

**CANACOL ENERGY LTD. (“CANACOL”)**  
**AUDIT COMMITTEE’S TERMS OF REFERENCE**

**I. Mandate**

The primary function of the audit committee (the “**Committee**”) is to assist the board of directors of Canacol (the “**Canacol Directors**”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by Canacol to regulatory authorities and shareholders, Canacol’s systems of internal controls regarding finance and accounting, and Canacol’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, Canacol’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor Canacol’s financial reporting and internal control system and review Canacol’s financial statements.
- Review and appraise the performance of Canacol’s external auditors.
- Provide an open avenue of communication among Canacol’s auditors, financial and senior management and the Canacol Directors.

**II. Composition**

The Committee shall be comprised of three directors as determined by the Canacol Directors, the majority of whom shall be independent directors, pursuant to the policies of the TSX Venture Exchange.

At least one member of the Committee shall have accounting or related financial management expertise. It is the goal of Canacol that all members of the Committee are financially literate. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of Canacol’s Charter, the definition of “financially literate” is 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 presumably be expected to be raised by Canacol’s financial statements.

The members of the Committee shall be elected by the Canacol Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the Canacol Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

**III. Meetings**

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be

distributed to the Audit Committee members with copies to the Canacol Directors, the Chief Financial Officer or such other officer acting in the capacity and the external auditor.

#### **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

##### **Documents/Reports Review**

1. Review and update this Charter annually.
2. Review Canacol's financial statements, MD&A and any annual and interim earnings, press releases before Canacol publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

##### **External Auditors**

3. Require the external auditors to report directly to the Committee.
4. Review annually the performance of the external auditors who shall be ultimately accountable to the Canacol Directors and the Committee as representatives of the shareholders of Canacol.
5. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and Canacol and confirming their independence from Canacol.
6. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
7. Take, or recommend that the Canacol Directors take, appropriate action to oversee the independence of the external auditors.
8. Recommend to the Canacol Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
9. Review with management and the external auditors the terms of the external auditors' engagement letter.
10. At each meeting, consult with the external auditors, without the presence of management, about the quality of Canacol's accounting principles, internal controls and the completeness and accuracy of Canacol's financial statements.
11. Review and approve Canacol's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of Canacol.
12. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

13. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by Canacol's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
- (i) the aggregate amount of all such non-audit services provided to Canacol constitutes not more than five percent of the total amount of revenues paid by Canacol to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by Canacol at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by Canacol and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of Canacol Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### **Financial Reporting Processes**

- 14. In consultation with the external auditors, review with management the integrity of Canacol's financial reporting process, both internal and external.
- 15. Consider the external auditors' judgments about the quality and appropriateness of Canacol's accounting principles as applied in its financial reporting.
- 16. Consider and approve, if appropriate, changes to Canacol's auditing and accounting principles and practices as suggested by the external auditors and management.
- 17. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- 18. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- 19. Review any significant disagreement among management and the external auditors regarding financial reporting.
- 20. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- 21. Review certification process.
- 22. Establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by Canacol regarding accounting, internal accounting controls, or auditing matters; and

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

**Other**

- 23. Review any related-party transactions.

**V. Authority**

The Committee may:

- (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to Canacol's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

# WHISTLE BLOWER POLICY

## Introduction

**CANACOL ENERGY LTD.** and its subsidiaries (the “**Corporation**”) are committed to the highest standards of openness, honesty and accountability. In line with that commitment, we expect employees and others that we deal with who have serious concerns about any aspect of the Corporation’s activities and operations to come forward and voice those concerns.

Employees are often the first to realize that there may be something seriously wrong within the Corporation. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Corporation. They may also fear recrimination, harassment or victimization. In these circumstances, they may feel it would be easier to ignore the concern rather than report what may just be a suspicion of wrong-doing.

This policy document makes it clear that employees can report wrong-doings or suspected wrong-doings without fear of victimization, subsequent discrimination or disadvantage. This Whistle Blower Policy is intended to encourage and enable employees to raise serious concerns within the Corporation rather than overlooking a problem or seeking a resolution of the problem outside the Corporation.

This Policy applies to all employees and those contractors working for the Corporation. It is also intended to provide a method for other stakeholders (suppliers, customers, shareholders etc.) to voice their concerns regarding the Corporation’s business conduct.

The Policy is also intended as a clear statement that if any wrongdoing by the Corporation or any of its employees or by any of its contractors or suppliers is identified and reported to the Corporation, it will be dealt with expeditiously and thoroughly investigated and remedied. The Corporation will further examine and implement the means of ensuring that such wrongdoing can be prevented in future.

A whistleblowing or reporting mechanism invites all employees and other stakeholders to act responsibly to uphold the reputation of their organization and maintain public confidence. Encouraging a culture of openness within the organization will also help this process. This Policy aims to ensure that serious concerns are properly raised and addressed within the Corporation.

### 1. **What is Whistleblowing?**

Employees are usually the first to know when something is going seriously wrong. A culture of turning a “blind eye” to such problems means that the alarm is not sounded and those in charge do not get the chance to take action before real damage is done. Whistleblowing can therefore be described as giving information about potentially illegal and/or underhanded practices i.e. wrong doing.

### 2. **What is wrong doing?**

Wrong doing involves any unlawful, illegal or otherwise improper behaviour and can include:

- An unlawful act whether civil or criminal;
- Breach of or failure to implement or comply with any approved policy of the Corporation, including the internal financial controls approved by the Corporation;
- Knowingly breaching federal or provincial laws or regulations;

- Unprofessional conduct or conduct that is below recognized, established standards of practice;
- Questionable accounting or auditing practices;
- Dangerous practice likely to cause physical harm / damage to any person/property;
- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to the Corporation;
- Abuse of power or authority for any unauthorized or ulterior purpose; and
- Unfair discrimination in the course of employment or provision of services.

This list is not exhaustive, but is intended to give an indication of the kind of conduct which might be considered as “wrong doing”.

### 3. **Who is protected?**

This Policy is set in the context of the regulatory provisions of the Canadian Securities Association (CSA) Multilateral Instrument 52-110 - Audit Committees. Any employee who makes a disclosure or raises a concern under this Policy will be protected if the employee:

- Discloses the information in good faith;
- Believes it to be substantially true;
- Does not act maliciously or make knowingly false allegations; and
- Does not seek any personal or financial gain.

### 4. **Who should you contact?**

Any one with a complaint or concern about the Corporation should try to contact their supervisor or manager responsible for the group which provides the relevant service. This depends however, on the seriousness and sensitivity of the issues involved and who is suspected of malpractice.

As an alternative, they could contact (i) Charle Gamba, President, CEO and a director at (281) 210-8456; (ii) Brian Hearst, Chief Financial Officer at (403) 237-9925; or (iii) Trevor P. Wong-Chor, external legal counsel for the Corporation at (403) 698-8711.

### 5. **How the Corporation will respond**

The Corporation will respond positively to your concerns. Where appropriate, the matters raised may:

- (a) be investigated by management, the Board of Directors, internal audit (when implemented), or through the disciplinary process;
- (b) be referred to the police;
- (c) be referred to the external auditor or external legal counsel; and
- (d) form the subject of an independent inquiry.

In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

Within ten working days of a concern being raised, the responsible officer will write to you:

- (a) acknowledging that the concern has been received;
- (b) indicating how he/she proposes to deal with the matter;
- (c) giving an estimate of how long it will take to provide a response;
- (d) telling you whether any initial enquiries have been made; and
- (e) telling you whether further investigations will take place and if not, why not.

The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Corporation will seek further information from you.

The Corporation will take steps to minimize any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Corporation will arrange for you to receive advice about the procedure.

The Corporation accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcomes of any investigation.

## 6. **Time Frames**

Concerns will be investigated as quickly as possible. It should be borne in mind that it may be necessary to refer a matter to an external agency and this may result in an extension of the investigative process. It should also be borne in mind that the seriousness and complexity of any complaint may have an impact on the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time frame for investigating the complaint.

## 7. **Prevention of recriminations, victimization or harassment**

The Corporation will not tolerate an attempt on the part of anyone to apply any sanction or detriment to any person who has reported to the Corporation a serious and genuine concern that they may have about an apparent wrongdoing.

## 8. **Confidentiality and Anonymity**

The Corporation will respect the confidentiality of any whistle blowing complaint received by the Corporation where the complainant requests that confidentiality. However, it must be appreciated that it will be easier to follow up and to verify complaints if the complainant is prepared to give his or her name.

## 9. **False and Malicious Allegations**

The Corporation is proud of its reputation with the highest standards of honesty. It will therefore ensure that substantial and adequate resources are put into investigating any complaint which it receives. However, the Corporation will regard the making of any deliberately false or malicious allegations by any employee of the Corporation as a serious disciplinary offence which may result in disciplinary action, up to and including dismissal for cause.

**CANACOL ENERGY LTD.**  
**(the “Corporation”)**

**POLICY REGARDING  
INSIDER TRADING AND REPORTING**

The purpose of this Policy is to summarize the insider trading restrictions to which directors, officers and certain employees are subject under applicable securities legislation, and to set forth a policy governing investments in the shares of the Corporation and the reporting thereof which is consistent with the legislation.

This Policy is not intended to discourage investment in the Corporation’s shares. Rather, it is intended to highlight the obligations and the restrictions imposed on insiders by relevant securities legislation.

**Summary of Legislation**

Securities legislation prohibits any person in a “special relationship” with the Corporation from either:

1. purchasing or selling the Corporation’s shares with the knowledge of a material fact or material change concerning the Corporation that has not been generally disclosed; or
2. informing (or “**tipping**”), other than when necessary in the course of business, another person or corporation of a material fact or material change concerning the Corporation before the material fact or material change has been generally disclosed. A material change to the business or affairs of the Corporation or a material fact is one which would reasonably be expected to have an effect on the market price or value of any securities of a public issuer. A material change is specifically defined to include any decision by a board of directors to implement a material change, as well as any decision made to implement such a change by senior management, if Board approval is probable.

This prohibition applies to any of the following persons who are deemed to have a “special relationship” with the Corporation.

1. directors, officers, employees and consultants of the Corporation;
2. persons or corporations who learn of a material fact or material change concerning the Corporation.

While the penalties for a breach of this prohibition vary among jurisdictions, a breach may render you personally liable to prosecution and, upon conviction, to a fine not exceeding one million dollars or two years in jail, or both. Further, you may be subject to civil actions at the instance of certain security holders, the companies whose securities were traded, various securities commissions, or any of these.

You should note that any person who is associated with you, including any member of your family, your spouse or any person living with you, is also deemed to be a person in a special relationship with the Corporation, and is subject to the same legal obligations and duties.

**Trading Prohibitions**

In light of the foregoing, all directors, officers and employees of the Corporation will be subject to the following prohibitions relating to investments in the Corporation’s securities and securities of other public issuers:

1. If one has knowledge of a material fact or material change related to the affairs of the Corporation or any public issuer involved in a transaction with the Corporation which is not generally known, no purchase or sale may be made until the information has been generally disclosed to the public and the blackout periods set forth below have expired.
2. Knowledge of a material fact or change must not be conveyed to any other person for the purpose of assisting that person in trading securities.
3. The practice of selling "short" securities of the Corporation at any time is not permitted.
4. The practice of buying or selling a "call" or "put" or any other derivative security in respect of the securities of the Corporation is not permitted.
5. Trading is prohibited in the event that the Corporation has provided notice of a pending material fact or material change until the information has been generally disclosed to the public and the blackout periods set forth below have expired.

For purposes of this Policy, public issuer includes any issuer, whether a corporation or otherwise, whose securities are traded in a public market, whether on a stock exchange or "over the counter".

The above prohibitions and the insider reporting obligations provided below applies equally to the trading or exercising of options of the public issuer.

### **Insider Reporting Obligations**

Under current Alberta law, a person or Corporation who becomes an insider of the Corporation must file an insider report within 10 days of the date of becoming an insider. In addition, an insider whose direct or indirect beneficial ownership of or control or direction over securities of the Corporation changes, must file an insider report of the change within 10 days of the date of the change.

Some other Canadian jurisdictions require the filing of the Insider Report within 10 days of the end of the month during which the person became an insider or the change occurred. By complying with the Alberta legal requirements in this regard, insiders will also be in compliance with the laws of other relevant jurisdictions.

Generally, securities legislation defines insiders as:

- every director or "senior officer" (as defined below) of a public issuer;
- every director or senior officer of an issuer that is itself an insider of a public issuer, which includes its subsidiaries;
- any person or Corporation that:
  - (a) beneficially owns, directly or indirectly, voting securities of a public issuer, or
  - (b) exercised control or direction over voting securities of a public issuer, or
  - (c) beneficially owns, directly or indirectly, certain voting securities of a public issuer and exercises control or direction over certain other voting securities of a public issuer,

carrying more than 10% of the voting rights attached to all voting securities of the public issuer for the time being outstanding other than voting securities held by the person or Corporation as underwriter in the course of distribution.

Generally, a “senior officer” is:

- The Chairman or Vice-Chairman of the Board of Directors, the President, Vice-President, Secretary, Comptroller, Treasurer or General Manager or any other individual who performs functions for the issuer similar to those performed by an individual occupying that office; and
- Each of the 5 highest paid employees of an issuer, including any individual referred to above.

A copy of the insider report may be obtained from the Corporation and is required to be filed electronically on SEDI.

It is each insider’s personal responsibility to ensure that all requisite insider trading reports are filed with the appropriate securities commissions within the statutory time limits.

### **Blackout Periods**

In order to ensure uniform compliance with securities legislation, the Corporation has made the following provision for blackout periods during which restricted persons, directors, officers and employees who are routinely in possession of undisclosed material information, are prohibited from trading in the Corporation’s securities.

Periodic, Regular Disclosure (Quarterly and Annual Financial Results)

- For each quarter, the blackout period is the seven days immediately preceding the day of the Board or Audit Committee meeting at which the financial statements are to be reviewed and/or approved and terminating at the end of the business day following the release.
- Financial results release dates are approximate and will vary on a yearly basis.

### **Unscheduled Developments**

Unscheduled developments are significant corporate acquisitions, divestitures, contract negotiations, asset write downs, or similar transactions that will generally result in a material change in the affairs of the Corporation.

- The blackout period begins as soon as management is aware of the development, and continues until the end of the business day following the release, unless otherwise determined by the Board.
- If you are unsure whether or not you may trade in a given circumstance, you should contact the President or Chief Financial Officer to determine if the particular information is or is not material.

**CANACOL ENERGY LTD.**  
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**POLICY REGARDING  
DISCLOSURE AND CONFIDENTIALITY**

This Policy provides the Corporation’s approach to disclosure of material information and maintaining the confidentiality of information. This Policy is intended to complement the Corporation’s existing “Policy Regarding Insider Trading and Reporting” (the “**Insider Trading Policy**”).

This Policy, together with the Insider Trading Policy, is intended to assist the Corporation in complying with securities laws governing corporate disclosure, confidentiality and insider trading (collectively, the “**Disclosure Rules**”). The Corporation believes that compliance with the Disclosure Rules is essential to maintaining investor confidence in management of the Corporation and the integrity of the market for the Corporation’s securities.

**Disclosing Material Information**

Under the Disclosure Rules, “material information” is information that has a significant effect, or would reasonably be expected to have a significant effect, on the market price of the Corporation’s securities. The Corporation must disclose material information to the public immediately, unless early disclosure would be unduly detrimental to the Corporation. In such cases, the information may be kept confidential for a limited period of time.

The officers responsible for determining whether particular information is material and must therefore be disclosed, or may be kept confidential in compliance with the Disclosure Rules are:

- President and Chief Executive Officer
- Chief Financial Officer

At least one of the above named officers (the “**Responsible Officers**”) should be involved in, and provide input to, the decision as to whether certain information is material and must therefore be disclosed in accordance with the Disclosure Rules. In the event of a failure to achieve consensus with respect to the decision and timing of disclosure, the decision of the President, or in his absence, the Secretary should prevail.

In order to assist the Responsible Officers in deciding on what information is material, the following developments are likely to require prompt disclosure:

- Changes or proposed changes in share ownership that may affect control of the Corporation.
- Changes or proposed changes in corporate structure through a business combination, reorganization or amalgamation.
- Proposed takeover bids or issuer bids.
- Proposed material corporate acquisitions or dispositions. A guideline for “materiality” in this respect is the “value” of the acquisition or disposition being 15% or more of the then present market value of the Corporation’s common shares.

- The borrowing of a significant amount of funds, outside the ordinary course of business.
- A proposed public or private sale of additional securities of the Corporation.
- Entering into or loss of "significant" contracts.
- Significant results from exploration activities.
- Significant changes in capital investment plans or corporate objectives.
- Significant changes in management.
- Significant litigation.
- Significant labour disputes or disputes with major contractors or suppliers.
- Events of default under financing or other significant agreements.

The President is primarily responsible for the content of any press release disclosing material information.

The President should be primarily responsible for communications with the media, securities analysts, shareholders and prospective investors. In the absence of the President, this responsibility falls to the Chief Financial Officer. This responsibility may be delegated to responsible persons at any investor relations firm engaged by the Corporation for such purpose.

In order to ensure that the Responsible Officers are able to fully comply with the Disclosure Rules and this Policy, it is important that such officers:

- Be completely familiar with the operations of the Corporation and up to date on any pending material developments; and
- Have a sufficient understanding of the Disclosure Rules to be able to decide whether or not particular information is material.

To this end, the Chief Financial Officer shall be responsible for maintaining a file containing all relevant public information about the Corporation, including the following documentation produced since the commencement of the last completed fiscal year of the Corporation:

- Annual Report.
- Management Information Circular.
- Annual Information Form.
- News Releases.
- Analysts' Research Reports.
- Articles appearing in newspapers, periodicals and other publications.

- Current fact sheet and other information included in the Corporation's investor information package.

### **Maintaining the Confidentiality of Information**

As set forth above, the Disclosure Rules contemplate restricted circumstances in which disclosure of material information may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the Corporation.

To the extent practicable, the Responsible Officers shall consult legal counsel with respect to the timing of disclosure.

In order to assist the Responsible Officers in making an appropriate determination, the following are examples of circumstances in which the Responsible Officers may conclude that the disclosure would be unduly detrimental to the Corporation's interests:

- Release of the information would prejudice the ability of the Corporation to pursue specific and limited objectives or to complete a transaction or series of transactions that are currently underway. For example, premature disclosure of the fact that the Corporation intends to purchase a significant asset may increase the cost of making the acquisition.
- Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be confidential if the detriment to the Corporation resulting from disclosure would outweigh the detriment to the market in not having access to the information. Such information should not be withheld if it is available to competitors from other sources.
- Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with a transaction, or at a later point in time, finalization of the terms of the transaction.

In order to keep material information confidential, the Responsible Officers should ensure that:

- The information is not disclosed to any other person in or outside the Corporation, except in the necessary course of business.
- If the information is required to be disclosed in the necessary course of business, the persons receiving such information understand that it is to be kept confidential and that to the extent possible, such persons enter into agreements with the Corporation prohibiting disclosure or use of the information in any way, other than for the purposes of the particular transaction under discussion or negotiation, if any.
- There is no selective disclosure of confidential information to third parties including, without limitation, brokers, research analysts or investors.

In the event that selective disclosure of confidential information inadvertently occurs, the Responsible Officers shall ensure that the Corporation immediately discloses such information publicly by issuing a news release and reports the inadvertent disclosure to the Corporate Governance and Compensation Committee of the Corporation (the "Governance Committee").

In order to assist the Responsible Officers to maintain confidentiality of information, particularly in the context of a proposed or ongoing transaction, the Responsible Officers should ensure that:

- Only those persons directly responsible for the negotiation or implementation of a transaction be permitted access to confidential documents and other information relating to the transaction.
- All such documentation and information be clearly marked “Confidential” and be maintained in places that other persons do not have access to.
- Ensure that confidential documents being prepared or maintained on the Corporation’s computer systems are “password protected” in order to avoid electronic access from third parties.
- All staff are advised in writing at the outset of a particular transaction that all information and documentation respecting such transaction is to be kept confidential and that communications of any kind regarding investment in the Corporation’s securities should cease, in order to avoid influencing the investment decisions of third parties in circumstances where the persons are prohibited from trading in the Corporation’s securities.

### **Electronic Communications Disclosure**

The Corporation recognizes that dissemination of information via electronic mail, the Corporation’s website or otherwise through the Internet is subject to the Disclosure Rules and is viewed by the Corporation as an extension of its formal corporate disclosure record. However, the Corporation also recognizes that the responsible use of electronic media will permit the Corporation to make information accessible, accurate and timely for shareholders and prospective investors.

The following Disclosure Rules are applicable to all corporate disclosure by the Corporation through electronic communications:

- The Corporation must ensure that material information posted on its website and the websites of its subsidiaries is not misleading. Material information is misleading if it is incomplete, incorrect or omits facts so as to make another statement misleading. In this regard, the Corporation shall regularly review and update or correct the information on applicable websites. In addition, since providing incomplete information or omitting material facts may also be misleading, the Corporation shall include on its website all news releases, not just favourable ones. To the extent possible, documents posted on a website should be posted in their entirety.
- The Corporation’s directors, officers and employees are prohibited from using the Internet to “tip” or discuss in any form undisclosed material information about the Corporation. In addition, the Corporation shall not post a material news release on its website or distribute the news release by electronic mail before it has been disseminated on a news wire service in accordance with the Disclosure Rules.
- If the Corporation is considering a public distribution of its securities, the Corporation should carefully review its website in consultation with the Corporation’s legal advisors in advance of and during the offering. Documents related to the public distribution of securities should only be posted on the website if they are filed with and received by the appropriate securities regulator. All promotional materials related to the distribution should be reviewed before they are posted on the website to ensure that such materials are consistent with the disclosure made in the offering documents.

The Chief Financial Officer shall be primarily responsible for compliance with the Corporation's policy on electronic communications. This responsibility includes ensuring that the websites of the Corporation and its subsidiaries are properly reviewed and updated. The following guidelines apply to the Corporation's website:

- All material public documents shall be posted on the website as soon as practicable following dissemination, which public documents include the annual report (including financial statements), the interim financial statements, news releases, management proxy circulars and any other formal communications to shareholders.
- All supplemental information provided to analysts and other market observers but not otherwise distributed publicly should be posted on the website as soon as practicable following its distribution. Supplemental information includes such material as fact sheets, highlighted financial information, brochures or other materials distributed to such persons.
- The website shall contain an e-mail link for investors to communicate directly with the Corporation and/or an investor relations firm retained by the Corporation, if any. The only information that may be transmitted electronically is the information that is currently or should be posted on the website.
- The Corporation shall maintain an electronic mail distribution list, permitting users to access its website to subscribe to receive electronic delivery of news directly from the Corporation after the information has been disseminated on a news wire service.

The Corporation recognizes that all correspondence received and sent via e-mail by employees of the Corporation and its subsidiaries is corporate correspondence. As such, employees are prohibited from participating through Internet chat rooms or news groups in discussions relating to the Corporation or its securities.

As a general rule, the Corporation shall not post any investor relations information on its website that is not authored by the Corporation. In particular, the Corporation shall not post reports prepared by security analysts with respect to the Corporation or its securities. However, upon receiving a request from an investor, an electronic or hard copy of analyst reports may be sent to the investor provided that the following safeguards are taken:

- Permission to reprint and/or send the report has been obtained in advance from the analyst.
- The transmitting correspondence clearly indicates that the information represents the views of the analyst and not necessarily those of the Corporation. The entire analyst report, together with any updates prepared by the analyst, shall be forwarded.
- All analyst reports that are available to the Corporation and that the Corporation has permission to distribute should be distributed to the investor. To the extent that to the knowledge of the Corporation, there are other reports available that are not in the possession of the Corporation or that the Corporation does not have permission to distribute, the transmitting correspondence shall provide a list of those analysts together with contact information so that investors may contact the analyst directly.

To the extent that the Corporation establishes links between its website and third party sites, a disclaimer should be included that the user is leaving the Corporation's website and that the Corporation is not responsible for the contents of the other website. In addition, the Corporation's website shall clearly

distinguish the section containing investor relations information from sections containing other information, particularly those related to suppliers or customers to the business of the Corporation or its subsidiaries. For this purpose, the website shall maintain links to the websites of the Corporation's subsidiaries.

Investor relations information shall be recorded on the Corporation's website such that the most recent information appears first. News releases shall be maintained on the website for a minimum period of one year from the date of issue. Financial statements shall be maintained for a minimum period of one year from the date of issue. The minimum retention period for all other investor relations information posted on the website shall be determined by the President after consultation with the other Responsible Officers.

If the Corporation becomes aware of a rumour on a chat room, news group or any other source that may have a material influence on the price of its common shares, one of the Responsible Officers shall immediately contact RS, or such other party responsible for market surveillance on behalf of the stock exchange on which the Corporation's shares are traded, to consult as to whether it is necessary or advisable in the circumstances to issue a clarifying news release.

The Corporation shall establish procedures to assure maximum security of its website and electronic mail. In particular, the Corporation shall ensure that up to date encryption technology is applied to all electronic communications sent both internally (through a network or otherwise) and externally to third parties. To ensure the security of its electronic communication, the Corporation shall establish the following procedures:

- The securities systems implemented to protect the integrity of the Corporation's website and electronic mail shall be reviewed weekly.
- The Corporation's website shall be monitored weekly to ensure that the site is accessible and has not been altered.