

**Subject: Insider Trading and Reporting Policy**  
**Revision Date: December 1, 2008**

## **Introduction**

The integrity of the Canadian capital markets is based on the principle of “equal opportunity based on equal access of information”. Consequently, securities legislation imposes prohibitions against trading on inside information and tipping and imposes obligations on insiders to publicly report their trading activities.

The statutory prohibitions against trading on inside information and tipping apply when persons in a special relationship (“Special Relationship”) with a public issuer like TVI Pacific Inc. (the “Company” or “TVI”) trade in securities of that issuer with knowledge of, or inform others of, undisclosed material information regarding the issuer. Persons in a Special Relationship are defined in securities legislation and include insiders, employees and persons who engage in business or professional activities with the issuer and anyone who learns of a material fact or material change from another person that they ought reasonably to have known was in a Special Relationship.

Securities legislation also requires insiders to disclose their ownership of, and trading in, securities of public issuers.

All insiders, employees and consultants of the Company and its subsidiaries are required to review this Policy annually and comply with its provisions.

This Policy utilizes the terms “material change” and “material fact” and the phrase “necessary course of business”, which are discussed in more detail in the Disclosure Policy and Procedures of the Company. Persons subject to this Policy are referred to such Disclosure Policy and Procedures for additional information concerning the meanings of the foregoing terms and phrase.

## **Objective and Scope**

Part 1 of this Policy outlines the trading and disclosure restrictions that apply to persons in a Special Relationship with the Company (as more particularly described below).

Part 2 of this Policy outlines the reporting requirements that apply to insiders of the Company in respect of trades in securities of the Company undertaken by insiders.

## **Persons and Others in a Special Relationship**

Under applicable securities legislation, a broad group of persons and others may be considered to be in a Special Relationship with the Company. That group includes (but is not limited to):

- insiders, affiliates and associates of the Company;
- insiders, affiliates and associates of a person or company proposing:
  - a take-over bid of the Company;
  - a business combination with the Company; or
  - to acquire a substantial portion of the Company’s assets;
- a person or company who engages in business with the Company (for example, consultants and professional advisors);
- a person who learns of a material fact or a material change concerning the Company (material facts and material changes are hereinafter collectively referred to as “Material Information”) from another person

that they ought reasonably to have known was in such a relationship (known as tippee and includes tippees of tippees).

### **Insiders**

Directors and senior officers of the Company and its subsidiaries are considered to be insiders ("Insiders") for purposes of applicable securities legislation. Persons and companies that beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting rights attached to the outstanding voting securities of the Company and the directors and senior officers of these persons and companies are also considered to be insiders. In certain circumstances the Company may be an insider of itself (for example if the Company purchases its own securities).

### **Senior Officers**

Securities legislation defines senior officers ("Senior Officers") as:

- (a) the chair and vice chair of the board, the president, vice president, secretary, controller, treasurer or general manager or any other individuals who perform similar functions; and
- (b) the five (5) highest paid employees of an issuer.

### **Securities of the Company**

In this policy, securities of the Company include:

- common shares;
- securities that are convertible or exchangeable into shares of the Company;
- debt obligations of the Company or its subsidiaries; and
- derivative instruments, agreements or securities (whether or not issued by the Company), the market price, value or payment materially referenced to or materially based on a security of the Company obligations of which are materially derived from.

## **PART 1 – TRADING RESTRICTIONS**

### **Rule 1**

Securities legislation provides that no person or company in a Special Relationship with a public issuer shall purchase or sell securities of such issuer with the knowledge of Material Information (or change in Material Information) with respect to such issuer that has not been generally disclosed. Furthermore, no public issuer or person or company in a Special Relationship with such issuer shall inform, other than in the necessary course of business, another person or company of with respect to such issuer before the Material Information has been generally disclosed.

Material Information is defined as any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. Examples of potential Material Information are set out in **Appendix A**.

This Rule 1 trading prohibition applies so long as the Material Information has not been generally disclosed, including during Blackout Periods.

(There is no published rule specifying when information can be considered to have been generally disclosed; however, practice has established a period of two (2) trading days after the issuance of a news release through a news service as the minimum period required.)

**Rule 2**

The prohibition on tipping prohibits disclosure of Material Information, except in the necessary course of business. It is important to note that while the practice of obtaining confidentiality agreements from recipients of Material Information is prudent, it does not make legal any disclosure that was not made in the necessary course of business.

**Blackout Periods**

During Blackout Periods all persons and others in a Special Relationship shall be prohibited from trading as provided in Rule 1.

Blackout Periods are defined as:

1. Quarterly periods which shall commence on 15<sup>th</sup> day following the end of a quarter and end at the close of trading on the second trading day following the issuance of a news release disclosing the quarterly financial results.
2. Annual periods will commence on the 25<sup>th</sup> day following the end of the fiscal year and end at the close of trading on the second trading day following the issuance of a news release disclosing the annual financial results.

Additional Blackout Periods may be established from time to time as a result of special circumstances relating to the Company. All persons with knowledge of these special circumstances (or who are otherwise advised of the existence of the Blackout Period) must observe the blackout restrictions. For example, members of a project team working on a potential acquisition or financing may be precluded from trading while they are working on such project.

**Notice of Blackout Periods**

The CFO, or such other person as the CEO may designate from time to time, shall make a reasonable effort to provide notice of the commencement and termination of Blackout Periods to all persons affected by a Blackout Period, by way of e-mail directed to such persons.

**Trade Pre-Clearance**

The CEO, or in the absence of the CEO the Chairman of the Audit Committee, may consider requests from persons who are restricted from trading as a result of a Blackout Period, for permission to trade in securities while the applicable Blackout Period remains in effect and permission to trade may be declined without giving reason for same.

**Guidelines**

The Company shall from time to time prepare guidelines for the CEO and the Chairman of the Audit Committee to consider in the granting or withholding of permission to trade in securities of the Company during a Blackout Period, as aforesaid.

If the CEO, or the Chairman of the Audit Committee, grants permission to trade securities during a Blackout Period, as aforesaid, such permission shall not relieve the applicant from complying with all applicable security laws. Should an applicant be granted permission to trade he may be required, as a condition thereto, to enter into a release and indemnity agreement.

**PART 2 – REPORTING REQUIREMENTS****What to Report**

Canadian Securities Legislation requires all insiders of the Company to disclose:

- all direct and indirect beneficial ownership of, or control or direction over, securities of the Company; and
- any changes in that ownership.

Examples of reportable transactions include sales and purchases of common shares, the receipt of options or rights to acquire shares, the exercise of options and transferring shares between accounts (i.e. from an investment account to an RRSP account) or to other family members.

It is an insider's responsibility to ensure that his insider reports are accurate, complete and filed in a timely manner.

### **When to Report**

Insiders must file initial reports disclosing the date they became insiders and their ownership of securities of the Company within ten (10) calendar days from the date they become insiders of the Company. Thereafter a report must be filed within ten (10) calendar days after any trades or other changes in holdings of securities of the Company.

### **How to Report**

The Canadian Securities Administrators have established an electronic filing system for insider report – *System for Electronic Disclosure by Insiders* ("SEDI").

In order to start using SEDI an insider must register and file an insider profile. Information about how to use SEDI is available on the SEDI website ([www.sedi.ca](http://www.sedi.ca)). The website has an online help function that contains a user guide, a list of frequently asked questions and detailed guidance. Lori Scigliano (Office Manager), or such other person as the CEO may designate from time to time, can assist insiders in filing their insider reports, upon receiving the appropriate information in a timely manner.

### **Communication, Education, and Enforcement**

New directors, officers, employees and consultants and persons in a Special Relationship will be provided with a copy of this Policy. Any substantive changes to this Policy will be communicated to all directors, officers, employees and consultants and other persons in a Special Relationship.

The Company will regard the violation of this Policy by any employee or consultant of the Company or its subsidiaries as a serious offence, which may result in disciplinary action up to and including termination of employment, or termination of engagement in the case of a consultant. A violation of this Policy may also constitute a violation of applicable securities laws, which could expose directors, officers, employees or consultants to personal liability or other penalties. If it appears that a director, officer, employee or consultant may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to administrative, criminal or penal sanctions and, possibly, civil actions.

Certain jurisdictions routinely impose fines for the late filing of insider reports. For example, the Ontario Securities Commission imposes a fine of \$50 per calendar day (subject to an annual maximum of \$1,000). In some provinces, a weekly report of insiders who have late filed their insider reports is published.

## **Approval of the Insider Trading and Reporting Policy**

*"Clifford M. James"*

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Clifford M. James, President and CEO

*"Jan Horejsi"*

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Jan Horejsi, Director

**APPENDIX A  
EXAMPLES OF INFORMATION THAT MAY BE MATERIAL**

*(Reproduced from National Policy 51-201)*

**Changes in Corporate Structure**

- changes in share ownership that may affect control of the company
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

**Changes in Capital Structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

**Changes in Financial Results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the company's assets
- any material change in the company's accounting policies

**Changes in Business and Operations**

- any development that affects the company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labor disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies
- changes to the Board of Directors or executive management, including the departure of the company's CEO, CFO, COO or President (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the company's securities or their movement from one quotation system or exchange to another

**Acquisitions and dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company