11 In determining whether management and the board of Directors of an Issuer have satisfactory industry specific technical and management experience, the Exchange considers a number of factors, including for each member or proposed member of management and for each Director or proposed Director:
- (a) that Person's previous involvement with and commitment to other public and private issuers, including:
 - (i) the history of corporate and financial success of such issuers, including whether it demonstrated profitability or, if the other issuer was a resource exploration issuer, whether that issuer satisfactorily completed its exploration and development programs;
 - (ii) the management or board positions held by that Person with those issuers;
 - (iii) any regulatory or Securities Laws violations or infractions by the individual or by such issuers;
 - (iv) the prudent and responsible business conduct and practices of such issuers; and
 - (v) the industry in which that other issuer was involved and the extent of experience obtained in the Issuer's or applicant Issuer's industry segment.
- 5.12 In determining whether management or the board of Directors of an Issuer have sufficient reporting issuer experience in Canada or a similar jurisdiction, the Exchange considers a number of factors, including for each member or proposed member of management and for each Director or proposed Director:
- (a) that individual's previous involvement with other reporting issuers. The Exchange will consider the following in this context:
 - (i) the number of boards on which the Person has served;
 - (ii) the length of time the Person was a member of management or Director of the other reporting issuers;
 - (iii) the stock exchange or market on which the reporting issuers' securities were traded;
 - (iv) any management position held by the Person with other issuers;
 - (v) any Securities Laws or other regulatory violations or infractions by the Person or that other reporting issuer while the Person was involved with it;

- (vi) the financial success of that reporting issuer, including whether it demonstrated profitability or, if the other issuer was a resource exploration issuer, whether that other issuer satisfactorily completed its exploration and development programs;
- (vii) the prudent and responsible business practices of that other issuer; and
- (viii) whether the Person has satisfactorily completed one or more corporate governance or reporting issuer management courses acceptable to the Exchange for the purposes of fulfilling the reporting issuer/corporate governance experience requirement.

5.13 The Exchange recommends that at least one independent board member and a minimum of two members of the board have satisfactory corporate governance experience.

Prohibitions on Directors and Officers

5.14 The following Persons cannot serve as Directors or Officers of an Issuer:

- (a) a Person who is subject to a consent order or decree, agreed statement of facts or similar documentation, entered into or issued by an, SRA, SRO or court which currently places restrictions on that Person's ability to be a Director, Officer or other Insider of a reporting issuer;
- (b) a Person who, under applicable Securities Laws, corporate or any other legislation, is prohibited or disqualified from acting as a Director or Officer of a reporting issuer;
- (c) a Person who, under applicable Securities Laws is restricted from acting as a Director or Officer of an Issuer by virtue of being, at that time, a Director, Officer or employee of a Member, a Participating Organization or a registrant under applicable Securities Laws or otherwise due to any conflicts of interest policy, rule or other instrument; and
- (d) a Person that the Exchange advises is unacceptable to serve as a Director or Officer of an Issuer.

5.15 The following individuals cannot serve as Directors or Officers of an Issuer, unless consented to in writing by the Exchange:

- (a) a Person who has been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction, by an SRA or SRO;
- (b) a Person who has had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended, in any jurisdiction;

- (c) a Person who has been subject to a consent order or decree, agreed statement of facts or similar documentation, entered into or issued by any stock exchange, SRA or SRO or court in any jurisdiction which placed restrictions on that Person's ability to be a Director, Officer or other Insider of a reporting issuer;
- (d) a Person who is or has been prohibited or disqualified under Securities Laws, corporate or any other legislation, in any jurisdiction, from acting as a Director or Officer of a reporting issuer;
- (e) a Person who is, or has ever been a Director, Officer, other Insider, Promoter or Control Person of an issuer at the time of an event, in any jurisdiction, that led to or resulted in an SRA or SRO:
 - (i) refusing, restricting, suspending or cancelling the registration or licensing of that issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products,
 - (ii) refusing a receipt for a prospectus or other offering document, denying any application for listing or quotation or any other similar application, or issuing an order that denied the issuer the right to use any statutory prospectus or registration exemptions,
 - (iii) entering into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved any other violation of securities legislation or an SRO's rules,
 - (iv) taking any proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a Reverse Takeover or similar transaction);
- (f) a Person who has, at any time, entered into a settlement agreement with an SRA, SRO, attorney general or comparable official or body, in any jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation or the rules of any SRO;

- (g) a Person who has, at any time, entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct;
- (h) a Person who is or has ever been a Director, Officer, other Insider, Promoter or Control Person of an issuer that, has, at any time, entered into a settlement agreement, in any jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct;
- (i) a Person for whom a court in any jurisdiction has:
 - (i) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct,
 - (ii) rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer, for which the Person is currently or has ever been a Director, Officer, other Insider, Promoter or Control Person, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct;
- (j) a Person who, in any jurisdiction, has ever pled guilty to or been found guilty of or been convicted of a criminal offence relating to theft, fraud, breach of trust, embezzlement, forgery, bribery, perjury, money laundering, or any other offences that might reasonably bring into question that Person's integrity and suitability as a Director or Officer of a public company, or is the subject of any current charge, indictment or proceeding for such an offence;
- (k) a Person who is or has ever been a Director, Officer, other Insider, Promoter or Control Person of an issuer which, at the time of events, in any jurisdiction, has ever pled guilty to or been found guilty of or been convicted of a criminal offence relating to theft, fraud, breach of trust, embezzlement, forgery, bribery, perjury, money laundering, or any other offences that might reasonably bring into question that Person's integrity and suitability as a Director or Officer of a public company, or is the subject of any current charge, indictment or proceeding for such an offence;

- (l) a Person who, in any jurisdiction, is an undischarged bankrupt or equivalent or who is currently or was at the time of events or for a period of 12 months preceding the time of events, a partner, Director, Officer, other Insider, Promoter or Control Person of an issuer that is an undischarged bankrupt or equivalent;
- (m) a Person who, in any jurisdiction, is currently or was at the time of events or for a period of 12 months preceding the time of events, a partner, Director, Officer, other Insider, Promoter or Control Person of an issuer that:
 - (i) has a petition in bankruptcy issued against them,
 - (ii) has made a voluntary assignment in bankruptcy,
 - (iii) has made a proposal under any bankruptcy or insolvency legislation,
 - (iv) is subject to any proceeding, arrangement or compromise with creditors, or
 - (v) has had a receiver, receiver manager or trustee appointed to manage their assets;
- (n) a Person who, in any jurisdiction, is currently or in the past 10 years has:
 - (i) had a petition in bankruptcy issued against them,
 - (ii) made a voluntary assignment in bankruptcy,
 - (iii) made a proposal under any bankruptcy or insolvency legislation,
 - (iv) been subject to any proceeding, arrangement or compromise with creditors, or
 - (v) had a receiver, receiver manager or trustee appointed to manage their assets;
- (o) a Person whose employment has been suspended or terminated for cause for actual or alleged fraud, theft, insider trading, embezzlement, forgery or failure to disclose material facts (including but not limited to nondisclosure of transactions with third parties), inappropriate arrangements with third parties, or similar conduct, or any actual or alleged misconduct relating to the securities or financial industries;
- (p) a Person who has been subject to a Cease Trade Order, denial of exemption order or equivalent order or ruling by an SRA or SRO for 12 consecutive months or more;
- (q) a Person who is currently subject to a Cease Trade Order, denial of exemption order or equivalent order or ruling by an SRA or SRO;

- (r) a Person who, since the age of majority, has been incarcerated in a penal institution for more than 12 consecutive months;
- (s) a Person who is personally indebted to or subject to an unsatisfied or incomplete term of a sanction of the Exchange or any SRA or SRO; and
- (t) a Person who the Exchange has determined filed a materially incomplete, false or misleading PIF or Declaration or who has failed to comply with a direction or instruction of the Exchange or has failed to file materials, information and documents as requested by the Exchange, within the timeframe specified by the Exchange.

5.16 At the discretion of the Exchange, a Person who falls within any of the categories set forth in section 5.14, 5.15, and 5.17 may also be prohibited from being an Insider, Promoter, Control Person, significant securityholder, employee, agent or consultant, or from being engaged by or being able to work on behalf of an Issuer.

5.17 Where a current or prospective Director or Officer of an Issuer is subject to an investigation or proceeding, or has had a notice of hearing or similar notice issued by an SRA or SRO, or is involved in settlement discussions or negotiations for settlement of any kind with an SRA or SRO in relation to any matter that could result in an order, ruling, prohibition, conviction or other sanction being imposed against that Director or Officer, the Exchange may:

- (a) permit such an individual to serve as a Director or Officer of the Issuer, subject to the satisfaction of such conditions, as the Exchange determines are necessary, or

- (b) prohibit that individual from serving as a Director or Officer of the Issuer,

pending the final outcome of that investigation or proceeding.

5.18 If, pursuant to this Policy, an individual is prohibited from acting as a Director or Officer or prohibited, directly or indirectly, from:

- (a) being involved as a Promoter, employee, consultant or, agent of an Issuer, or

- (b) otherwise being engaged by or working on behalf of an Issuer,

that Person must resign from his or her position with the Issuer immediately. The Person may be required to resign or cease to be otherwise involved with other Issuers.

5.19 Lack of Information

The absence of evidence satisfactory to the Exchange of a positive legal and regulatory track record can constitute grounds for disqualification as a Director or Officer of an Issuer.

5.20 Refusal or Revocation of Exchange Acceptance – Ontario

Where an Issuer has a Significant Connection to Ontario, and has not complied with a direction or requirement of the Exchange to make application or to become a reporting issuer in Ontario, the Exchange may refuse to grant Exchange Acceptance of any application relating to the acceptability of any Insider. The Exchange may also revoke, amend or impose conditions in connection with a previous Exchange Acceptance of any such application, until such time as the Issuer has complied with the direction or requirement (See section 18, *Assessment of a Significant Connection to Ontario* of this Policy).

6. Disclosure of Insider Interests

- 6.1 If Directors or Officers have an interest in a transaction or a proposed transaction involving an Issuer, the Issuer must ensure that any conflict of interest is dealt with appropriately. In order to minimize any conflict of interest, in addition to any requirements of applicable corporate law and Securities Laws:
- (a) every Director and Officer must disclose to the board of Directors either in writing or in person at the next Directors' meeting, the nature and extent of any material interest, directly or indirectly, that they have in any material contract or proposed contract with the Issuer. The Director or Officer must make this disclosure as soon as they become aware of the agreement or the intention of the Issuer to consider or enter into the proposed agreement;
 - (b) the board of Directors must implement procedures so that each material agreement or proposed agreement between the Issuer and any Director or Officer, directly or indirectly, will be considered and approved by a majority of the disinterested Directors; and
 - (c) the board of Directors must implement procedures to ensure proper public dissemination is made of the material interest of any Officer or Director of the Issuer in any material agreement or proposed agreement between the Issuer and that Director or Officer. The majority of disinterested Directors must consider the proper scope and nature of the disclosure.

7. Transfer Agent, Registrar and Escrow Agent

- 7.1 Each Issuer must maintain a record of its current registered shareholders, a record of each allotment or issuance and a record of each transfer in the registered ownership of its securities. As these records are complex for a publicly traded company, an Issuer must appoint a registrar and transfer agent to perform these services. In making such appointment, an Issuer must comply with the corporate laws of its incorporating or continuing jurisdiction, which may impose specific requirements for transfer agents and registrars.

- 7.2 While its securities are listed on the Exchange, an Issuer must appoint and maintain a transfer agent and registrar with a principal office in one or more of Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; Montreal, Quebec; or Halifax, Nova Scotia.
- 7.3 Except for those transfer agents that are listed in Appendix 3A, which have been previously approved as acceptable transfer agents by the Exchange, an applicant seeking to become an acceptable transfer agent under Appendix 3A must be a trust company in good standing under applicable legislation.
- 7.4 Each class of Listed Shares must be directly transferable at the Issuer's registrar and transfer agent.

8. Security Certificates

8.1 General

An Issuer shall have only one form of certificate for each class or series of Listed Shares. All certificates must conform with the requirements of the corporate and Securities Laws applicable to the Issuer.

8.2 Exchange Requirements

- (a) All certificates for every class or series of Listed Shares must be printed in a manner acceptable to the Exchange by:
- (i) a recognized bank note company or its affiliate or other security printer which has a contractual affiliation with a recognized bank note company, recognized for this purpose by the Exchange. The producing bank note company must at all times have possession and control of all dyes, rolls, plates and other engravings. All certificates must be produced on paper of an excellent grade of security paper; or
 - (ii) a secured printer printing a form of generic certificate that complies with the requirements of the Security Transfer Association of Canada ("STAC"), as may be agreed to by the Exchange, from time to time.
- (b) Issuers using bank note share certificates as contemplated under subsection (a)(i) have the option to continue using those certificates or they may use generic share certificates at any time. Issuers interested in using generic share certificates are encouraged to contact their transfer agent.

- (c) Before a form of certificate can be used by an Issuer, the Exchange must receive and approve a model, proof or specimen of the certificates. Where the Issuer chooses to utilize generic certificates, the Issuer must also include a letter from its transfer agent confirming that the generic certificate provided, complies with STAC requirements. No change or alteration can be made to the form or design of a security certificate without the Exchange's prior acceptance.
- (d) The face of all certificates for every class of Listed Shares must include:
- (i) the "title" or corporate name of the Issuer printed clearly and prominently (a trade mark, trade name or logo may be used in addition to the corporate name but not in substitution for the corporate name);
 - (ii) a general or promissory text printed clearly and prominently;
 - (iii) a colour panel or panels, or a colour border;
 - (iv) a space to indicate ownership and denominations;
 - (v) an ISIN or CUSIP number in the upper right corner (obtained from the Canadian Depository for Securities Limited. See Policy 5.8 - *Name Change, Share Consolidations and Splits*);
 - (vi) a prominent indication of the class and series of securities to which the certificate refers;
 - (vii) a transferability clause, indicating the cities where the certificates are transferable;
 - (viii) the name(s) of the Issuer's registrar(s) and transfer agent(s);
 - (ix) original or facsimile signatures of at least two Officers or Directors of the Issuer;
 - (x) a document control or serial number; and
 - (xi) if specifically requested by the Exchange, a vignette for an Industrial or Investment Issuer.

9. Dissemination of Information and Insider Trading

9.1 Dissemination of News

Each Issuer must disseminate news respecting Material Information in accordance with applicable Securities Laws and Exchange Requirements. Issuers listed on the Exchange must disseminate all news announcements respecting Material Information on a national basis and must retain the services of one or more acceptable news disseminators to ensure proper dissemination. See *Policy 3.3 - Timely Disclosure* for further details on dissemination of news.

9.2 Procedures to be Adopted

The Directors and Senior Officers of every Issuer must adopt and implement practices and procedures to:

- (a) ensure that Material Information relating to the business and affairs of the Issuer is fully and properly publicly announced in a timely fashion;
- (b) educate Directors, management, employees and consultants with respect to the legal and regulatory restrictions on trading on undisclosed Material Information and the legal and regulatory implications of “tipping” and insider trading;
- (c) restrict, control and monitor access to all Material Information relating to the business and affairs of the Issuer, its Associates and Affiliates, until any previously undisclosed Material Information is properly disseminated to the public; and
- (d) require all Insiders and all other Persons in a “special relationship” (as defined in applicable Securities Laws) to the Issuer who have access to or might reasonably be believed to have access to undisclosed Material Information relating to the Issuer, to refrain from trading in the Issuer’s securities until the Material Information has been properly disseminated to the public.

9.3 The Directors and Senior Officers of an Issuer must not publish or direct the publication of any information that would constitute a misrepresentation under applicable Securities Laws, including any untrue statement of a Material Fact or an omission to state a Material Fact that is necessary to be stated for a statement not to be misleading. The Directors and Senior Officers must not knowingly permit any employee or consultant to publish any information that would constitute a misrepresentation and should ensure that the Issuer has implemented adequate procedures to prevent dissemination of such material. Directors and Senior Officers are advised that posting information on the World Wide Web or participating in any chat group or similar group via the Internet is considered by the Exchange to constitute publication of information.

9.4 Each Insider must comply with the provisions of applicable corporate law and Securities Laws in relation to both insider trading restrictions and disclosure of trades by Insiders.

- 9.5 Each Control Person must comply with the provisions of applicable corporate and Securities Laws and Exchange Requirements with respect to advance notice of any sale or other disposition of any securities owned by the Control Person.

10. Unacceptable Trading

- 10.1 Public participation in any securities marketplace, to a great degree, depends upon the confidence of investors and potential investors in the fairness and integrity of the system of securities trading. Directors, Senior Officers and Insiders of an Issuer and Persons engaged in Investor Relations Activities or promotion and market-making activities for an Issuer are prohibited from engaging in abusive, manipulative or deceptive trading practices. Directors and Senior Officers of an Issuer should ensure that all Persons retained to act on behalf of the Issuer to provide investor relations, promotion or market-making services are aware of the provisions of applicable Securities Laws and Exchange Requirements dealing with unacceptable trading practices. Directors and Senior Officers of an Issuer must advise the Exchange if they become aware that any Person is engaging in unacceptable practices with respect to trading in the securities of the Issuer. See also Policy 3.4 – *Investor Relations, Promotional and Market-Making Activities*.
- 10.2 Without limiting the restrictions imposed by applicable Securities Laws and other Exchange Requirements, activities that could reasonably be expected to create or result in a misleading appearance of trading activity in, or an artificial price for securities listed on the Exchange include:
- (a) executing any transaction in a security, through the facilities of the Exchange, if the transaction does not involve a change in beneficial ownership;
 - (b) effecting, alone or with others, a transaction or series of transactions in a security for the purpose of inducing others to purchase or sell the same security or a related security;
 - (c) effecting, alone or with others, a transaction or series of transactions that has the effect of artificially raising, lowering or maintaining the bid or offering price of the security;
 - (d) entering one or more orders for the purchase or sale of a security that artificially raise, lower or maintain the bid or offering prices of the security;
 - (e) entering one or more orders for the purchase or sale of a security that could reasonably be expected to create an artificial appearance of investor participation in the market;
 - (f) executing, through the facilities of the Exchange, a prearranged transaction in a security that has the effect of creating a misleading appearance of active public trading or that has the effect of improperly excluding other market participants from the transaction;

- (g) purchasing or making offers to purchase a security at successively higher prices, or selling or making offers to sell a security at successively lower prices, if the transactions or offers create a misleading appearance of trading or an artificial market price for the security;
- (h) effecting, alone or with others, one or a series of transactions through the facilities of the Exchange where the purpose of the transaction is to defer payment for the security traded;
- (i) entering an order to purchase a security without the ability and the bona fide intention to make the payments necessary to properly settle the transaction;
- (j) entering an order to sell a security, except for a security sold short in accordance with applicable Securities Laws and Exchange Requirements, without the ability and the bona fide intention to deliver the security necessary to properly settle the transaction; and
- (k) engaging, alone or with others, in any transaction, practice or scheme that unduly interferes with the normal forces of demand for, or supply of, a security or that artificially restricts the Public Float of a security in a way that could reasonably be expected to result in an artificial price for the security.

11. Corporate Power and Authority

- 11.1 Every Issuer must be validly incorporated or created and remain at all times a validly subsisting corporate entity pursuant to the laws of its incorporation or creation.
- 11.2 Every Issuer must have the corporate power and authority to carry on the business it conducts or proposes to conduct, be authorized and empowered to issue its securities to the public and to have its securities listed on the Exchange.

12. Auditors

- 12.1 Every Issuer must have an auditor that reports directly to the audit committee.
- 12.2 Subject to any additional requirements of applicable corporate law and following receipt and acceptance of a recommendation of the audit committee as to a proposed auditor, the board of Directors must appoint an auditor and place before the Shareholders for consideration at each annual general meeting, the election or re-election of such auditor. An auditor must be elected or re-elected by Shareholders at the Issuer's annual general meeting.
- 12.3 Subject to section 12.4, the auditor must be a Person who is a member or a partnership whose partners are members, in good standing with the Canadian Institute of Chartered Accountants, or another Person acceptable to the applicable Securities Commission(s).

- 12.4 In addition to the requirement of section 12.3, where an Issuer is filing financial statements accompanied by an auditor's report pursuant to the continuous disclosure requirements of Securities Laws, that report must be prepared by a public accounting firm that is, at the date of the auditor's report, a participating audit firm, as defined by National Instrument 52-108 - *Auditor Oversight*. Such firm must be in compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board.
- 12.5 If an Issuer wishes or is required to change its auditor, the Issuer must comply with National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102").

13. Financial Statements, MD & A and Certification

- 13.1 The board of Directors of an Issuer must ensure that the Issuer prepares, files and disseminates annual audited financial statements, interim financial statements and annual and interim Management's Discussion and Analysis ("MD&A") in accordance with NI 51-102.
- 13.2 The CEO and the CFO of the Issuer must certify the annual audited financial statements and the interim financial statements of the Issuer in accordance with National Instrument 52-109 - *Certification of Disclosure in Issuers Annual and Interim Filings* ("NI 52-109").

14. Shareholders' Meetings and Proxies

- 14.1 The board of Directors of an Issuer must ensure that the Issuer holds an annual meeting of its Shareholders as required by Policy 3.2 - *Filing Requirements and Continuous Disclosure*.
- 14.2 At each annual meeting of shareholders, the board of Directors must:
- (a) present the audited annual financial statements to the Shareholders for review;
 - (b) permit the Shareholders to vote on the appointment of an auditor; and
 - (c) permit the Shareholders to vote on the election of Directors.

15. Shareholder Rights Plans

- 15.1 The Exchange neither endorses nor prohibits the adoption of shareholder rights plans in general or in connection with any particular take-over bid. Issuers implementing shareholder rights plans must comply with National Policy 62-202 - *Take-over Bids - Defensive Tactics* ("NP 62-202").
- 15.2 Where a shareholder rights plan has been adopted after the announcement or commencement of a take-over bid, the Exchange will defer a review of a shareholder rights plan until after the appropriate Securities Commission(s) has determined whether it will intervene pursuant to NP 62-202.

- 15.3 If a shareholder rights plan is adopted at a time when the Issuer is not aware of any specific take-over bid for the Issuer that has been made or is contemplated, the Exchange will not generally object to the plan, provided that it is ratified by the Shareholders of the Issuer at a meeting held within six months following the adoption of the plan. Pending such shareholder ratification, the plan is allowed to be in effect so that its intent is not circumvented prior to the shareholder meeting. If the plan is not ratified by Shareholders within six months of its adoption, it must be cancelled.
- 15.4 Where a particular Shareholder is exempted from the operation of a plan, even though the Shareholder's percentage holding exceeds the plan's triggering ownership threshold, the Exchange will normally require that the plan be ratified by a vote of Shareholders that excludes the votes of the exempted Shareholder and its Associates, Affiliates and Insiders, as well as by a vote that does not exclude such Shareholder.
- 15.5 Amendments to a shareholder rights plan must be filed with the Exchange. The Exchange may require the Issuer to receive Shareholder approval for the amendment.

15.6 Filing Requirements for a Shareholder Rights Plan

- (a) Issuers proposing to implement a shareholders rights plan must file the following with the Exchange:
- (i) a draft of the proposed shareholders rights plan;
 - (ii) a letter containing the following:
 - (A) a statement as to whether the Issuer is aware of any specific take-over bid for the Issuer that has been made or is contemplated, together with full details regarding any such bid,
 - (B) a description of any unusual features of the plan,
 - (C) a statement as to whether the plan treats any existing Shareholder differently from other Shareholders, and
 - (D) date that Shareholder approval has been or will be obtained for the shareholder rights plan;
 - (iii) the applicable fee.
- (b) If an Issuer adopts a plan without pre-clearance from the Exchange, the Issuer must:
- (i) publicly announce the adoption of its plan as subject to regulatory acceptance; and
 - (ii) as soon as possible, after the adoption of the plan, file with the Exchange a copy of the plan along with the letter described in section 15.6(a) above.

16. Proceeds from Distributions

- 16.1 Except to the extent disclosed in public disclosure documents required to be filed by Securities Laws or Exchange Requirements, the proceeds from any distribution of securities in Canada must be retained by the Issuer in Canada. Each Issuer must implement adequate internal controls to monitor and ensure compliance with this requirement.

17. Issuers with Head Office Outside Canada

- 17.1 Every Issuer whose head office is outside Canada must, as long as it is listed on the Exchange, appoint and maintain an address for service within Canada and must agree to attorn to the laws of the Province of Alberta and the federal laws applicable in that province.

18. Assessment of a Significant Connection to Ontario

- 18.1 All Issuers that are not otherwise reporting issuers in Ontario are required to assess whether they have a Significant Connection to Ontario.
- 18.2 Where an Issuer that is not otherwise a reporting issuer in Ontario becomes aware that it has a Significant Connection to Ontario as a result of complying with section 18.1 above or otherwise, the Issuer is required to immediately notify the Exchange, and promptly make a bona fide application to the Ontario Securities Commission to be deemed a reporting issuer in Ontario. The Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a Significant Connection to Ontario.
- 18.3 All Issuers that are not otherwise reporting issuers in Ontario are required to assess on an annual basis, in connection with the preparation for mailing of their annual financial statements, whether they have a Significant Connection to Ontario. All Issuers must obtain and maintain for a period of three years after each annual review, evidence of the residency of the RHs and BHs of the Issuer.
- 18.4 If requested, Issuers must provide the Exchange with evidence of the residency of their NOBOs.

19. Corporate Governance Guidelines

19.1 General

Since Issuers differ in size, industry, stage of development, and management experience, corporate governance for each Issuer will differ accordingly. While no prescribed set of corporate governance standards or practices will be suitable for every Issuer, all Issuers must adopt corporate governance practices and processes that are appropriate to them.

19.2 Corporate Governance Guidelines

In general, good corporate governance:

- (a) requires an effective system of accountability by management to the board and by the board to the securityholders;
- (b) requires that information be made available and that decisions by management and the board can be reviewed;
- (c) ensures that all securityholders are protected; and
- (d) in the circumstances where there is a significant securityholder, ensures that the interests of minority securityholders are protected.

19.3 An Issuer should consult NP 58-201 which sets out guidelines for Issuers developing their own corporate governance practices.

19.4 Management Compensation

- (a) The board of Directors of each Issuer must adopt procedures to ensure that all employment, consulting or other compensation arrangements between the Issuer and any Director or Senior Officer of the Issuer or between any subsidiary of the Issuer and any Director or Senior Officer are considered and approved by independent Directors.
- (b) The Exchange considers golden parachutes, retirement bonuses and similar cash payments (other than reasonable severance payments) to be generally inappropriate for Issuers.

19.5 Disclosure of Management Compensation

- (a) The Issuer must include the following disclosure in its interim MD&A unless it is included in its financial statements. The Issuer must also make this disclosure in its annual MD&A unless such disclosure is made in its financial statements, Annual Information Form or Information Circular;

- (i) any standard compensation arrangements made directly or indirectly with Directors and Officers of the Issuer, for their services as Directors or Officers, or in any other capacity, from the Issuer and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable under the arrangements and must include any additional amounts payable for committee participation or special assignments;
- (ii) any other arrangements under which Directors and Officers were directly or indirectly compensated for their services as Directors and Officers or in any other capacity from the Issuer and its subsidiaries during the most recently completed financial quarter. The disclosure must state the amounts paid and payable and the name of the Director or Officer; and
- (iii) any arrangement relating to severance payments to be paid to Directors and Officers of the Issuer and its subsidiaries, entered into during the most recently completed financial quarter.

19.6 Entrenchment of Management

Issuers must not construct mechanisms that entrench existing management such as staggered elections of the board of Directors or the election of a slate of Directors if securityholders are not permitted to choose whether to elect the board as a slate (i.e., as a group in its entirety) or to elect Directors individually.

19.7 Cheques

The signatures of two authorized Persons must be on every cheque issued by an Issuer.

20. Disclosure of Corporate Governance Practices

- (a) Tier 2 Issuers must disclose their corporate governance practices as required by the applicable provisions of NI 58-101.
- (b) A Tier 1 Issuer must disclose its corporate governance practices based on the disclosure requirements in NI 58-101 that apply to issuers listed on the Toronto Stock Exchange.

21. Audit Committees

- (a) The board of Directors of an Issuer, after each annual securityholders' meeting, must appoint or re-appoint its audit committee.
 - (b) An Issuer must have an audit committee comprised of at least three Directors, the majority of whom are not Officers, employees or Control Persons of the Issuer or any of its Associates or Affiliates.
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