

## **CORPORATE DISCLOSURE POLICY**

### **1. Purpose of this Policy**

The board of directors (the “Board”) of Micromem Technologies Inc. (the “Company”) has adopted this Corporate Disclosure Policy (the “Policy”) to ensure that the Company’s communications with the investment community, the media and the general public are: (i) timely, factual and accurate; and (ii) broadly disseminated in accordance with all applicable legal and regulatory requirements.

It is fundamental that everyone investing in securities of the Company has equal access to information that may affect their investment decisions. All Company Personnel (as hereinafter defined) are required to make the Disclosure Committee (as hereinafter defined) aware of any circumstances or events that could reasonably be considered to be “material information” in the context of this Policy.

The Policy confirms in writing the Company’s existing disclosure policies and practices. Its goal is to raise awareness of the Company’s approach to disclosure among Company Personnel (as defined below).

### **2. Application of the Policy**

The Policy applies to all directors, officers, employees and contractors of the Company and its subsidiaries (who are collectively referred to as “Company Personnel”).

The Policy covers disclosures in documents filed with securities regulators, financial and non-financial disclosure, including management’s discussion and analysis (“MD&A”) and written statements made in the Company’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the Company’s website and other electronic communications. It extends to oral statements in meetings and telephone conversations with analysts and investors, interviews with the media, as well as speeches, press conferences and conference calls.

### **3. Disclosure Committee/Audit Committee**

The Company has established a committee responsible for all regulatory disclosure requirements and for overseeing the Company’s disclosure practices (the “Disclosure Committee”). The Disclosure Committee shall for the moment operate as a component of the Audit Committee. The Disclosure

Committee shall consist of a majority of independent Directors and include the CFO on all correspondence and Chief Information Officer (“CIO”).

The Disclosure Committee is responsible for:

- a) Developing and implementing the Policy;
- b) Monitoring the effectiveness of and compliance with the Policy;
- c) Educating Company Personnel about disclosure issues and the Policy;
- d) Reviewing and authorizing disclosure (including electronic, written and oral disclosure) in advance of its public release; and
- e) Monitoring the Company’s website.

The Disclosure Committee is also responsible for:

- (a) Reviewing and updating, if necessary, the Policy annually or as needed to ensure compliance with changing regulatory requirements;
- (b) Ensuring appropriate systems, processes and controls for disclosure;
- (c) Reviewing all news releases and core disclosure documents prior to their release or filing, including the Company’s MD&A; and
- (d) Ensuring that Company spokespersons receive adequate training.

It is essential that the Disclosure Committee be kept fully apprised of all pending material Company developments in order to evaluate and discuss those events to determine the appropriateness and timing for public release of information. The Disclosure Committee will meet quarterly (as part of the Audit Committee) or as conditions dictate.

In discharging its duties, the Disclosure Committee shall have full access to all books, records, facilities and personnel. In addition, in discharging its duties, the Disclosure Committee shall seek and obtain all such advice from the Company’s external legal counsel and auditors as is appropriate from time to time.

#### **4. Disclosure Controls and Procedures**

The Disclosure Committee will be responsible for undertaking the following matters:

- (a) Reviewing the annual and interim filings (as these terms are defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings) of the Company;

- (b) Ensuring that the annual and interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the periods covered by the annual and interim filings;
- (c) Ensuring that the annual and interim financial statements together with the other financial information included in the annual and interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented in the annual and interim filings; and
- (d) Establishing and maintaining disclosure controls and procedures for the Company, and:
  - i. Designing such disclosure controls and procedures, or causing them to be designed under the Disclosure Committee's supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Disclosure Committee by others within those entities, particularly during the period in which the annual and interim filings are being prepared; and
  - ii. Evaluating the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by the annual filings and causing the Company to disclose in the annual MD&A conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation.

## **5. Authorized Company Spokespersons**

The number of people who are authorized to speak on behalf of the Company to the investment community, regulators and the media is limited to the following persons: the Chief Executive Officer, Chief Financial Officer and the Chairman of the Board. Such persons are knowledgeable about the Company's disclosure record and aware of analysts' reports relating to the Company.

Everyone in the Company should know whom the Company spokespersons are and refer all inquiries from analysts, investors and the media to them. Having a limited number of company spokespersons should help to reduce the risk of:

- (a) Unauthorized disclosures;
- (b) Inconsistent statements by different people in the Company; and
- (c) Statements that is inconsistent with the public disclosure record of the Company.

More specifically, employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson.

Statements made by Company Personnel who are not formally designated by the Company as a Company spokesperson may nonetheless be viewed as being made on behalf of the Company. Therefore, all Company Personnel should familiarize themselves with this Policy and take care to comply with it, to ensure that they do not inadvertently cause the Company, as well as themselves, to run afoul of the law.

## **6. Audit Committee Review of Certain Disclosure**

The Audit Committee will review the following disclosures in advance of their public release by the Company:

- (a) The Company's financial statements, MD&A and annual and interim earnings news releases;
- (b) Earnings guidance;
- (c) News releases containing financial information based on the Company's financial statements prior to the release of such statements; and
- (d) The contents of all other major disclosure documents, including the Company's annual report, quarterly reports to shareholders, annual information form, and management information circular.

The Board of Directors will be provided an advance copy of all news releases prior to release to the public.

The Company will indicate at the time such information is publicly released whether the Audit Committee has reviewed the disclosure.

Where feasible, the Company will issue its earnings news release concurrently with the filing of its quarterly or annual financial statements.

## **7. Disclosure Record**

The Chief Information Officer will make reasonable best efforts to maintain a 5-year record of all public information about the Company, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, notes from meetings and telephone conversations with analysts and investors.

## **8. Material Changes**

### **(a) Timely Disclosure Requirements**

The Company is required by law to immediately disclose a “material change” in its business. A material change is: (i) a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company; or (ii) a decision to implement a change referred to in (i) made by the Board or other persons acting in a similar capacity or by senior management of the Company who believe that confirmation of the decision by the Board or such other persons acting in a similar capacity is probable. The Company must disclose a material change by issuing and filing a news release describing the change. The Company must also file a material change report as soon as practicable, and no later than 10 days after the change occurs.

Announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news. If the Company discloses positive news but withholds negative news, the Company could find its disclosure practices subject to scrutiny by securities regulators. The Company’s news releases should contain enough detail to enable the media and investors to understand the substance and importance of the change the Company is disclosing. The Company must avoid including unnecessary details, exaggerated reports or promotional commentary.

### **(b) Confidentiality of Material Changes**

Securities legislation permits the Company to delay disclosure of a material change and to keep it confidential temporarily where immediate release of the information would be unduly detrimental to the Company’s interests. For example, where immediate disclosure might interfere with the Company’s pursuit of a specific objective or strategy, with ongoing negotiations, or with its ability to complete a transaction. If the harm to the Company’s business from disclosing outweighs the general benefit to the market of immediate disclosure, withholding disclosure may be justified. In such cases, the Company may withhold public disclosure, but it must make a confidential filing with the securities commission. Certain jurisdictions also require the Company to renew the confidential filing every 10 days should it want to continue to keep the information confidential. Companies are discouraged from delaying disclosure for a lengthy period of time as it becomes less likely that confidentiality can be maintained beyond the short term.

### **(c) Maintaining Confidentiality of Material Changes**

Where disclosure of a material change is delayed, the Company must maintain complete confidentiality. During the period before a material change is disclosed, market activity in the Company’s securities will be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumours

about it, have leaked or appear to be impacting the share price, the Company will take immediate steps to ensure that a full public announcement is made. This would include contacting the Toronto Stock Exchange and asking that trading be halted pending the issuance of a news release.

Where a material change is being kept confidential, the Company is under a duty to make sure that persons with knowledge of the material change have not made use of such information in purchasing or selling its securities. Such information should not be disclosed to any person or company, except in the necessary course of business.

## **9. Material Information**

The Company is also required by stock exchange rules to immediately disclose “material information” via news release. Material information is any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the Company’s listed securities.

In making materiality judgements, it is necessary to take into account a number of factors that cannot be captured in a simple bright-line standard or test. These include the nature of the information itself, the volatility of the Company’s securities and prevailing market conditions. The materiality of a particular event or piece of information may vary between companies according to their size, the nature of their operations and many other factors. An event that is “significant” or “major” for a smaller company may not be material to a larger company. The Company should avoid taking an overly technical approach to determining materiality. Under volatile market conditions, apparently insignificant variances between earnings projections and actual results can have a significant impact on share price once released. For example, information regarding the Company’s ability to meet consensus earnings published by securities analysts should not be selectively disclosed before general public release.

The Company will monitor the market’s reaction to information that is publicly disclosed. Ongoing monitoring and assessment of market reaction to different disclosure will be helpful when making materiality judgements in the future. As a guiding principle, if there is any doubt about whether particular information is material, the Company will err on the side of materiality and release information publicly.

Examples of the types of events or information which may be material are set out in Schedule 1 hereto. This list is not exhaustive and is not a substitute for the Disclosure Committee exercising its own judgement in making materiality determinations.

In complying with the requirement to immediately disclose all material information under applicable laws and stock exchange rules, the Company will adhere to the following additional basic disclosure principles:

- (a) Material information will be publicly disclosed immediately via news release;
- (b) In certain circumstances, the Disclosure Committee may determine that such disclosure would be unduly detrimental to the Company (for example, if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the Disclosure Committee determines it is appropriate to publicly disclose and, in these circumstances, the Disclosure Committee will cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential;
- (c) Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading);
- (d) Unfavourable material information must be disclosed as promptly and completely as favourable information;
- (e) There must be no selective disclosure and previously undisclosed material information must not be disclosed to selected individuals (for example, in an investor meeting or during a telephone conversation with an analyst); if previously undisclosed material information is inadvertently disclosed, this information must be broadly disclosed immediately via news release;
- (f) Disclosure should be consistent among all audiences, including the investment community, the media, customers and employees;
- (g) Disclosure on the Company's website alone does not constitute adequate disclosure of material information; and
- (h) Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure contained a material error at the time it was given.

## **10. Maintaining Confidentiality**

Any employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Company Personnel must make efforts to limit access to confidential information to only those who need to know the confidential information and those persons need to be advised that the information is to be kept confidential.

Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge this information to anyone else, other than in the necessary course of business and that they may not trade in the Company's securities until the information is publicly disclosed. Such outside parties will confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

To prevent the misuse or inadvertent disclosure of material information, the following procedures should be observed at all times:

- (a) Documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business and code names should be used if necessary;
- (b) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- (c) Confidential matters should not be discussed on cell phones or other wireless devices;
- (d) Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
- (e) Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
- (f) Transmission of documents by electronic means, such as by fax, email or directly from 1 computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- (g) Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded and extra copies of confidential documents should be shredded or otherwise destroyed; and
- (h) Access to confidential electronic data should be restricted through the use of passwords.

Communication by email leaves a physical track of its passage that may be subject to later decryption attempts. Caution should be exercised whenever confidential material information is to be transmitted over the Internet.

## **11. Model for Planned Disclosure of Material Corporate Information**

The Company will use the following disclosure model when making a planned disclosure of material corporate information, such as a scheduled earnings release:

- (a) Issue a news release containing the information (for example, the Company's quarterly financial results) through a widely circulated news or wire service;
- (b) Provide advance public notice by news release of the date and time of a conference call to discuss the information, the subject matter of the call and the means for accessing it;
- (c) Hold the conference call in an open manner, permitting investors and others to listen either by telephone or through Internet webcasting; and
- (d) Provide dial-in and/or web replay or make transcripts of the call available for a reasonable period of time after the analyst conference call.

The combination of news release disclosure of the material information and an open and accessible conference call to subsequently discuss the information should help to ensure that the information is disseminated in a manner calculated to effectively reach the marketplace and minimize the risk of an inadvertent selective disclosure during the follow-up call.

## **12. News Releases**

News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. Full-text news releases will be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media, and the local media in areas where the Company has its headquarters and operations. News releases will be posted on the Company's website immediately after confirmation of dissemination over the news wire. The website will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures.

If the stock exchange upon which shares of the Company are listed is open for trading at the time of a proposed announcement, prior notice of a news release announcing material information must be provided to its market surveillance division to enable a trading halt, if deemed necessary by the stock exchange. If a news release announcing material information is issued outside of trading hours, the exchange must be notified promptly and in any event before the market reopens.

All news releases will include appropriate cautionary language regarding any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the news.

### **13. Analyst Calls and Industry Conferences**

Analyst conference calls and industry conferences are to be held in an open manner, allowing any interested party to listen either by telephone and/or through a webcast. This will help to reduce the risk of selective disclosure.

Unless determined otherwise by the Disclosure Committee, conference calls will be held for quarterly earnings and major corporate developments, accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. A call will be preceded by a news release containing all relevant material information.

The Company will provide advance notice of the conference call and webcast by issuing a news release announcing the date, time and topic and providing information on how interested parties may access the call and webcast. These details will be provided on the Company's website. In addition, the Company may send invitations to analysts, institutional investors, the media and others. Any non-material supplemental information provided to participants will also be posted to the website for others to view. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language regarding any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the news.

Company officials should meet before an analyst conference call, private analyst meeting or industry conference. Where practical, statements and responses to anticipated questions should be scripted in advance and reviewed by the appropriate people within the Company. Scripting will help to identify any material corporate information that may need to be publicly disclosed through a news release.

Detailed records and/or transcripts of any conference call, meeting or industry conference will be kept. These should be reviewed to determine whether any unintentional selective disclosure has occurred. If so, the Company will take immediate steps to ensure that a full public announcement is made, including contacting the Toronto Stock Exchange and asking that trading be halted pending the issuance of a news release.

A tape replay of the conference call will be made available for a minimum of 7 days and an archived audio webcast and/or text transcript will be made available on the Company's website for a minimum of 90 days. The Disclosure Committee will hold a debriefing meeting immediately after the conference call and if it determines that selective disclosure of previously undisclosed material information has occurred, the Company will immediately disclose the information broadly via news release.

## **14. Reviewing Analyst Reports**

The Company has established a policy for reviewing analyst reports or commentary from the public at large. There is a serious risk of violating the tipping prohibition if the Company expresses comfort with or provides guidance on an analyst's report, earnings model or earnings estimates. There is also a risk of selectively disclosing material non-financial information in the course of reviewing an analyst's report. As a result, the Company does not permit the review of analyst reports or commentary from the public at large.

## **15. Forecasts, Forward-Looking Information and Updates**

The Company must ensure that it has a reasonable basis for making forward-looking statements and must include with such statements appropriate statements of risks and cautionary language. Forward-looking statements may be misleading when they are unreasonably optimistic or aggressive, lack objectivity or are not adequately explained. Any forward-looking statement (whether written or oral) must contain:

- (a) A statement that the information is forward-looking;
- (b) The factors that could cause actual results to differ materially from the forward-looking statement; and
- (c) A description of the factors or assumptions that were used in making the forward-looking statement.

Full and clear disclosure of these matters greatly reduces the risk that reasonably-based forward-looking statements will be misleading. Disclosure might include a range of reasonably possible outcomes, a sensitivity analysis, or other qualitative information that helps to explain the related risks.

This disclosure should go beyond mere boilerplate. The Company's warnings should be substantive and tailored to the specific future estimates or opinions that are being forecast. The Company should also identify and quantify the risks.

When making voluntary forward-looking statements, the Company will clearly indicate what its practice is for updating those statements. Updating forward-looking information in light of subsequent developments is a good practice that can enhance the Company's credibility with analysts and investors. The Company will disclose its practice at the time it makes any forward-looking statement and adhere to it consistently.

## **16. Private Briefings with Analysts, Institutional Investors and Other Market Professionals**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Company intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that meetings with analysts and significant investors are an important element of its investor relations program. The Company will meet with analysts and investors individually or in small groups as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. All analysts will receive fair treatment regardless of whether they are recommending buying or selling the Company's securities.

The Company has a policy of providing only non-material information and publicly disclosed information to analysts. The Company should not disclose significant data, and in particular financial information such as sales and profit figures, to analysts, institutional investors and other market professionals selectively rather than to the market as a whole. Earnings forecasts are in the same category.

The Company cannot make material information immaterial simply by breaking the information into seemingly non-material pieces. At the same time, the Company is not prohibited from disclosing non-material information to analysts, even if these pieces help the analyst complete a "mosaic" of information that, taken together, is material undisclosed information about the Company.

The Company will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors and may post this information on its website. Spokespersons will keep notes of telephone conversations with analysts and investors and where practicable more than 1 Company representative will be present at all individual and group meetings. A debriefing will be held after these meetings and if it is determined that selective disclosure of previously undisclosed material information has occurred, the Company will immediately disclose the information broadly via news release.

## **17. Providing Earnings Guidance**

The Company will try to ensure, through its regular public dissemination of quantitative and qualitative information, that analysts' estimates are in line with the Company's expectations. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' financial models and earnings estimates. If the Company has determined that it will be

reporting results materially below or above publicly held expectations, it may decide to disclose this information in a news release to enable discussion without risk of selective disclosure.

## **18. Quiet Periods**

The Company observes a quarterly quiet period, during which no earnings guidance or comments with respect to the current quarter's operations or expected results will be provided to analysts, investors or other market professionals.

The Company does not need to stop all communications with analysts or investors during the quiet period. However, communications should be limited to responding to inquiries concerning publicly available or non-material information.

## **19. Unintentional Selective Disclosures**

Securities legislation in Canada does not provide a safe harbour, which allows companies to correct an unintentional selective disclosure of material information. If the Company makes an unintentional selective disclosure it should take immediate steps to ensure that a full public announcement is made. This includes contacting the Toronto Stock Exchange and requesting that trading be halted pending the issuance of a news release. Pending the public release of the material information, the Company should also tell those parties who have knowledge of the information that the information is material and that it has not been generally disclosed.

## **20. Electronic Communications**

The Policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures are also responsible for electronic communications.

The Disclosure Committee will be responsible for maintaining the Company's website. The website should be up to date and accurate. All material information will be dated when it is posted or modified. Outdated information will be moved to an archive. Archiving will allow the public to continue accessing information that may have historical or other value even though it is no longer current. The Disclosure Committee will establish minimum retention periods for information that is posted to and archived on the Company's website. Retention periods may vary depending on the kind of information posted. On the website, the Company will explain how the website is set up and maintained. Posting material

information on the Company's website is not acceptable as the sole means of satisfying legal requirements to "generally disclose" information.

The Company will use current technology to improve investor access to the Company's information. The Company will concurrently post to the website all documents that the Company files on SEDAR. The Company will also post on the investor relations part of the website all supplemental information that it gives to analysts, institutional investors and other market professionals. This includes data books, fact sheets, slides of investor presentations and other materials distributed at analyst or industry presentations. When Company representatives make a presentation at an industry-sponsored conference, they should try to have their presentation and "question and answer" session webcast.

If the Company's website allows viewers to send it email messages, the risk of selective disclosure should be considered prior to responding. The CIO will be responsible for responses to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this Policy shall be used to respond to electronic inquiries.

## **21. Chat Rooms, Bulletin Boards and Emails**

No one should participate in, host or link to chat rooms or bulletin boards. Employees are prohibited from discussing corporate matters in these forums. This prohibition is intended to protect the Company from the liability that could arise from the well-intentioned, but sporadic, efforts of employees to correct rumours or defend the Company. Employees should report to the Chief Financial Officer any discussion pertaining to the Company, which they find on the Internet.

## **22. Handling Rumours**

The Company has adopted a "no comment" policy with respect to market rumours and this policy must be applied consistently. Otherwise, an inconsistent response may be interpreted as "tipping". The Company may be required by the Toronto Stock Exchange to make a clarifying statement where trading in the Company's securities appears to be heavily influenced by rumours. If material information has been leaked and appears to be affecting trading activity in the Company's securities, the Company will take immediate steps to ensure that a full public announcement is made. This includes contacting the Toronto Stock Exchange and asking that trading be halted pending the issuance of a news release.

The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Company's spokespersons will respond consistently to any rumours, saying, "It is our policy not to comment on market rumours or speculation."

Should the Toronto Stock Exchange request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Disclosure Committee will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, this may be evidence of a leak, and the Company will immediately issue a news release disclosing the relevant material information.

### **23. Communication and Enforcement**

The Policy applies to all Company Personnel. New Company Personnel will be provided with a copy of the Policy and educated about its importance. The Policy will be posted on the Company's internal website and changes will be communicated to all employees.

Any employee who violates the Policy may face disciplinary action up to and including termination of employment with the Company without notice. The violation of the Policy may also violate certain securities laws, which could expose Company Personnel to personal liability. If it appears that an employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to fines or other penalties.

### **24. Enquiries**

All enquiries or questions regarding this Policy should be directed to the CIO who will report to the Disclosure Committee.

### **25. Black out Periods and Insider Trading Policy**

It is illegal for anyone with knowledge of material information affecting a public company that has not been publicly disclosed to purchase or sell securities of that company. It is also illegal for anyone to inform any other person of material non-public information, except in the necessary course of business. Therefore, insiders and employees with knowledge of confidential or material information about the Company or counter-parties in negotiations of material transactions are prohibited from trading securities of the Company or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated.

Insiders are personally responsible for filing accurate and timely insider trading reports. Insiders are required to provide a copy of all insider reports to the Corporate Secretary or other designated person concurrent with their filing to regulatory authorities.

Quarterly trading black out periods will apply to all employees during periods when financial statements are being prepared but results have not yet been publicly disclosed.

Black out periods may also be prescribed from time to time by the Disclosure Committee as a result of special circumstances relating to the Company when insiders would be precluded from trading in its securities. The black out should cover all parties with knowledge of such special circumstances. These parties may include external advisors such as legal counsel, investment bankers, investor relations consultants and other professional advisors, and counter-parties in negotiations of material potential transactions.

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## Schedule 1

### Changes in Corporate Structure

- Changes in share ownership that may affect control of the Company
- Major reorganizations, amalgamations, or mergers
- Take-over bids, issuer bids, or insider bids

### Changes in Capital Structure

- The public or private sale of additional securities
- Planned repurchases or redemptions of securities
- Planned splits of common shares or offerings of warrants or rights to buy shares
- Any share consolidation, share exchange, or stock dividend
- Changes in the Company's dividend payments or policies
- The possible initiation of a proxy fight
- Material modifications to rights of security holders

### Changes in Financial Results

- A significant increase or decrease in near-term earnings prospects
- Unexpected changes in the financial results for any periods
- Shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- Changes in the value or composition of the Company's assets
- Any material changes in the Company's accounting policy

### Changes in Business and Operations

- Any development that affects the Company's resources, technology, products or markets
- A significant change in capital investment plans or corporate objectives
- Major labour disputes or disputes with major contractors or suppliers

- Significant new contracts, products, patents, or services or significant losses of contracts or business
- Significant discoveries by resource companies
- Changes to the Board or executive management, including the departure of the Company's CEO, CFO, COO or president (or persons in equivalent positions)
- The commencement of, or developments in, material legal proceedings or regulatory matters
- Waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- Any notice that reliance on a prior audit is no longer permissible
- De-listing of the Company's securities or their movement from 1 quotation system or exchange to another

#### Acquisitions and Dispositions

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

#### Changes in Credit Arrangements

- The borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of the Company's assets
- Defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- Changes in rating agency decisions
- Significant new credit arrangements