CORPORATE GOVERNANCE HANDBOOK

June 1, 2020

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A Introduction

InnoMed Tech Ltd. (the "Company") incorporated under the Business Corporation Act (British Columbia) with registered number C1251506.

The Company and its Directors are subject to various continuing obligations, many of which are set out in a Memorandum on Directors' Responsibilities dated 19 April 2020 and which is attached at Appendix 1 to this Handbook (the "**Memorandum**").

In order to assist with compliance highest standards of Corporate Governance, this handbook sets out:

- Certain **matters reserved for the Company's Directors**, to ensure that key issues are only actioned with Board approval; and
- The **terms of reference** of each of Company's audit, remuneration and nomination committee.

In addition, certain recommendations are set out in the Sections 3 and 4 of the Memorandum, including for the Company to:

- have a **Disclosure Policy** in place to determine what information is inside information and put in place the relevant procedures for releasing such information to the market;
- to create a list of persons working for the Company who have access to inside information (an **Insider List**);
- to adopt a **share dealing code**; and
- to put in place adequate procedures in relation to the Corruption of Foreign Public Officials for the purposes of good corporate governance in the form of a **Bribery Policy**.

This Handbook implements the above recommendations and should be made available to all Directors and senior management.

The share dealing code and the Bribery Policy should be shared with all employees. The Handbook is up to date as at June 1, 2020 but should be kept under regular review.

B. Schedule of matters reserved for the Board

This section sets out certain matters which the Company has determined should be reserved for the Board. Such matters should only be acted upon following a Board meeting of the Company.

1 Strategy and Management

1.1 Responsibility for the overall management of the Company.

1.2 Approval of the Company's long-term objectives and commercial strategy.

1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.

1.4 Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

1.5 Extension of the Company's activities into new business or geographic areas.

1.6 Any decision to cease to operate all or any material part of the Company's business.

2 Structure and Capital

2.1 Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs (including the use of treasury shares) and offering or granting options or rights to subscribe for shares.

2.2 Major changes to the Company's corporate structure.

2.3 Changes to the Company's management and control structure.

2.4 Any changes to the Company's listing or its status as a public company.

2.5 Alteration of the Company's constitution.

2.6 Change in the Company's:

2.6.1 accounting reference date;

2.6.2 registered name; or

2.6.3 business name.

3 Financial Reporting and Controls

3.1 Approval of the interim-yearly report, interim management statements and any preliminary announcement of the final results.

3.2 Approval of the annual report and accounts, including any corporate governance statement and remuneration report.

3.3 Approval of the dividend policy.

3.4 Declaration of the interim dividend and recommendation of the final dividend.

3.5 Approval of any significant changes in accounting policies or practices.

4 Internal Controls

4.1 Ensuring maintenance of a sound system of internal control and risk management including:

4.1.1 receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;

4.1.2 undertaking an annual assessment of these processes; and

4.1.3 approving an appropriate statement for inclusion in the annual report.

5 Contracts

5.1 Major capital projects.

5.2 Contracts which are material strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets other than those contained in the budget.

5.3 Contracts of the Company or any subsidiary outside of the approved budget and not in the ordinary course of business, for example all loans and repayments; foreign currency transactions above CAD$50,000; all major acquisitions or disposals.

5.4 Major investments including the acquisition or disposal of interests of more than (5) percent in the voting shares of any Company or the making of any takeover offer.

6 Communication

6.1 Ensuring satisfactory dialogue with shareholders based on the mutual understanding of objectives.

6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting and calling of general meetings.

6.3 Approval of all circulars, prospectuses and listing particulars.

6.4 Approval of press releases concerning matters decided by the Board.

7 Board Membership and other Appointments

7.1 Changes to the structure, size and composition of the Board, following recommendations from the nomination committee.

7.2 Ensuring adequate succession planning for the Board and senior management.

7.3 Appointments to the Board, following recommendations by the nomination committee.

7.4 Selection of the chairman of the Board and the chief executive.

7.5 Appointment of the senior independent Director.

7.6 Membership and chairmanship of Board committees.

7.7 Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.

7.8 Continuation in office of any Director at any time, including the suspension or termination of service of an executive Director as an employee of the Company, subject to the law and their service contract.

7.9 Appointment or removal of the Company secretary.

7.10 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.

7.11 Appointments to Boards of subsidiaries.

8 Delegation of Authority

8.1 The division of responsibilities between the Chairman, the Chief Executive and executive Directors.

8.2 Approval of the delegated levels of authority, including the Chief Executive's authority limits.

8.3 Establishment of Board committees and approval of terms of reference of Board committees.

8.4 Receiving reports from Board committees on their activities.

9 Corporate Governance Matters

9.1 Undertaking a rigorous review of its own performance, that of its committees and individual \Directors.

9.2 Determining the independence of non-executive Directors in light of their character, judgment and relationships.

9.3 Considering the balance of interests between shareholders, employees, customers and the community.

9.4 Review of the Company's overall corporate governance arrangements.

9.5 Authorising conflicts of interest where they are permitted by the Company's constitution.

9.6 Material changes to the Company’s current corporate governance polices or procedures.

10 Other

10.1 Approval of policies including share dealing policy, Disclosure Policy and Bribery Policy.

10.2 Approval of the appointment or change of the Company's principal professional advisers and auditors.

10.3 Approval of the overall levels of insurance for the Company including liability insurance for and indemnification of Directors and other officers.

10.4 Prosecution, defence or settlement of material litigation.

10.5 Any decision likely to have a material impact on the Company or Company from any perspective including, but not limited to, financial, operational, governance, strategic or reputational.

10.6 This schedule of matters reserved for Board decisions.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its committees.

C. Committee Terms of Reference

AUDIT COMMITTEE

1. Audit Committee Purpose

The Audit Committee (the "Committee") is a committee selected from the Board of Directors (the "Board") of InnoMed Tech Ltd. (the "**Company**") whose primary function is to manage and maintain the effectiveness of the financial aspects of the governance structure of the Company.

2. Committee Composition, Appointment and Procedures

National Instrument 52-110 – Audit Committees ("NI 52-110"), NI 41-101 and Form 52-110F1 require the Issuer to disclose certain information relating to the Issuer's audit committee (the "Audit Committee") and its relationship with the Issuer's independent auditors.

2.1. *Structure and Composition of Committee*

The Committee shall be comprised of not less than three Directors, all of whom must be independent Directors in accordance with applicable regulatory and stock exchange requirements.

2.2. *Financial Literacy*

All members of the Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Company.

2.3. *Appointment of Committee Members*

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board, upon the recommendation of the Nomination Committee.

2.4. *Vacancies*

a) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

b) The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

2.5. *Committee Chairman*

The Board shall appoint a Chairman for the Committee.

2.6. *Absence of Committee Chairman*

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

2.7. *Secretary of Committee*

The Secretary of the Company or such other person as the Audit Committee may appoint shall serve as the secretary of the Committee.

2.8. *Meetings*

a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.

b) The Committee shall meet at such times during each year as it deems appropriate.

c) The Committee will ordinarily meet at the end of each of its formal meetings and may meet at any other time as required.

d) There shall be two senior management personnel available for meetings of the Committee at the invitation of the Chairman of the Committee. These two persons will be those holding the positions of Chief Executive Officer and Chief Financial Officer.

e) Representatives of the external auditors shall be available for Committee meetings at the invitation of the Chairman of the Committee.

f) Each member of the Audit Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Audit Committee. The Chairman will have a casting vote.

2.9. *Quorum*

A majority of the members of the Committee shall constitute a quorum.

2.10. *Notice of Meetings*

a) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.

b) Attendance of a member at a meeting constitutes a waiver of notice of the 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.

2.11. *Review*

The Committee shall review its performance and these terms of reference annually or otherwise as it deems appropriate and propose recommended changes to the Board.

3. Responsibilities of the Committee

3.1. The Committee shall:

a) Review all quarterly un-audited and annual audited financial statements and accompanying reports to the shareholders, MD&A, related annual and interim earnings press releases, earnings guidance disclosure or any other disclosure based on the Company's financial statements prior to the release of those statements.

b) Make recommendations to the Board for approval with respect to the annual audited financial statements and, in each case, review:

(i) The appropriateness of the Company's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

(ii) The existence and substance of significant accruals, estimates, or accounting judgments, and the level of conservatism.

(iii) Unusual or extraordinary items, transactions with related parties, and adequacy of disclosures.

(iv) Asset and liability carrying values.

(v) Income tax status and related reserves.

(vi) Qualifications contained in letters of representation.

(vii) Assurances of compliance with covenants in trust deeds or loan agreements.

(viii) Business risks, uncertainties, commitment, and contingent liabilities.

(ix) The adequacy of explanations for significant financial variances between years.

c) Review the Company's Annual Information Form and management proxy circular and make a recommendation for approval thereof to the Board.

d) Oversee the external audit process, including:

(i) The selection and appointment of an auditing firm to conduct the annual audit of the Company's annual financial statements and review of the Company's quarterly financial statements (and related notes and management's discussion and analysis in each case).

(ii) Assessing the independence of appointed auditing firm.

(iii) Reviewing of the external audit plan comprising a fee estimate, objectives scope, materiality, timing, locations to be visited, areas of audit risk, and co-ordination with Internal Audit.

(iv) Reviewing of audit reports and reviews and findings, including corresponding management responses.

(v) Approving the audit fee.

(vi) Establishing, from time to time, pre-approval arrangements for specific categories of permitted audit related services.

(vii) Private discussions regarding the quality of financial personnel, the level of co-operation received unresolved material differences of opinion or disputes, and the effectiveness of the work of Internal Audit.

e) Oversee the external non-audit process, including:

(i) Approving the nature of any non-audit services provided and any material mandates by the auditing firm to the Company or its subsidiary entities, the fees charged by the firm for such services and the impact on the independence of the auditor provided that the auditing firm is prohibited from providing appraisal or valuation services, fairness opinions, actuarial services, internal audit outsourcing services, management functions or human resources, bookkeeping or other services relating to the accounting records or financial statements of the Company or financial information systems designed in implementation.

(ii) Information as to the non-audit services provided by the auditing firm, the fees charged by the firm for such services and the impact on the independence of the auditor.

f) Oversee the internal audit function including:

(i) Reviewing the annual audit plan including risk assessment, the location and activities selected to ensure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological), and organizational reporting structure.

(ii) Reviewing audit progress, findings, recommendations, responses and follow up actions.

(iii) Private discussions as to internal audit independence, cooperation received from management, interaction with external audit, and any unresolved material disagreements with management.

(iv) Annual approval of audit mandate.

(v) Monitoring of compliance with the Company's financial code of conduct.

g) Review the effectiveness of control and control systems utilized by the Company in connection with financial reporting and other identified business risks.

h) Review with senior management and the external auditors the audits of subsidiaries performed by different external auditors, including significant issues and recommendations.

i) Review incidents of fraud, illegal acts and conflicts of interest.

j) Review documents filed with securities commissions, including the Company's annual information form and annual report.

k) Review material valuation issues.

l) Review the quality and accuracy of computerized accounting systems, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.

m) Review with senior management, the external auditors and legal counsel any litigation claim or other contingency that could have a material effect upon the financial position or operating results of the company with a view to appropriate disclosure.

n) Review the expenses and perquisites, including the use of company assets, by senior officers

o) Review material matters that come before audit committees of subsidiaries.

p) Review cases where management has sought accounting advice on a specific issue from an accounting firm other than the one appointed as Auditor.

q) Review policies and practices concerning officers' expenses and perquisites and, where appropriate, refer any issue to the Compensation Committee or to the Board of Directors.

r) Establish financial procedures for:

(i) The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

(ii) The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

s) 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.

3.2. The Committee may, at the request of the Board, investigate such other matters as the Board considers appropriate in the circumstances.

4. Resources Meetings and Reports

4.1. The Committee shall have adequate resources to discharge its responsibilities. The Committee may, for and on behalf of the Company and at the Company's sole expense, engage such consultants as it considers in its sole discretion necessary to assist it in fulfilling its duties and responsibilities.

4.2. The Committee shall meet not less than four times per year.

4.3. The meetings of the Committee shall ordinarily include the auditors and the Chairman of the Board shall be an ex officio member of the Committee if not otherwise appointed as a member of the Committee. The Committee may request the attendance of other officers at its meetings from time to time.

4.4. The Board shall be kept informed of the Committee's activities by a report presented at the Board meeting following each Committee meeting.

4.5. The Committee shall keep minutes of its meetings in which shall be recorded all actions taken by the Committee which minutes shall be made available to the Board.

4.6. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

COMPENSATION COMMITTEE TERMS OF REFERENCE

1. Compensation Committee Purpose

1.1. The Compensation Committee (the "Committee") is a committee selected from the Board of Directors (the "Board") of (the "**Company**").

1.1.1. to ensure that the Company's Directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance by determining their pay and other remuneration; and

1.1.2. to demonstrate to all shareholders that the remuneration of the senior executive members of the Company is set by a committee of the Board members who have no personal interest in the outcome of the decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of the Company.

2. Committee composition, appointment and procedures

2.1. *Structure and Composition of Committee*

The Committee is a sub-committee of the Board and as such exercises such powers of the Board as have been delegated to it and is answerable to the Board.

The Compensation Committee shall be comprised of not less than two non-executive Directors all of whom must be independent Directors in accordance with applicable regulatory and stock exchange requirements.

The membership of this Committee is to be set out in the annual report and accounts of the Company.

In order to fulfil the Committee's overall objectives and to demonstrate that the remuneration of such Directors is independently approved and monitored, the members of the Compensation Committee shall:-

a) have no personal financial interest, other then as shareholders, in the Compensation Committee's decisions;

b) have no "cross-directorships" with the Executive Directors which could be thought to offer scope for mutual agreements to bid up each other's remuneration;

c) be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment; and

d) have a good understanding, enhanced as necessary by appropriate training or access to expert advice, of the areas of Compensation Committee business.

2.2. *Appointment of Committee Members*

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board, upon the recommendation of the Corporate Governance and Nominating Committee.

2.3. *Vacancies*

a) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

b) The Board shall fill any vacancy if the membership of the Committee is less than two Directors.

2.4. *Committee Chairman*

The Board shall appoint a Chairman for the Committee. The Chairman of the Committee shall be available at the Annual General Meeting to answer questions.

2.5. *Absence of Committee Chairman*

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

2.6. *Secretary of Committee*

The Secretary of the Company or such other person as the Compensation Committee may appoint shall serve as the secretary of the Committee.

2.7. *Meetings*

a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.

b) Notwithstanding the quorum requirements, all members of the Compensation Committee should endeavour to attend all meetings at which matters of general remuneration policy or the contents of the Compensation Committee's annual report to shareholders are discussed.

c) Meetings of the Compensation Committee shall be held as and when appropriate, normally immediately before or after regular meetings of the full Board, at least twice a year but formal meetings (particularly in relation to the formal grant of employee share options) may also be held by telephone.

d) The Company's Chief Executive and/or Finance Director may be invited to attend relevant meetings (or part thereof) of the Compensation Committee to discuss the performance of other executive Directors and make proposals as necessary.

e) The Compensation Committee shall take steps to ensure that it has access to reliable and up-to-date information about remuneration in other companies and it shall judge the implications of this information carefully.

f) Each member of the Compensation Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Compensation Committee. If a matter that is considered by the Compensation Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. Save where he has a personal interest, the Chairman will have a casting vote

g) All decisions of the Compensation Committee in respect of the remuneration of the Executive Directors shall be referred to the Board of Directors and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association, provided that the Board shall only have the power to approve without modification or reject the decisions of the Compensation Committee, but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own remuneration.

2.8. *Quorum*

The quorum for any meeting and/or decision of the Compensation Committee shall be any two members.

2.9. *Notice of Meetings*

a) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.

b) Attendance of a member at a meeting constitutes a waiver of notice of the 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.

2.10. *Review*

The Committee shall review its performance and these terms of reference annually or otherwise as it deems appropriate and propose recommended changes to the Board.

3. Responsibilities of the Committee

3.1. In particular, the Compensation Committee has the authority to carry out the following duties:

a) to decide upon the remuneration of its Chief Executive and the executive Directors of the main Board and, to maintain and assure their independence, the Secretary of the Company;

b) to decide upon the remuneration of senior executives of the Company and its subsidiaries whose remuneration may have implications for that of the Executive Directors;

c) to approve all service contracts between the Company and its executive Directors or between the Company and any subsidiary and any such senior executive;

d) to consider what details of Directors' remuneration should be reported in the Company's annual report and accounts in addition to those required by law, and how these details should be presented including by way of a report to shareholders to form a separate section within, or annex to, the Company's annual report and accounts;

e) to assist in the preparation of Form 51-102F6 (Statement of Executive Compensation) which requires the disclosure of compensation provided to certain executive officers and Directors in order to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and to help investors understand how decisions about executive compensation are made;

a. to consider what compensation commitments (including pension contributions) the Directors' contracts of service, if any, would entail in the event of early termination. In particular, the Compensation Committee should consider the advantages of providing explicitly in the initial service contract for such compensation commitments except in the case of removal for misconduct, and should ensure that any payments made are fair to the individual and the Company;

b. to review the design of all share and/or management incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other senior executives and the performance targets to be used; and

c. to agree with the Board the policy for authorising claims for expenses for the Chief Executive and Chairman.

3.2. In deciding remuneration policy, the Compensation Committee should:

a) consider whether it is appropriate to structure a proportion of executive Directors' remuneration so as to link rewards to corporate and individual performance;

b) judge where to position their company relative to other comparable companies (in terms of remuneration of Directors);

c) provide the packages to attract, retain and motivate executive Directors of the quality required but should avoid paying more than is necessary for this purpose; and

d) be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company, especially when determining annual salary increases.

3.3. If the Compensation Committee think it is appropriate to incorporate into Executive Directors' service contracts performance related remuneration then it should follow the provisions of Schedule A (which are attached at appendix A).

3.4. The consideration of Directors' and senior executives' remuneration shall extend to all elements of such remuneration including any performance related elements (including bonus schemes and profit share schemes), any share options, pension entitlements and any other benefits awarded to the Directors and senior executives.

3.5. It is the responsibility of the Chairman of the Compensation Committee to decide what data he considers necessary in order to fulfil the duties outlined above, and to ensure that this is circulated to all members of the Committee. The Board of Directors has agreed to provide the Compensation Committee with full co-operation in the fulfilment of its duties.

3.6. The Compensation Committee shall have access to professional advice inside and outside the Company at the cost of the Company, and be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of any outside advisors who advise the Committee.

3.7. The Compensation Committee shall report to the Board of Directors on remuneration policy and all matters listed as being within its remit as set out in Clause 3.1 above.

3.8. The remuneration of non-executive Directors shall not be a matter for the Compensation Committee, but for the Chairman of the Board and the executive members of the Board. No Director or manager shall be involved in any decisions as to their own remuneration.

4. Resources, Meetings and Reports

4.1. The minutes of the meetings of the Compensation Committee shall be made available to all members of the Board.

4.2. The Compensation Committee Chairman shall be available at the Annual General Meeting of the Company to answer questions arising from the Compensation Committee's annual report to shareholders and generally on remuneration principles and practice. He should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.

4.3. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

NOMINATION COMMITTEE TERMS OF REFERENCE

1. Nomination Committee Purpose

The Nomination Committee (the "Committee") is a committee selected from the Board of Directors (the "Board") of InnoMed Tech Ltd. (the "**Company**") to lead the process for Board appointments and make recommendations to the Board.

2. Committee composition, appointment and procedures

2.1. *Structure and Composition of Committee*

The Committee is a sub-committee of the Board and as such exercises such powers of the Board as have been delegated to it and is answerable to the Board.

The Compensation Committee shall be comprised of not less than two non-executive Directors all of whom must be independent Directors in accordance with applicable regulatory and stock exchange requirements.

2.2. *Appointment of Committee Members*

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.

2.3. *Vacancies*

c) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

d) The Board shall fill any vacancy if the membership of the Committee is less than two Directors.

2.4. *Committee Chairman*

The Board shall appoint a Chairman for the Committee. The Chairman of the Committee shall be available at the Annual General Meeting to answer questions. The Chairman should not chair the Nomination Committee when it is dealing with the appointment of a successor to the Chairmanship.

2.5. *Absence of Committee Chairman*

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

2.6. *Secretary of Committee*

The Secretary of the Company or such other person as the Nomination Committee may appoint shall serve as the secretary of the Committee.

2.7. *Meetings*

a) The Chairman of the Committee or the Chairman of the Board, or any two members of the Committee may call a meeting of the Committee.

b) Notwithstanding the quorum requirements, all members of the Nomination Committee should endeavour to attend all meetings at which matters of general nomination policy or the contents of the Nomination Committee's annual report to shareholders are discussed.

c) Meetings of the Nomination Committee shall be held as and when appropriate, normally immediately before or after regular meetings of the full Board, at least twice a year but

formal meetings (particularly in relation to the formal grant of employee share options) may also be held by telephone.

d) The Company's Chief Executive and/or Finance Director may be invited to attend relevant meetings (or part thereof) of the Nomination Committee to make proposals as necessary.

e) Each member of the Nomination Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Nomination Committee. If a matter that is considered by the Nomination Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting. Save where he has a personal interest, the Chairman will have a casting vote.

a. All decisions of the Nomination Committee shall be referred to the Board of Directors and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association, provided that the Board shall only have the power to approve without modification or reject the decisions of the Nomination Committee, but that no Director shall be entitled to vote or be counted in the quorum in respect of any resolution relating to his own nomination.

2.8. *Quorum*

The quorum for any meeting and/or decision of the Nomination Committee shall be any two members.

2.9. *Notice of Meetings*

c) Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 72 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting.

d) Attendance of a member at a meeting constitutes a waiver of notice of the 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.

2.10. *Review*

The Committee shall review its performance and this Charter annually or otherwise as it deems appropriate and propose recommended changes to the Board.

3. Responsibilities of the Committee

3.1. *Authority*

The Nomination Committee is authorised by the Board:

a) to investigate any activity within its terms of reference;

b) to obtain any information it requires from any employee of the Company, in order to perform its duties; and

c) to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference.

3.2. *Duties*

The duties of the Nomination Committee shall be:

a) to regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board, compared to its current position and make recommendations to the Board with regard to any changes;

b) to give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

c) to be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

d) before any appointment is made to the Board, to evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall:

   a. use open advertising or the services of external advisers to facilitate the search;

   b. consider candidates from a wide range of backgrounds; and

   c. consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;

e) to keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

f) to keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

g) to review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties;

h) to ensure that, on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time, commitment, committee service and involvement outside Board meetings;

i) to make whatever recommendations to the Board it deems appropriate on any area within its remit, where action or improvement is needed;

j) to make a statement in the Company's annual report about the activities of the Nomination Committee, the process used to make appointments and explain if any external advice or open advertising has not been used; and

k) to annually review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and to recommend any changes it considers necessary to the Board for approval.

3.3. *Recommendations*

The Nomination Committee shall be responsible for making recommendations to the Board concerning:

a) formulating plans for succession for both executive and non-executive Directors and, in particular, for the key roles of Chairman of the Board and Chief Executive;

b) suitable candidates for the role of senior independent Director;

c) membership of the audit and remuneration committees, in consultation with the Chairmen of those committees;

d) the re-appointment of any non-executive Director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

e) the continuation (or not) of service of any Director who has reached the age of 70 , if required by the Company's articles of association;

f) the re-election by shareholders of any Director under the 'retirement by rotation' provisions of the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

g) any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the provisions of the law and their service contract; and

h) the appointment of any Director to executive or other office.

4. Resources, Meetings and Reports

4.1. The minutes of the meetings of the Nomination Committee shall be made available to all members of the Board.

4.2. The Nomination Committee Chairman shall be available at the Annual General Meeting of the Company to answer questions.

4.3. The members of the Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

D. Disclosure Policy

1 Inside Information

"Inside Information" is any non-public information which, if made public, could have an effect on the price of a company's securities. Inside information as being information of a precise nature which is not generally available, relates, directly or indirectly, to one or more issuers of investments or to one or more relevant investments, and would, if generally available, be likely to have a significant effect on the price of the investments or on the price of related investments.

1.1 For these purposes information is precise if it indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur and is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of the investments or related investments.

1.2 Information would be likely to have a significant effect on price if it is information of that kind which a reasonable investor would be likely to use as part of the basis of his investment decisions. In addition, the information must be such that it is possible to predict the direction of the price movement. "Likely" when used above means there must be a real (and not fanciful) prospect of the information having an effect on the price of the securities. Information which is not likely to move the price appreciably will not be inside information even though it might be relevant to a reasonable investor.

1.3 It is not possible to provide an exhaustive list of information which, if made public, would be likely to affect the market price of securities, but it includes the following:

(a) any yearly, half-yearly or quarterly financial results or any financial or business forecasts (including cash flow forecasts);

(b) any financial or strategic information about local operations, which goes beyond the level of detail set out at the corporate level;

(c) any corporate action such as, but not limited to:

(i) a decision to declare or pay any dividend or other distribution;

(ii) a rights issue;

(iii) a dissolution or liquidation;

(iv) a stock split;

(v) an issuance of warrants, convertible bonds or bonds with warrants attached;

(vi) a corporate restructuring such as a merger or demerger;

(d) any other material event or decision which may have a significant influence on the share price such as, but not limited to:

(i) any confirmation of any material take-over discussions, acquisitions, disposals of interests, joint venture or profit and loss pooling agreements;

(ii) the acquisition of own shares by the company ('share buyback');

(iii) the announcements in connection with annual or extraordinary shareholders' meetings;

(iv) any change of business year;

(v) any change of corporate form;

(vi) any material decision of anti-trust or other regulatory authorities (including securities, stock exchange, environmental or tax authorities) relating to the Company;

(vii) any material extraordinary gains or losses;

(viii) any significant financing measures;

(ix) any material investments/disinvestments;

(x) any material new, or loss of, licenses affecting the Company financials;

(xi) any material litigation, tax or other proceedings;

(xii) any intellectual property acquisition, disposal, dispute or claim;

(xiii) any important change in regulatory or tax environment;

(xiv) any changes in management or composition of the Board of Directors;

(xv) any material provisions and write-offs;

(xvi) any material collective labour dispute;

(xvii) any significant rationalisation measures;

(xviii) any significant production stoppage;

(xix) any acquisition or loss of material supply agreements affecting the Company financials; or

(xx) any sale of shares by Directors.

1.4 Given that Inside Information includes information which "directly or indirectly" concerns a company, even if information does not relate directly to the company's business, but is likely to affect a reasonable investor's investment decision, it may constitute Inside Information (for example, a major shareholder planning to sell a large stake).

1.5 Note that the following factors should be considered when assessing whether or not information is Inside Information:

(a) whether the information is likely to be used by a reasonable investor as part of his investment decision and whether it would therefore have a significant effect on the price of the Company's securities; and

(b) whether there is any set percentage change in the share price which would indicate that information is price sensitive – this will depend on the Company's market capitalisation, recent developments and market sentiment about the Company and the sector in which it operates; sometimes a development effecting 5% of earnings and/or materially impacting valuation is used as a rough rule of thumb.

2 Identification of Inside Information

It is a question of judgement as to whether or not information amounts to Inside Information. If information is Inside Information, its dissemination will need to be controlled by the Company both internally and externally and the Company may be required to make a stock exchange announcement.

2.1 If any employee becomes aware of any new developments which they consider may be Inside Information, or they want or need to disclose information (internally or externally) and are not sure whether or not the information is Inside Information, they should contact the Company Disclosure Officer.

2.2 The Company Disclosure Officer is responsible for ensuring that all material information is reported internally so that, if required, the Disclosure Committee (see below) can make a determination as to the requirement to make a stock exchange announcement. The Disclosure Committee has developed a list of indicative events to be used by the Company Disclosure Officer to assess information in order to determine if it is material.

3 Role of Disclosure Committee

A committee has been established to assist and inform the decisions of the Board concerning the identification of Inside Information and to make recommendations about how and when the Company should disclose such information in accordance with the Company's disclosure policy (the "Disclosure Committee"). In doing so, the Disclosure Committee will have regard, in particular, to information previously disclosed.

3.1 The Disclosure Committee consists of:

(i) the Chairman; and

(ii) the Company Disclosure Officer;

3.2 The CEO may also participate in the Disclosure Committee where required.

3.4 The main responsibilities of the Disclosure Committee are:

(a) maintaining a record of the Company's disclosures;

(b) maintaining a record of matters considered for disclosure but not disclosed;

(c) preparing and monitoring leak announcements (see section 15);

(d) assessing relevant and substantive market rumours or speculation concerning the Company and making recommendations to the CEO and/or the Chairman as to what response, if any, should be made;

(e) monitoring analysts' expectations as to the Company's performance and recommending any necessary corrective action;

(f) monitoring the materiality of any variance between the Company's performance and its forecasts;

(g) appointing the Company Disclosure Officer, who will be responsible for ensuring that all material information is reported to the Disclosure Committee;

(h) if deemed appropriate by the Disclosure Committee or if the Company Disclosure Officer otherwise requests, developing a list of indicative events to be to assess information that might be Inside Information;

(i) periodically reviewing the Company's Disclosure Policy and recommending changes to the Disclosure Policy to the Board for approval; and

(j) reviewing and approving any announcements dealing with significant developments in the Company's business and ensuring their accuracy.

4 Control of Inside Information

4.1 The Board is required to protect the confidentiality of the Company's confidential information and to limit access to Inside Information to those employees of the Company that strictly require the information to carry out their functions within the Company.

4.2 The existence of a confidentiality agreement may not be enough so Inside Information should only be disclosed on a "need to know" basis.

4.3 Consequently, the following processes will be adopted:

(a) lists of those employees and advisers with access to Inside Information will be maintained by the Company Secretary (or an appropriate designee) and the list will be kept for a period of five years;

(b) the Company will maintain two insider lists: a permanent insider list for persons with regular access to Inside Information and, where appropriate, transaction specific insider lists which identify persons with Inside Information relating to a certain material transaction;

(c) insider employees are required to acknowledge their legal and regulatory duties and must be aware of the sanctions of market abuse;

(d) advisers to the Company should maintain their own insider lists of persons working for them and who have access to Inside Information. Such lists should be available to the Company as soon as possible upon request;

(e) wherever possible written acknowledgement of confidentiality and status as an insider restricted from dealing (or disclosing) should be obtained;

(e) the Company Secretary must be informed immediately if Inside Information is disclosed to any person (internal or external) whose name is not on an insider list;

(f) all communications with analysts and the media should be handled/coordinated by the Disclosure Committee; and

(g) the Disclosure Committee should be kept fully informed at all times and should monitor the status, with the assistance of the relevant project manager, of projects and transactions that potentially could constitute Inside Information.

5 Dealings by Persons Discharging Managerial Responsibilities/ Directors and Employee Insiders

5.1 At no time can any Restricted Person deal in the Company's securities if the Company is in a Close Period (as defined below).

5.2 Any Director of the Company (executive or non-executive) or any other Person Discharging Managerial Responsibilities (as defined in the Share Dealing Code) who deals in Company securities (e.g. purchases or sells even one share in the Company) is required to notify the Company of such dealing in such securities and the Company will be required to disclose this to the market..

5.3 Similar obligations fall on any senior manager who holds 3% or more of the issued share capital of the Company.

5.4 All other employees will also be required to seek prior approval before dealing in the Company's securities should they be informed that they are on the Company's insider list or on any deal specific insider list.

5.5 For the purposes of the Policy, "Close Period" means:

(a) the period of 60 days immediately preceding a preliminary announcement of the full year results or, if shorter, the period from the end of the relevant financial year up to and including the time of announcement; or

(b) the period of 60 days immediately preceding the publication of the annual financial report or, if shorter, the period from the end of the relevant financial year up to and including the time of such publication; and

(c) if the Company reports on a half yearly basis, the period from the end of the relevant financial period up to and including the time of such publication; and

(d) if the Company reports on a quarterly basis, the period of 30 days immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period up to and including the time of the announcement.

6 Dissemination of Inside Information

The general rule is that Inside Information relating directly to the Company must be disclosed (via a stock exchange announcement) as soon as possible, unless an exemption applies.

6.1 In the past delaying disclosure has only been permitted in certain limited circumstances (e.g. matters under negotiation or where there is a confidentiality obligation). Recent cases however suggest that it can be reasonable to delay an announcement if the Company is in an uncertain position and being forced into an early announcement could risk misleading the market. A company may also reasonably delay an announcement of results until a planned publication date unless there is some exceptional event or fact that requires immediate announcement.

6.2 The decision whether or not an announcement is required should be taken by the Disclosure Committee. Paragraph 7.2.3(i), below, indicates the instances where Board approval is always needed prior to an announcement. Otherwise, the Disclosure Committee in conjunction with the CEO will decide if an announcement is required and the Board will be informed as soon as practicable, whether by email or otherwise.

7 Regulatory Announcements

7.1 Content

7.1.1 Regulatory announcements should be written so that the key content of the message is given due prominence – i.e. clearly visible (not relegated to the final paragraphs) and readily understandable by the reasonable investor.

7.1.2 The announcement headline should reflect the information that has greatest significance.

7.1.3 Announcements should not be false or misleading – particular care should be taken to ensure that they are not misleading by omission.

7.2 Verification and Approvals

7.2.1 Canadian statutes provide investors with an avenue to claim against the Company in respect of defects in information released or referred to in a stock exchange announcement if they can show that they have suffered loss, and that there was knowledge or recklessness, or dishonest concealment, on the part of one or more Directors regarding these defects, or dishonest delay in the release of information.

7.2.2 It is generally not necessary to prepare verification records, but in all cases, the person responsible for drafting any announcement must ensure that it is verified (before being released) by an appropriately qualified person who can confirm that the content is accurate and not misleading.

7.2.3 There are three main categories of announcements and the approvals in relation to them are set out below:

(i) Announcements of the full year end results, interim results and quarterly results/interim management statements of the Company will be approved by the Board or an authorised committee thereof. The Chief Financial Officer is responsible for checking the underlying data and supporting facts and all parties are required to retain relevant records.

(ii) Other major announcements (such as any price sensitive information relating to major transactions will be approved by the Disclosure Committee. As a general rule of thumb, save where the list of reserve matters require Board or Board committee approval, these announcements do not require Board approval but the Disclosure Committee shall consider the timing of any announcement and update the Board by email or otherwise prior to any announcement going out or as soon as practicable thereafter.

(iii) Routine announcements should be authorised by the Disclosure Committee.

7.2.4 A copy of all announcements released along with a supporting control sheet signed by the Director or a senior executive authorising release of the announcement will be retained by the Company Secretary.

7.3 Timing

7.3.1 All Inside Information should be disclosed as soon as possible via an announcement on a regulatory information service ("RIS") (i.e. a news feed relating to companies listed on Canadian markets) by the Company.

7.3.2 In the event that it is necessary to release an announcement when a RIS is not open for business, the Company should release it as soon as practicable.

7.3.3 Disclosure can be delayed for matters under negotiation or whilst the contents of the announcements are being verified or where the Company has a legitimate interest, provided that the market is not misled as a result and the Company can ensure the confidentiality of that information. See also 6.1 above for recent observations on this obligation.

7.3.4 If there is to be any delay in releasing information, a holding announcement should be prepared. Any holding announcement should detail as much of the subject matter as possible, set out the reasons why a fuller announcement cannot be made and include an undertaking to announce further details as soon as possible. Such announcement must be approved by the Board.

7.3.5 Information must be released if there is a leak, unless an exemption applies. See section 15 for more information regarding leaks.

7.3.6 The Board should refrain from "routine" market briefings during Close Periods. Details of when the Company is in a Close Period will be provided on the Company's intranet.

7.4 Website

7.4.1 Inside Information disclosed must be put on the Company's website no later than by close of business on the day after its official announcement and must remain there for at least one year.

7.4.2 Inside Information must not be released on the Company's website before it has been officially announced through a RIS. However, it can be done simultaneously.

7.4.3 The Disclosure Committee will be responsible for ensuring that all announcements which have been released to the public are available on the Company's website.

8 Communications with Shareholders and other Interested Parties

8.1 General Meetings

8.1.1 A scripted presentation, including possible questions and answers, will be prepared by the Company Secretary for the formal part of any shareholder meeting, including Annual General Meetings.

8.1.2 Any areas of concern should be brought to the attention of the Chairman and the Chairman should be briefed concerning possible questions and answers prior to the meeting, with supporting notes in the Annual General Meeting pack.

8.1.3 Important developments which are to be announced at the Annual General Meeting or general meeting should be disclosed through a RIS announcement before or at the start of the meeting.

8.1.4 If Inside Information is inadvertently released at a general meeting, it should be fully disclosed through a RIS announcement as soon as possible thereafter.

8.1.5 Care should be taken in the question and answer sessions so as not to make any communication which could encourage or induce investment activity – areas of such concern include forward looking statements and opinions as to the value of the Company's shares, etc.

8.2 One-on-ones

8.2.1 The general rule is that Inside Information should not be selectively disclosed to shareholders or other interested third parties.

8.2.2 However, there is an exception to this being that the Company can, in certain circumstances (e.g. before a major transaction requiring shareholder support), selectively disclose information to major shareholders, credit rating agencies, lenders, etc., provided that such shareholders, credit rating agencies, lenders, etc. have signed a confidentiality undertaking. In any event, advice should be sought from the Disclosure Committee (who will discuss the matter with the Company's external legal and/or financial advisers, as appropriate) before selectively disclosing any Inside Information to shareholders or other third parties.

8.2.3 A record will be kept by the Company Secretary and the CEO of all one-on-one meetings with shareholders.

9 Communications with Analysts

All communications with analysts should be handled by the Disclosure Committee.

9.1 Questions and Forecasts

9.1.1 Company representatives should not answer analysts' questions where cumulatively or individually the answers would provide Inside Information.

9.1.2 Company representatives are not required to correct analysts' forecasts or to make any correcting announcement, even where the Company knows the forecast is materially inaccurate. However, if a forecast leads to a widespread and serious misapprehension in the market the Company will probably have to make a correcting announcement. This is unlikely to be necessary if only one analyst has made an inaccurate forecast.

9.1.3 Knowledge that a forecast is inaccurate is more likely to be Inside Information if there are only a small number of analysts involved.

9.2 Analysts' Reports

9.2.1 Company representatives are under no obligation to comment on or correct analysts' reports. However, commenting is not prohibited, and certainly, where keeping silent would be materially misleading, representatives should comment, taking care not to disclose any Inside Information. The following general guidelines should be followed:

(i) comment on reports prior to publication, correcting materially incorrect data;

(ii) follow up incorrect statements after publication if the Company has not been given an opportunity to comment prior to publication;

(iii) only correct underlying data on which the conclusions are based and not the conclusions and do not influence analysts to change conclusions reached;

(iv) only use information which is in the public domain or unpublished information which is clearly not price sensitive in nature;

(v) if unpublished price sensitive data is required to correct a fundamental misconception, make it public via a RIS announcement before disclosure to the analyst; and

(vi) maintain consistency of treatment between analysts.

9.3 Analyst Meetings

9.3.1 To avoid being mistakenly accused of providing Inside Information at analyst meetings, more than one Company representative should be present at any analyst meeting and accurate records of all discussions should be kept.

9.3.2 A script is to be prepared for formal briefings with analysts and, if possible, a recording is to be retained.

9.4 General

9.4.1 Inside Information must not be disclosed to analysts unless such information has already been disclosed via a RIS announcement. If Inside Information is inadvertently released, an announcement should be made as soon as possible.

9.4.2 The Company Disclosure Officer should brief employees on the extent and nature of information they can communicate when analysts visit the Company's premises.

10 Communications with the Media

10.1 All communications with the media should be coordinated by the Disclosure Committee.

10.2 Providing information to journalists under an embargo that prevents them using it until such information is released via a RIS announcement is prohibited.

10.3 A "Friday Night Drop" – i.e. information being sent to a stock exchange for Monday publication, but also released to a single newspaper for publication over the weekend, to encourage a favourable response – is prohibited.

10.4 A RIS should be used to publish Inside Information and other information required to be published by the Listing Rules and the DTRs. It should not be used for disseminating non-regulatory information.

10.5 If the RIS is closed at the time when information needs to be published, the information must be distributed to a RIS for release as soon as it opens.

10.6 Journalists should be notified of important developments after publication of a stock exchange announcement.

10.7 Selective briefing of newspapers about important price sensitive developments, whether under an embargo or not, should be avoided.

11 Media Speculation and Market Rumour

11.1 The Disclosure Committee will monitor media coverage to identify any prior speculation or market rumour in relation to the Company or its business.

11.2 The Chief Financial Officer will monitor daily the Company's share price to identify any unusual movement in it to determine whether or not there has been a leak of any Inside Information which gives rise to a disclosure obligation. See Section 15 for further guidance about leaks.

11.3 Where there is media speculation or market the CEO in conjunction with the Disclosure Committee will need to assess whether an announcement is required.

11.4 Where the speculation or rumour is largely accurate and the information underlying the rumour is Inside Information, it is likely that the Company will not be able to delay disclosure.

11.5 Where it is known that the rumour is false, it will probably be possible to delay disclosure indefinitely, unless there is market distortion.

11.6 If the Company does not respond, a record should be kept of the reasons why the Company has not responded.

11.7 If the Company does issue a denial, this should be done through a RIS announcement, rather than through a single publication, unless making such a formal announcement would of itself cause market disruption.

11.8 A "no comment" approach is the preferable response to journalists pressing for Inside Information. This must be used consistently, both when in possession of Inside Information and when not.

11.9 The regulators or the stock exchange may contact the Company if there are rumours in the media concerning the Company. The Company will need to provide a full justification of the proposed course of action and confirmation of the true position.

11.10 In particular the Company should:

11.10.1 adopt a helpful approach towards FSA contact;

11.10.2 give full disclosure of the position and reasons for actions (including inactions) taken; and

11.10.3 determine future steps required by the regulators or stock exchange.

11.11 In any event, the Company Disclosure Officer should be contacted immediately if the the regulators or stock exchange contacts the Company and he will immediately notify the Board of such an approach.

11.12 The Company's response to any rumours may also be investigated by the the regulators or stock exchange, particularly where it is concerned that it may have been misled.

12 Communications with Employees

12.1 Employees cannot be selectively pre-briefed about Inside Information, unless they need to know the information for the performance of their duties and function.

12.2 If employees need Inside Information for the performance of their duties and function their name should be placed on an insider list maintained by the Company Secretary as employee insiders and they should acknowledge their duties and responsibilities relating to such information.

12.3 Unpublished Inside Information is not to be released to employees (unless they are employee insiders, as referred to above) before being released to the market, whether via a regular employee update, internal conference or any other channel.

12.4 Copies of stock exchange announcements concerning Inside Information are to be sent/made available to employees on the Company's intranet after release on a RIS.

13 Communications at Industry Events (Internal and External)

13.1 Participants/delegates at industry events, whether organised by the Company or externally, cannot receive Inside Information which has not been generally disclosed to the market via a RIS announcement.

13.2 Care must be taken in preparing presentations and any employee giving any presentation must be satisfied that the presentation does not contain Inside Information. If there is any doubt, the Company Disclosure Officer should be contacted.

14 Communications with Local Authorities

14.1 At a motivated request by a state or local authority the Company shall provide them the required information and at the same time inform them that the information is confidential and is not to be disclosed to third parties.

14.2 The motivated request must be signed by an authorised person, indicate the purpose of the requested information and reference to the law that establishes the right to receive the information, as well as state the term for its provision. The motive for the provision should be a specific aim related to fulfilment by the respective authority of its statutory obligations if the fulfilment of the said obligations is impossible without such information.

15 Leaks

15.1 If there has been a clear leak of Inside Information, the Company should take the lead on a leak enquiry. The Company should request that all firms working for it, who received Inside Information before the leak, undertake a leak enquiry. The Company should robustly monitor the progress and seek regular updates from the firms involved in the leak enquiry.

15.2 In the event of a leak, the aim should be to avoid any coverage if possible, with a ”no comment” strategy. If this is not possible, the Disclosure Committee should consider whether an announcement is required.

15.3 Issuer lead leak enquiries are likely to be effective at preventing future leaks due to the commercial pressure that issuers can bring to bear on their advisers and other contracted third parties.

16 Sanctions

Sanctions for failing to comply with insider dealing, market abuse and market misconduct legislation include unlimited fines and public censure which can be imposed on both the Company and specific individuals within the Company. The criminal offence relating to market manipulation and insider dealing also continues to apply.

E. Securities Dealing

1 Introduction

1.1 The freedom of Directors, senior managers and certain employees of the Company to deal its securities is restricted in a number of ways, including by statute and under common law.

1.2 Companies with a regulated listing in Canada are required to comply with the all statutes and regulations in relation to dealing in securities and apply it nevertheless for the sake of good corporate governance.

1.3 The Company must ensure its Directors, senior managers and employees and their connected persons do not deal in any of the Company's securities during a "close period". The only general exception to this rule is where the individual has entered into a binding commitment prior to the Company being in such a close period, where it was not reasonably foreseeable at the time the commitment was made that a close period was likely (provided the commitment was notified to the Company's Regulatory Information Service at the time it was made).

1.4 The purpose of this guidance is to ensure that Directors, senior managers and employees do not abuse, and do not place themselves under suspicion of abusing, unpublished price-sensitive information, especially in periods leading up to an announcement of the Company's results or the announcement of other non-recurring events or matters of importance.

1.5 Company Directors, like other individuals, are prohibited from insider dealing. It is a criminal offence for an individual who has information as an insider to deal on a regulated market, or through a professional intermediary, in securities whose price would be significantly affected if the inside information were made public. It is also an offence to encourage insider dealing and to disclose information with a view to others profiting from it. Compliance with the securities dealing will not legalise a deal if it is prohibited by law nor will it constitute a defence in criminal proceedings. In view of this, any person wishing to deal in the securities of the Company, or any other company should, in any event, be aware of criminal prohibitions on insider dealing. In addition, there are civil penalties for committing, requiring or encouraging "market abuse". Market abuse covers a wide range of prohibited behaviour and includes behaviour, such as dealing in the Company's securities, which is based on relevant information which is not generally available to the market (such as inside information), and behaviour which is likely to create a false or misleading impression about the supply of, or demand for, or price or value of the Company's securities or to distort the market in those securities.

Securities Dealing Policy

The paragraphs set out below are the policy to which all Directors, Senior Management and Employees must follow in respect of dealings in securities admitted to trading on the any Stock Exchange. In particular, no dealings should take place at any time when the person contemplating dealing is in possession of unpublished price-sensitive information or without prior permission from the specified person and all permitted dealings require prior disclosure to the Company.

Introduction

This policy imposes restrictions on dealing in the securities of the Company beyond those imposed by law. Its purpose is to ensure that persons discharging managerial responsibilities do not abuse, and do not place themselves under suspicion of abusing, inside information that they may be thought to have, especially in periods leading up to an announcement of the company's results.

Definitions

1. In this policy the following definitions:

   a) *close period* means:

      i) the period of 60 days immediately preceding a preliminary announcement of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to and including the time of announcement; or

      ii) the period of 60 days immediately preceding the publication of its annual financial report or if shorter the period from the end of the relevant financial year up to and including the time of such publication; and

      iii) if the Company reports on a half yearly basis the period from the end of the relevant financial period up to and including the time of such publication; and

      iv) if the Company reports on a quarterly basis the period of 30 days immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period up to and including the time of the announcement;

   b) *connected person* has the meaning of Insider, Advisor or staff of the Company;

   c) *persons discharging managerial responsibilities* means:

      i) a Director of the Company; or

      ii) a senior executive of the Company who has regular access to inside information relating, directly or indirectly, to the Company, and has power to make managerial decisions affecting the future development and business prospects of the Company;

   d) *dealing* includes:

      iii) any acquisition or disposal of, or agreement to acquire or dispose of any of the securities of the Company;

      iv) entering into a contract (including a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference fluctuations in the price of any of the securities of the Company;

v) the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put or both) to acquire or dispose of any of the securities of the Company;

vi) entering into, or terminating, assigning or novating any stock lending agreement in respect of the securities of the Company;

vii) using as security, or otherwise granting a charge, lien or other encumbrance over the securities of the Company;

viii) any transaction, including a transfer for nil consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in the securities of the Company; or

ix) any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any securities of the Company;

Dealings not subject to the provisions of this policy

2. The following dealings are not subject to the provisions of this code:

a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of securities of the company in lieu of a cash dividend);

b) the take up of entitlements under a rights issue or other offer (including an offer of securities of the Company in lieu of a cash dividend);

c) allowing entitlements to lapse under a rights issue or other offer (including an offer of securities of the Company in lieu of a cash dividend);

d) the sale of sufficient entitlements nil-paid to take up the balance of the entitlements under a rights issue;

e) undertakings to accept, or the acceptance of, a takeover offer;

f) dealing where the beneficial interest in the relevant security of the Company does not change;

g) transactions conducted between a person discharging managerial responsibilities and their spouse, civil partner, child or step-child;

h) transfers of shares arising out of the operation of an employees' share scheme: into a savings scheme investing in securities of the company following:

i) exercise of an options; or

ii) release of shares from a share incentive plan;

i) the cancellation or surrender of an option under an employees' share scheme;

i) transfers of the securities of the company by an independent trustee of an employees' share scheme to a beneficiary who is not a restricted person;

j) transfers of securities of the company already held by means of a matched sale and purchase into a saving scheme or into a pension scheme in which the restricted person is a participant or beneficiary;

k) an investment by a restricted person in a scheme or arrangement where the assets of the scheme (other than a scheme investing only in the securities of the company) or arrangement are invested at the discretion of a third party;

i) a dealing by a restricted person in the units of an authorised unit trust or authorised contractual scheme or in shares in an open-ended investment company; and

l) bona fide gifts to a restricted person by a third party.

Dealing by restricted persons

3. A restricted person must not deal in any securities of the company without obtaining clearance to deal in advance in accordance with paragraph 4 of this policy.

Clearance to deal

4.

a) A Director (other than the Chairman or Chief Executive) or Company Secretary must not deal in any securities of the company without first notifying the Chairman (or a Director designated by the Board for this purpose) and receiving clearance to deal from him/her.

b) The Chairman must not deal in any securities of the company without first notifying the Chief Executive and receiving clearance to deal from him/her or, if the Chief Executive is not present, without first notifying the senior independent Director, or a Committee of the Board or other officer of the Company nominated for that purpose by the Chief Executive, and receiving clearance to deal from that Director, Committee or Officer.

c) The Chief Executive must not deal in any securities of the Company without first notifying the Chairman and receiving clearance to deal from him/her or, if the Chairman is not present, without first notifying the senior independent Director, or a Committee of the Board or other officer of the Company nominated for that purpose by the Chairman, and receiving clearance to deal from that Director, Committee or Officer.

d) If the role of Chairman and Chief Executive are combined, that person must not deal in any securities of the Company without first notifying the Board and receiving clearance to deal from the Board.

e) Persons discharging managerial responsibilities (who are not Directors) must not deal in any securities of the Company without first notifying the Company Secretary or a designated Director and receiving clearance to deal from him/her.

5. A response to a request for clearance to deal must be given to the relevant restricted person within five business days of the request being made.

6. The Company must maintain a record of the response to any dealing request made by a restricted person and of any clearance given. A copy of the response and clearance (if any) must be given to the restricted person concerned.

7. A restricted person who is given clearance to deal in accordance with paragraph 4 must deal as soon as possible and in any event within two business days of clearance being received.

Circumstances for refusal

8. A restricted person must not be given clearance to deal in any securities of the company:

a) during a prohibited period; or

b) on considerations of a short-term nature. An investment with a maturity of one year or less will always be considered to be of a short-term nature.

Dealings permitted during a prohibited period

Dealing in exceptional circumstances

9. A restricted person, who is not in possession of inside information in relation to the Company, may be given clearance to deal if he/she is in severe financial difficulty or there are other exceptional circumstances. Clearance may be given for such a person to sell (but not purchase) securities of the Company when he/she would otherwise be prohibited by this code from doing so. The determination of whether the person in question is in severe financial difficulty or whether there are other exceptional circumstances can only be made by the Director designated for this purpose.

10. A person may be in severe financial difficulty if he/she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant securities of the Company. A liability of such a person to pay tax would not normally constitute severe financial difficulty unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the securities of the company or there is some other overriding legal requirement for him/her to do so.

11. The regulator should be consulted at an early stage regarding any application by a restricted person to deal in exceptional circumstances.

Awards of securities and options

12. The grant of options by the Board of Directors under an employees' share scheme to individuals who are not restricted persons may be permitted during a prohibited period if such grant could not reasonably be made at another time and failure to make the grant would be likely to indicate that the Company was in a prohibited period.

13. The award by the Company of securities, the grant of options and the grant of rights (or other interests) to acquire securities of the Company to restricted persons is permitted in a prohibited period if:

a) the award or grant is made under the terms of an employees' share scheme and the scheme was not introduced or amended during the relevant prohibited period; and

b) either:

i) the terms of such employees' share scheme set out the timing of the award or grant and such terms have either previously been approved by shareholders or summarised or described in a document sent to shareholders, or

ii) the timing of the award or grant is in accordance with the timing of previous awards or grants under the scheme; and

c) the terms of the employees' share scheme set out the amount or value of the award or grant or the basis on which the amount or value of the award or grant is calculated and do not allow the exercise of discretion; and

d) the failure to make the award or grant would be likely to indicate that the Company is in a prohibited period.

Exercise of options

14. Where a Company has been in an exceptionally long prohibited period or the Company has had a number of consecutive prohibited periods, clearance may be given to allow the exercise of an option or right under an employees' share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during a prohibited period and the restricted person could not reasonably have been expected to exercise it at a time when he was free to deal.

15. Where the exercise or conversion is permitted pursuant to paragraph 14, clearance may not be given for the sale of the securities of the company acquired pursuant to such exercise or conversion including the sale of sufficient securities of the Company to fund the costs of the exercise or conversion and/or any tax liability arising from the exercise or conversion unless a binding undertaking to do so was entered into when the Company was not in a prohibited period.

Qualification shares

16. Clearance may be given to allow a Director to acquire qualification shares where, under the Company's constitution, the final date for acquiring such shares falls during a prohibited period and the Director could not reasonably have been expected to acquire those shares at another time.

Saving schemes

17. A restricted person may enter into a scheme under which only the securities of the Company are purchased pursuant to a regular standing order or direct debit or by regular deduction from the person's salary, or where such securities are acquired by way of a standing election to re-invest dividends or other distributions received, or are acquired as part payment of the person's remuneration without regard to the provisions of this code, if the following provisions are complied with:

    a) the restricted person does not enter into the scheme during a prohibited period, unless the scheme involves the part payment of remuneration in the form of securities of the Company and is entered into upon the commencement of the person's employment or in the case of a non-executive Director his appointment to the Board;

    b) the restricted person does not carry out the purchase of the securities of the Company under the scheme during a prohibited period, unless the restricted person entered into the scheme at a time when the Company was not in a prohibited period and that person is irrevocably bound under the terms of the scheme to carry out a purchase of securities of the Company (which may include the first purchase under the scheme) at a fixed point in time which falls in a prohibited period;

    c) the restricted person does not cancel or vary the terms of his participation, or carry out sales of securities of the Company within the scheme during a prohibited period; and before entering into the scheme, cancelling the scheme or varying the terms of his participation or carrying out sales of the securities of the company within the scheme, the restricted person obtains clearance in accordance with paragraph 4.

Acting as a trustee

18. Where a restricted person is acting as a trustee, dealing in the securities of the Company by that trust is permitted during a prohibited period where:

a) the restricted person is not a beneficiary of the trust; and

b) the decision to deal is taken by the other trustees or by investment managers on behalf of the trustees independently of the restricted person.

19. The other trustees or investment managers acting on behalf of the trustees can be assumed to have acted independently where the decision to deal:

a) was taken without consultation with, or other involvement of, the restricted person; or

b) was delegated to a committee of which the restricted person is not a member.

Dealing by connected persons and investment managers

20. A person discharging managerial responsibilities must take reasonable steps to prevent any dealings by or on behalf of any connected person of his in any securities of the Company on considerations of a short -term nature.

21. A person discharging managerial responsibilities must seek to prohibit any dealings in the securities of the Company during a close period:

a) by or on behalf of any connected person of his; or

b) by an investment manager on his behalf or on behalf of any person connected with him/her where either he/she or any person connected has funds under management with that investment fund manager, whether or not discretionary (save as provided by paragraphs 17 and 18).

22. A person discharging managerial responsibilities must advise all of his connected persons and investment managers acting on his/her behalf:

a) of the name of the listed company within which he/she is a person discharging managerial responsibilities;

b) of the close periods during which they cannot deal in the securities of the Company; and

c) that they must advise the listed company immediately after they have dealt in securities of the Company.

Dealing under a trading plan

23. A restricted person may deal in securities of a Company pursuant to a trading plan if clearance has first been given in accordance with paragraph 4 of this Code to the person entering into the plan and to any amendment to the plan. A restricted person must not cancel a trading plan unless clearance has first been given in accordance with paragraph 4 of this policy for its cancellation.

24. A restricted person must not enter into a trading plan or amend a trading plan during a prohibited period and clearance under paragraph 4 of this Code must not be given during a prohibited period to the entering into, or amendment of, a trading plan. Clearance under paragraph 4 of this policy may be given during a prohibited period to the cancellation of a trading plan but only in the exceptional circumstances referred to in paragraphs 9 and 10 of this policy.

25. A restricted person may deal in securities of a Company during a prohibited period pursuant to a trading plan if:

a) the trading plan was entered into before the prohibited period;

b) clearance under paragraph 4 of this Code has been given to the person entering into the trading plan and to any amendment to the trading plan before the prohibited period; and

c) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to effect dealings.

26. Where a transaction occurs in accordance with a trading plan, the restricted person must notify the issuer at the same time as he makes the notification required by the Purchase Rules:

a) the fact that the transaction occurred in accordance with a trading plan; and

b) the date on which the relevant trading plan was entered into.

Schedule 1

Definition of Connected Person

Introduction

1 (1) In this Schedule "manager" means a person discharging managerial responsibilities within an issuer.

(2) This Schedule defines what is meant by references in the provisions of this Part relating to disclosure rules to a person being "connected" with a manager (or a manager being "connected" with a person).

Meaning of "connected person"

2 (1) The following persons (and only those persons) are connected with a manager—

(a) members of the manager's family (see paragraph 3);

(b) a body corporate with which the manager is associated (as defined in paragraph 4);

(c) a person acting in his capacity as trustee of a trust—

(i) the beneficiaries of which include the manager or a person who by virtue of paragraph (a) or (b) is connected with him, or

(ii) the terms of which confer a power on the trustees that may be exercised for the benefit of the manager or any such person,

other than a trust for the purposes of an employees' share scheme or a pension scheme;

(d) a person acting in his capacity as partner—

(i) of the manager, or

(ii) of a person who, by virtue of paragraph (a), (b) or (c), is connected with that manager;

(e) a firm that is a legal person under the law by which it is governed and in which—

(i) the manager is a partner,

(ii) a partner is a person who, by virtue of paragraph (a), (b) or (c) is connected with the manager, or

(iii) a partner is a firm in which the manager is a partner or in which there is a partner who, by virtue of paragraph (a), (b) or (c), is connected with the Director.

(2) References to a person connected with a manager do not include a person who is also a manager of the issuer in question.

Family members

3 (1) This paragraph defines what is meant by references to members of a manager's family.

(2) The members of a manager's family are—

(a) the manager's spouse or civil partner;

(b) any relative of the manager who, on the date of the transaction in question, has shared the same household as the manager for at least 12 months;

(c) the manager's children or step-children under the age of 18.

Associated bodies corporate

4 (1) This paragraph defines what is meant by a manager being "associated" with a body corporate.

(2) A manager is associated with a body corporate if, but only if—

(a) the manager, or a person connected with the manager, is a Director or senior executive who has the power to make management decisions affecting the future development and business prospects of the body corporate; or

(b) the manager and the persons connected with the manager together—

(i) are interested in shares comprised in the equity share capital of that body corporate of a nominal value equal to at least 20% of that share capital, or

(ii) are entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body.

(3) The rules set out in Part 2 of this Schedule (references to interest in shares or debentures) apply for the purposes of this paragraph.

(4) References in this paragraph to voting power the exercise of which is controlled by a manager include voting power whose exercise is controlled by a body corporate controlled by the manager.

(5) Shares in a company held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this paragraph.

Control of a body corporate

5 (1) This paragraph defines what is meant by a manager "controlling" a body corporate.

(2) A manager is taken to control a body corporate if, but only if—

(a) the manager or a person connected with the manager—

(i) is interested in any part of the equity share capital of that body, or

(ii) is entitled to exercise or control the exercise of any part of the voting power at any general meeting of that body, and

(b) the manager, the persons connected with the manager and the other managers of the issuer in question, together—

(i) are interested in more than 50% of that share capital, or

(ii) are entitled to exercise or control the exercise of more than 50% of that voting power.

(3) The rules set out in Part 2 of this Schedule (references to interest in shares or debentures) apply for the purposes of this paragraph.

(4) References in this paragraph to voting power the exercise of which is controlled by a manager include voting power whose exercise is controlled by a body corporate controlled by the manager.

(5) Shares in a company held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this paragraph.

Supplementary provisions

6 For the purposes of paragraphs 4 and 5 (associated bodies corporate and control of a body corporate)—

(a) a body corporate with which a manager is associated is not treated as connected with that manager unless it is also connected with that manager by virtue of sub-paragraph (1)(c) or (d) of that paragraph (connection as trustee or partner); and

(b) a trustee of a trust the beneficiaries of which include (or may include) a body corporate with which a manager is associated is not treated as connected with a manager by reason only of that fact.

F. Insider List Templates

Date list created: [DATE]

Date list last updated: [DATE]

[Date list closed: [DATE]]

[List to be kept until at least [DATE WHICH IS FIVE YEARS AFTER LAST UPDATE OR CLOSURE OF LIST, WHICHEVER IS LATER]]

[Person(s) keeping the list: [NAME(S)]]

[Person(s) with authority to add or remove people on the list: [NAME(S)]]

1. Permanent List

Name	**Reason for inclusion on insider list**	**Date put on list**	**Date the person ceased to have access to inside information**
[NAME OF EMPLOYEE OR PRINCIPAL CONTACT AT FIRM ACTING ON ISSUER'S BEHALF. WHERE THE PERSON IS AN ADVISER, INCLUDE NAME OF FIRM/COMPANY AND ADDRESS]	[REASON, SUCH AS ACCESS TO INSIDE INFORMATION IN QUESTION]	[THIS WILL BE EITHER THE DATE ON WHICH THE PERSON FIRST HAD ACCESS TO INSIDE INFORMATION OR THE DATE THE LIST IS CREATED]	[AT THIS DATE THE PERSON IS REMOVED FROM THE INSIDER LIST]

2. Transactional List

Name	**Reason for inclusion on insider list**	**Date put on list**	**Date the person ceased to have access to inside information**
[NAME OF EMPLOYEE OR PRINCIPAL	[REASON, SUCH AS ACCESS TO INSIDE	[THIS WILL BE EITHER THE DATE ON WHICH THE	[AT THIS DATE THE PERSON IS REMOVED FROM

CONTACT AT FIRM ACTING ON ISSUER'S BEHALF. WHERE THE PERSON IS AN ADVISER, INCLUDE NAME OF FIRM/COMPANY AND ADDRESS]	INFORMATION IN QUESTION]	PERSON FIRST HAD ACCESS TO INSIDE INFORMATION OR THE DATE THE LIST IS CREATED]	THE INSIDER LIST]

3. Drafting notes

3.1. Future Template Update:

3.1.1. The template above must be updated and strictly adhered.

3.2. Name:

3.2.1. The first name and surname of each individual will be sufficient except where an issuer/firm has more than one individual of the same name. In those cases, it will be necessary to be able to distinguish which individual of that name is being referred to.

3.2.2. The insider list should include the name(s) of the principal contact(s) at a firm or company, if that firm or company is acting on behalf of or on account of the issuer in relation to the transaction, and the issuer has made effective arrangements for that firm or company to maintain its own list of persons with access to inside information on the issuer.

3.3. Reason:

3.3.1. The issuer does not need to give a detailed description of the reason why the person has access to the relevant inside information. All that is required is a statement that the person is on the list because he has access to the inside information in question. This may extend to including categories of the types of information to which each person has access. The insider list must be promptly updated when there is a change.

3.4. Date put on list.

3.4.1. There is no formal requirement to specify in the insider list the date on which a person first had access to inside information, although this appears to be an accidental omission from the Disclosure Rules since the date of first access to inside information may well be useful to know in the context of any investigation of misuse of inside information. The list must be updated when any person who is not already on the list is provided with access to inside information.

3.5. Date the person ceased to have access to inside information.

3.5.1. The list must be updated to indicate the date on which a person already on the list no longer has access to inside information

G. Anti-Bribery Policy

1 International Anti-Bribery

1.1 The Directors believe that the principles of the international Anti-Bribery regulation/laws in jurisdictions that it is registered (as a Group) and to which the Group operates in, and should be adhered to on the basis it requires a high level of corporate governance in this respect. Breach of these principles could significantly impact the conduct of the Company's business in that:

1.1.1 they extend the crime of bribery to cover all private sector transactions;

1.1.2 they contain a strict liability offence of failing to prevent bribery. An organisation will only have a defence to this offence if it can show it had "adequate procedures" in place to prevent bribery;

1.1.3 their scope is extensive - the offences are very broadly defined and it has significant extra-territorial reach; and

1.1.4 the offences carry criminal penalties for individuals and organisations. For individuals, a prison sentence may be imposed and/or an unlimited fine can be imposed; for companies, an unlimited fine can be imposed.

1.2 The Board should continue to review its anti-corruption procedures to ensure they are significantly robust to prevent corruption and to mitigate the risk of committing an offence.

2 Bribery offences

2.1 The Bribery Act contains four offences:

2.1.1 a general offence covering offering, promising or giving a bribe;

2.1.2 a general offence covering requesting, agreeing to receive or accepting a bribe;

2.1.3 a distinct offence of bribing a foreign public official to obtain or retain business; and

2.1.4 a strict liability offence for commercial organisations where they fail to prevent bribery by those acting on their behalf.

3 The offence of failing to prevent bribery

3.1 A commercial organisation commits an offence if a person associated with it bribes another person for that organisation's benefit.

3.2 A person is "associated" with a commercial organisation if it performs services for or on behalf of the organisation, regardless of the capacity in which they do so. This can be construed broadly and could cover our agents, employees, subsidiaries, intermediaries, joint venture partners and suppliers, all of whom could render the Company guilty of this offence.

3.3 This is a strict liability offence: there is no need to prove negligence or the involvement and guilt of the 'directing mind and will' of the organisation. This makes the offence easier to prove and may lead to more corporate prosecutions and convictions.

4 Adequate procedures defence

4.1 The organisation has a defence if it can prove it had "adequate procedures" in place to prevent bribery.

4.2 The guidance sets out the following six principles for companies to follow:

4.2.1 proportionate procedures;

4.2.2 top level commitment;

4.2.3 risk assessment;

4.2.4 due diligence;

4.2.5 communication; and

4.2.6 monitoring and review.

4.3 The Board needs to continue to review the guidance, conduct regular risk assessments, and ensure that it has adequate procedures to prevent bribery in place.

5 Criminal penalties

5.1 The potential consequences of being convicted of a bribery offence include criminal penalties for both individuals and companies:

5.1.1 individuals can be jailed and/or receive an unlimited fine; and

5.1.2 companies can receive unlimited fines.

5.2 Fines for companies are likely to be substantial.

6 Particular risks for the Company

6.1 Certain of the Company's activities and operations expose it to particular risks of being involved in corruption and leave us vulnerable. In particular:

6.1.1 **corporate hospitality and gifts**: there is a risk that corporate hospitality, such as customer or supplier entertainment, and the giving or receiving of gifts might be seen as bribery, especially in dealings with foreign public officials. Lavish hospitality or gifts must be avoided, both the giving and receiving.

6.1.2 **Facilitation payments**: These are payments demanded by officials (or others) simply to secure or expedite the performance of their normal duties (for example, granting a licence, allowing goods to cross a border, and so on). These are commonplace in some jurisdictions, but the making of such payments, regardless of how small, is an offence.

6.1.3 **High Risk jurisdictions:** The Company may operate in countries where corruption is perceived to be higher risk.

7 Action points

7.1 The following actions, which are proportionate to the Company and consistent with the Ministry of Justice's guidance for commercial organisations about preventing bribery, should be carried out or considered:

7.1.1 conduct a comprehensive Company-wide risk assessment;

7.1.2 conduct a review of anti-corruption policies and procedures, especially taking into consideration corporate hospitality and facilitation payments;

7.1.3 adopt a code of conduct for the Company which sets out in detail how employees and other associated persons should behave from an anti-corruption point of view;

7.1.4 conduct due diligence on all "associated persons", especially third parties in high risk jurisdictions or sectors;

7.1.5 the Company's anti-corruption statement and policies should be clearly published and accessible, both internally and externally; and

7.1.6 provide budget to implement policy (for example, for extensive training and monitoring of staff in key risk areas and establishing disciplinary mechanisms).

Bribery and Anti-Bribery Policy

1 Introduction

1.1 As an integral part of achieving its responsibilities, InnomedTec, Inc (the "**Company**") demands the highest standards of integrity, behaviour, practice, performance and accountability during the conduct of its business activities. The Company intends to fully comply with the requirements of all international fraud-related legislation and all anti-bribery and corruption laws in the countries in which it conducts business.

1.1.1 The general standards required are outlined in the 'Code of Business Conduct' - these standards are applicable to all 'Workers' (which collectively includes permanent, contract, temporary and trainee staff; and any other person or organization 'associated' with the Company's activities).

1.1.2 All Workers are required to contribute towards maintaining a culture of honesty and ethical behaviour, and to implement measures to ensure that fraud, bribery and corruption are pro-actively prevented, detected, managed and reported. Workers must also, at all times, seek to safeguard the resources for which they are responsible, and maximize the Company’s benefit from the use of these resources. Fraud, bribery and corruption may present threats to these resources (which include, but are not limited to, buildings, land, equipment, materials, cash, staff time, hardware, software, trade secrets, confidential information and intellectual property).

1.1.3 Any practices which are incompatible this 'Anti-fraud, Bribery and Corruption Policy' will not be tolerated. The Company has a zero-tolerance approach to all forms of fraud, bribery and corruption within its business. We expect our Workers and, where appropriate, associated third parties, to comply. The Company will actively

investigate all breaches or suspected breaches of this Policy and, if appropriate, invoke disciplinary measures against any Worker found to be involved in fraud, bribery or corruption, and take prompt action to remedy the breach and prevent any repetition of such breach. In appropriate circumstances, the Company will also invoke contractual sanctions against any associated third party who is found to have committed bribery-related offences. Any attempted fraud, bribery or corruption will be treated as seriously as if such action had actually been committed.

2 Purpose

2.1 The purposes of this 'Anti-fraud, Bribery and Corruption Policy' are as follows:

2.1.1 Summarise the obligations for the Company imposed by the international anti bribery laws;

2.1.2 Set out the Company's zero-tolerance policy towards fraud, bribery and corruption;

2.1.3 Define the meanings of fraud, bribery and corruption, and provide some examples that could potentially be observed in the workplace;

2.1.4 Summarise the Company's policies in relation to political and charitable donations sponsorship arrangements, facilitation payments, and the prevention of bribery-related actions by associated third parties working on behalf of the Company;

f) Outline the responsibilities of all Workers, to ensure that appropriate actions are taken to prevent and detect fraud/corruption; and practical guidance for Workers who may be requested to make an inappropriate payment;

g) Outline the procedures to be followed where fraud, bribery or corruption is suspected or detected

3 General Anti Bribery Laws

3.1 The Anti Bribery Laws covers both civil and criminal penalties relating to bribery.

3.2 There are three specific criminal offences for an individual under the Act;

3.2.1 Offence of offering, promising or giving a bribe;

3.2.2 Offence of bribing a foreign public official;

3.2.3 Offence of requesting, agreeing to receive, or accepting a bribe.

3.3 The Anti Bribery Laws also creates an offence for a company which fails to prevent a bribe being paid, by anyone 'associated' with that company, to a foreign public official or other person, in order to obtain or retain a business advantage for the company. A person will be deemed to be associated with the company if that person provides services for, or on behalf of, the company.

3.4 The definition of such an associate could include an employee, agent, supplier, contractor, consultant, subsidiary, intermediary, or business partner (joint venture or consortium). The Company's only defence is to be able to prove that it had 'adequate procedures' in place to prevent bribery being committed by someone associated with it

3.5 There are serious criminal penalties for committing a bribery offence under the Anti Bribery Laws, including up to 10 years in prison or an unlimited fine for individuals. In addition, organisations or persons convicted may also have to pay a fine, the level of which is unlimited.

3.6 Policy on Fraud, Bribery and Corruption

3.7 The Company strictly prohibits any form of fraud, bribery and corruption, whether direct or indirect. The Company regularly assesses its bribery-related risks in all aspects of its business/operations, and has identified the following main areas as particularly vulnerable to instances/allegations of bribery:

3.7.1 Political donations (see section 7 below);

3.7.2 Charitable contributions (see section 8 below);

3.7.3 Sponsorships (see section 9 below);

3.7.4 Dealings with associates (see section 12 below);

3.7.5 Gifts and hospitality (refer to the separate 'Gifts and Hospitality Policy').

3.8 It is important to note that this list is not exhaustive, and all Workers should be mindful of the general anti-bribery principle underpinning this Policy, throughout their conduct and dealings on behalf of the Company. In addition, this list may be updated periodically, following re-assessments of The Company's bribery-related risks.

4 Definitions of Fraud, Bribery and Corruption

4.1 'Fraud' is a broad term referring to the intentional use of deception, for the purpose of obtaining some kind of prestige; monetary profit or an unfair/dishonest advantage; or to avoid an obligation. It may result in loss or damage to another individual/organization.

4.2 'Bribery' refers to a deliberate act of offering, giving, receiving, or soliciting 'something of value', for the purpose of expecting to influence the 'action' of another person in the discharge of their employment, public or legal duties. The offering or giving of a bribe is referred to as 'active bribery', whilst the receiving or soliciting of a bribe is referred to as 'passive bribery'.

4.3 The 'something of value' refers to any inappropriate inducement or reward, but not necessarily money - it could include gifts; hospitality; loans; payment of fees; promises of employment or interests in business; and/or other advantage or favour that the recipient views as valuable.

4.4 The intention of the bribe could be to obtain services which the person receiving the bribe is prohibited from providing, or to obtain preferential treatment for something that the person receiving the bribe is required to do by law (this bribe is referred to as a 'facilitation payment' - see section 9 below for more details). It is worth noting that a bribe will still be an offence, even if the bribe is committed overseas.

4.5 'Corruption' involves the intention to abuse the entrusted power and official duties of another person, for the purpose of receiving 'something of value' (an inducement/reward) for

personal gain. Corruption typically involves the payment of a bribe to induce someone in a powerful position to act inappropriately or illegally.

5 Examples of Fraud, Bribery and Corruption

5.1 There are many types of actions that may constitute fraud, bribery and/or corruption, but the following are a few examples:

5.1.1 Any act, which is dishonest or contrary to the Company's business interests;

5.1.2 Forgery or alteration of any financial document, including those related to bank accounts and payment instruments;

5.1.3 Misappropriation of funds, securities, supplies, or other assets;

5.1.4 Impropriety in the handling/reporting of money or financial transactions;

5.1.5 Profiteering as a result of insider knowledge;

5.1.6 Inappropriate disclosures to other persons regarding the activities engaged in, or contemplated by, the Company

5.1.7 Accepting or seeking anything of material value from vendors or persons providing

5.1.8 Goods/services to the Company. Please refer to the 'Gifts and Hospitality Policy' for further guidance in relation to the receiving or giving of gifts/hospitality;

5.1.9 Inappropriate destruction or disappearance of records, furniture, fixtures, or equipment;

5.1.10 Making a facilitation payment of any amount, even if the payment is a generally accepted practice in that particular country explained (except if the payment is made in the rare circumstance of duress, where strict rules apply).

5.2 If you are uncertain whether an action may potentially constitute fraud, bribery or corruption, you must contact the Head of Internal Audit or the Company General Counsel.

5.3 It should also be noted that there are other types of actions which may not necessarily constitute fraud, bribery or corruption, but would be considered as 'improprieties/irregularities' (whether moral, ethical or behavioural). These types of actions are not covered under this ‘Anti-fraud Bribery and Corruption Policy’

6 Political Donations

6.1 Political donations refer to contributions of anything of value to support a political goal - including donations made to persons/organizations which are close to political parties or other political institutions. These donations present particularly high risks for bribery and corruption, and are illegal in many countries.

6.2 Consequently, it is prohibited for Workers to make any political contributions on behalf of the Company, as it would be perceived as inappropriately 'buying influence'. Particular care should be taken in assessing requests for funding from organizations which may themselves provide funding to political parties, including trade unions and 'think tanks'.

7 Charitable Donations

7.1 Charitable donations may often be made for reasons of a personal interest, and used to disguise bribes and corrupt payments.

7.2 Consequently, such donations on behalf of the Company are not permitted, unless they are to established charities with recognized charitable aims, and formally approved by the Chief Executive (or properly approved in accordance with the, Delegations of Authority.

8 Sponsorships

8.1 Commercial sponsorship occurs when a company enters into a contractual agreement with a third party, under which the company makes payments in return for the opportunity to advertise its products/services through logos, promotional flyers or advertisements. Commercial sponsorship agreements are a relatively high risk area, particularly where they are agreed in countries which have a poor record of preventing corruption.

8.2 Consequently, it is prohibited to enter into any such sponsorship agreements, or make any sponsorship payments, on behalf of the Company - unless formally approved by the Chief Executive Officer. Any such agreements would be formally documented; subject to appropriate due diligence; and provide specific advertising opportunities and commercial benefits for the Company.

9 Facilitation Payments

9.1 Facilitation payments are usually small payments made to secure or speed up routine actions - these actions (which are often undertaken by public officials) may include issuing permits, licenses, consents or immigration visas, or for releasing goods held in customs.

9.2 Facilitation payments of any amount (no matter how small) on behalf of the Company are strictly prohibited, even if such payment is a generally accepted practice in a particular country. These types of payment must never be made to influence another person in carrying out their business duties (especially where a public official is not permitted or required, by written law, to be influenced by the payment), or to obtain/retain any business or business advantage. Facilitation payments are only permitted if made in the rare circumstance of duress, where you genuinely fear for your safety (loss of life, limb or liberty), where strict rules apply (see Practical Guidance in section 11).

10 Practical Guidance for Workers Being Requested to Make an Inappropriate Payment/Reward (a 'Facilitation Payment')

10.1 **DO:**

10.1.1 Refer to this Policy in any situation where you suspect bribery or corruption may be occurring, or where there is an increased risk of corrupt activity.

10.1.2 Act in a transparent way, and only influence the decisions of business partners and public officials through formal commercial arguments.

10.1.3 Consider whether there are particular risks associated with a relationship or contract, which may require increased due diligence to prevent or identify corruption.

10.1.4 Be aware of situations which present a 'high risk' of potential bribery being encountered - such as the giving of gifts/hospitality; making any form of 'facilitation payment'; making any political or charitable donations; participating in any form of sponsorship; giving anything of value to a public official; and engaging agents, consultants or other third parties to undertake activities on behalf of the Company.

10.2 **DON'T:**

10.2.1 Use your position within the Company to ask for personal gifts, hospitality or other benefits.

10.2.2 Influence the decisions of business partners and public officials by paying bribes, giving gifts or arranging excessive hospitality.

10.2.3 Use third parties (such as consultants and agents) in connection with the offering, granting or accepting of bribes.

10.2.4 Conclude agreements with third parties (such as consultants and agents) whose integrity and qualifications were not reviewed in advance through appropriate due diligence.

10.2.5 Act in a way which you would not like to see reported in the media or to public authorities.

11 Practical Guidance for Workers Being Requested to Make an Inappropriate Payment

11.1 The following guidance should assist Workers to deal with a situation in which they are faced with having to offer an inappropriate payment (or reward), in order to facilitate a business activity or transaction.

11.1.1 The payment/reward should be immediately refused, politely but firmly. You should make reference to the Company's relevant policies, such as the 'Code of Business Conduct', 'Anti-fraud, Bribery and Corruption Policy' and the 'Gifts and Hospitality Policy'. It is important that you make it clear to the person making the demand that, if you make such a payment, it may mean that you, the Company, and possibly the official's organization, may be committing an offence.

11.1.2 If the suggestion or demand for payment continues, you should ask for official documentary proof that the payment is payable. If such proof cannot be supplied (as evidence of the validity of the payment), you should again politely refuse, and ask to speak to a more senior official.

11.1.3 If it appears that the payment genuinely cannot be avoided (for example, if you are under duress and genuinely fear for your safety - loss of life, limb or liberty), you should contact the Chief Executive Officer for immediate guidance.

11.1.4 If you are unable to contact your Chief Executive Officer, or if it is determined that you have no option but to pay, you should make the payment. However, you must also endeavour to obtain some evidence of the transaction and immediately report it to the Chief Executive Officer. You should also document when, where, how and to whom the payment was made, including the names of any other senior officials involved or mentioned.

11.1.5 If any such situation ever occurs, you must report it to the Chief Executive Officer, as soon as practically possible. A full account of the incident should be provided, including details of the location, and the names of the involved company/official. You must record the amount of the payment; the purpose of the payment and the reasons why the payment was genuinely unavoidable.

11.1.6 The Chief Executive Officer must ensure that the incident is promptly followed up with the relevant receiving company/authority, to ensure that the payment can be properly investigated and documented/evidenced. The Chief Executive Officer should determine whether any further action needs to be taken, to ensure that a similar incident is not repeated, and ensure that such action is documented on file.

11.1.7 If the receiving company/authority refuses to take adequate action to investigate the incident, it must be promptly reported to the relevant Country Manager. A full account of the incident must be provided in writing, and this must be retained on file

11.1.8 The Chief Executive Officer will promptly report the incident to the Board that the need for further action can be determined.

12 Prevention of Bribery by Associates

12.1 The Company may become criminally liable where an act of bribery has been committed by a person or organization associated with it. The Company's only defence would be able to demonstrate that it had established 'adequate procedures' to prevent bribery being committed by someone associated with it.

12.2 Accordingly, the Company requires screening and due diligence procedures to be carried out in respect of Its associated third parties - agents, suppliers, contractors, consultants, subsidiaries, intermediaries, and business partners (joint venture or consortium). This is essential to ensure that the highest ethical standards are maintained, in order to protect the Company from the risk of it being associated with illegal or corrupt payments/practices undertaken on its behalf. Workers, who engage any third parties (persons or organizations) to work on behalf of the Company, must ensure that these parties are aware of, and acknowledge compliance with, this Anti-fraud, Bribery and Corruption Policy.

12.3 In order to determine which associates may present a bribery risk for the Company, a risk assessment must be conducted on a" potential associates. This risk assessment must be carried out by Workers in respect of all associates prior to the appointment of, or engagement with, the relevant associate. This risk assessment, which must be thoroughly documented, must consider the following non-exhaustive list of 'red flags' to identify possible bribery risks in relation to associates:

12.3.1 Dealings in countries with a history of bribery and corruption (see Transparency International's 'Corruption Perceptions Index' - in particular, higher risk countries are those with a score of 5 or less);

12.3.2 Close ties with Governments, or any Government agency overseas;

12.3.3 Poor or non-existent anti-bribery policy;

12.3.4 Poor or non-existent records of monitoring compliance with its own anti-bribery policy;

12.3.5 Extensive use of third-party agents and intermediaries, particularly in countries with a history of bribery and corruption;

12.3.6 Adverse media comments on business dealings;

12.3.7 Evidence of extravagant gifts, hospitality or expenses;

12.3.8 Odd payments or unexplained accounts in financial records (where available for review).

12.4 Following completion of the risk assessment, Workers should promptly report any particular concerns about the relevant associate to their Chief Executive Officer, where there may potentially be a heightened bribery risk. Such associates will need further due diligence to be conducted prior to engagement. If it is subsequently determined that the associate should be engaged, they will be required to commit contractually to observing the Company's Anti-fraud, Bribery and Corruption Policy throughout their duties on behalf of the Company. Workers must keep compliance by associates under review and report any suspected unlawful conduct or breaches of contractual obligations to their Manager.

13 Responsibilities for Managing the Risk of Fraud, Bribery and Corruption

13.1 It is the responsibility of all Workers to ensure that risks related to fraud, bribery and corruption (in addition to general business/operational risks) are appropriately identified, managed and mitigated. Specifically, the Companies Board through the Chief Executive Officer is responsible for diligently endeavouring to promptly detect, and hopefully prevent, misappropriation and other irregularities. Consequently, it is essential that all Workers are familiar with the types of improprieties that might occur within their area of responsibility. It is essential that all Workers proactively consider the possibility that fraud, bribery and/or corruption may occur, and maintain continual alertness to any Indication of irregularity.

13.2 Once the key risks have been evaluated, appropriate on-going action must be taken to adequately mitigate those risks. Subsequently, any changes in operational procedures or the business environment must also be re-assessed, to ensure that any impacts which might increase or change the risk of improprieties are properly taken into account.

13.3 corporate governance procedures are a strong safeguard against fraud, bribery and corruption. Consequently, adequate supervision, scrutiny and healthy scepticism must not be seen as distrust, but simply as good management practice, which help to shape attitudes and create an environment opposed to inappropriate behaviour. Managers must set an example by refusing to endorse improper behaviour, and by dealing swiftly and robustly (in accordance with guidance from the Board with those who attempt to defraud or corrupt the Company.

14 Reporting Suspected Fraud, Bribery and Corruption

14.1 The Company expects all Workers to be continuously vigilant, and to immediately report any concerns related to actual or suspected dishonesty; fraudulent activity; public interest issues (such as concern that the organization is not complying with legal obligations); or breach of the Companies policies/procedures. A 'Whistle-blowing Procedure' ~ is in place to enable Workers to raise potential concerns, so that these can be appropriately Investigated and resolved. The 'Whistle blowing Procedure' provides guidance on what concerns should be reported, and the facilities available for reporting. Great care must be taken during the reporting (and subsequent investigation) of suspected wrong-doings. This is essential, in order to avoid mistaken accusations or alerting suspected individuals that an investigation is in progress. Workers should never attempt to personally conduct investigations, interviews or interrogations related to any suspected wrong-doing. All identified and reported cases will be fully investigated and, where justified, disciplinary and/or legal action will be taken against any individual or Company involved. All necessary steps will be taken to recover any losses and costs incurred.

15 Investigation Reporting and Follow-up

15.1 The key steps and responsibilities involved in a typical investigation into alleged fraud, bribery or corruption are summarized in the following points and apply to all investigations:

15.1.1 At the conclusion of the investigation, Internal Audit will produce a report for the Chief Executive, relevant senior management and the Chairman of the Audit Committee. The report will give as much detail as possible, with particular focus on how the impropriety occurred and what improvements need to be made to avoid such occurrences in the future.

15.1.2 Any significant failure of supervision, or breakdown of stipulated controls, must be promptly rectified by the Board.

15.1.3 Any lessons learnt that have a wider applicability to other parts of the Company will be to the Chairman of Audit Committee, in order to mitigate the risk of similar occurrences elsewhere.

15.1.4 Chief Executive Officer will prepare a periodic report for the Audit Committee summarizing paramount and most reporting will be at a summary-level only.

15.1.5 Throughout every investigation and reporting process, confidentiality will be paramount, and most reporting will be at a summary-level only.

APPENDIX 1

DATED 19 APRIL 2020

MEMORANDUM ON DIRECTORS' RESPONSIBILITIES

Prepared for the Directors of InnoMed Tech, Ltd.

2020

CONTENTS

INTRODUCTION AND SUMMARY OF PRINCIPAL POINTS

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1 INTRODUCTION

1.1 This memorandum for the Directors of InnoMed Tech Ltd. (the **"Company"**) is intended to highlight certain aspects, both legal and practical, which should be borne in mind by them in connection with the proposed introduction of shares in the Company to trading on the Toronto Stock Exchange Venture Market (the **"Listing"**). This document only covers Directors' responsibilities as Directors of a publically traded company.

1.2 This memorandum is divided into four Sections, each of which summarises the principal responsibilities which Directors will assume and the potential liability to which they will be exposed in relation to:

1.2.1 the dissemination of information before, during and after the Listing process;

1.2.2 the contents of the prospectus (the **"Prospectus"**), a fundamental part of the Listing process;

1.2.3 the continuing obligations imposed on a regulated Canadian listed company ("**Issuer**") by, inter alia, the British Columbia Security Commission ("**BCSC**"); and

1.2.4 dealings in the Company's shares following Listing.

1.3 The first two of these four Sections are of immediate relevance. The second two are relevant once Listing has taken place, but Directors should be aware of the general nature of the obligations and restrictions which will be imposed upon them and the Company after Listing.

1.4 **Section 1** on dissemination of information highlights the need to implement appropriate controls. Accordingly, the following suggestions are made:

1.4.1 the Company should designate appropriate channels for the referral of information;

1.4.2 any person dealing with the dissemination of information should be given guidelines appropriate to his responsibility;

1.4.3 appropriate procedures should be set up for the referral of enquiries (for example, to a specific committee of Directors);

1.4.4 documentation to be disseminated should be reviewed and verified well in advance by the Company and its advisers; and

1.4.5 a note should be kept of all persons to whom information or documentation is disseminated and/or distributed.

These procedures should be agreed with the Company's advisers.

1.5 **Section 2** deals with the Prospectus and, whilst it should be appreciated that Directors of a company which issues a Prospectus will assume potentially onerous personal obligations, this Section explains the steps which Directors should take in order to minimise the risk of potential criminal or civil liability arising in respect of its issue. It is important that Directors should appreciate that this is a process which, although often somewhat tedious, is intended to ensure that the information in the Prospectus is accurate and not misleading and therefore reduces any possibility that the Directors could become personally liable.

1.6 **Section 3** deals with the continuing obligations imposed by the BCSC on companies listed on regulated Canadian Stock Exchange, which will apply after Listing. The principal objective of these is to secure the immediate release of information which might reasonably be expected to have a material effect on market activity in, and prices of, the Company's listed securities (National Instrument NI51-201 Disclosure Standards). The guiding principle is that information which is expected to be price sensitive should be released immediately when it becomes the subject of a decision, or as soon as the Board becomes aware of it.

1.7 **Section 4** explains the restrictions which the criminal and civil law imposes on insider dealing in the Company's securities and market abuse. Special considerations apply to Directors of listed companies in their dealings in the Company's securities and, accordingly, imposes a minimum standard of good practice to which the Directors will be bound (National Instrument NI55-104 Insider Reporting Requirements & Exemptions). As a matter of good corporate governance, the Company should have in place a share dealing code applicable to its Directors and certain employees and their respective connected persons to ensure that dealing is restricted during certain sensitive periods in the Company's calendar.

2 SUMMARY OF PRINCIPAL POINTS

The information set out in this document should be read and considered carefully by those involved with the preparation of the Prospectus (National Instrument NI41-101 General Prospectus Requirements). Those involved in the preparation of the Prospectus should bear in mind the following points:

2.1 The Prospectus must cover the risks, as well as the attractions, of any investment. It cannot be viewed simply as an advertisement for the Company.

2.2 Each of the Directors must be satisfied, on reasonable grounds, that nothing has been omitted from the Prospectus that should be included, and that each statement made in it is correct and will not be misleading. The Prospectus must, when taken as

a whole, give a true and fair impression of the Company's history, present position and prospects.

2.3 Each of the Directors should (wherever possible) read every draft and, in particular, the final draft of the Prospectus with the utmost care and, in relation to the final draft, must satisfy himself as to the accuracy and completeness thereof and that all statements have been sufficiently verified. In particular, each Director should consider each forecast and each statement of opinion, belief or intention. He should satisfy himself that, in the case of each forecast, it is fair and based on reasonable assumptions and, in the case of each statement of opinion, belief and intention, the statement is true and not misleading and the opinion, belief or intention is based on reasonable assumptions.

2.4 Every statement of fact or opinion and each forecast should either be verified personally by each Director or each Director should be satisfied that the matter has been properly verified by someone else qualified to do so.

SECTION 1
DISSEMINATION OF INFORMATION BEFORE, DURING AND AFTER LISTING

---

1 **INTRODUCTION**

1.1 This Section sets out the guidelines which should be adopted by the Company in connection with the dissemination of information to the public prior to the application for Listing, during the Listing process and for a short period after Listing. It also outlines the responsibilities and potential liabilities under Canadian law of the Directors and the Company in relation to any such information and provides guidance as to how certain specific documents should be treated.

1.2 As a general rule, guidance should always be sought by the Company from CIC Capital Ltd as listing advisor before releasing any information to which this Section might relate.

2 **GUIDELINES**

2.1 **Listing Process**

Listing will be made using the Prospectus (non-offering).

2.2 **Sensitive Information**

It is important that any information which is made available to third parties prior to Listing and which may have an effect on Listing (whether intended or not) should be subject to a vetting procedure. Most information which relates to the Company is potentially liable to have an effect on Listing, and therefore should be subject to vetting. It will certainly include the following:

2.2.1 information which in any way relates to Listing and the contents of the Prospectus;

2.2.2 information relating to any proposed offer of shares and the terms and mechanics thereof;

2.2.3 information which relates to the operations, financial position, prospects or markets in which the Company or its subsidiaries (the **"Group"**) operate if it might influence a person in deciding whether or not to acquire securities in the Company; and

2.2.4 information which in any way encourages interest in the Listing whether orally or by the issue of any type of document,

(together the **"Sensitive Information"**).

2.3 **Timing**

2.3.1 The vetting procedures should be enforced from the time when a decision has been made in principle to proceed with Listing. The vetting procedure should be continued until further notice.

2.3.2 Sections 3 (Continuing obligations to be observed by listed companies) and 4 (Dealings in the Company's securities following Listing) address additional issues in relation to the dissemination of information to the public on an ongoing basis following Listing.

2.4 **Reasons**

The guidelines and vetting procedures are required principally for two reasons:

2.4.1 the Company must be careful about the release of Sensitive Information which could be prejudicial to Listing, or which is inconsistent with information which is going to be or has been included in the Prospectus; and

2.4.2 there are legal constraints on, and legal consequences of, the release of information in connection with the issue of any document which encourages or may encourage (whether intentionally or not) a person to acquire securities in the Company.

2.5 **Guidelines**

The following guidelines should be observed in connection with all Sensitive Information:

2.5.1 relevant information is identified and reviewed by appropriate persons before it is released (and, where appropriate, included in the Prospectus);

2.5.2 all information should be accurate and fair (i.e. it must be true and not give any misleading impression either through omission or otherwise);

2.5.3 information must not be released to some people and not others;

2.5.4 predictions and forecasts must be avoided;

2.5.5 information which is released must be set in the context in which it will be used in relation to Listing to ensure that the full picture is available;

2.5.6 the release of information concerning the Company is effectively coordinated and controlled and that shareholders and employees do not make unhelpful public statements regarding the Company or the Listing;

2.5.7 communications with prospective investors and the market generally are managed effectively;

2.5.8 no information should be published or presentation made which contradicts or is inconsistent with anything that is to be, or has been, included in the Prospectus, or which would or may lead to a different impression being formed;

2.5.9 information which cannot be verified should not be released, even if it is thought to be true;

2.5.10 information must not be released which is not to be, or has not been, used in the Prospectus (i.e. because it is or was regarded as not material);

2.6 **Appointment of Information Officer**

The board should appoint an appropriate individual within the Company (the "**Information Officer**") to have responsibility for considering, co-ordinating and clearing all relevant information which is proposed to be made publicly available and generally to police these guidelines within the Company in accordance with Canadian National Instrument NI51-201. The identity of the Information Officer should be made known to all relevant employees and to all parties involved in the Listing and be highly knowledgeable and experienced in Canadian the regulatory compliance.

2.7 **Vetting Procedures**

To ensure that the above guidelines are observed, the Company should adopt the following procedures **prior to** the release of any Sensitive Information:

2.7.1 any document to be issued by the Company which may contain Sensitive Information should first be referred to the Information Officer of the Company who are actively involved in the Listing process, who may then (if necessary) take the matter up with the Company's financial adviser, or legal advisers;

2.7.2 any documents released to the trade or the press must be reviewed and verified well in advance and in any event not later than 3 days before the intended date of release;

2.7.3 if any member of the Board of Directors or management intends to be interviewed by the press (national, local or trade) or any other person, the financial adviser should first be consulted to discuss what may or may not be disclosed or said. It may be that interviews need to be scripted;

2.7.4 if any person is in doubt as to whether information is relevant information or not, he should contact the Information Officer; and

2.7.5 if the Information Officer concludes that any proposed publicity or release does or might contain relevant information, he should consult with the

Companies Canadian Legal Advisor (who will liaise with the Company's other advisers as appropriate). No relevant information should be released unless and until it has been cleared by the Information Officer following consultation with the Company's advisers.

3 VERIFICATION

3.1 For each document or statement (oral or otherwise) which contains Sensitive Information, even if produced or made prior to Listing, independent evidence will need to be produced to support the statements made and, in the cases where the Directors express an opinion on a particular matter, the Directors will need to be able to justify the basis for that opinion, and be able to show that the opinion is reasonably held.

3.2 The information produced should, depending on the particular facts or opinions in question, come from reliable sources within the Group or from reliable, preferably third party independent, published data. A separate verification exercise will be undertaken for the Prospectus itself. However, for each document or statement containing Sensitive Information, a separate file containing the supporting material should be maintained. Further information with regard to the verification of the Prospectus is set out in Section 2.

4 TYPES OF DOCUMENTS

4.1 Corporate brochures, general promotional material (in particular, any marketing presentation linked to a fundraising), any shareholder, employee, customer or supplier communications and any corporate videos will all fall within the scope of this memorandum and should be vetted.

5 RESPONSIBILITY AND POTENTIAL LIABILITIES IN CONNECTION WITH THE ISSUE OF SENSITIVE INFORMATION

5.1 Form of Information

As well as the Prospectus, documentation issued and statements made prior to Listing can give rise to liabilities for the Company and the Directors. This applies to Sensitive Information in whatever form (e.g. press releases, videos, press conferences, fact sheets and advertisements), if the context of the release of the information could potentially induce or is calculated to lead to persons acquiring securities in the Company.

However, not all information will be Sensitive Information. Routine advertising of products or services in the ordinary course of business is unlikely to be relevant information provided that:

5.1.1 It does not contain any reference to the Listing or the financial or trading performance or trading position, revenues, profits or prospects of the Company;

5.1.2 It is distributed through the normal publicity channels;

5.1.3 It follows the form of previous advertising campaigns; and

5.1.4 It is used to market the relevant product or service rather than the Company as a whole.

5.2 **Agents, Employees and Advisers**

Liability is not restricted to information released by Directors. Sensitive Information released by any agents or employees of the Company, who have actual or ostensible authority to act on the Company's behalf, can give rise to liability on the part of the Company and the Directors. Agents of the Company may include the Company's employees and advisers.

5.3 **Responsibilities of the Information Officer**

In addition to reviewing any documentation or material containing relevant information and consulting with the Company's advisers as appropriate, the Information Officer should also be responsible for ensuring that the clearance procedure is properly co-ordinated and that all relevant personnel within the Company and other relevant persons are made aware of and instructed to comply with the procedures and guidance set out in this Memorandum.

5.4 **Internet Activities**

5.4.1 Information on internet sites (and, for this purpose, information available or accessible via hyperlinks should be considered a part of an internet site) creates certain risks under securities laws because of the global access to such information. As a result, such information requires careful scrutiny, particularly in the context of US securities laws.

5.4.2 The Company's website should not refer to the Listing unless appropriate information barriers have been put in place to prevent access by persons in the US or has been disclosed in news wire service. In any event, the Company's website should not in any way invite or induce any person to engage in investment activity.

5.4.3 In addition, the following precautions should be taken:

5.4.3.1 the existing content of the Company's internet site (including material accessible by hyperlink) should be examined to ensure that all information is current, factually

correct, not misleading and consistent with the information in the Prospectus;

5.4.3.2 hyperlinking to other material should be treated with particular caution since it may be viewed as an adoption by the Company of that material, possibly making the Company liable for its contents;

5.4.3.3 any projections, forecasts and other forward-looking statements should be removed;

5.4.3.4 no employee or representative of the Company should post new material on its internet site without such material being cleared in advance in accordance with the procedure set out in paragraph 2.7;

5.4.3.5 a 'watch' procedure, to be conducted by the Information Officer, should be established to oversee and coordinate the Company's internet-related activities and to monitor new material posted on the Company's internet site.

5.4.4 Press releases containing relevant information should not be posted on the Company's website without appropriate procedures being put in place to limit access to persons who are outside the United States and to prevent any such information from being sent, directly or indirectly, into the United States.

5.5 **Financial Promotion**

"A person must not, in the course of business, communicate an invitation or inducement to engage in investment activity unless they are an authorised person the content of the communication is approved for the purposes of this Section by an authorised person" unless an exemption applies.

A number of points need to be made in relation to **"financial promotion"**:

5.5.1 **"Engaging in investment activity"** is defined as:

5.5.1.1 entering or offering to enter into an agreement the making or performance of which by either party constitutes a **"controlled activity"**; or

5.5.1.2 exercising any rights conferred by a **"controlled investment"** to acquire, dispose of, underwrite or convert a controlled investment.

5.5.2 The list of **"controlled activities"** and **"controlled investments"** is wide-ranging and too lengthy to be discussed in any depth in this

memorandum. However, for these purposes, the offering of securities in the Company or the potential acquisition of securities in the Company would both be covered.

5.5.3 **"Communicate"** includes causing a communication to be made.

5.5.4 **"Investment"** includes any asset, right or interest.

5.5.5 An **"authorised person"** is a person who has a **"permission"** to carry on one or more regulated activities. CIC Capital Ltd is not an authorised person, rather it acts as advisor to provide the services of a number of authorised persons pre-admission and post admission.

5.6 **Exemptions**

Certain types of communication are exempt from regulation. The following exemptions may be relevant in the context of Listing:

5.6.1 **Prospectus** (excludes a non-offering prospectus)

The final Prospectus will be exempt, but this exemption does not cover any earlier drafts of the Prospectus.

5.6.2 **Communications Issued to Professionals and High Net Worth Companies**

5.6.2.1 A financial promotion made only to recipients whom the person making the communication believes on reasonable grounds to be **"investment professionals"** will be exempt.

5.6.2.2 **"Investment professionals"** include:

(a) an authorised person; and

(b) a person whose ordinary activities involve him in carrying on the controlled activity to which the communication relates for the purpose of a business carried on by him.

5.6.2.3 The marketing material which will be made available to these classes of investor prior to Listing is likely to be exempt.

5.6.3 **Communications Issued to the Company's Shareholders**

Any financial promotion which may be required to be issued to the Company's shareholders prior to Listing is likely to be exempt (e.g. any circular explaining the Listing process).

5.6.4 **Communications Issued to the Company's Employees**

Everyday communications with the Company's employees relating to operational matters will not require prior clearance in accordance with the procedures described above.

Certain financial promotions which may be required to be issued to the Company's employees prior to Listing may be exempt (e.g. any document issued to enable employees to participate in a share scheme to be set up by the Company). In all cases, the Company should make it clear it is not giving investment advice to employees. A general notification of the Company's intention to float should be sent to employees.

As noted above, employees should be informed of the procedure described above and the identity of the Information Officer to whom they must refer enquiries.

5.6.5 **Annual Accounts and Directors' Report**

A communication which consists of, or is accompanied by, the whole or part of the Company's annual accounts and which does not contain an invitation or offer to persons to underwrite, subscribe for, or otherwise acquire, or dispose of any investments or advise persons to do so will be exempt.

5.6.6 As can be seen from the above, as a consequence of the nature of the documents and the people to whom they will be issued, it is likely that many documents issued by the Company in connection with Listing will be exempt and will not therefore require approval by an authorised person. However, as this is a very complex area, where any document is to be issued or statement made which might conceivably have a bearing on Listing, the financial adviser and/or the Company's legal advisers should first be consulted.

SECTION 2
DIRECTORS' RESPONSIBILITIES AND POTENTIAL LIABILITIES FOR THE PROSPECTUS

PART I

6 INTRODUCTION

6.1 As explained in the Introduction and Summary of Principal Points, a Prospectus must be prepared by the Company in connection with the Listing.

6.2 The Prospectus will disclose financial and other information about the Company and must not omit anything likely to affect an investor's investment decision.

6.3 The Prospectus must be prepared in accordance with the requirements of Canadian National Instrument NI 41-101 General Prospectus Requirements. In addition, care, should be taken to comply with any Exchange policies in place in particular TSX Policy 2.10 Listing of Emerging Market Issuers and also TSX Policy 2.2 Sponsorship & Sponsorship Requirements.

Apart from the fact that these are requirements of Listing, they also provide protection for those investors who acquire securities in the Company on or after Listing.

6.4 The Directors are among those responsible for ensuring that these requirements are fulfilled. In particular, the Prospectus Rules require the Prospectus to contain a statement by the Directors, and any persons named in the Prospectus as having agreed to become a Director either on Listing or at some future date ("**proposed directors**"), accepting responsibility for the accuracy of the information contained in the Prospectus. Note that any proposed Director must be named in the Prospectus.

6.5 Failure to comply with any of the requirements specified in paragraph 6.3 above can lead to the Directors having both civil and criminal liability. Steps that the Directors can take to mitigate this liability are set out in Part III of this Section 2.

6.6 The Directors should each therefore take all reasonable steps to satisfy themselves that they can each safely assume responsibility for the contents of the Prospectus.

6.7 This Section aims to ensure that the Directors understand the nature of their responsibilities for the contents of the Prospectus.

7 CONTENTS OF THE PROSPECTUS

7.1 Canadian National Instrument NI 41-101 General Prospectus Requirements set out specific information to be included in the Prospectus.

7.2 In addition to the specific information requirements the Prospectus must include, inter alia, any information which the Company reasonably considers necessary to enable investors to make an informed assessment of:

7.2.1 the assets and liabilities, financial position, profits and losses, and prospects of the Company and the Securities and of any guarantor;

7.2.2 the rights attaching to the Securities; and

7.2.3 any other matter contained within the Prospectus.

7.3 In particular, information must be:

7.3.1 presented in a form which is comprehensible and easy to analyse; and

7.3.2 prepared having regard to the particular nature of the securities and the Company.

7.4 The Prospectus must include a summary which must:

7.4.1 conveys concisely, in non-technical language and an appropriate structure, the key information relevant to the securities; and

7.4.2 when read with the rest of the Prospectus, aids investors considering whether to invest in the securities.

7.5 Where the Prospectus does not include the final offer price and/or the amount of the securities, the Company must, as soon as the information is finalised, inform the Companies lead regulator in writing and make that information available to prospective investors in writing.

7.6 Where a person agrees to buy or subscribe for the securities in circumstances where the final offer price or the amount of the securities is not included in the Prospectus, such person may withdraw his acceptance before the end of the withdrawal period. The withdrawal period commences with the person's acceptance and ends at the end of the second working day on which the Company's lead regulator is informed of the final offer price and/ or the securities.

7.7 Liability may arise not only for information which is untrue but also where the information given is misleading or where relevant information has been omitted. The Companies lead regulator may authorise omission of information in cases where disclosure would be contrary to the public interest or seriously detrimental to the Company and the omission would not mislead investors. If the Company wishes to omit information from the Prospectus please discuss the matter with the Company's financial adviser as soon as possible.

8 RESPONSIBILITY STATEMENT

8.1 The duty to ensure compliance with Canadian National Instrument NI 41-101 General Prospectus Requirements, including the disclosure requirements, is placed on the Company and its Directors, and the Prospectus will contain a Certificate of the Company signed by all Directors in the following, or similar terms:

"*This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia."*

8.2 It is therefore important that each Director and proposed Director should satisfy himself that he can assume responsibility in the above terms.

8.3 In addition, the Company's financial adviser will ask each Director and proposed Director to sign a responsibility letter, confirming to both the Company and the financial adviser that the he/she accepts responsibility for the Prospectus and will authorise the issue of the Prospectus containing the responsibility statement.

8.4 The responsibility letter will have attached to it, or will be accompanied by, a power of attorney in which each Director appoints any other Director of the company as his attorney to execute all documents arising in connection with the Listing. The purpose of the power of attorney is simply to avoid problems that might otherwise arise by virtue of the last minute or unexpected unavailability of a particular Director or Directors.

9 SUPPLEMENTAL PROSPECTUS

9.1 It is important to note that the Directors' responsibilities do not end with the publication of the Prospectus. If, between the time of the publication of the Prospectus and Listing, any person responsible for the Prospectus becomes aware of a significant change, new factor, mistake or inaccuracy relating to information included in the Prospectus, details of this change, new factor, mistake or inaccuracy should be disclosed to the Company and the financial adviser with a view to considering whether it will be necessary to publish a supplementary Prospectus.

9.2 For the purposes of deciding whether a supplementary prospectus is required, '**significant**' means significant for the purposes of making an informed assessment of:

9.2.1 the assets and liabilities, financial position, profits and losses, and prospects of the Company and the securities for which admission is being sought and of any guarantor;

9.2.2 the rights attaching to the securities; and

9.2.3 any other matter contained within the Prospectus.

9.3 Where a person agrees to buy or subscribe for the securities prior to the publication of the Supplementary Prospectus such person may after the publication withdraw his acceptance of the offer. The withdrawal must occur within two working days of publication of the Supplementary Prospectus.

9.4 The obligation to issue a supplementary Prospectus ceases when dealings in the Company's securities commence. Liability for untrue or misleading statements in, or omissions from, the Prospectus may, however, continue after dealings have commenced. On becoming aware of such an inaccuracy, a Director should notify the Company and its financial or legal adviser immediately.

PART II
OFFENCES AND PENALTIES

10 INTRODUCTION

In the event that any of the requirements set out in Part I of this Section are not complied with, the Directors may incur both **civil** and **criminal** liabilities. In the case of criminal liability, it should be remembered that liability as a secondary party (for aiding, abetting, counselling, procuring or for attempting or conspiring to commit an offence) may also be incurred.

11 CIVIL LIABILITY

In the event that a misleading statement or omission in the Prospectus causes an investor loss, the likely areas of potential liability under civil law are as follows:

11.1 Liability to Pay Compensation

11.1.1 The persons responsible for the Prospectus/ Supplementary Prospectus will be liable to pay compensation to an investor who has acquired any of the securities and suffered loss in respect of them, either:

11.1.1.1 as a result of any untrue or misleading statement in the Prospectus/ Supplementary Prospectus; or

11.1.1.2 as a result of the omission of any matter required to be included under the general duty of disclosure from the Prospectus/ Supplementary Prospectus; or

11.1.1.3 as a result of failure to comply with the duty to publish a Supplementary Prospectus.

11.1.2 A person will not be subject to civil liability solely on the basis of the summary in the Prospectus alone, unless the summary, when read with the rest of the Prospectus, is misleading, inaccurate or inconsistent or does not provide key information i.e. the information which is essential to enable an investor to understand the securities and to decide whether to take the offer further.

11.1.3 There is no civil liability for failure to include a matter required to be included by the Prospectus Rules if that omission does not amount to a breach of the general duty of disclosure.

11.1.4 A claim for compensation is not confined to the initial acquirers of the securities. Any person who has acquired any of the securities and suffered a loss in respect of them as a result of an untrue or misleading statement in the Prospectus or the omission from it of any matter which should have been included will be entitled to claim for compensation.

11.1.5 The civil liability of a person responsible for the Prospectus is subject to a number of exemptions. Such person will not incur any liability if he satisfies the court that:

11.1.5.1 he reasonably believed, at the time the Prospectus was submitted to the BCSC, that the statement in question was true and not misleading or the omission was properly omitted and at least one of the following conditions was satisfied:

a) he continued in his belief until the securities were acquired; or

b) the securities were acquired before it was reasonably practicable to bring a correction to the attention of likely investors; or

c) before the securities were acquired, he had taken all steps as it was reasonable for him to take to secure that a correction was brought to the attention of likely investors; or

d) he continued in his belief until after the commencement of dealings in the securities following their admission to the TSX-V and they were acquired after such a lapse of time that he ought in the circumstances to be reasonably excused;

11.1.5.2 he reasonably believed, at the time the Prospectus was submitted to the BCSC, that the statement was made by an expert who was competent to make or authorise the statement and who had consented to the inclusion of the statement in the form and context in which it was included in the Prospectus and at least one of the conditions set out in paragraph 11.1.5.1 was satisfied;

11.1.5.3 before the securities were acquired, a correction had been published in a manner calculated to bring it to the attention of likely investors or he took all reasonable steps to secure such publication and reasonably believed that it had taken place before the securities were acquired;

11.1.5.4 before the securities were acquired, the fact that the expert was not competent or had not consented had been published in a manner calculated to bring it to the attention of likely investors or he took all reasonable steps to secure

publication and reasonably believed that it had taken place before the securities were acquired;

11.1.5.5 where the loss resulted from a statement either made by an official person or contained in a public official document which is included in the Prospectus, the statement is accurately and fairly reproduced; or

11.1.5.6 the person suffering the loss acquired the securities with knowledge that the statement was false or misleading, of the omitted matter, or of the change or new matter as the case may be.

11.2 **Negligent Misstatement**

If any Director is negligent in making any statement in the Prospectus, he/she may be liable in an action for damages brought by any person who has suffered loss as a result of acting on that statement. Liability will only be incurred if the person suffering loss can establish that those sued have a duty of care to those seeking damages from them (for example, the responsibility statement in the Prospectus could act as evidence that the Directors owe a duty of care to investors in respect of negligent misstatements in the Prospectus).

11.3 **Deceit**

11.3.1 If any Director makes a misstatement (including a misleading omission or a fraudulent misrepresentation) in the Prospectus, knowing it is untrue or not believing it is true or being reckless (i.e. not caring whether it is true or not), he/she may be liable in an action for deceit brought by an investor who has suffered loss as a result of relying on that statement.

11.3.2 Such action may be brought by any person who acquired securities on the basis of such misleading information (or omission) as contained in the Prospectus.

11.3.3 The measure of damages will be assessed on the basis of the actual loss suffered by the claimant and is not limited to damages that were reasonably foreseeable as a consequence of the misstatement.

11.4 **Duty of Care**

As well as the potential liabilities set out above, a Director also owes (under common law) a duty to act with reasonable care and skill to the Company. If a breach of this duty results in a misstatement in the Prospectus and the Company suffers loss, in compensating third parties who rely on the misstatement, the Director may be liable to the Company.

11.5 **Rescission**

A contract to purchase or acquire securities is voidable if it is induced by a material representation of fact, provided that the person acquiring the securities acts within a reasonable time of becoming aware of the misrepresentation and while the company is a going concern. The contract will remain valid until rescission, but when rescinded, becomes void so that it is deemed never to have taken effect. The aggrieved party is entitled to have his name removed from the shareholders' register and to be restored (by the counterparty to the contract) to the same position he was in before the contract was made. Usually this means his money is refunded to him. The court also has jurisdiction to award damages in lieu of rescission.

11.6 **Misrepresentation**

A Director may be liable for misrepresentations in the Prospectus to anyone who acquires securities in reliance upon the misrepresentation and suffers loss, unless the Director proves that he/she had reasonable grounds to believe, and did believe up to the time the sale was concluded, that the facts represented were true. The court has power to award damages even though the misrepresentation is innocent, and not fraudulent or negligent. If an investor can show that the misleading or untrue statement in the Prospectus became a term of the contract for the acquisition of securities, he/she may be able to sue for damages for breach of contract. Generally, damages will be calculated to be the difference between the actual value of the securities at the date of allocation and the price paid for them.

11.7 **Contractual Liability**

The Company and the Directors may be required to enter into an Introduction Agreement with the financial adviser, which will contain certain warranties and indemnities relating to the affairs of the Company as well as in connection with the accuracy of information contained in the Prospectus. Personal contractual liability will be imposed for any breach of these warranties or indemnities.

11.8 **Defamation**

Care should be taken to avoid possible claims for defamation in relation to the Prospectus. Defamation occurs where there is a publication to a third party of words or matters containing an untrue imputation against the reputation of individuals, companies or firms which serves to undermine that reputation in the eyes of right-thinking members of society generally. Defamation

is governed by Canadian defamation law refers to defamation law as it stands in both common law and civil law jurisdictions in Canada. As with most commonwealth jurisdictions, Canada follows English law on defamation issues.

An employer will be vicariously liable for defamatory statements made by its employees in the course of their employment. The publisher of defamatory material may face a claim for damages or for injunctive relief. The purpose of damages in a defamation action is to compensate for the harm caused to the claimant's reputation.

12 CRIMINAL LIABILITY

In the administrative enforcement context, staff of the securities regulators investigate and pursue securities-related misconduct, which mainly consists of illegal distributions, misconduct by registrants, illegal insider trading and disclosure violations.

In the quasi-criminal enforcement context, securities regulators investigate and Crown prosecutors prosecute the same types of misconduct as in the administrative enforcement context, but in front of the courts for generally greater penalties.

In the criminal enforcement context, law enforcement agencies investigate and Crown prosecutors prosecute breaches of the Criminal Code for both specific securities-related criminal offences (such as market manipulation and illegal insider trading), and more general economic crimes (such as fraud) that may involve either the trading of securities or the performing of registrant activities.

12.1 Criminal Liability exists when:

12.1.1 A Director or person commits an offence if he:

12.1.1.1 makes a statement which he/she knows to be false or misleading in a material respect; or

12.1.1.2 makes a statement which is false or misleading in a material respect, being reckless as to whether it is; or

12.1.1.3 dishonestly conceals any material facts whether in connection with a statement made by him or otherwise,

with the intention of inducing, or is reckless as to whether making it or concealing them may induce, another person (whether or not the person to whom the statement is made):

12.1.1.4 to enter into or offer to enter into, or to refrain from entering or offering to enter into, a relevant agreement; or

12.1.1.5 to exercise, or refrain from exercising, any rights conferred by a relevant investment.

12.1.2 A person is "reckless" if, before doing an act, he/she either: fails to give any thought to the possibility of there being a risk of harmful consequences; or, having recognised that there is such a risk that an ordinary prudent individual would not feel justified in ignoring,

nevertheless goes on to do it, i.e. disregarding the harmful consequences of one's act.

12.1.3 The cases also show that a person is "dishonest" if he/she acts in a way which he/she knows ordinary people consider to be dishonest, even if he/she believes that he/she is justified in acting as he/she does.

12.1.4 A criminal offence which may be punishable by a prison sentence, or a fine, or both.

12.1.5 This offence is particularly relevant in the context of a Listing and the Prospectus and any other documents or statements made by or on behalf of the Company should be considered with this offence in mind.

12.1.6 An offence under this Section will only be committed if the relevant statement, promise or forecast is intended to or may have an effect in Canada. Any agreement must be or must be intended to be entered into in Canada and the rights contained in it must be exercisable in Canada.

12.1.7 In the event of a successful prosecution the court can order the offender to compensate any investor who has suffered loss.

12.1.8 A Director may also be guilty of an offence committed by the Company if it is found to have been committed with his consent/connivance or to be attributable to his neglect.

12.2 **Misleading impressions and market manipulation**

12.2.1 If any person (i.e. a Director) does any act or engages in any course of conduct which creates a false or misleading impression as to the market in, or the price or value of, any relevant investments and such act or conduct is done for the purpose of creating that impression and:

(a) thereby inducing another person to acquire, dispose of, subscribe for or underwrite those investments or to refrain from doing so or to exercise, or refrain from exercising, any rights conferred by those investments; and/or

(b) whilst knowing the impression to be false or misleading or being reckless as to whether it is, makes a gain for himself/herself or for another or causes loss to another or exposes another to the risk of loss.

12.2.2 This further emphasises the need to verify the accuracy of all documents and statements in accordance with these guidelines.

12.2.3 To be actionable, the false or misleading impression must be created within Canada as must the act or the course of conduct engaged in.

12.2.4 It is a defence for a Director to show that he reasonably believed that his/her act or conduct would not create a false or misleading impression or he/she acted for the purpose of stabilising the price of investments or in accordance with control of information rules.

12.3 **Financial Promotion**

12.3.1 It an offence in the course of business for a person to communicate an invitation or inducement to engage in investment activity if that person is not an authorised person or if the content of the communication is not approved by an authorised person.

12.3.2 See Section 1 for further information regarding financial promotion.

12.4 **Theft**

12.4.1 A Director or proposed Director (amongst others) commits a criminal offence if, knowingly or recklessly, he/she:

12.4.1.1 obtains property (including money) by deception;

12.4.1.2 falsifies any account;

12.4.1.3 makes use of any falsified account in furnishing information; or

12.4.1.4 publishes a misleading statement (for example, in an Prospectus) with intent to deceive members or creditors of the Company.

12.4.2 Where any of the offences referred to in the paragraph above are committed by the Company, a Director may also be guilty of an offence if it can be shown that he/she consented to or connived at the commission of the offence by the Company.

12.4.3 The offence of obtaining property (defined to include money) by deception in theory applies also to any misstatements in the Prospectus.

12.5 **The Fraud**

12.5.1 Fraud can be committed by a person who:

12.5.1.1 dishonestly makes a false representation;

12.5.1.2 dishonestly fails to disclose to another person information which he is under a legal duty to disclose; or

12.5.1.3 occupies a position in which he is expected to safeguard, or not to act against the financial interests of another person and dishonesty abuses that position,

if he/she intends by means of his/her action to make a "gain" for himself/herself or another or to cause "loss" to another or to expose another to a risk of loss.

The general offence attracts a penalty of imprisonment and can also attract a fine. If the offence is committed by a body corporate and is found to have been committed with the consent or connivance of, inter alia, a Director of that body corporate then he/she (as well as the body corporate) is guilty of the offence and liable to be prosecuted.

The offence could be committed by the Directors if they fail to disclose, with the requisite dishonesty, information which they are under a legal duty to disclose.

12.6 **Overseas Jurisdictions and Liability**

If, at any stage during or following the Listing process, it is proposed that the Prospectus shall be sent into any overseas jurisdictions, then the Company and the Directors must first consult the financial adviser and its other professional advisers to ensure that the relevant overseas' securities laws and regulations are complied with, where necessary.

PART III
ACTIONS TO MITIGATE THE RISK OF LIABILITY

13 INTRODUCTION

In view of the potential extent of a Director's liabilities in relation to the publication of an Prospectus, it is obviously in the interests of all concerned to take steps to ensure that, as far as possible, no such liability will arise.

14 GENERAL

It is essential that each Director should believe, and have reasonable grounds for believing, that:

14.1 each item of information in the Prospectus is not only in accordance with the facts, but is not misleading in its context;

14.2 all expressions of opinion are reasonably based and properly held; and

14.3 the Prospectus contains all information necessary to give a true and fair view of the Company's history, business and prospects and nothing has been omitted which is necessary to enable investors to form a full understanding of the Company and its securities.

15 REVIEW OF DRAFT PROSPECTUS

15.1 All Directors should read drafts of the Prospectus (including any pathfinder prospectus) with care, consider each statement and satisfy themselves that the statements are true and are not misleading and that appropriate information is included.

15.2 Particular attention should be paid to profit forecasts (if any), estimates or projections (which should be fair and reasonably based) and statements of opinion, belief or expectation (which should be true, not misleading and reasonably based).

15.3 Whilst a Director may reasonably rely upon others to verify particular statements, they should be satisfied that the person who is assigned the task of verifying a statement is the correct person for that task and is competent to undertake it.

16 VERIFICATION PROCESS AND DISCLOSURE

16.1 In order to help minimise the risk of the possible liabilities of a Director for a Prospectus arising, it is essential that a process known as **"verification"** is undertaken.

16.2 During the preparation and finalisation of the Prospectus and any pre-float investor materials, a detailed verification process will be undertaken in conjunction with all of the Company's Directors and other appropriate employees, with a view to confirming

the accuracy of all material statements of fact and opinion contained in the relevant document and of all inferences which may be drawn from those statements.

16.3 Although at times burdensome and time consuming, the verification process is vital, both to ensure the accuracy and comprehensiveness of information given in documents such as the Prospectus about the Company and its securities, and to protect the Directors by establishing that every reasonable care was taken in compiling it.

16.4 All persons responsible for preparing the Prospectus or the information to be included in it should be made aware of the necessity to disclose everything which could be relevant for disclosure in the Prospectus, so that a view can be taken as early as possible on the necessity to disclose items in the document.

16.5 At the completion Board meeting, each of the Directors will be asked to sign a set of verification notes, which provides a formal record of responsibility for each statement made in the Prospectus and any other investor materials.

17 NOTIFICATION OF CHANGE

17.1 If, at any time between the publication of the Prospectus and the commencement of dealings in the Company's securities, a Director becomes aware of any material new matter, mistake or inaccuracy or other change affecting any matter contained or required to be contained in the Prospectus, he/she must raise the point immediately with the Company and its financial adviser so that consideration can be given to the necessity of issuing a supplementary Prospectus.

17.2 Even after dealings have commenced, should any inaccurate or misleading statement or omission from the Prospectus become known to any Director, he/she must immediately raise the matter with the Company and its financial adviser. A public notice may be called for.

18 INDEMNITY & INSURANCE

If a Director becomes liable to a third party due to an honest error on his part, there are two ways the Company may be able to provide financial support:

18.1 Indemnity

A company registered in BC Canada may indemnify directors against certain losses incurred as a result of his position as a Director.

18.2 Insurance

18.2.1 It may also be possible to obtain insurance cover for certain liabilities arising in respect of the Prospectus, although typically this is expensive.

18.2.2 The Company should consider the different types of insurance available against possible liability which, broadly, fall into three categories:

18.2.2.1 **Directors' and Officers' Liability Insurance** - taken out by the Company to protect its Directors and Officers from third party claims against them;

18.2.2.2 **Professional Indemnity Insurance** - which may be available to, for example, a non-executive director to cover liability incurred in the course of providing professional services to the Company; and

18.2.2.3 **Director's Liability Insurance** - which may protect a Director against liability to the Company in his capacity as a Director.

18.2.3 The insurance may not cover loss due to fraud or dishonesty, wilful default or criminal behaviour, although the Company can take out separate fidelity insurance for its own risks on the individuals it employs.

18.2.4 However, in any event, insurance is no substitute for a full verification exercise.

19 DISCLOSURE OF INFORMATION NOT CONTAINED IN THE PROSPECTUS

Information which is not contained in the Prospectus should not be given to a potential investor with a view to influencing his decision whether or not to apply for the Company's securities or otherwise. It would be unsatisfactory for certain information to be available to some potential investors but not to others. There is also the risk that such information would not have been subject to the verification procedure. Moreover, the Company's lead regulator might reject an application for the Listing if information not contained in the Prospectus is given only to some potential investors. Particular care must be taken in ensuring that the contents of press releases or marketing presentations do not breach this obligation.

20 THE POSITION OF NON-EXECUTIVE DIRECTORS

20.1 A non-executive Director is responsible for the accuracy of the Prospectus in the same way as an Executive Director.

20.2 It is important, therefore, for a non-executive Director to ensure that, according to his own awareness, the Prospectus is fair, it contains no information which is incorrect and that it does not leave any details out which could make it misleading. As part of this process, it is essential that the non-executive Director considers any verification documents which have been produced to him/her to ensure that they are consistent with the information in the Prospectus.

20.3 In order for the non-executive Director to be satisfied that the verification procedure has been carried out accurately, he/she should read the questions and answers in the verification notes to satisfy himself/herself that the answers sufficiently substantiate the statements made in the Prospectus.

21 ULTIMATE LIABILITY

The verification process should not be seen as an alternative to each Director carefully reading the Prospectus to ensure that its contents are not only accurate and not misleading, but also that it contains all relevant information.

SECTION 3
CONTINUING OBLIGATIONS TO BE OBSERVED BY LISTED COMPANIES

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22 INTRODUCTION

22.1 A company whose securities are listed on the TSX-V has a number of continuing obligations as a public Canadian Issuer. This Section summarises the principal disclosure obligations to be observed by the Company following Listing.

Compliance with the obligations of disclosure is regarded by the Canadian regulators as essential to the maintenance of an orderly market in securities, since it ensures that all users of the market have simultaneous access to the same information. It is the Directors who are responsible for ensuring that compliance is made with the Company's obligations under Canadian regulations and exchange rules.

22.2 A Canadian public Issuer should, inter alia, have sufficient procedures, resources and controls in place to enable compliance with the regulation and rules so far as applicable to it.

22.3 The Company should also ensure that each Director discloses to it all information that it needs, so that it can comply with its disclosure requirements under the regulation and rules.

22.4 Failure by the Company to comply with any applicable disclosure obligations may result in the Company's lead regulator taking one or more courses of action. These include fining the Company and even suspending trading in or cancelling the admission of the Company's securities.

22.5 From time to time, the Company's lead regulator may allow a derogation to the Rules and the Company will be expected to comply with any such amendments as are notified to it.

23 OBLIGATION TO DISCLOSE INFORMATION

23.1 The disclosure obligations of the Company do not cease once a Prospectus has been published and the Company's Securities are admitted to listing on the TSX-V.

23.2 The disclosure obligations are designed to ensure that the market is provided with all material information regarding the Company and its listed securities in a timely manner. The Company must ensure that it has in place sufficient procedures, resources and controls to enable compliance with the requirements and must also ensure that the Company's adviser is provided

with any information it requires in order to carry out its own duties. Responsibility for ensuring the Company complies with Canadian National Instrument NI51-201 Disclosure Standards and providing the advisers with all the necessary information, lies with its Directors.

23.3 **General disclosure**

23.3.1 As a listed company, the Company must notify a regulatory information service provider (a **"RIS"**) of any inside information directly concerning the Company as soon as possible.

23.3.2 **'Inside information'** is defined, as information of a precise nature which:

23.3.2.1 is not generally available;

23.3.2.2 relates, directly or indirectly, to one or more issuers of qualifying investments; and

23.3.2.3 would, if generally available, be likely to have a significant effect on the price of the qualifying investments or related investments.

23.3.3 Information would have a 'significant effect' on price if, and only if, it is information of a kind that a reasonable investor would be likely to use as part of the basis of their investment decisions. The reasonable investor test requires the Company:

23.3.3.1 to take into account that the significance of the information in question will vary widely from listed company to listed company and depend on a variety of factors including a listed company's size, recent developments and the market sentiment about the listed company and the sector in which it operates; and

23.3.3.2 to assume that a reasonable investor will make investment decisions relating to the shares to maximise such investors' economic self interest.

23.3.4 The Company must take reasonable care to ensure that any information it notifies is not misleading, false or deceptive and does not omit anything likely to affect the import of such information.

23.3.5 Once the inside information has been announced via a RIS the Company must make it available on its website (if it has one) by

the close of the business day following the day of such RIS announcement and such information should be kept on the Company's website for a period of one year following publication. In all cases the inside information should be notified to a RIS before, or at the same time as, publication of such inside information on its website.

23.3.6 When inside information needs to be disclosed at a time when a RIS is not open for business the Company should distribute the information as soon as possible to:

23.3.6.1 two newswire services operating in Canada; and

23.3.6.2 a RIS for release as soon as it opens.

23.4 **Delaying disclosure**

23.4.1 The Company may delay public disclosure of inside information where it does so to protect its legitimate interests, e.g. if it is negotiating a transaction, and:

23.4.1.1 to delay disclosure would not be likely to mislead the public;

23.4.1.2 any person receiving the information owed a duty of confidentiality to the Company, however such duty was owed, i.e. based on law, regulations, through the Company's articles of association or a contract; and

23.4.1.3 the Company is able to ensure the confidentiality of the information.

23.4.2 Notwithstanding the delays allowed in 23.4.1, the Company may not delay public disclosure of the fact that it is in financial difficulty but may allow the Company to delay announcing the fact or substance of the negotiations to deal with such situation.

23.4.3 As a Director of the Company, you should monitor any developing situation carefully so that if circumstances change the Company is in a position to disclose any relevant information immediately.

23.4.4 It should be remembered that the Company should not delay negative news until it has positive news to balance the negative news.

23.4.5 Where the Company is faced with an unexpected and significant event, a short delay may be acceptable if the Company needs to clarify the situation. Where this is the case and the Company believes that inside information may be leaked before the facts and their impact can be confirmed the Company should issue a holding announcement which should:

23.4.5.1 detail as much of the subject matter as possible;

23.4.5.2 set out the reasons why a full announcement cannot be made; and

23.4.5.3 include an undertaking to make a further details announcement as soon as possible.

23.4.6 The fact that a RIS is not open for business is not sufficient grounds for delaying the disclosure or distribution of inside information. When information needs to be disclosed at such time the Company should distribute the information as detailed in paragraph 23.3.6 of this memorandum.

23.5 **Selective disclosure**

23.5.1 Not all unpublished information will be considered to be inside information, however where it is and the Company discloses it to a third party the Company must (unless it is permitted to delay disclosure as detailed in paragraph 23.4):

23.5.1.1 make complete and effective public disclosure simultaneously via a RIS where such disclosure is intentional; and

23.5.1.2 make complete and effective public disclosure as soon as possible via a RIS where such disclosure is non-intentional.

23.5.2 The Company's lead regulators recognises that the Company may, where the Company is permitted to delay disclosure of inside information, selectively disclose the inside information to a person owing the Company a duty of confidentiality (keeping a record of who has been given the information) if it is in the normal course of the exercise of his employment, profession or duties. Depending on the circumstances, the Company may be justified in disclosing inside information to certain categories of recipient in addition to those employees of the Company to perform their functions, e.g. where a listed company is contemplating a major

transaction requiring the support of shareholders or which may significantly impact its lending arrangements or credit rating it may selectively disclose details to certain third parties, including but not limited to:

23.5.2.1 the Company's advisers and advisers of other persons involved in the matter in question;

23.5.2.2 persons with whom the Company is negotiating, or intends to negotiate, any commercial, financial or investment transaction;

23.5.2.3 employee representatives or trade unions acting on their behalf;

23.5.2.4 any government department, the Bank of England, the Competition Commission or any other statutory or regulatory body or authority;

23.5.2.5 major shareholders of the Company;

23.5.2.6 the Company's lenders; and

23.5.2.7 credit-rating agencies.

23.5.3 The Canadian regulator has made it clear that a listed company should not provide inside information to a journalist or other persons under an embargo seeking to prevent such persons using the inside information until it has been released to a RIS as it considers that there is a risk that the listed company will lose control over the information as soon as it makes such disclosure.

23.6 **Specific disclosure requirements**

In addition to the general duty of disclosure, the Listing Rules specifically require that a number of matters are notified, including those matters relating to:

23.6.1 the capital of the Company;

23.6.2 any changes to the Board and/or Directors' details;

23.6.3 any lock-up arrangements;

23.6.4 any shareholder resolutions;

23.6.5 the Company changing its name; and

23.6.6 the Company changing its accounting date.

23.7 **Dealing with rumours**

23.7.1 Where there is press speculation or market rumour the Company will need to assess whether a disclosure obligation has arisen. In particular, where the company is delaying making an announcement, a watching brief should be kept on the media and where appropriate, the market price of the Company's equity shares for signs of possible leaks and/or related price movements.

23.7.2 A listed company may not be required to respond to a rumour that is false but where a rumour is largely accurate, and the underlying information is inside information, it is unlikely the Company will be able to delay disclosure. In these cases, the Company (and its adviser) may be contacted by the Companies lead regulator. However, consideration of whether an announcement is required by the Company and the financial adviser should not wait for such contact to be made.

23.7.3 It should be noted that knowledge that the rumour or speculation is false is unlikely to be inside information. Even where such knowledge is inside information in most cases the Companies lead regulator expects that the Company would be able to delay disclosure, often indefinitely.

23.8 **Insider Lists**

23.8.1 The Company must ensure that it and any persons acting on its behalf or account draw up a list of those persons working for them, under a contract of employment or otherwise, who have access to inside information relating directly or indirectly to the Company, whether on a regular or occasional basis. All insiders are required to file their interests on Canadian SEDI Form 55-102F4 - Issuer Event Report.

23.8.2 For the Company, the list it draws up will include:

23.8.2.1 employees that have access to inside information; and

23.8.2.2 its principal contacts at any other firm or company acting on its behalf or account with whom it has had direct contact and that has access to inside information.

23.8.3 The Company does not have to keep a list of all the individuals working for another firm or company acting on its behalf or account where it has:

23.8.3.1 recorded the name of the principal contacts at the firm or company;

23.8.3.2 made effective arrangements (usually based on a contract) for that firm or company to maintain its own list of persons acting on behalf of the Company with access to inside information on the Company; and

23.8.3.3 made effective arrangements for that firm or company to provide a copy of its insider list to the Company as soon as possible upon request.

23.8.4 It should be noted that the Company is ultimately responsible for the maintenance of insider lists which are drawn up by a person acting on the Company's behalf or account.

23.8.5 If the Companies lead regulator requests an insider list that has been drawn up (whether by the Company or by a person acting on its behalf or account) the Company must provide it to the Companies lead regulator as soon as possible.

23.8.6 Every insider list must contain:

23.8.6.1 the identity of each person having access to inside information;

23.8.6.2 the reason why such person is on the insider list; and

23.8.6.3 the date on which the insider list was created and updated.

23.8.7 Each insider list must be promptly updated:

23.8.7.1 when there is a change in the reason why a person is already on the list;

23.8.7.2 when any person who is not already on the list is provided with access to inside information; and

23.8.7.3 to indicate the date on which a person already on the list no longer has access to inside information.

23.8.8 Each insider list prepared by the Company or by persons acting on its account or on its behalf must be kept for at least five years from the date on which it is drawn up or updated, whichever is the latest.

23.9 **Disclosure of voting rights**

23.9.1 Where the Company receives a notification from a person in respect of the acquisition or disposal of voting rights which reaches, exceeds or falls below 10% or any subsequent whole percentage it must make all information contained in the notification public as soon as possible (and in any event by not later than the end of the trading day following receipt of the notification).

23.9.2 Where there is an increase or decrease in the total number of voting rights produced when the Company completes a transaction (unless the effect of the transaction on the total number of voting rights is immaterial when compared with the position before completion, ie an increase or decrease that is less than 1%), the Company must disclose to the public as soon as possible, and in any event no later than the end of the business day following receipt of the notification:

23.9.2.1 the total number of voting rights and capital in respect of each class of shares which the Company issues; and

23.9.2.2 the total number of voting rights attaching to shares of the Company which are held by it in treasury.

23.9.3 At the end of each calendar month where an increase or decrease has occurred, the Company must disclose to the public:

23.9.3.1 the total number of voting rights and capital in respect of each class of shares which the Company issues; and

23.9.3.2 the total number of voting rights attaching to shares of the Company which are held by it in treasury.

23.9.4 The Company must, if it acquires or disposes of its own shares, either itself or through a person acting in his own but on the Company's behalf, make public the percentage of voting rights attributable to those shares it holds as a result of the transaction as a whole as soon as possible but not later than four trading days following such acquisition or disposal where that percentage reaches exceeds or falls below the thresholds of 5% or 10% of the voting rights (such percentages being calculated

on the basis of the total number of shares to which voting rights are attached).

23.10 Transactions by persons discharging managerial responsibilities (**"PDMRs"**)

23.10.1 PDMRs and their connected persons must notify the Company in writing of the occurrence of all transactions conducted on their own account in the Company's shares within four business days of the day on which the transaction occurred.

23.10.2 The Company must notify a RIS of any information notified to it:

23.10.2.1 by the PDMRs;

23.10.2.2 by a Director (or, as far as the Company is aware, any connected person) who has notified the Company of this interest in the Company's shares; and

23.10.3 Such notification must be made to a RIS as soon as possible, and in any event no later than the end of the business day following receipt of the information.

23.11 **Disclosure policy**

23.11.1 It is important that the Company has:

23.11.1.1 a consistent policy for determining what information is sufficiently significant to be price sensitive; and

23.11.1.2 procedures in place for releasing that information promptly to the market.

23.11.2 If any unpublished price sensitive information is inadvertently given to analysts, journalists or others, a full announcement should be made immediately so all users of the market have access to the same information.

23.11.3 A Director should also note that if price sensitive information is to be announced at a shareholders' meeting, a RIS must be given the information no later than the time of the announcement to such meeting.

24 FINANCIAL INFORMATION

The Company, financial statements are subject to National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

In addition, the Company is also required to file Management Discussion & Analysis ("**MD&A**") in accordance to National Instrument 52-107 Management Discussion & Analysis.

MD&A is a narrative explanation, through the eyes of management, of how the Company performed during the period covered by the financial statements, and of the Company's financial condition and future prospects. MD&A complements and supplements financial statements but does not form part of your financial statements.

24.1 **Annual and interim accounts**

24.1.1 The Company must make its annual financial report and MD&A public at the latest four months after the end of each financial year.

24.1.2 The annual financial report must include:

24.1.2.1 audited financial statements (where the Company is required to prepare consolidated accounts such accounts are prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**");

24.1.2.2 a management report containing a fair review of the Company's business and a description of the principal risks and uncertainties facing the Company; and

24.1.2.3 a statement or responsibility for each person within the Company who is responsible for the financial report setting out that to the best of the knowledge of said person:
'the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a

description of the principal risks and uncertainties that they face.'

24.1.3 The Company is also required to make public quarterly financial reports of the Company's financial period and MD&A. Quarterly reports must be published as soon as possible, but no later than two months, after the end of the period to which it relates. Where the Company is required to prepare consolidated accounts the condensed set of financial statements must be prepared in accordance with IAS 34. Where the Company is not required to prepare consolidated accounts, the condensed financial statements must contain as a minimum at least a balance sheet, an income statement, a cash flow statement and comparative figures for the corresponding period in the preceding financial year. Additionally, the quarterly report must be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts, having regard to the accounting standards applicable to such annual accounts.

24.1.4 The quarterly financial report must include:

24.1.4.1 a condensed set of financial statements;

24.1.4.2 an interim management report; and

24.1.4.3 a statement or responsibility for each person within the Company who is responsible for the quarterly yearly financial report.

24.1.5 The Company must also make interim management statements public during containing information covering the period between the beginning of the relevant three-month period and the date of publication of the statement.

24.1.6 The interim management statement must provide:

24.1.6.1 an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of the Company; and

24.1.6.2 a general description of the financial position and performance of the Company during the relevant period.

25 RESTRICTIONS ON DEALINGS

A number of restrictions will be imposed upon dealings in the Company's shares after Listing, details of which are set out in Section 4.

26 COMMUNICATIONS WITH SHAREHOLDERS

26.1 All listed companies may now send accounts and admission documents to shareholders electronically.

27 CORPORATE GOVERNANCE

27.1 The Company's Corporate Governance Manual (the **"Code"**), sets out a code of best practice comprising principles of good corporate governance.

27.2 Other continuing obligations include the guidelines laid down by investor protection committees.

27.3 The Code is good corporate governance for the Company to follow its principles where possible, and where it is practicable given the size and nature of the Company and its business.

28 THE CORPORATE GOVERNANCE MANUAL

The Corporate Governance Manual consists of 5 main principles of good corporate governance, most of which have their own set of supporting principles and more detailed provisions which, in most cases, amplify the principles. The main Sections are as follows:

28.1 Leadership

28.1.1 Every company should be headed by an effective Board that is collectively responsible for the success of the company.

28.1.2 There should be a clear division of responsibilities at the head of the company between the running of the Board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

28.1.3 The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

28.1.4 As part of their role as members of a unitary board, non-executive Directors should constructively challenge and help develop proposals on strategy.

28.2 Effectiveness

28.2.1 The Board and its committees should have the appropriate balance of skills, experience, independence and knowledge of

the company to enable them to discharge their respective duties and responsibilities effectively. There should be a formal, rigorous and transparent procedures for the appointment of new Directors to the Board.

28.2.2 All Directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

28.2.3 All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge.

28.2.4 The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

28.2.5 The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.

28.2.6 All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

28.3 **Accountability**

28.3.1 The Board should present a balanced and understandable assessment of the company's position and prospects. The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems.

28.3.2 The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor.

28.4 **Remuneration**

28.4.1 Levels of remuneration should be sufficient to attract, retain and motivate Directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

28.4.2 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his or her own remuneration

28.5 **Relations with Shareholders**

28.5.1 There should be a dialogue with shareholders based on the mutual understanding of objectives principally through the disclosure officer. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

28.5.2 The Board should use the AGM to communicate with investors and to encourage their participation.

29 **CORPORATE GOVERNANCE GUIDELINES**

29.1 There are twelve (12) broad principles for good corporate governance. The objective of corporate governance is to deliver growth in long term shareholder value by maintaining a flexible, efficient and effective management framework within an entrepreneurial environment. The principles are divided into two sections and address the following areas:

29.1.1 Delivering growth in long term shareholder value:

29.1.1.1 setting out the vision and strategy.

29.1.1.2 managing and communicating risk and implementing internal control.

29.1.1.3 articulating strategy through corporate communication and investor relations.

29.1.1.4 meeting the needs and objectives of a company's shareholders.

29.1.1.5 meeting stakeholder and social responsibilities.

29.1.1.6 using cost effective and value-added arrangements.

29.1.2 Maintaining a flexible, efficient and effective management framework within an entrepreneurial environment:

29.1.2.1 developing structures and processes.

29.1.2.2 being responsible and accountable.

29.1.2.3 having balance on the Board.

29.1.2.4 having appropriate skills and capabilities on the Board.

29.1.2.5 evaluating Board performance and development.

29.1.2.6 providing information and support.

29.2 The roles and responsibilities of the Board of a small or mid-size quoted company, in connection with good governance should placing a particular emphasis on the central role of the Chairman in delivering and maintaining good governance within an effective Board of management. Generally, there are six broad characteristics of an effective Board:

29.2.1 Works as a team led by the Chairman.

Board member selection, taking account of group dynamics and business needs in the medium to long term, and succession planning are important. The Board develops strategy and determines the best way of working in the interests of shareholders and should explain this effectively.

29.2.2 Has a Chairman who demonstrates his responsibility for corporate governance.

The Chairman's main role is to deliver a company's corporate governance model. He must have adequate separation from day-to-day decisions and, save in exceptional circumstances, should not also serve as Chief Executive. Visibility of the Chairman, at results presentations and shareholder meetings, is important in delivering a message that the Board is well run.

29.2.3 Develops and clearly articulates the strategy of the company.

Every Director should be able to explain the strategy, how it will be delivered, how the corporate governance structure facilitates decision making and why that structure is appropriate for the company. Non-compliance with corporate governance models is acceptable if well-justified and in the best interests of shareholders and if well communicated.

29.2.4 Evaluates its performance and acts on the conclusions.

The Board should disclose its objectives and targets for improving performance, rather than describing the evaluation process. Effective induction and regular training are also key.

29.2.5 Regularly informs and engages with shareholders.

The Chairman must ensure effective lines of dynamic dialogue with all shareholders. Positive communication and healthy discussion enables shareholders to discharge their responsibilities and enables companies to benefit from the insight and market expertise of well informed shareholders. Part of the discussion will include whether Directors should require annual re-election.

29.2.6 Has a balance of skills, experience and independence.

The right mix of skills and experience is necessary to delivery the company's strategy for the benefit of the shareholders as a whole. No member of the Board should be indispensable. The promotion of greater Board diversity, including as to gender, should be seriously considered by public companies.

29.3 An effective Board also sets out the provisions on Director independence placing emphasis on remuneration in shares and on the independence of Directors representing major shareholders as issues that might affect a Director's judgement. Companies should explain both in their annual report and in discussions with shareholders why they consider Directors to be independent.

29.4 The company should have at least two independent non-executive Directors. The Chairman may be one of those two independent Directors, provided he is not an insider.

29.5 As a matter of good corporate governance, the responsibilities generally fall on the Board as a whole, each individual Director is responsible for ensuring compliance the Company's Corporate Governance Manual.

30 LIABILITY OF NON-EXECUTIVE DIRECTORS

30.1 Non-executive Directors, by the very nature of their limited involvement, have less day to day knowledge of the affairs of the Company than the Executive Directors, and yet have the same liabilities and are expected to carry out their responsibilities with the same care, skill and diligence.

30.2 The Institute of Corporate Directors (**"ICD"**) published a guidance note on the liability of non-executive Directors, setting out what steps non-executive Directors may, and should, take in order to enable them to demonstrate to a court or regulator that they have exercised care, skill and diligence.

30.3 Prior to joining the Board the prospective non-executive Director should:

30.3.1 undertake his own due diligence to ensure that the organisation is one in which he can have confidence, and to which he can make a valuable contribution.

30.3.2 understand that more is expected of a Director with a specific skill set or experience (for example specific sector experience, or a background in finance) and the duty of care, skill and diligence to be exercised is that which would be exercised by a person with:

30.3.2.1 the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions to be carried out by the Director; and

30.3.2.2 the general knowledge, skill and care expected of a person with the Director's specific knowledge and skills;

30.3.3 recognise that part of a non-executive Director's role is to uphold high standards of integrity and probity, and to support the Chairman and executive Directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond. Accordingly, he/she should use the due diligence process as an opportunity to ask questions of the executive Board to enable him/her to make judgements as to such cultures, values and behaviours already associated with the Board;

30.3.4 review with care the letter of appointment, in particular in connection with the minimum hours to be committed to the Company – it should be sufficient to allow the Director to properly carry out his duties;

30.3.5 recognise that he/she needs to be available at all times;

30.3.6 ensure that he/she fully understands Canadian regulation and Exchange policies/rules in relation to conflicts of interest, gifts and hospitality, and declare any actual conflicts before being appointed.

30.4 Upon appointment to the Board a non-executive Director should:

30.4.1 have input into a comprehensive and tailored induction programme and have responsibility for ongoing appropriate training and development, including keeping abreast of

developments within the Company, its sector, and the legal and regulatory frameworks applicable to the Company;

30.4.2 recognise that his/her role is to provide independence, oversight and constructive challenge to the Board in contrast to the executive role which is to manage the business. He/She should contribute to the development and strategy of the Company and bring specific relevant expertise to Board committees such as audit or remuneration committees;

30.4.3 ensure that he/she receives, well in advance (so as to ensure availability for attendance), schedules for Board and committee meetings;

30.4.4 insist on receiving high quality information sufficiently in advance of meetings, as well as other important information between meetings;

30.4.5 speak to executive Board members at any time over any concerns that he/she may have, as well as speaking to company advisers, or even take independent advice (at the company's expense) if he/she considers it necessary to do so in order to properly discharge his responsibilities;

30.4.6 ensure that he/she makes decisions objectively in the interests of the Company – and therefore he/she should not be so dependent upon his/her income from the Company as to influence his independent judgement;

30.4.7 familiarise himself/herself with the Company's procedures for recording potential or actual conflicts of interest and receipt of corporate hospitality or gifts, and ensure that he keeps the company informed of any changes/new circumstances;

30.4.8 appreciate circumstances that may necessitate his/her resignation from the Board, and that if such circumstances arise, they should be discussed with the Chairman, senior independent director and/or other Directors.

31 THE CORRUPTION OF FOREIGN PUBLIC OFFICIALS ACT (CFPOA)

CFPOA is the Canadian legislation implementing its obligations under the UN Convention against Corruption. The CFPOA applies to persons and companies. It is an offence if he/she in order to obtain or retain an advantage gives, offers or agrees to give or offer a benefit of any kind to a foreign public official or to any person for the benefit of a foreign public official (a) as consideration for an act by the official in connection with the official's duties, or (b) to induce the official to use their position to influence any acts of the foreign state or public international organisation.

The maximum penalties for offences include 14 years' imprisonment and significant fines.

31.1 The Bribery Act applies to:

31.1.1 Organisations which:

31.1.1.1 are a body that is incorporated under the law of any part of Canada and that carries on a business.

31.1.1.2 any other body corporate (wherever incorporated) that carries on a business, or part of a business, in any part of Canada.

31.1.1.3 a partnership that is formed under the law of any part of Canada and that carries on a business.

31.1.1.4 any other partnership (wherever formed) that carries on a business, or part of a business, in any part of Canada.

31.2 So far as companies incorporated outside Canada namely subsidiaries of the company It would not expect, for example, that:

31.2.1 the mere fact that a company is admitted to the TSX-V and to trading will qualify it as carrying on a business in Canada; or

31.3 Pursuant to the Bribery Act it would cover, in addition to the Company, its Directors and employees (including in connection with the affairs of the Group, those who may not be Canadian citizens, and/or who may be resident abroad) and its operations whether in Canada or overseas. It created a number of offences, notably:

31.3.1 it extended the crime of bribery to cover all private sector transactions (previously bribery offences were confined to transactions involving public officials and agents);

31.3.2 it created a new strict liability offence of failing to prevent bribery;

31.3.3 its scope is extensive – the offences are very broadly defined and it has significant extra-territorial reach; and

31.3.4 the offences contained in the Bribery Act carry criminal penalties for individuals and organisations. For individuals, a maximum prison sentence of fourteen years and/or an unlimited fine can be imposed; for companies, an unlimited fine can be imposed.

31.4 The Act created the following offences:

31.4.1 establishes or maintains accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards;

31.4.2 makes transactions that are not recorded in those books and records or that are inadequately identified in them;

31.4.3 records non-existent expenditures in those books and records;

31.4.4 enters liabilities with incorrect identification of their object in those books and records;

31.4.5 knowingly uses false documents; and

31.4.6 intentionally destroys accounting books and records earlier than permitted by law.

31.5 A commercial organisation commits an offence if a person associated with it bribes another person for that organisation's benefit.

31.6 A person is “associated” with a commercial organisation if it performs services for or on behalf of the organisation, regardless of the capacity in which they do so. This will therefore be construed broadly and could cover our agents, employees, subsidiaries, intermediaries, joint venture partners and suppliers, all of whom could render companies with the Group guilty of this offence.

31.7 The organisation has a defence if it can prove it had “**adequate procedures**” in place to prevent bribery. “Adequate procedures” were not defined in the Bribery Act but the Ministry of Justice published guidance on what will constitute adequate procedures.

The guidance sets out six principles which should inform the procedures put in place by an organisation to prevent bribery. These principles are as follows:

31.7.1 **Principle One – Proportionate Procedures**

An organisation's procedures to prevent bribery by persons associated with it should be proportionate to the bribery risks it faces and to the nature, scale and complexity of the commercial organisation’s activities. They should also be clear, practical, accessible, effectively implemented and enforced.

31.7.2 **Principle Two – Top Level Commitment**

The top-level management of an organisation (be it a Board of Directors, the owners or any other equivalent body or person) should be committed

to preventing bribery by persons associated with it. They should foster a culture within the organisation in which bribery is never acceptable.

31.7.3 **Principle 3 – Risk assessment**

The organisation should assess the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. The assessment should be periodic, informed and documented.

31.7.4 **Principle 4 – Due diligence**

The organisation should apply due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

31.7.5 **Principle 5 – Communication (including training)**

The organisation should seek to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training, that is proportionate to the risks it faces.

31.7.6 **Principle 6 – Monitoring and review**

The organisation should monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where necessary.

31.8 The guidance notes that bribery prevention procedures should be proportionate to the size and operations of an organisation, but the outcome should always be robust and effective anti-bribery procedures.

31.9 The potential consequences of being convicted of a bribery offence include criminal penalties for both individuals and companies:

31.9.1 Individuals can be jailed for up to fourteen years and/or receive an unlimited fine.

31.9.2 Companies can receive **unlimited** fines.

31.9.3 **"Senior officers"** (which is broadly defined and includes Directors) can also be convicted of an offence where they are deemed to have given their consent or connivance to giving or receiving a bribe or bribing a foreign public official. Importantly, it is possible that omitting to act might be regarded as consent or connivance and lead to prosecutions, fines and/or imprisonment.

31.9.4 A Director convicted of a bribery offence is also likely to be disqualified from holding a Director position.

32 REVERSE TAKEOVER

32.1 The TSX Policy 5.2 Changes of Business and Reverse Takeovers Listing applies to the Company with a listing of equity shares or certificates representing equity securities, such as global depositary receipts.

32.2 A reverse takeover is a transaction, whether effected by way of a direct acquisition by the Issuer or a subsidiary, an acquisition by a new holding company of the issuer or otherwise, of a business, a company or assets:

32.2.1 where new Shareholders holding more than 50% of the outstanding voting securities of the Issuer; and

32.2.2 which in substance results in a fundamental change in the business or in a change in the Board or voting control of the issuer.

32.3 The following factors are indicators of a fundamental change:

32.3.1 the extent to which the transaction will change the strategic direction or nature of its business; or

32.3.2 whether its business will be part of a different industry sector following the completion of the transaction; or

32.3.3 whether its business will deal with fundamentally different suppliers and end users.

32.4 The requirements for a reverse takeover are extensive and can include:

32.4.1 **Requirement for a suspension:**

32.4.1.1 an issuer must contact the TSX as early as possible:

(a) before announcing a reverse-takeover which has been agreed or is in contemplation, to discuss whether a suspension of listing is appropriate; or

(b) where details of the reverse takeover have leaked, to request a suspension. the issuer to contact the TSX as soon as possible before announcing the transaction or if there is a leak to discuss whether a suspension.

32.4.1.2 situations where a reverse takeover is in contemplation includes where:

(a) the issuer has approached the target's board;

(b) the issuer has entered into an exclusivity period with a target; or

(c) the issuer has been given access to begin due diligence work (whether or not on a limited basis).

33 **CANCELLATION**

If the Company ceases to meet the continued listing requirements of the Toronto Stock Exchange or breaches the exchange requirements, or if the exchange considers that it would be in the public interest to do so, the exchange may delist the Company's listed shares.

The Company may request at any time request that the Toronto Stock Exchange delist all or any class of its Listed Shares from trading on the Exchange in accordance with TSX Policy 2.9 Trading Halts, Suspensions and Delisting.