

**GENER8 MEDIA CORP.**

**CORPORATE GOVERNANCE POLICIES  
AND PROCEDURES MANUAL**

**January 30, 2014**

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## CORPORATE GOVERNANCE OVERVIEW AND GUIDELINES

### Introduction

The Board of Directors (the “Board”) of Gener8 Media Corp. (the “Company”) is a body of elected or appointed members who oversees the activities of the Company. The Company has adopted these Corporate Governance Policies and Procedures Manuals (the “Manual”) to assist the Board in the exercise of its responsibilities. The Board may modify or make exceptions to the Manual from time to time in its discretion and consistent with the duties and responsibilities owed to the Company and its shareholders.

### Director Responsibilities

Oversee Management of the Company. The principal responsibilities of the directors are to oversee the management of the Company in the best interests of the Company and its shareholders. These responsibilities require that the directors attend to the following:

- review and approve on a regular basis, and as the need arises, fundamental operating, financial, and other strategic corporate plans which take into account, among other things, the opportunities and risks of the Company’s business;
- evaluate the performance of the Company, including the appropriate use of corporate resources;
- evaluate the performance of, and oversee the progress and development of, senior management and take appropriate action, such as promotion, change in responsibilities and termination;
- implement senior management succession plans;
- evaluate the Company’s compensation programs;
- establish a corporate environment that promotes timely and effective disclosure (including appropriate controls), fiscal accountability, high ethical standards, compliance with applicable laws, and industry and community standards;
- evaluate the Company’s systems to identify and manage the risks faced by the Company;
- review and decide upon material transactions and commitments;
- develop a corporate governance structure that allows and encourages the Board to fulfill its responsibilities;
- provide assistance to the Company’s senior management, including guidance on those matters that require Board involvement;
- evaluate the overall effectiveness of the Board and its committees; and

- discuss, evaluate and approve the matters as outlined in Appendix 1.

Exercise Business Judgment. In discharging their fiduciary duties of care, loyalty and candor, directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its shareholders free from personal interests. In discharging their duties, the directors normally are entitled to rely on the Company's senior executives and its outside advisors, auditors and legal counsel but should consider second opinions where circumstances warrant.

Understand the Company and its Business. Directors are expected to become and remain informed about the Company and its business, properties, risks and prospects.

Establish Effective Systems. Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company. Directors should also provide for periodic reviews of the integrity of the Company's internal controls systems.

Protect Confidentiality and Proprietary Information. Directors are responsible for establishing policies that are intended to protect the Company's confidential and proprietary information from unauthorized or inappropriate disclosure. Likewise, all discussions and proceedings of the Board of Directors must be treated as strictly confidential and privileged to preserve open discussions between directors and to protect the confidentiality of Board discussions.

Board, Committees and Shareholder Meetings. Directors are responsible for attending Board meetings and meetings of committees on which they serve. They must devote the time needed, and meet as frequently as necessary, to properly discharge their responsibilities. Directors who reside in or near the city where the Company holds a shareholders' meeting are expected to make a reasonable effort to attend such meeting.

Indemnification. Directors are entitled to Company-provided indemnification through corporate articles and by-laws, corporate statutes, indemnity agreements and, when available on reasonable terms, directors' and officers' liability insurance.

### **Director Qualification Standards**

Independence. The Company is a venture issuer and, as such, is exempt from independence requirements pursuant to CSE Policy 4 and NI 52-110. Despite this exemption the Board will endeavor to work towards maintaining the minimum number of the Board members who meet applicable standards of director independence, although initially the Board will not satisfy such standards, including for the Audit Committee and the Nominating and Governance Committee. For members of the Audit Committee, director independence is to be determined in accordance with those legal and stock exchange independence standards applicable to the Company's Audit Committee. For other purposes, the Board will, from time to time, establish independence standards that (i) comply with applicable

legal requirements and securities rules and regulations, and (ii) are designed to ensure that the director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out the responsibilities of the Directors. The standards currently in effect are contained in Appendix 2.

Board Mandate. Board members are elected by and are accountable to the shareholders, and individual members of management who are appointed by the Company's Board and charged with day-to-day management. According to National Policy 58-201 Corporate Governance Guidelines, the board of directors is committed to sound corporate governance practices, which are appropriate and effective for the Company's current size.

Size and Skills of Board. The Board is currently comprised of five Directors (see Exhibit 2). Business Corporations Act allows appointments of additional directors up to 1/3 of the number of the current Directors during the ensuing year without shareholders' approval. The Board will also consider the competencies and skills that the Board, as a whole, should possess and the competencies and skills of each Director.

Other Directorships. The Board does not believe that its members should be prohibited or discouraged from serving on boards of other organizations, and the Board does not propose any specific policies limiting such activities, providing they do not reduce a director's effectiveness or result in a continuing conflict of interest.

Tenure. The Board does not believe it should establish director term limits. Term limits could result in the loss of directors who have been able to develop, over a period of time, significant insight into the Company and its operations and an institutional memory that benefits the Board as well as management. As an alternative to term limits, the Board will review each director's continuation on the Board annually. This will allow each Director the opportunity to confirm his or her desire to continue as a member of the Board and allow the Company to replace Directors where the Board makes a determination in that regard.

Selection of New Director Candidates. Except where the Company is legally required by contract, law or otherwise to provide third parties with the right to nominate directors, the Board will be responsible for (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, (ii) recommending the persons to be nominated for election as directors at any meeting of shareholders and (iii) recommending persons to be elected to fill any vacancies on the Board.

Extending the Invitation to a New Director Candidate to Join the Board. An invitation to join the Board will be extended by the Chairman of the Board when authorized by the Board.

### **Board Meetings**

Selection of Agenda Items. The Chairman of the Board shall propose an agenda for each Board meeting. Each Board member is free to request the inclusion of other agenda items and is generally free to request at any Board meeting the consideration of subjects that are not on the agenda for that meeting, although

voting on matters so raised may be deferred to another meeting to permit proper preparation for a vote on an unscheduled matter (emergencies excepted).

Frequency and Length of Meetings. The Board meets for a formal board meeting on a quarterly basis and an as-needed basis to review and discuss the Company's business activities, consider and approve matters presented to the Board for approval, and to provide guidance to management. In addition, management provides updates to the Board at the quarterly Board meeting between formal meetings. In general, management consults with the Board when deemed appropriate to keep it informed regarding the Company's affairs. The Board facilitates the exercise of independent supervision over management through these various meetings. The composition of the Board is such that the independent directors have significant experience in business affairs and, as a result, these directors are able to provide significant and valuable independent supervision over management.

Advance Distribution of Materials. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will normally be distributed in writing to the directors reasonably before the meeting (with a goal of 7 days) and directors should review these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be of a very time-sensitive nature and that the distribution of materials on these matters before the meeting may not be practicable.

## **Board Committees**

Key Committees. The Board will at all times have an Audit Committee, a Nomination and Compensation Committee and a Corporate Governance Committee, which will have a charter that has been approved by the Board. The charters currently in effect are appended hereto as Appendix 7, Appendix 8 and Appendix 9. The Board may, from time to time, establish or maintain additional committees or sub-committees as it deems necessary. The Board may delegate any of its powers to committees of the Board, except that it may not delegate the powers to fill Board vacancies, to remove a director, change the membership or fill vacancies in a Board Committee, or to remove or appoint officers who are appointed by the Board.

Committee Charters. The charters of the Audit Committee, Nomination and Compensation Committee and Corporate Governance Committee will set forth the purposes, goals and responsibilities of the committees. The Board will, from time to time as it deems appropriate, but at least annually, review and reassess the adequacy of the charters and make appropriate changes. Each charter must address those matters required by applicable laws and securities rules and regulations.

Assignment of Committee Members. The Audit Committee, Nominating and Compensation Committee and Corporate Governance Committee will have a minimum of three directors. Other committees, when added, shall have at least one member or the minimum number of members required by applicable law and the Company's incorporating documents. (See Exhibit 3 for composition of each committee)

Selection of Agenda Items. Each committee chairman, in consultation with the committee members, will develop the committee's agenda.

Frequency of Committee Meetings. The chairman of each committee, in consultation with the committee members, will determine the frequency of the committee meetings consistent with any requirements set forth in the committee's charter. Any member may call special meetings from time to time as required to address the needs of the Company's business and fulfill the responsibilities of the committees. The Audit Committee will meet at least once a quarter.

### **Director's Access to Management and Independent Advisors**

Access to Officers and Employees. All directors have at all reasonable times and on reasonable notice, full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate should normally be arranged through the CEO or the CFO. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The directors are normally expected to provide a copy or otherwise inform the CEO of any communication between a director and an officer or employee of the Company.

Access to Independent Advisors. The Board and each committee shall have the power to hire and consult with independent legal, financial or other advisors for the benefit of the Board or such committee, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company, provided such action is approved by the Board. Such independent advisors may be the regular advisors to the Company. The Board is empowered, without further action by the Company, to cause the Company to pay the appropriate compensation of such advisors as established by the Board.

### **Director Compensation**

Role of the Board. The form and amount of director compensation will be recommended and approved by the Board in accordance with the general principles set forth herein. The Board will also conduct an annual review of the compensation of the Company's Directors.

Form of Compensation. The Board believes that directors should be provided with incentives to focus on long-term shareholder value. The Board believes that including equity options as part of director compensation helps align the interests of directors with those of the Company's shareholders.

Amount of Compensation. The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate directors competitively relative to comparable companies. The Company's management will, from time to time, present a report to the Board comparing the Company's director compensation with that of comparable companies. The Board believes that it is appropriate for the Chairman of the Board and the chairmen of the current and future committees, if not members of management, to receive additional compensation for their additional duties in these positions.

## Director Orientation and Continuing Education

Director Orientation. At present, the Company does not provide a formal orientation and education program for new directors. Prior to joining the Company's Board, potential board members are encouraged to meet with management and inform themselves regarding management and the Company's affairs. After joining the Board, management and the Board chair provide orientation both at the outset and on an ongoing basis.

Continuing Education. The Company currently has no specific policy regarding continuing education for directors, and requests for education are encouraged, and dealt with on an ad hoc basis.

## Management Evaluation and Succession and Executive Compensation

Selection of CEO. The Board selects the Company's CEO in the manner that it determines to be in the best interests of the Company. The Board, together with the CEO, will develop a clear position and description for the CEO. The Board will also develop the corporate goals and objectives that the CEO is responsible for meeting.

Evaluation of Senior Management. The Board will be responsible for overseeing the evaluation of the CEO. The Board will determine the nature and frequency of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the performance of the CEO. The Board will review the assessment to ensure that the CEO is providing the best leadership for the Company over the long- and short-term. The Board will also discuss the recommendations of the CEO with regards to the compensation of the other members of senior management.

Succession of Senior Management. The Board will be responsible for overseeing an annual evaluation of senior management succession planning.

Expectations of Senior Management. The Board will establish, and review on an annual basis, its expectations for senior management generally.

Executive Compensation. Compensation of the CEO must be determined, and recommended by the Board. The CEO must not be present during voting or deliberations. Compensation for all other members of senior management must be determined, and recommended by the Board.

## Code of Ethics

The Company's Board currently has a written code of ethics as described in Appendix 4, and views good corporate governance as an integral component to the success of the Company. The Company's Audit Committee has established a "whistleblower" policy (see Appendix 6) to encourage employees to raise concerns about business conduct and to help ensure directors exercise independent judgments in considering transactions and agreements of which a director or executive officer has a material interest.

## **Annual Performance Evaluation of the Board**

The CEO will oversee an annual self-evaluation of the Board to determine whether it and its committees are functioning effectively. The CEO will determine the nature of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the Board's performance. The Board will discuss this evaluation.

### **Board Interaction with Shareholders, Investors, the Press, Customers, etc.**

The Board believes that the CEO and his or her designees should normally speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is, however, expected that Board members would do so with the knowledge of and, absent unusual circumstances or as contemplated by the committee charters, only at the request of the Company's senior executives.

The Board will give appropriate attention to written communications that are submitted by shareholders and other interested parties, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by the committee charters, the Chairman of the Board monitors communications from shareholders and other interested parties, and will provide copies or summaries of such communications to the other directors, as he or she considers appropriate.

### **Periodic Review of the Corporate Governance Guidelines**

The Board will, from time to time review and reassess the adequacy of these Guidelines and consider any proposed changes.

## APPENDIX 1 MATTERS REQUIRING BOARD APPROVAL (Non-delegation Policy)

This Policy identifies items, which must be approved by the Board or a committee of the Board and are not delegated to management without Board approval. A general overriding consideration is that the directors are required under law to manage, or supervise the management of, the business and affairs of the Company. Accordingly, even if an action might fall outside these guidelines, management should consider whether the matter, nevertheless, should be referred to the Board for consideration.

The following is a list of items for which officers must refer to the Board, or an appropriate committee thereof, for consideration. Under these guidelines, the "Threshold Amount" is equal to the higher of \$250,000 and 10% of the then available cash balance, and an "Out of Budget Transaction" is a transaction that exceeds the Threshold Amount and that is not otherwise already part of the Company's approved corporate budgets.

1. The approval of annual corporate budgets.
2. The approval of all financial information and other disclosure documents that are required by law to be approved by the Board before they are released to the public, with the exemption of monthly status reports required by the CSE.
3. Allotment of any securities including shares, options, warrants or other convertible or debt securities, and the payment of a commission to any person as consideration for purchasing securities of the Company or providing purchasers for any such securities. Securities may be issued by executive officers where previously allotted by the Board (e.g. exercise of previously allotted options and warrants upon exercise).
4. Entering into transactions of a fundamental nature such as amalgamations, mergers and material acquisitions or dispositions.
5. Agreeing to redeem, purchase or otherwise acquire any of the Company's shares.
6. Entering into any agreement or commitment to acquire or dispose of assets that are material to the Company including, but not limited to, those that are an Out of Budget Transaction.
7. Entering into, or making a material modification of, any agreement or commitment to become liable for any indebtedness, including the granting of a guarantee or similar standby obligation, if (a) the amount of such indebtedness is an Out of Budget Transaction or (b) any assets of the Company are made subject to a security interest in an Out of Budget Transaction.
8. Committing to making any capital expenditure, which is an Out of Budget Transaction.

9. Entering into any contract, agreement or commitment out of the ordinary course of business if such agreement involves a commitment of financial resources, which exceeds the Threshold Amount.
10. Entering into any agreement with any related parties such as an officer, director or 10% shareholder of the Company or any parent or subsidiary of the Company outside of the ordinary course of business.
11. Terminating, suspending or significantly modifying any material business activity or business strategy of the Company.
12. Undertaking a new business activity that requires an allocation of resources that exceed the Threshold Amount.
13. Making any material change to a business or strategic plan that has been approved by the Board.
14. Initiating or settling any legal proceeding involving a payment that may exceed the Threshold Amount.
15. Engaging or terminating the Company's independent external auditor.
16. Hiring or terminating of employment, or determining the compensation, of any person who is an executive officer of the Company.
17. Offering any material employment or consulting terms to any individual or entity, which are not customary for the Company. This determination is to be made by reference to terms of employment or consultancy that have generally been offered to other employees or consultants in similar positions or with similar status.
18. The approval of a request by the CEO or the CFO of the Company to serve on the board of another entity, other than not-for-profit entities or family businesses that in no material way compete with the Company or do any material business with the Company.
19. Any other matter specified by the Board as requiring its prior approval.

## APPENDIX 2 DIRECTOR INDEPENDENCE STANDARDS

The following standards are to be used in determining whether a director is “independent” for purposes other than for the Audit Committee (see the Audit Committee Charter for standards applicable to members of the Audit Committee). These standards have been prepared based upon rules implemented or proposed by certain of the Canadian Securities Regulators. Notwithstanding the foregoing, no director qualifies as an independent director unless the Board of Directors affirmatively determines that the director does not have a relationship with the Company that would interfere with the exercise of independent judgment.

This Manual also uses the term “outside” director. An outside director is a director whose involvement with the Company is very much part-time and so requires that such director does not have full-time (or substantially full-time) employment with the Company or a remunerated consulting services relationship of a similar nature. For greater certainty, an outside director may be classified, as outside but may not be independent.

The following persons will not be considered independent:

- (a) a director who is, or at any time during the past three years was, an employee or executive officer of the Company, any parent or subsidiary of the Company;
- (b) a director who has a Family Member, as defined below, who is, or at any time during the past three years was, an employee or executive officer of the Company, any parent or subsidiary of the Company;
- (c) a director who received, or who has a Family Member who received, direct compensation from the Company, any parent or subsidiary of the Company, other than the following:
  - i. compensation for board or board committee service; or
  - ii. fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company, any parent or subsidiary of the Company;
- (d) a director who has a relationship with the Company, any parent or subsidiary of the Company, as a result of which the director may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company, any parent or subsidiary of the Company, other than remuneration for acting as a member of the Board or a Board committee;
- (e) a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company, any parent or subsidiary of the Company, or from which the Company, any parent or subsidiary of the Company received payments in the current or any of the past three fiscal years that exceed \$75,000 other than the following:
  - i. payments arising solely from investments in the Company’s securities; or

- ii. payments under non-discretionary charitable contribution matching programs;
- (f) a director who is, or has been, or has a Family Member who is, or has been, at any time during the past three years, an executive officer of another entity where at any time during the past three years any of the current executive officers of the Company served on the compensation committee of such other entity;
- (g) a director who is or has been a partner of, or employed by, a current or former external auditor of the Company, unless three years has elapsed since the person's relationship with the auditor, or the audit relationship, has ended;
- (h) a director who has a Family Member who is or has been a partner of, or employed by, a current or former external auditor of the Company, unless three years have elapsed since the person's relationship with the auditor, or the audit relationship, has ended;
- (i) a director who controls the Company, or a director who is either (i) both a director and an employee of, or (ii) an executive officer, general partner or managing member of, a company that controls the Company or a company that is controlled by a person who also controls the Company;
- (j) a director who is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, if the total amount of either company's indebtedness to the other is more than one percent of the total consolidated assets of the company for which he or she serves as an executive officer; or
- (k) a director who serves as an officer, director or trustee of a charitable organization, if the Company's discretionary charitable contributions to the organization are more than the greater of \$100,000 or 10% of that organization's total annual charitable receipts.
- (l) For the purpose hereof, "control" means the direct or indirect ability to direct or cause the direction of the management and policies of the Company, whether through ownership of voting securities or otherwise. Ownership of at least 10% of the Company's voting shares is a material threshold and the Board should examine the circumstances of this holding to determine if the shareholder is considered to "control" the Company for the purpose of these guidelines. A person who owns more than 50% of the Company's voting shares will be considered to "control" the Company.
- (m) The Company's automatic matching of employee charitable contributions will not be included in the amount of the Company's contributions for the purpose of the test herein.

An "Immediate Family Member" means a person's

- i. spouse;
- ii. parent;
- iii. children;
- iv. siblings;

- v. mother or father-in-law;
- vi. son or daughter-in-law;
- vii. brother or sister-in-law; and
- viii. anyone who resides in such person's home (other than an Employee of the person or Family Member).

In accordance with National Instrument 52-110 paragraph 1.1.

Pursuant to National Instrument 52-110 paragraph 6.1, Venture issuers are exempt from the requirements of Parts 3 (*Composition of the Audit Committee, including the Independence requirements*) and 5 (*Reporting Obligations*). The Company is currently listed on the Canadian Securities Exchange and thus qualified as a Venture Issuer.

## APPENDIX 3 OUR COMMITMENTS

### Human Resources

We are committed to having an employment environment that is supportive and that demonstrates the value that we place on teamwork and individual contributions. We expect all of our employees to treat their fellow employees with the courtesy, dignity and respect that they would like to receive. An integral part of that policy is that the Company does not practice or permit discrimination against any person because of race, colour, religion, national origin, sex, sexual orientation, age or disability. We are also committed to having a friendly workplace that is free of harassment, intimidation and hostility. Not only is it the law; it is good practice.

We are committed to treating all of our employees fairly. To that end, we encourage our employees to confer with the appropriate person if they have employment related issues that they believe should be addressed. We want to be known as the employer of choice in every community in which we operate.

### Health and Safety

We are committed to having work sites that are healthy and safe. We expect all of our employees to comply with all applicable health and safety requirements and policies. The health and safety of all of our employees, and all who come in contact with our company locations, is paramount. In addition to following all applicable laws and company safety policies, we expect all of our employees to use common sense in matters involving health and safety. We are committed to the policy that it is always better to be safe than sorry!

### Environment

We are committed to standards of excellence in our environmental practices. We will meet all legal requirements applicable to our activity. Where feasible, we will exceed the legal requirements. Where there are no applicable legal standards, we will apply responsible practices. To this end, we expect our employees to (1) comply with applicable environmental requirements, (2) seek guidance when they are unsure of the standards, (3) consider what extra steps we may follow to enhance our environmental performance, and (4) report violations or suspected violations to the appropriate persons.

### Community and other Stakeholders

We are committed to maintaining the best possible relationships with the communities in which we operate. We cannot function as a company unless we are accepted in the communities in which we operate, and we cannot be accepted in our communities unless we act responsibly toward our neighbours and those who are impacted by our activity. We must remember that in many instances we are guests in the community and that if we eventually leave the community, its members will remain in place. If we are to be welcomed in other communities in the future, it is imperative that we leave a legacy of good will in those places where we have conducted business in the past. The Company's policy is to make positive contributions to the communities in which we operate, including encouragement of

local employment in our operations and financial contributions to an appropriate extent, so that the community is enriched by our presence. We also encourage all of our employees to participate in community activities.

Our suppliers and customers are critical to our success in many ways. We are committed to maintaining honest and mutually beneficial relationships with our suppliers and customers. We expect to be treated fairly by our suppliers and customers, and our suppliers and customers are entitled to the same treatment from us. Our reputation for fair dealing will serve to benefit us whenever and wherever we engage in business.

Our relationships with governmental entities can be especially important in our success as a company. We are committed to dealing in an honest and forthright manner with all governmental entities with which we have relationships. While we will exercise and protect our legal rights, we will also cooperate with all governmental entities in recognition of our civic duties.

Our employees make our Company successful in many ways. We recognize their participation and importance through our commitments to human resources and health and safety.

Our shareholders are our most important stakeholders. As the owners of the Company, they have entrusted us with the care of their assets, and they rely on us to manage those assets responsibly, with a view to providing them with a suitable return on their investment. We are committed to managing their assets responsibly and to provide them with timely and complete disclosure.

### **Ethical Conduct and Compliance with Law**

We are committed to conduct our business in an ethical way and in compliance with applicable laws and regulations. As a part of our commitment, we have established our Code of Ethics and Trading Restrictions as described in Appendix 4. The Code of Ethics contains some specific provisions dealing with such matters as corporate opportunity, conflicts of interest, and securities trading. It also deals with more general matters, such as compliance with law and honesty and fair dealing. The Company strives to operate in an ethical and legal way in all of its activities, and we expect our employees to do the same. The Code of Ethics cannot cover everything that may come up. For that reason, when one of our employees is confronted with a matter that is not covered by the Ethics Policy, we expect that employee to ask himself or herself two questions before proceeding: (1) does it feel right, and (2) how would I feel if my actions were the subject of a front-page news report?

### **What to Do**

Our Code of Ethics and Trading Restrictions contains a set of suggested procedures that our employees can use to raise issues that they believe may violate the Company's Code of Ethics and Trading Restrictions. Those procedures are equally available for any employee to report any instances where he or she believes that we, or any of our employees are not fulfilling our commitments. We want to know if we can do better, and we encourage all of our employees to tell us anytime they believe we are not fulfilling our commitments.

## APPENDIX 4 CODE OF ETHICS AND TRADING RESTRICTIONS

### Introduction

The Company's policy is to conduct its business in accordance with the highest ethical and legal standards. To assist the Company in achieving this policy, the Board has adopted this Code of Ethics (the "Code") and Trading Restrictions. The Code is designed to deter wrongdoing and to promote:

- (1) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest;
- (2) full, fair, accurate, timely and understandable disclosure in reports and documents that the Company submits to regulatory authorities and communicates to the public;
- (3) compliance with applicable governmental laws and regulations;
- (4) Prompt internal reporting of violations of the Code to appropriate persons identified in the Code; and
- (5) accountability for adherence to the Code.

The Code applies to all employees, officers, and directors of the Company and its subsidiaries. Depending on the circumstances, it may also apply to agents and other representatives of the Company. ("You" as used in this Code refers to all such persons, as appropriate.) In addition to your compliance with the Code, it is your responsibility to prevent others from violating these standards if you are in a position to do so. If you are not in a position to do so, it is your responsibility to bring the matter to the attention of a member of senior management who is in a position to take appropriate action, or to the attention of an independent member of the Board of Directors.

### Avoiding Questionable or Illegal Practices

The Company's policy is to comply with all laws and regulations that apply to its business, and to avoid any activity that may be regarded as questionable or unethical. Fraudulent, illegal or unethical acts will not be tolerated. No action that would otherwise be questionable is permissible simply because it is customary in a particular location or business.

If you are confronted with a situation that raises an issue under this policy, ask yourself these questions:

- Is the life, health or safety of anyone, or the environment, endangered by the action?
- Is it legal?
- Does it feel honest, fair and ethical?

- Does it compromise anyone's trust or integrity?
- Would the public disclosure of the activity in any way be embarrassing to you, the Company or any other affected employees?

You should be sufficiently familiar with any laws and regulations and Company policies and procedures that apply to your area of work and responsibility. That will permit you to recognize possible breaches and to know when to seek advice. If in doubt, you should discuss the matter with a member of senior management.

### **Honesty and Fair Dealing**

When representing the Company, it is important that you deal honestly and fairly with the Company's joint venture partners, suppliers, customers, professional advisors, competitors, other employees, and anyone else with whom you have contact in the course of performing your job. You should not take any advantage of anyone through actions such as manipulation, concealment, misappropriation or abuse of confidential information, falsification, and misrepresentation of material facts, undue influence or any other unfair dealing practice. You also should not give any advantage to anyone for reason of personal relationship, personal benefit or other reasons not involving the best interest of the Company.

### **Policy to Prevent the Corruption of Foreign Public Officials**

Both Canada and the United States have laws making it illegal to corrupt officials of foreign governments or to engage in certain related acts. In Canada, the law is entitled *Corruption of Foreign Public Officials Act*, and in the United States the law is entitled *Foreign Corrupt Practices Act*. In the discussion that follows, we have always adopted the more stringent requirement of the two laws.

- (a) Persons to Whom the Laws Apply. Both laws apply to the Company and its subsidiaries; their employees, officers and directors; and their agents and representatives. For these purposes, action by a foreign agent or representative is the equivalent of action by the Company.

The law may apply in whole or in part to foreign companies and joint ventures if a U.S. or Canadian company controls the foreign company or joint venture or otherwise authorizes, directs or participates in activity by the foreign company or joint venture. Deciding whether activities of a foreign company or joint venture are authorized, directed or participated in by the Company in any particular instance will be an uncertain exercise with uncertain results. In addition, allegations of illegal conduct by any company or joint venture in which the Company has a significant interest can only cause damage to the reputation of the Company. For this reason, you should assume that any action of foreign companies and joint ventures in which the Company has a significant interest, including the actions of the employees and agents of such foreign companies and joint ventures, would be attributable to the Company.

- (b) Prohibition. The law makes it illegal to offer or provide money or anything of value for the personal benefit of (i) any foreign government official or any official of a public international organization (such as the International Monetary Fund, regional development banks or other multilateral organizations) or (ii) any foreign

political party or its officials or any political candidate for the purpose of: influencing that official in the exercise of his or her duties (or non-exercise of those duties); having any such person influence foreign government activity; or otherwise securing an improper advantage for the purpose of aiding the Company in obtaining, retaining or directing business. The law may be violated if the Company knows, or if it should have been obvious to the Company, that the payments were made for an illegal purpose.

The law also applies to indirect payments, *i.e.*, where the Company offers or provides money or anything of value to any person with the knowledge that the person will make a payment to a foreign government official, official of a public international organization, foreign political party or its officials, or any political candidate for such a prohibited purpose.

The law also makes it illegal to possess property or proceeds from property known to have been obtained as a result of the bribery of a public official or to “launder” (*i.e.*, deal with intent to conceal) property or proceeds from property obtained as a result of the bribery of a public official.

Foreign government-owned corporations and other instrumentalities are generally treated as if they are governments, and their employees, officers and directors are treated as government officials

- (c) Exception to Prohibition. There is an exception in the law for “facilitating payments.” “Facilitating payments” are payments made to expedite routine governmental action that does not involve obtaining, retaining or directing business. Examples include payments to (i) secure processing of papers such as visas, work orders and permits, (ii) induce customs officials to process legally transmitted goods, (iii) obtain police protection, (iv) obtain installation and maintenance of utility connections, and (v) induce minor government functionaries (government employees without discretionary authority over a project or transaction) to complete their jobs in the manner required and where the situation does not involve the securing of business.

There are three additional exceptions:

- It is an affirmative defense if it can be shown that the payment was legal under the written laws and regulations of the foreign country. As an example, in some foreign countries, the Company may be required by law to hire as an agent a national of that country who also is connected to the government of that country in some way or other.
- It also is an affirmative defense if it can be shown that the payment was a reimbursement of travel, lodging and other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company’s business, or the execution or performance of a contract with the foreign government. As an example, payment of the travel expenses of a foreign government official to visit one of the Company’s mines, as a part of an effort to promote the Company in that country, would fit into this category.

- Unconditional gifts having nominal value, when made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, generally will not be regarded as a bribe.

(d) Company Policy. The Company's policy is firm and unconditional. Under no circumstances will the Company ever pay a bribe prohibited by the laws. If you are ever solicited for such a bribe, or if you become aware of any instance where any Company employee, officer, director, agent or representative of the Company or its subsidiaries or its joint ventures proposes to offer such a bribe or is otherwise involved in such illegal activity, you are to report the matter to your immediate superior, or directly to the CEO or CFO of the Company. Any such employee, officer, director, agent or representative that participates in any scheme to pay such an illegal bribe will be terminated immediately. With respect to payments that fall within the exceptions noted above:

- No "facilitating payments" may be made without the prior written approval of the CEO,
- No payment that would otherwise be an illegal bribe may be made on the basis that it was legal under the written laws and regulations of the foreign country without the prior written approval of the CEO.
- No payment that would otherwise be an illegal bribe may be made on the basis that it is a reimbursement of travel, lodging or other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company's business or the execution or performance of a contract with the foreign government without the prior written approval of the CEO.
- With respect to unconditional gifts of nominal value made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, the CEO will establish a monetary limit on the value of any such gift. Any gifts with a value in excess of that limit must be approved in advance by the CEO.

(e) Accounting Requirements. The Company and its affiliated foreign companies and joint ventures must:

- Keep financial records which, in reasonable detail, accurately and fairly reflect transactions; and
- Maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management authorization, (ii) transactions are properly recorded as needed to permit preparation of financial statements and to maintain accountability for assets, (iii) all assets are recorded on the books of the Company and access to assets is only permitted in accordance with management authorization, and (iv) periodic auditing is done at reasonable intervals and action is taken to resolve discrepancies.

As an example, the accounting provisions require that the Company properly record "facilitating payments" as such and prohibit their characterization in some other

form. The accounting provisions also prohibit the Company from maintaining off-record cash “slush” funds or cash that may be accessed without senior management authorization.

(f) Things to Look For. The following is a list of “red flags” that may indicate the possible existence of corrupt practices:

- Foreign agent with a poor reputation or with links to the government.
- Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.
- Cash payments, or payments without paper trail or compliance with normal internal controls.
- Unusual bonuses to foreign personnel for which there is little support.
- Payments to third country accounts.

### **Corporate Opportunities and Duty of Loyalty**

You have a duty of loyalty to the Company, which includes a duty to advance the Company’s legitimate interests when the opportunity to do so arises. Accordingly, you may not use your position or the Company’s name, property, information or good will for personal gain or for the gain of others. You are further prohibited from taking advantage of an opportunity that is discovered through the use of any corporate property, information, contacts or your position with the Company. All such opportunities, actual or perceived, should be reported to your immediate supervisor.

Outside directors of the Company may have a variety of other business relationships involving duties of loyalty. In addition, outside directors do not, as a general matter, have the same obligation as officers and employees to bring corporate opportunities to the Company. For these reasons, the Code does not apply to outside directors of the Company with respect to issues involving duties of loyalty or corporate opportunities and such issues, to the extent they arise, are to be resolved directly with the Board of Directors.

### **Avoiding Conflicts of Interest**

A conflict of interest occurs when your private interests, or the private interests of your family, interfere, or appear to interfere, in any way with the best interests of the Company. For these purposes, “family” would generally include your parents and grandparents, spouse, children and grandchildren, siblings, in-laws and other persons who share a residence with you or another member of your family. You must take care to avoid any direct or indirect involvement or understanding that might result in such a conflict or create the appearance of such a conflict. Whether a situation involves a conflict of interest depends on all of the circumstances. Generally, the Company would not consider it a conflict of interest if an employee’s brother or sister were an officer of a competitor. However, the Company would consider it a conflict of interest if a Company employee in charge of procurement were to purchase products or services from a company owned by the employee’s brother or sister or

from a company owned by a close personal friend of the employee. The following are examples of conflict of interest situations which generally must be avoided or which may raise a question:

- Acting as an employee, officer or director of, or a consultant to, a competitor or potential competitor of the Company;
- having a financial interest in or loan from a business which is a joint venture partner, optionor or optionee, competitor, customer or supplier of the Company or which otherwise does business with the Company (an investment in the securities of a publicly traded company normally would not be considered to present a conflict of interest unless it represented a material part of your savings); and
- placing of Company business with any other company that is directly or beneficially owned or controlled by you or by members of your family.

Some conflicts are clear-cut; others are less obvious. In addition, there may be circumstances where it is necessary or in the best interests of the Company to have a business relationship with a business or company in which an employee or officer, or his or her family, may have an interest. For example, where Company operations are in a remote location, it may be necessary from time to time to enter into a business relationship with a business controlled by an employee's family members. For these reasons, you must fully disclose to your supervisor, the CEO or the CFO all circumstances that could be perceived as involving a conflict of interest between the Company and you or members of your family. Full disclosure enables the Company to resolve unclear situations and to ethically handle conflicts of interest before any difficulty can arise. To the extent a conflict of interest cannot be avoided in a reasonable fashion, then appropriate procedures will be put in place to ensure that there is full disclosure and to minimize the involvement of the conflicted individuals in the relationship giving rise to the conflict.

Outside directors of the Company are not expected to devote their time and effort solely on behalf of the Company, and they may have a variety of other business relationships that could give rise to a conflict of interest. Any such potential conflicts of interest are not subject to the Code and are to be resolved directly with the Board of Directors.

### **Giving or Accepting Gifts**

The giving or accepting of gifts can adversely affect the Company's reputation for fair dealing and also create conflicts of interest. You should avoid:

- Giving or offering to give any gift, favour, entertainment, reward, or any other thing of value that might influence or appear to influence the judgment or conduct of the recipient in the performance of his or her job. This includes transactions with government personnel, customers and suppliers. Such action may damage the Company's reputation for fair dealing and may be illegal.
- Accepting or soliciting a gift, favour, or other thing of value that is intended to, or might appear to, influence your decision-making or professional conduct. In addition to damaging the Company's reputation for fair dealing, receipt of such

gifts could interfere with your ability to make judgments solely in the best interest of the Company, and thus create the appearance of a conflict of interest.

You may give or receive unsolicited gifts or entertainment only in cases where the gifts or entertainment are of nominal value, are customary to the industry, will not violate any laws, and will not influence nor appear to influence the recipient's judgment or conduct.

### **Outside Activities**

Outside activities must not conflict with the proper performance of your duties.

- (a) Other Business Activity. Full-time employees and officers are expected to devote substantial effort and attention to the furtherance of the Company's business. In the usual case, this would make it difficult for you to properly perform your duties while also being engaged in other business ventures. For this reason, you may not serve as the proprietor, general partner, officer or director of any other business without first obtaining the written consent of the CEO or CFO. In the case of family owned businesses, the CEO or CFO will normally grant such consent if he or she is satisfied that the involvement in the family business will not conflict with your duties and will not involve any conflict with the interests of the Company. In addition, the CEO may grant consent to an officer or employee serving as a member of the board of directors of another company in special circumstances. (The Board of Directors will consider any proposal for the CEO or the CFO of the Company to serve on the board of another entity, other than not-for-profit entities or family businesses that in no material way compete with the Company or do any material business with the Company.)
  
- (b) Professional Associations and Charitable Organizations. The Company encourages employees and officers to participate in professional associations and activities that do not conflict with their duties for the Company and do not involve conflicts of interest. The Company also encourages officers and employees to participate in charitable organizations and activities. However, you should consult with the CEO or CFO before you undertake any such outside activities requiring a substantial amount of time. In addition, you should not accept a position as an officer or director of a professional or charitable organization without prior consultation with the CEO or CFO, so that they can be satisfied that your activity on behalf of such organizations cannot be attributed to the Company.
  
- (c) Political and Government Affairs. No Company contributions may be made, directly or indirectly, to any election or issue campaign in any jurisdiction or circumstance that would be unlawful. Corporate contributions may be made in appropriate cases where and when permitted by applicable law, but only with the approval of the CEO. Use of Company equipment, supplies or facilities to support any political party, candidate or campaign, as well as employee activity during normal business hours, may constitute a political contribution. You may not engage in any such activity where it involves Company equipment, supplies or facilities or activity during normal business hours without the prior approval of the CEO. In addition, no action which presents, or may appear to present, the position of the Company with respect to any political or governmental matter may be taken without the prior approval of the CEO.

The Company encourages employees and officers, as individuals, to take part in political and governmental affairs to the extent that such activity does not interfere with the proper performance of their duties or involve the use of company assets or a conflict of interest. However, if you wish to run for public office or hold an appointed public position, you must confer with the CEO and counsel for the Company to ensure that the proposed activity is consistent with your duties to the Company and does not involve a conflict of interest.

The outside directors of the Company are not expected to devote their full time and effort solely on behalf of the Company, and accordingly, this policy does not apply to them.

### **Accounting and Recordkeeping, Internal Accounting Controls and Auditing Matters**

Many employees of the Company, not just accountants and controllers, participate in the financial control and reporting processes of the Company. If you have ANY responsibility for any aspect of the Company's financial activities (for example: processing or approval of payments; creation, processing or approval of invoices and credit memos; payroll and benefits decisions; approval of expense reports and other transactions; the estimation of financial reserves or other claims or the amount of any accrual of deferral; or the recording of any of the foregoing in the Company's records) and/or the preparation of the Company's financial statements or other financial reports, you must ensure your involvement complies with complete and accurate procedures as per established Company practice.

- (a) Accounting and Recordkeeping. You may not maintain funds or assets for any improper purposes or make false or misleading statements in any Company documents, reports or records. No undisclosed or unrecorded accounts may be established using the Company's funds or other assets. All accounting records and the financial reports produced from those records must be kept and presented in accordance with applicable law, must accurately and fairly reflect in reasonable detail the Company's assets, liabilities, revenue and expenses and, where applicable, must be in accordance with International Financial Reporting Standards.

Transactions must be supported by accurate and reasonably detailed documentation and recorded in the proper account. Best efforts are to be made to record transactions in the proper accounting time period. To the extent that estimates are necessary, they must be based on your good faith judgment and be supported by appropriate documentation. No payment or the related accounting entry may be approved or made with the intention or understanding that any part of the payment will be used for any purpose other than that described by the document supporting the entry or payment.

- (b) Internal Accounting Controls. Internal accounting controls have been established to provide reasonable assurances that (i) transactions are executed in accordance with management authorization, (ii) transactions are properly recorded as needed to permit preparation of financial statements and to maintain accountability for assets, (iii) all assets are recorded on the books of the Company and access to assets is only permitted in accordance with

management authorization, and (iv) periodic auditing is done at reasonable intervals and action is taken to resolve discrepancies. You must comply with all internal control requirements and ensure that no action is taken to avoid the internal controls requirements.

- (c) **Auditing.** The Company employs a firm of independent chartered accountants or certified public accountants to audit the Company's annual financial statements. The annual audit has a number of purposes, including (i) compliance with regulatory requirements, (ii) providing an independent assessment of whether the Company's financial statements fairly present the financial condition, results of operations and cash flow of the Company, (iii) assessment of the accounting principles used and significant estimates made by the Company in preparing its financial statements, and (iv) assessment of the Company's system of internal controls over financial reporting as required by applicable law and regulatory policies. Each employee is responsible for providing whatever assistance may be required by the auditors. If you receive inquiries from the Company's independent accountants, you must respond promptly, fully and accurately.

If you have any concerns as to weaknesses in the Company's accounting system or in the Company's internal controls; or if you believe that any instances of fraud, or incorrect or questionable accounting practices may have occurred; or if you believe that any instances of fraudulent, incorrect or questionable practices may have occurred in connection with the annual audit of the Company's financial statements, you should consult with your immediate supervisor or with the Company's CEO or CFO. Alternatively, you may contact the Audit Committee of the Board of Directors using the procedures outlined below under the heading "Reporting of Possible Violations or Other Questionable Practices - Procedures to Submit a Report." Those procedures include a procedure for confidential, anonymous submission of concerns.

### **Use of Company Property**

You are entrusted with the care, management and cost-effective use of the Company's property and you are not to make use of these resources for your own personal benefit or for the personal benefit of anyone else. Passwords are to be kept confidential and use of the computer systems is limited to authorized business purposes, although occasional personal use of the internet, e-mail and voice mail will normally be permitted unless your supervisor believes that this privilege is being abused.

However, in order to protect the Company's interests - including for example, to ensure that the Company's computers and voice mail are not being used for improper purposes, such as sexual harassment - the Company reserves the right to review the contents of the Company's computers, its e-mail system, and its voice mail system. No employee has a right of personal privacy with respect to information that is placed in the Company's computers, the e-mail system, or the voice mail system.

You are responsible to ensure that all Company property assigned to you is maintained in good condition, and you should be able to account for such equipment. Any disposition of Company property should be for the benefit of the Company and not for personal benefit.

Company letterhead stationery is to be used only for correspondence related to the Company's business. Do not use it for personal correspondence or charitable solicitation.

You are to return all documents and property in your possession upon termination of your employment for any reason.

\*For purposes of the Code, "fraud" includes any deliberate misstatements or omissions in connection with preparation or reporting (internal or external) of financial and/or operating information about the Company, whether or not material and without regard to whether the employee receives any personal benefit.

### **Proprietary Information**

We want our employees to be well informed about our business, our plans for the future, and the successes and challenges we have along the way. In return for this openness, the Company places trust in its employees to maintain, without need for court orders or other legal requirement, the confidentiality of our proprietary information.

You are to take all reasonable measures to protect the confidentiality of proprietary information obtained or created by you, or otherwise made known to you, in connection with your activities on behalf of the Company. In addition, you must use proprietary information only for the Company's legitimate business purposes, and not for your personal benefit or the benefit of anyone else.

For these purposes, "proprietary information" means information developed or secured for use of the Company in its business, where that information is not generally known to or otherwise readily available to the public and members of our industry. Proprietary information includes, without limitation:

- The Company's ideas, discoveries, projects, data, contact information and production processes.
- Information concerning actual or projected expenditures, corporate transactions, earnings or operating results or business transactions that has not been disclosed by the Company.
- Investor lists, relationship with consultants, contracts, business plans and strategies.
- Personnel information.

It is your responsibility to know what information is proprietary and ensure that you use and disclose it only in the performance of your duties with the Company. If you are unsure, consider the information to be confidential until you obtain clarification. If your employment terminates, you will continue to be bound to your obligations of confidentiality to the maximum extent required by law.

## Outside Ideas

The purpose of this policy is to avoid the risk of allegation of unauthorized use or disclosure of another person's proprietary rights, ideas or information.

When an idea, prospect, opportunity, or other confidential or proprietary information is submitted to the Company by an outsider, care must be taken to ensure that the outsider signs an agreement defining the Company's rights and obligations before the idea or prospect or information is disclosed to employees qualified to evaluate it or use it. Outsiders who propose to submit information should be told to submit the information in writing. Outsiders should also be told that any submission constitutes their agreement that the Company's brief review to determine possible interest will not create any non-use, confidentiality or area of interest agreement or obligation of the Company. If they do not so agree, they should be told not to submit their information.

On its receipt, any such information should be sent to the CEO or CFO or persons authorized by them to evaluate outside submissions. No one other than the CEO or CFO and persons authorized by them are to evaluate any outside submission.

Each written submission will first be reviewed to see if it purports to impose non-use, confidentiality or area of interest obligations. If it does, no further review should be made and unless the CEO upon being notified otherwise directs, the material should be returned without further review. If the material does not purport to impose such an obligation, it should be reviewed briefly to see if it might be of interest. If it is not of interest, it is to be returned with a letter stating that the information was briefly reviewed to determine possible interest, that the information is not of interest, and that the Company has no non-use, confidentiality or area of interest agreement or obligation to the sender. If the sender was previously so informed, the letter should also refer to that prior advice. If the material appears to be of interest, then the Company will need to enter into an appropriate confidentiality agreement setting out the parties' rights and obligations before any further review or use of the information.

Third party data subject to confidentiality obligations should be so marked, all confidentiality obligations should be noted on the relevant document or file, and all such obligations must be strictly adhered to.

## Disclosure Policy

The Company has both legal and ethical obligations to provide appropriate disclosure of material information, and to ensure that employees and others do not benefit from having and using undisclosed material information. "Material information" is any information, which reasonably could be expected to affect the market for the Company's stock or to influence an investor's decision to buy, sell or hold the stock. The wrongful use of undisclosed material information may make both the Company and the individual involved liable for criminal and/or civil penalties and damage awards.

- (a) Control of Confidential Information. All employees have the responsibility to inform senior management on a timely basis of events or developments that

might have a material effect on the Company. Such information should be communicated to your superior or to members of senior management.

Strict confidentiality must be maintained with regard to disclosure of confidential information to persons within the Company who have no need to know, and to anyone outside of the Company. Care must be taken when handling confidential correspondence, assay results, reports, documents, memos and facsimiles. Documents containing confidential information should be shredded or otherwise destroyed, and not placed in rubbish bins. Visitors to the offices or work sites of the Company are not to be left unattended at any time, except in designated "safe" locations, e.g. reception area and the boardroom. Discussions by Company personnel concerning Company business should be confined to Company personnel only and on a "need to know" basis, and should never occur in public places such as elevators.

(b) Public Disclosure Responsibilities. The Company has a variety of disclosure obligations under laws and stock exchange rules. The Company fulfills those obligations through regulatory filings, periodic reports to shareholders, press releases, and web site disclosure. The Company also provides information to shareholders and others through communications with the media, analysts and others in the financial community, by way of industry presentations, and in response to inquiries. In carrying out the Company's disclosure responsibilities:

- The CEO, the CFO, and other members of senior management, as appropriate, have the sole responsibility to determine (i) whether a particular matter is sufficiently material to the Company to require disclosure, and (ii) the content, time and manner of disclosure.
- Company Spokespersons have the exclusive authority to speak for the Company with respect to matters of public disclosure. The Company Spokespersons consist of the CEO and any other persons who are authorized by the CEO, generally or in a specific instance, to speak for the Company. **NO OTHER PERSONS ARE AUTHORIZED TO COMMUNICATE AS TO MATTERS OF PUBLIC DISCLOSURE ON BEHALF OF THE COMPANY.**
- It is the responsibility of the Company to ensure that undisclosed material information is disseminated in such a way that all members of the public have equal access to the information. Substantial security holders and analysts in particular MUST NOT receive preferential treatment in the matter of information disclosure. Persons given early access to undisclosed material information may not use that information to trade in the Company's securities, and they, the Company and the individual who causes the early disclosure may be liable for civil and criminal penalties and damage awards if there is trading on undisclosed material information.

(c) External Communications and Inquiries from Analysts, Media and Other Outsiders. Communications intended for dissemination outside of the Company and concerning the Company's business must be referred to the CEO or to one of the designated Company Spokespersons prior to

dissemination. This includes presentations to analysts and papers or presentations to professional groups and others.

All inquiries from the press, securities analysts, investors and other outsiders concerning the Company's business and affairs must be referred to one of the designated Company Spokespersons. This will ensure that information is disclosed consistently and equitably. Unless specifically authorized, no one is authorized to respond to such inquiries.

- (d) Comments on and Dissemination of Analysts' Reports and Other Media Stories. From time to time, the Company may be asked to review or comment on analysts' reports or other media stories about the Company. No employee, officer or director is to review or comment on analysts' reports or media stories except an authorized Company Spokesperson, and any such inquiry should be forwarded to such an authorized person without any comments. If a Company Spokesperson does review such a report or story, the Company Spokesperson should review the report or story ONLY for factual information and limit his/her comment to discussion or correction of facts. Furthermore, no undisclosed material information is to be communicated in the course of such a review and comment. If factual correction would result in the disclosure of undisclosed material information, the Company Spokesperson must take the necessary steps to ensure that such information is communicated to the public generally before it is communicated to the particular analyst or other person making the inquiry.

Employees, officers or directors of the Company may be asked to forward or recommend analysts' reports or may consider forwarding analysts' reports or media stories about the Company. The forwarding or recommending of such reports or stories may be regarded as verifying or validating the information contained in the reports or stories. If any of the information in the report or story is not accurate, the act of forwarding or recommending the report or story may constitute the dissemination of false or misleading information in violation of securities laws. In addition, if any of the information in the report or story is accurate but has not been generally disseminated by the Company, the forwarding or recommending of the report or story may constitute selective disclosure in violation of securities laws. Finally, copying and dissemination of analysts' reports and media stories may violate copyright laws or the proprietary rights of the authors of the reports or stories. For these reasons, no employee, officer or director should reproduce and distribute or otherwise disseminate such reports and stories unless specifically approved by the CEO. Persons requesting such materials should be referred to the author or organization that published the material. In addition, employees, officers and directors should not recommend particular analysts' reports on the Company to any person.

- (e) Comments on Rumours and Correction of Selective Disclosure. Employees, officers and directors must not comment, whether positively or negatively, on rumours about the Company's business. Information about such rumours should be reported to the Company Spokespersons. In general, the Company's policy is not to comment on rumours. If a stock exchange or securities regulatory authority requests the Company to make a definitive

statement in response to rumours, a Company Spokesperson will consider the matter in consultation with legal counsel.

If any employee, officer or director makes an unauthorized or premature disclosure of undisclosed material information (inadvertently or otherwise), the person responsible for the disclosure, and any other employee, officer or director learning of it, must contact the CEO or other Company Spokesperson as soon as possible, and the CEO and other Company Spokespersons will consider the Company's responsibilities under applicable law.

### **Securities Transactions**

(a) Restrictions on Trading. In general, employees, officers and directors, and their family members, may trade in Company securities unless:

- A Blackout Period (see below) is in place, or
- The person has knowledge of undisclosed material information.

If a Blackout Period exists, or if you have knowledge of undisclosed material information, neither you nor your family members may trade in Company securities. For purposes of this policy, "family member" means your spouse, your minor children, any person substantially dependent on you for support, and other persons who share a residence with you. There are two exceptions to this policy: (i) you may exercise any fixed price option or warrant issued by the Company, BUT you may not sell the security acquired on exercise of the option or warrant so long as either condition exists; and (ii) you may sell securities pursuant to a previously existing Trading Plan entered into with a qualifying broker under Section 161 of the rules to the Securities Act of British Columbia provided that you were not in possession of undisclosed material information (unless it has since been disclosed) at the time you established the Trading Plan.

In addition, while you are in the possession of undisclosed material information, you and your family members must not trade in the securities of companies that have a significant legal or financial business relationship, direct or indirect, with the Company (generally joint venture partners) if the undisclosed material information relates to the subject matter of that business relationship.

(b) Blackout Period. From time to time, the CEO or CFO may institute a Blackout Period because of the existence of undisclosed material information. If a Blackout Period is instituted, you will be notified, generally by e-mail. Once notified of the existence of a Blackout Period, except as noted above, you and your family members may not trade in the Company's securities until you have been notified that the Blackout Period has been terminated. The existence of a Blackout Period is itself an item of confidential information that is not to be disclosed to persons outside of the Company.

(c) Special Considerations in Investing in Company Securities. You and your family members are urged not to purchase securities of the Company using borrowed funds in an amount or on terms and conditions which are not prudent in light of your financial condition. In addition, careful consideration should be given before pledging Company securities for a loan because of the potential insider trading

liability that could arise if the lender sought to sell the securities at a time when there is undisclosed material information about the Company.

(d) Certain Additional Policies. These additional policies apply to officers and directors and in regards to short sales, employees, of the Company.

- No employee, officer or director shall engage in short sales of securities of the Company or sales of borrowed securities of the Company. For purposes hereof, the short sale of Company shares as a method of facilitating the exercise of a valid option granted by the Company shall be deemed not to be a short sale for purposes of the aforementioned restriction notwithstanding any such sale-against-an-option must be treated as a short sale under Canadian securities legislation. Before selling short against an option, the holder of the option should bring the proposed transaction to the attention of the Company's CEO or CFO so as to ensure the transaction is treated properly.
- No officer or director shall place automatic buy or sell orders with brokers except for a Trading Plan entered into with a qualifying broker under Section 161 of the rules to the Securities Act of British Columbia, or similar provisions under the US securities rules and regulations, provided that you were not in possession of undisclosed material information (unless it has since been disclosed) at the time you established the Trading Plan.
- No officer or director of the Company shall buy or sell equity securities of the Company during the period that begins five trading days before and ends one trading day after the public release of quarterly and annual results of operation of the Company.

### **Administration and Distribution**

The Company's Board of Directors and the Audit Committee have established the standards of business ethics and conduct contained in the Code, and it is their responsibility to oversee compliance with the Code. Any change in or waiver of any provision of the Code shall require approval of the Audit Committee as applicable, and shall be publicly disclosed in the time period and manner as required by law or regulation.

The Code is to be distributed to each employee, officer and director of the Company and to the employees, officers and directors. It will also be made available via the Company's Internet site.

Strict adherence to the Code is vital. All managers are responsible for ensuring that employees under their supervision are aware of and understand the provisions of the Code. For clarification or guidance on any point in the Code, please consult the CEO or CFO.

### **Reporting of Possible Violations or Other Questionable Practices**

The following procedures govern the reporting and treatment of reports of possible violations of the Code. The Company's Audit Committee Charter provides that senior management, as overseen by the board of directors, has primary responsibility for the Company's financial reporting, accounting systems and internal controls. The audit

committee is a standing committee of the board of directors established to assist the board of directors in fulfilling its responsibilities in this regard.

The Audit Committee is to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Audit Committee has adopted these procedures as to complaints and submissions regarding accounting, internal accounting controls or auditing matters, and the CEO has adopted these procedures as to all other complaints and submissions regarding the Code.

The Company expects all employees, officers and directors to adhere to the Code, other internal policies and guidelines of the Company, and all laws and regulations that apply to the Company's business. In addition, every employee, officer and director has the responsibility to ask questions, seek guidance, and report suspected violations of the Code, other internal policies and guidelines, and all laws and regulations. If you believe that any employee, officer or director of the Company, or any agent or representative of the Company, has engaged, is engaging, or is about to engage in conduct that violates the Code, other internal policies and guidelines, or any applicable law or regulation, you have the responsibility to report such information as soon as possible. If you are unsure whether a matter involves a possible violation of the Code, other internal policies and guidelines, or any applicable law or regulation, you should nonetheless bring the matter to the attention of senior management or the Audit Committee so that the matter may be considered and resolved. Delays in bringing the information to the attention of senior management or the Audit Committee may cause damage, complications, and irreversible consequences for the Company. Following the steps outlined below will allow the Company to address the issues and ensure that timely remedial action is taken.

(a) When to Make a Report. You should make a report if you believe that any employee, officer or director of the Company, or any agent or representative of the Company, may have or is about to engage in any conduct which you believe may be:

- A violation of the Code or any internal policy or code of practice,
- A violation or otherwise involve questionable practices in connection with accounting, internal accounting controls or auditing matters,
- A violation of any law or regulation,
- Corruption, mismanagement or fraud, or
- A danger to the public or danger to worker health and safety or the environment.

If you are unsure about the matter but concerned about the possibility of a violation or questionable practice, you should nonetheless report the matter.

(b) To Whom to Make a Report. The Company recommends that you first report to your immediate supervisor. If your concern relates to that person, if you otherwise

are not comfortable with reporting to your immediate supervisor, or if such reporting has not resulted in a satisfactory result, the Company recommends that you report to the CEO, the CFO, or another member of senior management. If, for any reason, those alternatives are not satisfactory, then you should report to an independent member of the Board of Directors. Matters relating to accounting, internal accounting controls or auditing matters should be reported to the Chairman of the Audit Committee. All other matters should be reported to the CEO. Details as to how to make such a report are discussed below.

With respect to matters involving the possible violation of laws or regulations, you also may choose to bring such concerns to an outside regulatory authority. However, the Company is committed to taking internal action in response to employee concerns, and would appreciate the opportunity to do so, if appropriate.

- (c) Prohibition Against Retaliation. The Company welcomes the courage and honesty of an employee who voices concern over a particular course of action that he or she believes to be unlawful or harmful. Any attempts to intimidate, threaten, harass or retaliate against any employee based upon a good faith report made by an employee pursuant to the Code is strictly prohibited and will result in disciplinary action up to and including termination of the person responsible for any such intimidation, threat, harassment or retaliation.

However, groundless or unwarranted complaints - including those with vindictive intent - are not acceptable. Appropriate disciplinary measures will be taken if allegations are initiated for malicious reasons or in bad faith.

- (d) Procedures to Submit a Report. You may make a report under this procedure in one of the following ways:

- Bring the matter to the attention of your immediate supervisor. Any supervisor receiving such a report is to immediately bring the matter to the attention of the CEO, the CFO, or any member of senior management.
- Bring the matter to the attention of the CEO, the CFO, or any member of senior management.
- Bring the matter to the attention of an independent director of the Company. Matters relating to accounting, internal accounting controls or auditing matters should be reported to the Chairman of the Audit Committee. All other matters should be reported to the CEO. If you are uncertain as to whether the matter should go to the Audit Committee or the CEO, you may choose either one. You may make the report orally, in writing, or by e-mail. All reports will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order. Contact information for the Chairman of the Audit Committee is in Exhibit 3.

- (e) Follow-up and Outcome.

- On receipt of a complaint, the complaint will be reported promptly to the Chairman of the Audit Committee, if it relates to accounting, internal

accounting controls or auditing matters and to the CEO if it relates to other matters under the Code. In the case of an oral complaint, the party receiving the complaint is to report it orally and also to prepare a written summary for the Chairman of the Audit Committee or CEO, as applicable.

- The appropriate Committee Chairman will promptly commission the conduct of an investigation. At the election of the Committee Chairman, the investigation may be conducted by Company personnel, or by outside counsel, accountants or other persons employed by the appropriate Committee.
- The identity of a person filing a complaint/report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.
- On completion of the investigation, an oral and/or written investigative report will be provided to the Audit Committee or CEO, as applicable. If any unlawful, violative or other questionable conduct is discovered, the appropriate Committee shall cause to be taken such remedial action as the Committee deems appropriate under the circumstances to achieve compliance with the applicable law, regulation or policy and to otherwise remedy the unlawful, violative or other questionable conduct. The Chairman of the appropriate Committee shall prepare, or cause to be prepared, a written summary of the remedial action taken.

In each case, the written investigative report (or summary of any oral report), and a written summary of the remedial action taken in response to the investigative report shall be retained along with the original complaints/reports by or under the authority of the appropriate Committee Chairman for a period of four years after the resolution of the matter.

- (f) Governmental or Company Inquiry. If you receive an inquiry from a governmental authority concerning suspected unlawful conduct, you should immediately direct the inquiry to your immediate superior, the CEO, the CFO or other member of senior management. In such circumstances, you should take measures to preserve documents and other items relevant to the investigation. To conceal an offence or to alter or destroy evidence is illegal and may result in criminal prosecution. It also violates the Company's commitment of conducting its business in a legal and ethical manner and is strictly prohibited.

If you receive an inquiry from the Company representative or a Board committee in connection with an investigation under the Code, you are equally obligated to take measures to preserve documents and other items relevant to the investigation.

- (g) Failure to Comply or File a Report. The Company is committed to complying with all applicable laws, regulations and policies. Such compliance is only possible if all employees, officers and directors ensure that they follow all applicable laws, and Company policies and guidelines. When in doubt, ask the CEO, CFO or other members of senior management. Personnel who violate the law or the Company's compliance policies or knowingly fail to report a violation of law or compliance policy may be subject to disciplinary action, up to and including

dismissal. The nature and extent of the action will be determined on a case-by-case basis. In reviewing the situation, the following is a partial list of considerations:

- The nature and severity of the offence.
- Whether the persons involved acted reasonably.
- The efforts by the persons involved to obtain guidance before the offence occurred.
- Whether the persons involved reported themselves.

Personnel are encouraged to report their own wrongdoing or possible wrongdoing. This action will be taken into account when assessing the appropriate discipline, if any. The Company will also recognize situations where a person has made an honest mistake and will take it into account in deciding the course of action to pursue.

This Appendix 4 should be distributed to all directors, officers and employees of the Company.

## **APPENDIX 5**

### **DISCLOSURE CONTROLS AND PROCEDURES POLICY**

#### **Introduction**

Canadian laws require the Company to maintain “disclosure controls and procedures” that are designed to ensure that information required to be disclosed by the Company in reports it files or submits to regulatory authorities is recorded, processed, summarized and reported on a timely basis. Disclosure controls and procedures must be designed to ensure that information is accumulated and communicated to the Company’s management to allow timely decisions regarding required disclosure. Disclosure controls and procedures should capture information that is relevant to assessment of developments and risks that pertain to the Company’s business, as well as other material information about the Company.

The Company’s CEO and CFO periodically are required to certify that they (1) are responsible for establishing and maintaining disclosure controls and procedures, (2) have designed such controls and procedures to ensure that material information is made known to them by others within the Company on a timely basis, and (3) have evaluated the effectiveness of the disclosure controls and procedures and presented the conclusions of that evaluation in certain filings.

Also, legislation in Canada requires such procedures and controls are in place in order for management to have a defense against litigation arising out of a misstatement in a public filing or arising out of a failure to promptly make a required disclosure.

#### **Application**

This Disclosure Controls and Procedures Policy covers the following:

(a) Periodic Disclosures

- Annual Reports to Shareholders and other periodic reports and related press releases filed in Canada.
- Management Information Circulars.
- Registration statements/prospectuses filed with the and Canadian authorities.

(b) Event-Driven Disclosures

- Anticipated events such as the results from acquisitions, divestitures, and initiation of legal proceedings by the Company.
- Unanticipated events such as previous misstatements in previously publicly-filed information, lawsuits against the Company, severe accidents causing harm to personnel or significant loss of property, material regulatory investigations, and discovery of fraud or illegal conduct.

The Company's other internal controls and procedures are not affected by these disclosure controls and procedures, and they will continue to operate independent of the disclosure controls and procedures set out in this Policy.

### **Statement of Responsibility**

Design of this Policy is the responsibility of the CEO and CFO, subject to evaluation by the Board of Directors, and implementation of this Policy is the responsibility of the CEO and CFO.

### **Procedures**

The following key disclosure controls and procedures are established to ensure that material information is collected, evaluated and disclosed by the Company on a timely basis.

(a) Standing Disclosure Practice and Procedure

The Company's Code of Ethics and Trading Restrictions sets out, in Appendix 4, the Company's Disclosure Policy. That Disclosure Policy explains the responsibility of each employee to inform senior management on a timely basis of events or developments that might have a material effect on the Company. It is the responsibility of all members of senior management to inform the CEO of such information.

If any officer receives a report of non-public, possibly or potentially material information and concludes that the Company may have an obligation to promptly disclose that information to securities regulators, stock exchanges, shareholders or the public, that person shall promptly advise the CEO. The CEO shall promptly convene (or communicate electronically) to consider the significance and need for disclosure of that information and, in consultation with the CFO, shall take such steps, as its members deem appropriate under the circumstances.

(b) Annual Reports to Shareholders and other periodic reports and related press releases submitted in Canada as Material Change Reports.

In addition to the Company's normal financial closing processes, the Company will follow the following additional procedures in respect of Annual Reports to Shareholders and other periodic reports and press releases submitted in Canada as Material Change Reports.

- Prior to the commencement of drafting, the CFO, as appropriate, will meet or otherwise communicate to determine the content to be included in the document, including any new legal or regulatory requirements.
- The CFO will prepare a summary of principal required disclosure items, assign drafting responsibility for each, assign responsibility for overall control of the drafting process, and establish a schedule for drafting and review, and distributing packages for review. As part of the process, the CFO (or persons designated by the CFO) will identify persons within the Company that can be expected to have particular knowledge as to the items covered by the document and ensure that those persons review the appropriate portions of the document.
- The CEO, other selected employees, independent auditors and outside counsel, as appropriate, will review and comment on the document.
- The CEO, other selected employees, independent auditors and outside counsel, as appropriate, will resolve all disclosure issues and finalize text.

(c) Management Information Circular Controls and Procedures

- Prior to the commencement of drafting, the CEO and CFO shall meet or otherwise communicate to determine the matters to be included in the Management Information Circular and additional parties, if any (such as outside compensation consultants), to be involved in the preparation of the Management Information Circular.
- Prior to the substantial completion of drafting, the CFO will enquire of outside counsel to determine any changes required since the prior year in the requirements of the Management Information Circular.
- The CFO will prepare a summary of principal required disclosure items and establish a schedule for drafting and review. As part of the process, the CEO will identify those persons within the Company that can be expected to have particular knowledge as to the items covered by the document and ensure that those persons review the appropriate portions of the document.
- The CFO, with the assistance from the Company's legal counsel, will draft the Management Information Circular and distribute the Management Information Circular to the CEO, the Board, and other additional parties, as appropriate, for review and comment.

- The CFO and others, as appropriate will resolve all disclosure issues and finalize text.

(d) Registration Statements/Prospectuses

Registration statements and prospectuses will normally be prepared in the context of agreements and meetings with underwriters and others involved in the process. Although the process will involve drafting and review of information in processes that are similar to those involved in the preparation of an AIF/Annual Report, due to the timing and participation by others in the process, it is not possible to set out in advance the specific steps to be followed.

- It shall be the responsibility of the CFO, in conjunction with independent auditors and legal counsel, to implement disclosure and approval procedures comparable to those contained in this policy for other reports, to keep the CEO involved and informed, as appropriate, to ensure the accuracy and completeness of such documents, and to keep the Board of Directors informed and involved in the process, as appropriate.

(e) Event-Driven Disclosures

Event-driven disclosures are those disclosures, which are not periodic in nature and will arise from time to time as a consequence of both anticipated and unanticipated events. Examples of anticipated events include initiation of legal proceedings by or against the Company, significant acquisitions and divestitures, and similar matters all of which are likely to be deemed material information.

To the extent that such events are wholly or partially within the Company's control, disclosure in respect of these events should be planned for by the CEO. The CEO should be involved in the preparation of event-driven disclosures including press releases, material change reports and amendments to the existing continuous disclosure record in Canada and the United States. The full Board of Directors should be notified in the event there is need to make any material unanticipated event-driven disclosure.

### **News Releases**

The CEO shall generally be responsible for supervising preparation and dissemination of news releases and shall generally consult the checklist in Exhibit 1. The CEO will assign drafting responsibility for drafting and distribution of each release to Corporate Affairs. As a part of the process, the Vice President Corporate Affairs will identify those persons within the Company that can be expected to have particular knowledge as to the items covered by the document and ensure that those persons review the document.

## Exhibit 1

### News Release Checklist

1. NEWS RELEASE CREATION & APPROVAL PROCESS
  - a. Draft & Format News Release by Vice President Corporate Affairs
  - b. News Release proofread and signed off by CFO and CEO
  - c. If “material” or sensitive, gets reviewed by Company’s CFO
  - d. If needed, Vice President Corporate Affairs sends final draft to IIROC for their review
    - i. If no changes required go to step 2.
    - ii. If changes required go back to step 1.
    - iii. Note general rule of thumb NR should go out either before market open, or after market close to avoid HALT IN TRADING.
  - e. If needed, the final draft of the News Release should be approved by the Board before dissemination.
2. NEWS RELEASE DISSEMINATION & DISTRIBUTION
  - a. Vice President Corporate Affairs sends to THENEWSWIRE.CA.
  - b. Ask THENEWSWIRE.CA for an emailed confirmation and make sure they will do SEDAR filing.
  - c. Once THENEWSWIRE.CA confirms by email that the News Release has been sent out, email News Release to Board of Directors and shareholders
3. OTHER REQUIRED LOCATIONS FOR NR DELIVERY
  - a. CSE web site
  - b. Stockwatch
  - c. Company Website

## APPENDIX 6 WHISTLEBLOWER POLICY

### 1. INTRODUCTION

The Company is committed to maintaining the highest standards of business conduct and ethics, as well as full compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matters relating to fraud against shareholders (collectively "**Accounting Concerns**").

Pursuant to its charter, the audit committee of the Company's board of directors is responsible for ensuring that a confidential and anonymous process exists whereby persons can report any Accounting Concerns relating to the Company and its subsidiaries. In order to carry out its responsibilities under its charter, the audit committee has adopted this whistleblower policy (the "**Policy**").

For the purposes of this Policy, "Accounting Concerns" is intended to be broad and comprehensive and to include any matter, which in the view of the complainant, is illegal, unethical, contrary to the policies of the Company or in some other manner not right or proper. Examples would include:

- (a) violation of any applicable law, rule or regulation that relates to corporate reporting and disclosure;
- (b) violation of any code of business conduct and ethics which the Company may implement from time to time;
- (c) fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company or any of its subsidiaries;
- (d) fraud or deliberate error in the recording and maintaining of financial records of the Company or any of its subsidiaries;
- (e) deficiencies in or noncompliance with the Company or any of its subsidiaries' internal policies and controls;
- (f) misrepresentation or a false statement by or to a director, officer, employee or accountant of the Company or any of its subsidiaries respecting a matter contained in the financial records, reports or audit reports;
- (g) instances of fraudulent influence, coercion, manipulation or misleading of the Company's auditors; and
- (h) deviation from full and fair reporting of the Company's consolidated financial condition.

### 2. COMMUNICATION OF THE POLICY

To ensure that all directors, officers and employees of the Company are aware of the Policy, a copy of the Policy will be distributed to them and they will be informed whenever significant changes are made.

### 3. REPORTING ALLEGED VIOLATIONS OR COMPLAINTS

#### 3.1 Reporting Concerns

Any person with an Accounting Concern relating to the Company or any subsidiary of the Company may submit their concern to any member of the audit committee in writing or by telephone or email.

#### 3.2 Anonymity and Confidentiality

All submissions pertaining to an Accounting Concern may be made and will be treated on a confidential and anonymous basis.

### 4. NO ADVERSE CONSEQUENCES

A submission regarding an Accounting Concern may be made by an officer or employee of the Company without fear of dismissal, disciplinary action or retaliation of any kind. The Company will not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any person who submits in good faith an Accounting Concern or provides assistance to the audit committee, management, the Company's auditors, or any other person or group, including any governmental, regulatory or law enforcement body, investigating an Accounting Concern. However, persons who make accusations without a reasonable good faith belief in the truth and accuracy of the information or who knowingly provide or make false information or accusations will be disciplined. "Good faith" does not mean that the person submitting the concern has to be correct, but it does mean that the person must reasonably believe he/she is providing truthful information.

### 5. TREATMENT OF ACCOUNTING CONCERN SUBMISSIONS

#### 5.1 The following steps will be taken with respect to each Accounting Concern submitted:

- (a) the question, report or concern will be taken seriously;
- (b) each concern will be reviewed by the audit committee, the Company's general legal counsel, or such other person as the audit committee determines to be appropriate;
- (c) confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review; and
- (d) prompt and appropriate corrective action will be taken when warranted.

- 5.2 Persons against whom a complaint or concern has been made will be presumed innocent unless or until the investigation reveals a violation has occurred.

## 6. RETENTION OF RECORDS

The audit committee shall retain all records relating to any Accounting Concern or report of a retaliatory act and to the investigation of any such report for a period judged to be appropriate based upon the merits of the submission. The types of records to be retained by the audit committee shall include records of all steps taken in connection with the investigation and the results of any such investigation.

## 7. REVIEW AND WAIVER OF POLICY

- 7.1 The audit committee will review and evaluate this Policy on an annual basis to determine whether the Policy is effective in providing a confidential and anonymous procedure to report violations or complaints regarding Accounting Concerns.

- 7.2 The audit committee may make waivers of this Policy; however, any waiver pertaining to a director or officer of the Company may only be made by the Company's board of directors.

## 8. QUERIES

If you have any questions about how this Policy should be followed in a particular case, please contact any member of the audit committee.

## APPENDIX 7 AUDIT COMMITTEE CHARTER

### Mission

Senior management, as overseen by the board of directors, has primary responsibility for the Company's financial reporting, accounting systems and internal controls. The Audit Committee is a standing committee of the board of directors established to assist the board of directors in fulfilling its responsibilities in this regard.

### Responsibilities

The Audit Committee shall:

(a) Financial Information

- i. review the annual financial statements and related matters and recommend their approval to the board of directors, after discussing matters such as the selection of accounting policies, major accounting judgments, accruals and estimates with management;
- ii. review the Annual Information Forms or Annual Reports, if applicable;
- iii. be responsible for reviewing the results of the external audit, including:
  - the auditor's engagement letter;
  - the reasonableness of the estimated audit fees;
  - the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines and coordination with internal audit;
  - the post-audit management letter together with management's response;
  - the form of the audit report;
  - any other related audit engagements (e.g. audit of the company pension plan);
  - non-audit services performed by the auditor;
  - assessing the auditor's performance;
  - recommending the auditor for appointment by the Board; and
  - meeting with the auditors to discuss pertinent matters, including the audit planning and the quality of accounting personnel;

- iv. ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (except for disclosure required to be reviewed by the audit committee), and periodically assess the adequacy of those procedures;
- v. establish procedures for:
  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- vi. review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company

(b) Interim Financial Statements

- vii. obtain reasonable assurance on the process for preparing reliable quarterly interim financial statements from discussions with management and, where appropriate, reports from the external and internal auditors;
- viii. review, or engage the external auditors to review, the quarterly interim financial statements if not reviewed by the board of directors;
- ix. obtain reasonable assurance from management about the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information;

(c) Accounting System and Internal Controls

- x. obtain reasonable assurance from discussions with and(or) reports from management, and reports from external and internal auditors that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively;
- xi. direct the auditors' examinations to particular areas;
- xii. request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies);
- xiii. review control weaknesses identified by the external and internal auditors, together with management's response;
- xiv. review the appointments of the CFO and key financial executives;
- xv. review accounting and financial human resources and succession planning within the Company;

(d) Reporting

- xvi. report to the board of directors following each meeting on the major discussions and decisions made by the audit committee; and
- xvii. review the audit committee's terms of reference periodically and propose recommended changes to the board of directors.

**Composition and Regulations**

- a. The members and the chairperson of the Audit Committee shall be appointed by the Board for a one-year term and may serve any number of consecutive terms.
- b. The chairperson of the Audit Committee shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- c. The Audit Committee shall have the power, authority and discretion delegated to it by the board of directors, which shall not include the power to change the membership of or fill vacancies in the Audit Committee.
- d. The Audit Committee shall conform to the regulations, which may from time to time be imposed upon it by the Board. The Board shall have the power at any time to revoke or override the authority given to or acts done by the audit committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the audit committee or fill vacancies in it as it shall see fit.
- e. The Audit Committee may meet and adjourn, as it thinks proper. A majority of the members of the audit committee shall constitute a quorum thereof. Questions arising shall be determined by a majority of votes of the members of the Audit Committee present, and in the case of an equality of votes, the chairperson shall not have a second or casting vote.
- f. A resolution approved in writing by all of the members of the Audit Committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the audit committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
- g. The Audit Committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the board of directors.
- h. The Audit Committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

Please refer to Exhibit 3 for details on members of the Committee.

#### Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

## APPENDIX 8 NOMINATION AND COMPENSATION COMMITTEE CHARTER

### Composition

The "Nomination and Compensation Committee" (hereinafter referred to as the "Committee") shall be appointed by the Board of Directors and be composed of a minimum of three directors, comprised exclusively of independent directors. Independence of the Board Members will be defined by applicable legislation and at a minimum each Committee member will have no direct or indirect relationship with the Company which in the view of the Board of Directors could reasonably interfere with the exercise of a member's independent judgment, other than interests and relationships arising from shareholding.

The members of the committee shall be appointed or reappointed at the meeting of the Board immediately following the Annual Meeting of the Shareholders of the Company. Each member shall continue to be a member thereof until a successor is appointed, unless the member resigns, is removed or ceases to be a director. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board if the membership of the Committee is less than minimum membership.

The members of the Committee shall appoint a Chair from among their number. If the Chair of the Committee is not present at any meeting of the Committee, the chair of the meeting shall be chosen from among their members. The chair presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a secretary who need not be a director. The Chairman of the Committee shall report the business of the meeting to the next regularly scheduled Board of Directors meeting.

Please refer to Exhibit 3 for details on the members of the Committee.

### Responsibilities

The Nominating and Compensation Committee shall assist the Board of Directors in fulfilling its responsibilities as they relate to:

1. Proposing to the full board new nominees for the Board.
2. Recommending to the Board the form and amount of compensation to be paid by the Company to directors for service on the Board and on Board committees. The Committee shall review director compensation at least annually.
3. Reviewing the Company's base compensation structure and the Company's incentive compensation, stock option and other equity-based compensation programs and recommend changes in or additions in such structure and plans to the Board as needed.
4. Recommending to the Board the annual base compensation of the Company's executive officers and senior managers (collectively the "Officers").
5. Recommending to the Board the range of increase or decrease in the annual base compensation for non-Officer personnel providing services to the Company.
6. Recommending to the Board annual corporate goals and objectives under any incentive compensation plan adopted by the Company for Officers and non-Officer personnel providing services to the Company, and recommending incentive compensation participation levels for Officers and non-Officer

- personnel providing services to the Company under any such incentive compensation plan. In determining the incentive component of compensation, the Committee will consider the Company's performance and relative shareholder return, the values of similar incentives at comparable companies and the awards given in past years.
7. Evaluating the performance of Officers generally and in light of annual corporate goals and objectives under any incentive compensation plan.
  8. Periodically reviewing with the Chairman and Chief Executive Officer their assessments of corporate officers and senior managers and succession plans, and make recommendations to the Board regarding appointment of officers and senior managers.
  9. Providing oversight of the performance evaluation and incentive compensation of non-Officer personnel providing services to the Company
  10. Administering the Company's stock option and other equity based compensation plans and determine the annual grants of stock options and other equity based compensation.
  11. Recommending to the Committee the qualifications and criteria for membership on the Committee. The Chief Executive Officer of the Company shall not be present during any vote or other deliberation of the Committee regarding the compensation or performance of the Chief Executive Officer.

### **Meetings**

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. A quorum for meetings shall be the majority of the members, present in person or by telephone or other telecommunication device, which permits all persons participating in the meeting to speak and hear each other.
2. The Committee shall meet at least annually.
3. Notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours in advance of such meeting, provided however, a member may in any matter waive a notice of meeting. Attendance of a member at a meeting is a waiver of notice of meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

The Committee may in its discretion, and shall at the request of three independent directors, call a meeting of all independent directors of the Company. This procedure is designed to ensure the independence from management and the Board of Directors. The procedures for calling any such meeting shall be the same as those for calling a meeting of the Committee, with such modifications as may be necessary.

## APPENDIX 9 CORPORATE GOVERNANCE COMMITTEE CHARTER

### Purpose of the Committee

The Corporate Governance Committee (the "Committee") shall assist the Board of Directors in carrying out its responsibilities relating corporate governance. In furtherance of this purpose, the Committee shall have the following responsibilities and authority:

1. Approval of the "Statement of Corporate Governance Practices" contained in the Management Information Circular.
2. Establishing a process for assessing the performance of the Board on an ongoing basis.
3. Establishing a process for assessing the effectiveness of the Board as a whole, the Committees of the Board and contribution of the individual directors.
4. Examining the size of the Board and undertaking, where appropriate, a program to establish a Board size, which facilitates effective decision-making.
5. Developing the Company's approach to governance issues.
6. Reviewing and approving of the position description of the Chair, CEO, Committee Chairs and the mandates of Board of Directors, Nominating and Compensation Committee, Corporate Governance Committee and the Audit Committee.

### Authority and Responsibility

- (a) **Number.** The Committee shall consist of three persons unless the Board should from time to time otherwise determine.
- (b) **Selection and Removal.** Members of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Compensation Committee. The Board may remove members of the Committee at any time with or without cause.
- (c) **Independence.** The number of independent directors of the Committee shall be "independent" as determined under the Company's Corporate Governance Policies and Procedures Manual.
- (d) **Chair.** Unless the Board elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.
- (e) **Compensation.** The compensation of the Committee shall be as determined by the Board.
- (f) **Term.** Members of the Committee shall be appointed for one-year terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board or the Committee.

Please refer to Exhibit 3 for details on the members of the Committee.

### Procedures and Administration

- (a) **Meetings.** The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee shall keep minutes of its meetings and any other records, as it deems appropriate.
- (b) **Subcommittees.** The Committee may form and delegate authority to one or more subcommittees, which may consist of one or more members, as it deems necessary or appropriate from time to time under the circumstances.
- (c) **Reports to the Board.** The Committee shall report (orally or otherwise) regularly to the Board following meetings of the Committee with respect to such matters as are relevant to the Committee's discharge of its responsibilities, and shall report in writing on request of the Chairman of the Board.
- (d) **Charter.** The Committee shall, at least annually, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- (e) **Independent Advisors.** The Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities, provided such actions are approved by the Board. Such independent advisors may be regular advisors to the Company. The Committee is empowered, with approval by the Board, to cause the Company to pay appropriate compensation to advisors engaged by the Committee.
- (f) **Investigations.** The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities, as it deems appropriate, including the authority to request any Officer or other person to meet with the Committee.
- (g) **Annual Self-Evaluation.** The Committee shall evaluate its own performance at least annually.

### Additional Powers

The Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

## Exhibit 2

### Current Directors

Rory Armes	CEO, Chairman & Director
Tim Bennison	COO and Director
Neil Murchoch	Director
Ken Scott	Director

The following directors of the Company hold directorships in other reporting issuers as set out below:

Name of Director	Name of Other Reporting Issuer

### Exhibit 3

#### Committee Members

Audit Committee	
Nomination and Compensation Committee	
Corporate Governance Committee	

The following are the members of the audit committee:

	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

(1) As defined in NI 52-110 Section 1.4

(2) As defined in NI 52-110 Section 1.6

#### Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each audit committee member that is relevant to the performance of his/her responsibilities as a committee member is as follows:

**XX**

#### Chairman of the Audit Committee:

Name:

Address:

Telephone No.:

E-mail: