

Liberty Defense Holdings, Ltd.



Disclosure Policy

Approved by the Board on [--]

1. Purpose

At Liberty Defense Holdings, Ltd. (together with its subsidiaries, “**Liberty**” or the “**Company**” or “**we**”), we seek to provide consistent, factual, balanced and timely disclosure of information about the Company to the investing public, in accordance with applicable legal and regulatory requirements. This disclosure policy (the “**Policy**”) outlines the procedures and practical guidelines for such disclosure and is intended to protect and prevent the improper use or disclosure of undisclosed material information or otherwise confidential information about Liberty.

2. Scope

This Policy applies to all directors, officers, employees, consultants and contractors of Liberty who have access to confidential corporate information, including undisclosed material information, and those persons authorized to speak on its behalf and to all disclosure in any medium, including to its shareholders, the investment community and the media.

3. Disclosure Committee

Liberty’s disclosure committee (the “**Disclosure Committee**”) shall be responsible for assisting Liberty’s Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) in:

- fulfilling their responsibilities regarding the accuracy, completeness and timeliness of Liberty’s public disclosures of material information, including news releases, annual and interim financial statements, management’s discussion and analysis, and periodic and current reports filed with the U.S. Securities and Exchange Commission (the “**SEC**”) on the Electronic Data Gathering, Analysis, and Retrieval system (“**EDGAR**”) and with the relevant Canadian securities regulators on the System for Electronic Data Analysis and Retrieval (“**SEDAR+**”);
- designing, establishing, maintaining and evaluating the effectiveness of Liberty’s disclosure controls and procedures;
- considering the materiality of information prior to its public release;
- considering the disclosure of forward-looking statements;
- fulfilling responsibilities relating to the certification of disclosures and reporting procedures established by the SEC and the Sarbanes-Oxley Act of 2002;
- implementing programs to educate employees, senior management and Liberty spokespersons about the Company’s disclosure policies, including the consequences of selective disclosure of undisclosed material information; and
- monitoring compliance with this Policy.

The Disclosure Committee shall consist of the CEO, CFO, ad hoc representation by a member of the Company’s external legal counsel, and such other persons as are designated from time to time by the

board of directors of the Company (the “**Board**”). To the extent any member of the Disclosure Committee deems appropriate, it shall consult with outside legal advisors in discharging responsibilities under this Policy.

It is important that the Disclosure Committee be informed promptly about events and developments that may be material. If you become aware of information that may constitute material information, you should promptly contact the CEO, who will liaise with members of the Disclosure Committee, as necessary.

4. What is “material information”?

Material information is any information relating to the business and affairs of the Company which results in, or would reasonably be expected to result in, a significant change in the market value or price of the Company’s listed securities. Stated another way, there is a substantial likelihood that a reasonable investor would consider the information important in making a decision to buy, sell or hold the Company’s securities. A “**material change**” means (i) a change in the business, operations or capital of Liberty that would reasonably be expected to have a significant effect on the market price or value of securities of Liberty, or (ii) a decision to implement such a change made by the Board, or by senior management who believe that confirmation of the decision by the Board is probable. Unless the context requires otherwise, as used in this Policy, “material information” includes “material changes”.

Determination of materiality of events or information depends on the circumstances and varies for different issuers, and material information can be favorable or unfavorable. In making materiality judgments, the Company shall consider a number of factors that cannot be captured in a simple well-defined standard or test. These include the nature of the information itself (both quantitative and qualitative information), the volatility of Company securities and prevailing market conditions. The determination of whether or not information is material often involves the exercise of business judgment based upon experience. If it is not clear whether inside information is material, the Company will consult with its external legal counsel and/or the market surveillance divisions (or equivalent) of the applicable stock exchanges on which the Company’s securities are listed.

It is not possible to define all categories of material information; however, some examples of information (not intended to be an exhaustive list or a substitute for the exercise of judgment in making materiality determinations) that could be considered to be material include:

- operating and financial results;
- financial projections;
- changes to expected cash runway, liquidity problems or impending bankruptcy;
- business plans, strategies, or negotiations;
- proposed mergers, acquisitions or joint ventures involving Liberty or divestitures of significant assets or a subsidiary by Liberty;
- changes in share ownership that may affect control of Liberty;
- Board or senior management changes;
- public or private sales of Liberty’s securities;

- proposed or pending material financings;
- events of default under financing or other agreements;
- material transactions involving directors, officers or principal shareholders of Liberty;
- labour disputes or disputes with important manufacturers, suppliers or joint venture partners;
- significant cyber security or data protection events affecting Liberty's operations;
- changes in Liberty's auditors;
- pending or threatened litigation;
- decisions or recommendations regarding dividend payments or policies, or other modifications to the rights of Liberty's securityholders; and
- changes in capital or corporate structure.

5. Principles of disclosure of material information

In complying with the continuous disclosure obligations under applicable securities laws and stock exchange rules, when information has been determined to be material, Liberty shall immediately initiate a process to ensure full, true, plain and timely disclosure of that information. Liberty shall strive to adhere to the following basic disclosure principles:

- communicate material information to the public on a timely basis via news releases through a widely disseminated newswire and the filing of material change reports and current reports on EDGAR and SEDAR+, in accordance with applicable securities laws and stock exchange rules;
- prepare and file material change reports with securities regulatory authorities, in the required format, as soon as practicable and in any event no later than ten (10) days following the date the material change occurs, on SEDAR+, subject to confidential filings (discussed below), which is also to be submitted to the SEC on a Current Report on Form 6-K;
- strive to ensure that information is kept confidential until it is released;
- strive to ensure that disclosure is complete and includes any information the omission of which would make the rest of the disclosure inaccurate or misleading (half-truths are misleading);
- unfavourable material information should be disclosed as promptly and completely as favourable information;
- previously undisclosed material information should not be disclosed to select groups or individuals (for example, in an interview with one or several analysts or in a telephone conversation with an investor);
- disclosure on the Company's website alone does not constitute adequate disclosure of material information;

- disclosure should be corrected immediately if Liberty subsequently learns that earlier disclosure by the Company contained a material error or omission at the time it was given and the correction would constitute material information; and
- after public dissemination, disclosure shall be monitored to ensure accurate media reporting and prompt corrective measures when necessary.

6. Selective Disclosure

No selective disclosure of previously undisclosed material information should occur. In other words, previously undisclosed material information is not to be disclosed to selected individuals (for example, in written or email correspondence, a conference call or face-to-face meeting with one or more analysts or in written or email correspondence or a telephone conversation with an institutional investor). Material information which has not been publicly disclosed may be provided by Liberty prior to general publication in certain limited circumstances to its bankers, auditors, investment bankers, outside counsel and other persons in the “necessary course of business” in accordance with applicable law. All of these circumstances will generally be authorized in advance by the Disclosure Committee, and all such persons to whom information is communicated should, wherever practicable and reasonable, be expressly advised of the confidentiality involved and required, and warned of their potential legal liability for misuse or disclosure of such information.

If there is reason to believe that previously undisclosed material information has been inadvertently disclosed in any medium to an analyst or any other person outside Liberty other than in accordance with this Policy, the CEO (who, in turn, will liaise with members of the Disclosure Committee, as necessary) must be immediately notified so that appropriate steps can be taken. This may include immediate public disclosure via news release of that information as soon as is reasonably possible.

7. Delay in disclosing material information

Under certain circumstances, Liberty may keep material information confidential for a limited period of time because immediate disclosure may be unduly detrimental to the Company (for example, if release of the information would cause prejudice to negotiations in a corporate transaction) or may not be disclosable due to third-party confidentiality restrictions or uncertainty of events. The determination of when not to disclose material information immediately shall be made by the CEO (who, in turn, will liaise with members of the Disclosure Committee, as necessary). Where confidential material change reports are appropriate, the Company’s external legal counsel shall be engaged by the Disclosure Committee and will be tasked with ensuring that all appropriate confidential filings are made (and renewed, as necessary) with the applicable securities regulators and stock exchanges, in accordance with applicable securities laws, and determine how that information is to be controlled internally.

8. Periodic disclosure documents

Pursuant to applicable securities laws and stock exchange rules, we must provide periodic disclosure documents (such as quarterly and annual financial statements and related MD&A, annual information forms, information circulars for annual shareholders’ meetings, annual reports on Form 20-F and other documents) to our securityholders and regulators. The CEO shall ensure that processes are in place for preparing, reviewing and approving these documents, as well as for verifying the accuracy and completeness of the information disclosed therein, and for disseminating such information.

9. Spokespersons

In order to minimize the risk of selective disclosure and to achieve clarity and consistency in the information and messages delivered publicly, Liberty shall designate a limited number of people responsible for speaking on its behalf when material information may be disclosed. The primary spokespersons for Liberty are the CEO and the Executive Chairman (the “**Spokespersons**”). The Spokespersons may, from time to time, designate others to speak on behalf of the Company or to respond to specific inquiries if doing so facilitates effective communication with the investing public. Generally, however, such designations will be limited so as to maximize consistency of communications via the above listed Spokespersons.

Directors, officers, employees and contractors who are not authorized Spokespersons must not respond to inquiries from regulators, shareholders, the investment community, the media or others with respect to any disclosure that may include material information about Liberty, unless specifically designated to do so by the Disclosure Committee or by the Spokespersons. All such inquiries must be referred to the Spokespersons (who, in turn, will liaise with members of the Disclosure Committee, as necessary).

It is not the intent of this Policy to restrict employees from speaking at conferences or to outside parties where doing so serves a legitimate business purpose. However, when doing so, employees must ensure that any Company information provided is in compliance with this Policy and should contact the Spokespersons or their designees if in doubt about the appropriateness of supplying certain information.

10. Forward-looking Information

Liberty may be required or may choose to disclose forward-looking information from time to time in order to provide the public with our view of possible events, conditions and results of operations. This disclosure is made in compliance with applicable securities laws, stock exchange rules and best practices, including the guidelines under this Policy, which include the following:

- There must be a reasonable basis for making the forward-looking disclosure, having regard to the assumptions underlying the information and the process followed in preparing the disclosure.
- It must clearly be identified as forward-looking by words such as “expect”, “anticipate” or “may”.
- Forward-looking information that constitutes “material information” must be broadly disseminated in accordance with this Policy.
- Such disclosure, whether in writing or oral, should be accompanied by appropriate cautionary language that identifies any material risk factors or uncertainties that could cause actual results to differ materially and a description of any material assumptions on which the information is based.
- Such cautionary language should also be accompanied by a statement that disclaims Company intention or obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Notwithstanding this disclaimer, should subsequent events prove past statements to be materially different, the Company may at its discretion choose to issue a news release.

11. News releases

All Company material news releases relating to corporate matters shall be managed by the CEO and those individuals at the Company responsible for investor relations. Draft news releases shall be circulated for review to the Disclosure Committee, where practicable, and other officers as appropriate depending on the subject matter, and approved by the CEO prior to their release. In cases where the news release contains material financial information, a draft must be submitted to the Audit Committee and the Board for review and approval.

Liberty shall distribute news releases through a widely circulated news or wire service that provides simultaneous national and/or international distribution, including distribution to all applicable stock exchanges and securities regulatory authorities, as well as major financial media. If released during regular business hours, prior notice of news releases disclosing material information must be provided to the market surveillance departments of the stock exchanges on which the Company's securities are listed and the market surveillance department of the Canadian Investment Regulatory Organization, whereupon market surveillance may determine if a trading halt of the securities is required. If a news release announcing material information is issued outside of trading hours, market surveillance must be notified before the market re-opens. News releases shall also be filed with the securities regulatory authorities via SEDAR+ and EDGAR and posted to Liberty's website promptly after release over the newswire.

12. Conference calls

Liberty may schedule conference calls and webcasts to discuss quarterly financial results and major corporate developments, whereby discussion of key aspects is accessible simultaneously to all interested parties or to the public in general. Such calls are not a substitute for disclosure of material information by way of news release and should be preceded by a news release containing all relevant material information. At the beginning of such conference calls, the Spokesperson shall provide the appropriate cautionary notification with respect to any forward-looking information and direct participants and listeners to publicly available documents containing the assumptions, sensitivities and a full discussion of the risk factors and uncertainties relating to Liberty and the conduct of its activities and business.

Liberty shall provide advance notice of each conference call and webcast by issuing a news release, and a posting to the Company's website, containing the date and time thereof and providing information on how interested parties or the public in general may access the call and webcast. In addition, the Company may send invitations to analysts, institutional investors, the media and others. For any quarterly conference call, Liberty shall provide such advance notice at least one week prior to the scheduled date of the conference call.

A debriefing meeting should be held immediately after each conference call and webcast where practicable to confirm that no unintentional selective disclosure has occurred, and in order to permit appropriate action to be taken in accordance with this Policy, if necessary. Following any quarterly investor conference call or webcast, a transcript will be provided for approximately one year after the conference call either through the Company's website or other method (which will be announced on the Company's website).

13. Contact with analysts, investors and the media

Liberty views meetings with analysts and significant investors as an important element of its investor relations program. Spokespersons or those designated by them may meet with analysts and investors on an individual or small group basis as needed, whether by telephone, in person or otherwise, and shall endeavor to initiate contact or respond to analyst and investor calls in a timely, consistent and accurate

fashion, all in accordance with this Policy. In general, such discussions should be limited to explanations or clarifications of previously disclosed public information or non-material or non-confidential information.

Spokespersons shall keep notes of discussions with analysts and investors and, where practicable, more than one Spokesperson should be present at all individual and group meetings. After any meeting with analysts, investors or the media, if a Spokesperson has any concerns regarding the information disclosed, he or she should discuss the matter with the CEO (who, in turn, will liaise with members of the Disclosure Committee, as necessary), or if the relevant Spokesperson is the CEO, he or she should discuss the matter directly with the Disclosure Committee, so that appropriate action can be taken in accordance with this Policy, if necessary.

14. Quiet periods

In order to avoid the potential for selective disclosure or the perception or appearance of selective disclosure, directors, officers and other employees of Liberty shall observe “quiet periods” during all regularly scheduled “blackout periods” (pursuant to the Company’s Insider Trading Policy) as determined by the CEO (who, in turn, will liaise with members of the Disclosure Committee, as necessary).

During a quiet period, Spokespersons shall generally refrain from commenting on earnings and financial performance unless otherwise authorized by the CEO. During this time, Liberty may conduct discussions, and participate in meetings, investor conferences and telephone conversations, with analysts, shareholders, potential investors, other market professionals and the media, and respond to unsolicited inquiries concerning factual matters provided all such discussions are limited to publicly available or non-material information. Should inquiries be made concerning expected financial results, Spokespersons should clearly state that they are not permitted to discuss such matters.

During quiet periods, Liberty should avoid initiating meetings with analysts, shareholders, potential investors and other market professionals, generally only responding to unsolicited inquiries concerning factual information. Liberty does not, however, have to stop all communications with analysts or investors during quiet periods and may, for example, participate in investment meetings and conferences organized by other parties provided all discussions and disclosures are made in accordance with this Policy.

15. Analyst reports

Liberty shall endeavor to ensure through its regular public dissemination of quantitative and qualitative information that analysts have the appropriate basis to prepare estimates that are in line with the Company’s own expectations. Liberty shall not confirm, or attempt to influence, an analyst’s opinions or conclusions and shall not express comfort with or otherwise comment on analysts’ financial models and earnings estimates.

Liberty may review analysts’ draft research reports or financial models for the purpose of ensuring there are no factual errors, omissions or obvious misstatements contained in such draft reports or financial models, based on publicly disclosed information. If analysts enquire regarding estimates, Liberty may only acknowledge the Company’s publicly available information relating to the estimates, if applicable, and question the analyst’s assumptions if the estimate differs significantly from the range of estimates in the public domain.

Analyst reports are proprietary products of the analyst’s firm. Recirculating a report made by any analyst may be viewed as an endorsement by Liberty of such a report. For these reasons, Liberty shall not

provide analyst reports to persons outside Liberty, including posting or linking to such information on its website. These reports may be provided periodically to the Board, senior management or the Company's financial and professional advisors as applicable.

16. Leaks, rumours and speculation

Liberty's general policy is not to comment, affirmatively or negatively, on market rumours or speculation subject to any requirement to do so by any securities regulatory authority or stock exchange. Rumours include comments made over the telephone, in meetings, or posted on the internet. Spokespersons shall endeavor to respond consistently to questions for comment about rumours by saying that it is Company policy not to comment on rumours or speculation. Should a stock exchange or any securities regulatory authority request or require that Liberty make a definitive statement in response to a rumour, the CEO (who, in turn, will liaise with members of the Disclosure Committee, as necessary) shall consider the matter and be responsible for determining the appropriate response. The CEO, in conjunction with the Disclosure Committee where necessary, may authorize responses to rumors that are factually incorrect and are deemed harmful to the Company's interest. Where it is required or determined to be appropriate to comment on a rumour, Liberty will do so in accordance with this Policy. Care should be taken in responding to rumors as inconsistent practices may be interpreted as "tipping".

If a rumour is true in whole or in part with respect to undisclosed material information, an obligation to disclose such information may be created. In such circumstances, Liberty shall immediately contact the appropriate securities regulatory authority or stock exchange to discuss whether trading in Liberty's securities should be halted pending the issuance of a press release disclosing the relevant material information.

17. Maintaining confidentiality of information

Disclosure of undisclosed material information or otherwise confidential information about Liberty is prohibited. Every effort should be made to limit access to undisclosed material information and confidential information only to those who need to know the information in the necessary course of business and in accordance with applicable law, and such persons should be advised that the information is to be kept confidential. This includes conversations with consumers, suppliers, strategic partners or other third parties (including friends).

To help protect undisclosed material information and confidential information from inadvertent disclosure, those subject to this Policy should:

- not discuss Company business and affairs in public places where it may be overheard (e.g., clinics, trade shows, hallways, elevators, restaurants, airplanes, taxis, etc.) or engage in online/social media activities that discuss or in any way relate to Company activities or securities;
- not carry, read or discard confidential information in an exposed manner in public places;
- keep documents and files containing confidential information in a safe place with restricted access; and
- avoid unnecessary copying and distribution of documents containing confidential information about Liberty, and immediately remove such documents from conference rooms and work areas after meetings have concluded.

18. Electronic communications and social media

In order to assist in ensuring that undisclosed material information is not inadvertently disclosed, you are prohibited from participating in, hosting or linking to social media, internet chat rooms, blogs or other forms of electronic or internet communications that relate to the business, affairs or securities of Liberty, unless approved in advance by the Disclosure Committee. In addition, you must not comment via any social media or any internet medium on confidential or material information such as Liberty's business performance, prospects or business plans. This includes statements or speculation about our financial performance, projects, launches, securities or other confidential information.

Electronic communications disseminated in the course of business must comply with securities laws and are subject to this Policy. Electronic communications include the Company website, the internet, and email. Electronic communications will not be used to "tip" or leak Material Information. Proper precautions should be taken when using electronic communications to discuss undisclosed Material Information about the Company.

19. Website disclosure

Liberty's website contains information about the Company, its projects and businesses, employment opportunities and other areas of interest to the public and other parties. The CFO is responsible for arranging updates to the Investors section (or equivalent) of Liberty's website, and shall work with content owners and the marketing and web development teams to ensure that the information is accurate, up-to-date and has been approved as required.

The CFO shall be responsible for reviewing and approving in advance all financial information to be posted on Liberty's website. The CFO shall periodically review and audit Liberty's website so as to ensure the accuracy, completeness and currency of the financial information posted.

Disclosure on Liberty's website alone does not constitute adequate disclosure of material information. Material information that has not been disclosed in a news release shall not be posted on the Company's internal or external website(s). All information filed on SEDAR+ and EDGAR is to be posted concurrently to, or identified as being filed on SEDAR+ and EDGAR on, the Company's website.

Liberty recognizes the need for due diligence in maintaining, updating and clearly identifying the "vintage" of information on its website. All timely disclosure and material information documents will be clearly identified by date and retained on the website as part of the public disclosure record for a minimum period of two years. Under disclosure rules and guidelines, any changes or corrections to material Company information will be publicly released and added to this disclosure record.

If Liberty is considering a distribution of its securities, the content of the Liberty website must be reviewed before and during the offering to ensure compliance with applicable securities laws.

Liberty recognizes the need for due diligence in maintaining, updating and clearly identifying the "vintage" of information on its website. All timely disclosure and material information documents will be clearly identified by date and retained on the website as part of the public disclosure record for a minimum period of two (2) years. Under disclosure rules and guidelines, any changes or corrections to material Company information will be publicly released and added to this disclosure record.

20. Trading restrictions

It is illegal and strictly prohibited by this Policy for directors, officers, employees or contractors of Liberty to trade, either directly or indirectly, in Company securities or securities of another publicly traded issuer

(where the context demands) while in possession of undisclosed material information, or to inform, except in the necessary course of business, any other person of undisclosed material information about the Company. For further discussion on securities trading, trading prohibitions and trading blackout periods, please refer to the Company's Insider Trading Policy.

21. Disclosure record

The CFO shall be responsible for maintaining a file containing all public information disseminated by Liberty in accordance with the Company's document retention policies, including but not limited to, documents filed with securities regulators and stock exchanges, press releases and meeting materials distributed to the media, analysts and investors, as well as other appropriate documents or information such as transcripts or recordings of presentations, conference calls, webcasts and notes from meetings with analysts.

22. Policy awareness and consequences of violation

Copies of this Policy, as it may be amended from time to time, shall be made available to all directors, officers and employees of Liberty, including those authorized to speak on our behalf or who may otherwise have access to undisclosed material information. While you will be informed of any significant changes to this Policy, you are encouraged to periodically review this Policy to ensure you are familiar and up-to-date with its requirements and recommendations.

Compliance with this Policy is fundamental to the reputation and continued success of Liberty. It is the personal responsibility of all Company directors, officers, employees and others to whom this Policy applies to understand and comply with their obligations under this Policy. Failure to observe this Policy may result in severe consequences, which could include internal disciplinary action, including termination of their relationship with Liberty without notice. The violation of this Policy may also violate certain securities laws or stock exchange rules, which could result in significant penalties, fines and/or imprisonment.

23. Review of this Policy

This Policy will be reviewed periodically by the Disclosure Committee to ensure that it continues to comply with applicable laws and good corporate governance practices.

24. Responsibility for this Policy

Liberty's Board has ultimate responsibility for this Policy. The Disclosure Committee shall monitor the Policy in conjunction with regulatory guidance, best practices and experience and make recommendations to the Board with respect to any desired changes.

25. Questions

If you have questions about this Policy, please contact the CEO or the Disclosure Committee.

RELATED DOCUMENTS

Insider Trading Policy