

## POLICY 3.3

### TIMELY DISCLOSURE

#### Scope of Policy

Timely disclosure is an integral part of an Issuer's proper corporate governance and must accompany any Material Change in an Issuer's affairs. Therefore it is discussed throughout this Manual in relation to specific transactions. This Policy sets out the general disclosure requirements for all material information.

The main headings in this Policy are:

1. Introduction
2. Disclosure of Material Information
3. Timing of Disclosure
4. Filing
5. Dissemination
6. Content of News Releases
7. Trading Halts
8. Unusual Market Activity
9. Confidential Information

#### 1. Introduction

- 1.1 One of the underlying principles of Exchange policy and Securities Laws is that all investors must have equal access to Material Information about an Issuer in order to make informed and reasoned investment decisions.
- 1.2 To maintain a listing on the Exchange, every Issuer must make ongoing timely and continuous disclosure and keep the Exchange informed of both routine and unusual events and information regarding its business, operations and affairs.
- 1.3 This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers and must be read in conjunction with all other Exchange Requirements and Securities Laws, including National Policy 40 (Timely Disclosure) or any successor instrument.

## 2. Disclosure Of Material Information

- 2.1 For the purposes of this Policy, “**Material Information**” means any information that an investor could reasonably be expected to take into account in making an investment decision regarding the securities of the Issuer or that affects, or could reasonably be expected to significantly affect the market price or value of the Issuer’s Listed Shares, including information relating to the business, operations, assets or ownership of the Issuer.
- 2.2 Material Information consists of both Material Facts and Material Changes relating to the business and affairs of an Issuer. In addition to Material Information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, the Exchange may require that an announcement be made by the Issuer to confirm whether or not such rumours and speculation are factual.
- 2.3 The market price of an Issuer’s Listed Shares may be affected not only by information concerning the Issuer’s business and affairs, but also by factors directly relating to the Listed Shares themselves. For example, changes in an Issuer’s issued capital, stock splits, redemptions and dividend decisions may all affect the market price of its Listed Shares, and thus are Material Changes.
- 2.4 Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development can reasonably be expected to have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of that development by other companies engaged in the same business or industry, 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.
- 2.5 It is the responsibility of each Issuer to determine what information is material according to the above definition in the context of its own affairs. The materiality of information may vary from one Issuer to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is significant or major in the context of a Tier 2 Issuer’s business and affairs may not be material to a Tier 1 Issuer. The Issuer itself is in the best position to apply the definition of Material Information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments, and encourages Issuers to consult the Exchange’s Market Surveillance Department when in doubt as to whether disclosure should be made.

2.6 Without limiting the definition of material information above, the following events are deemed to be material in nature and require immediate disclosure in accordance with this Policy:

- (a) any issuance of securities by way of statutory exemption or prospectus;
- (b) any change in the beneficial ownership of the Issuer's securities that affects or is likely to affect the control of the Issuer;
- (c) any change of name, capital reorganization, merger or amalgamation;
- (d) a take-over bid, issuer bid or insider bid;
- (e) any significant acquisition or disposition of assets, property or joint venture interests;
- (f) any stock split, share consolidation, stock dividend, exchange, redemption or other change in capital structure;
- (g) the borrowing or lending of a significant amount of funds or any mortgaging, hypothecating or encumbering in any way of any of the Issuer's assets;
- (h) any acquisition or disposition of the Issuer's own securities;
- (i) the development of a new product or any development which affects the Issuer's resources, technology, products or markets;
- (j) the entering into or loss of a significant contract;
- (k) firm evidence of a significant increase or decrease in near-term earnings prospects;
- (l) a significant change in capital investment plans or corporate objectives;
- (m) any change in the board of directors or senior officers;
- (n) significant litigation;
- (o) a significant labour dispute or a dispute with a major contractor or supplier;
- (p) a Reverse Take-over, Change of Business or other Material Change in the business, operations or assets of the Issuer;
- (q) an event of default under a financing or other agreement;
- (r) a declaration or omission of dividends (either securities or cash);
- (s) a call of securities for redemption;

- (t) the results of any asset or property development, discovery or exploration by a Mining or Oil and Gas Issuer, whether positive or negative;
  - (u) any oral or written agreement to enter into any management contract, investor relations agreement, service agreement not in the normal course of business, or Related Party Transaction;
  - (v) any amendment, termination, extension or failure to renew a renewable agreement for the provision of any service listed in section (u) above; and
  - (w) the establishment of any special relationship or arrangement with a Member or other registrant.
- 2.7 All information relevant to a Material Change or Material Fact, as defined under the Securities Laws and Exchange policies, is Material Information and must be disclosed.

### **3. Timing Of Disclosure**

- 3.1 An Issuer must disclose Material Information concerning its business and affairs as soon as possible following a Material Change or as soon as the Issuer becomes aware that a fact or information has become material.
- 3.2 While the policy of the Exchange is that all Material Information must be released immediately, the Issuer must exercise judgment as to the timing, propriety and content of any news release concerning corporate developments.
- 3.3 An Issuer must decide at what time to issue a news release. It is customary to wait until after the close of trading or before opening of trading to disseminate news, which avoids the need for a halt. In this case the news must be kept confidential until it is disseminated. If the Issuer decides to issue its news release before the market closes, and the news may affect the value or price of the Issuer's Listed Shares, the Issuer should telephone the Market Surveillance Department which can determine to halt trading pending dissemination. (See section 7 for further details on trading halts).
- 3.4 An announcement of an intention to proceed with a transaction or activity should not be made unless the Issuer has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the Issuer, or by senior management with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by the Issuer and its management as to the timing of an announcement of Material Information, since either premature or late disclosure may result in damage to the reputation of the Issuer and/or the market.

- 3.5 The Exchange can require that the Issuer issue a further news release dealing with the status of a previously announced transaction if the Exchange has not received the required documentation from the Issuer within 45 days after the announcement, or the transaction has not closed within 90 days after the announcement.

## 4. Filing

- 4.1 In certain circumstances, including situations involving halts for RTOs, COBs and Qualifying Transactions, the Exchange, in its discretion, can require that a news release be reviewed by Exchange staff before it is disseminated to the public. The Exchange can also require supporting documents to be submitted with the news release.
- 4.2 Each Issuer must also comply in all respects with the Securities Laws applicable to continuous disclosure and filing material change reports. Material change reports must also be filed with the Exchange.

## 5. Dissemination

- 5.1 The objective of timely disclosure is to achieve prompt, simultaneous and thorough dissemination of Material Information so that investors are as far as possible placed on an equal footing.
- 5.2 News releases must be transmitted to the media by the quickest possible method and in a manner which provides for wide and simultaneous dissemination. Each news release must be distributed to news dissemination services that distribute financial news nationally, to the financial press and to daily newspapers that provide regular coverage of financial news and events.
- 5.3 Appendix 3C lists Commercial News Disseminators and publications which are available to Issuers. The Exchange does not recommend any particular service or publication and the list is purely for informational purposes. To provide Issuers with guidance in choosing a particular service or publication, the Exchange offers the following comments:
- (a) Commercial News Disseminators guarantee transmission of corporate news releases to an identified network of recipients, usually on a fee-for-service basis. The technology employed is speedy, but the Issuer using the service must ensure that it is satisfied with the scope of the distribution network offered.
  - (b) Where trading has been halted pending dissemination of a material change news release, the release must be carried by at least one of the Commercial News Disseminators identified in the Appendix. This requirement is to minimize the period of the halt (usually no more than 2 hours) and to ensure that the news release has been disseminated through the chosen disseminator's network.

- 5.4 If a Commercial News Disseminator is not among the services employed and the Surveillance Department of the Exchange notes unusual activity in the Issuer's securities, a halt for a long period (one or more days) may be imposed in order to permit adequate dissemination. In addition, if an Issuer does not disseminate news releases properly, it reflects poorly on the suitability of the Issuer's directors and action may be taken against them.
- 5.5 For consistency of exposure, when an Issuer releases follow-up information relevant to an earlier news release, either the same or greater (but not lesser) coverage must be employed.
- 5.6 Issuers should be aware that there is a delay from the time a news release is delivered to the Commercial News Disseminator, to the time it is actually disseminated. Issuers should therefore refrain from faxing news releases or otherwise reporting material information to others until they have ensured that the news release has been properly disseminated. For example, a news release should not be faxed to a contact list at the same time that it is being faxed to the Commercial News Disseminator.
- 5.7 Initial disclosure of material information should always be accomplished by the issuance of a news release. Issuers that distribute brochures, pamphlets, etc., which contain material information that has been previously disclosed should ensure that the content of these documents conforms to the disclosure principles established in this Policy. The Issuer should therefore ensure that these documents do not contain Material Information that has not already been disclosed through a news release.
- 5.8 An Issuer that wishes to disclose Material Information during a news conference should ensure that the principle of all investors having equal access to this Material Information is respected.

## **6. Content Of News Releases**

- 6.1 Announcements of Material Information should be factual and balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. Material unfavourable news must be disclosed just as promptly and completely as material favourable news. It is appreciated that it may not be practical to include in a news release the level of detail that would be included in a prospectus or similar disclosure document. However, news releases must contain sufficient detail to enable investors to make informed investment decisions.
- 6.2 All news releases must include the name of an officer or director of the 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. Additional guidelines for news releases are set out in Appendix 3E to this Policy.

- 6.3 A news release must not contain estimates of potential reserves of oil and gas nor disclose mineral reserves without the prior consent of the Market Surveillance Department. Mining Issuers must comply with National Instrument 43-101 (Standards of Disclosure for Mineral Exploration and Development and Mining Properties) and the Exchange standards which are set out in the Mining Standards Guidelines in Appendix 3F.
- 6.4 Any Issuer which fails to comply with any provision of this Policy may be subject to a trading halt of its securities without prior notice to the Issuer until the matters in question are clarified.
- 6.5 The responsibility for the adequacy and accuracy of the content of news releases rests with the directors of an Issuer. All news releases must contain the following statement in a prominent location:

*“The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.”*

## 7. Trading Halts

- 7.1 This section deals with trading halts in relation to timely disclosure in general. The process and duration of halts for specific transactions are dealt with in the policies dealing with those transactions. In addition, Policy 2.9 - Trading Halts, Suspensions and Delisting provides a detailed discussion of trading halts.
- 7.2 A halt in trading does not reflect on the reputation of management of an Issuer or the quality of its securities. Indeed, trading halts for material information announcements by the Issuer are considered a normal occurrence and for the benefit of the public.
- 7.3 If an announcement is to be made during trading hours, trading in the Listed Shares of an Issuer can be halted until the announcement is made public and disseminated. The Exchange determines the amount of time necessary for dissemination in a particular case, based on the significance and complexity of the announcement.
- 7.4 The Exchange normally halts trading if:
- (a) the Issuer requests a halt before dissemination during trading hours of a Material Change that may immediately affect the value or price of the Issuer’s Listed Shares. The Exchange must be advised of the Material Change and halt request as soon as possible, by phone or fax, so that the Exchange can consider whether to halt trading pending receipt and dissemination of the news release. Management of the Issuer should consult with Surveillance or Corporate Finance Services Staff to assess the expected impact of any announcement that might justify a temporary halt in trading;

- (b) even if an Issuer has not requested a halt, the Exchange determines that trading should be halted due to a Material Change news release filed with the Exchange before dissemination which may immediately affect the value or price of an Issuer's Listed Shares;
  - (c) unusual trading suggests that important information regarding a Material Change is selectively available. The Exchange can require that the Issuer either disseminate an initial news release if it has not yet done so, or issue a further news release to rectify the situation.
- 7.5 It is not appropriate for an Issuer to request a trading halt if a material announcement is not going to be made forthwith. When an Issuer (or its advisers) requests a trading halt for an announcement, the Issuer must provide assurance to the Exchange that an announcement is imminent. The nature of this announcement and the current status of events must be disclosed to the Exchange, so that Exchange staff can assess the need for and appropriate duration of a trading halt.
- 7.6 A trading halt may be changed to a suspension if over a reasonable time, usually ten trading days, the reason for the halt is not addressed.
- 7.7 The Surveillance Department co-ordinates trading halts with other exchanges and markets when an Issuer's securities are listed or traded elsewhere. A convention exists among exchanges and Nasdaq that trading in an interlisted security will be halted and resumed at the same time in each market. Failure to notify the Exchange in advance of an announcement could disrupt this system.

## **8. Unusual Market Activity**

- 8.1 Where unusual trading activity takes place in Listed Shares, the Market Surveillance Department attempts to determine the specific cause of that activity. If the specific cause cannot be determined immediately, the Issuer's management will be contacted. If this contact results in a determination by Market Surveillance staff that a news release is required, the Issuer will be asked to make an immediate announcement. If the Issuer is unaware of any undisclosed development, Market Surveillance staff will continue to monitor trading and can ask the Issuer to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern or activity.
- 8.2 Unusual market activity is often caused by the presence of rumours. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying this type of situation. A trading halt can be instituted pending a "no corporate developments" statement from the Issuer. If a rumour is correct in whole or in part, immediate disclosure of the relevant Material Information must be made by the Issuer and a trading halt will be imposed pending release and dissemination of the information.



## 9. Confidential Information

- 9.1 In isolated and restricted circumstances, disclosure of Material Information concerning the business and affairs of an Issuer can be delayed and kept confidential temporarily if immediate release of the information would be unduly detrimental to the interests of the Issuer.
- 9.2 It is the policy of the Exchange that the withholding of Material Information on the basis that disclosure would be unduly detrimental to the Issuer, must be infrequent and can only be justified where the potential harm to the Issuer or investors caused by immediate disclosure can reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the Exchange's policy of immediate disclosure. While recognizing that there must be a trade-off between the legitimate interest of an Issuer in maintaining confidentiality and the right of the investing public to disclosure of Material Information, the Exchange discourages any delays in disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.
- 9.3 At any time when Material Information is being withheld from the public, in accordance with this section, the Issuer must ensure that the information is kept completely confidential.
- 9.4 Issuers that wish to keep a Material Change or Material Information confidential must also comply in all respects with relevant Securities Laws, which includes the filing of a confidential material change report with the applicable Securities Commission and the Exchange. The Exchange must be advised of the Material Information on a confidential basis so that trading in the Issuer's Listed Shares can be monitored by the Exchange. If the trading of the Issuer's Listed Shares suggests or indicates that the confidential information may have been "leaked", the Exchange will normally require an immediate news release and will halt trading in the Issuer's Listed Shares until the information has been generally disclosed to the public.
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