

MOSAID TECHNOLOGIES INCORPORATED

TRADING SECURITIES POLICY AND PROCEDURES

1. Introduction

MOSAID Technologies Incorporated (the “**Company**”) is a reporting issuer in certain provinces of Canada and its securities are listed on the Toronto Stock Exchange (the “**TSX**”). As such, the Company and trading in its securities are subject to Canadian securities laws. Certain of these laws prohibit directors, officers, employees and certain other persons in a “special relationship” with the Company from:

- (a) purchasing or selling securities of the Company with knowledge of material information regarding the Company that has not been generally disclosed to the public (commonly referred to as “**insider trading**”); and
- (b) disclosing such material information to others, except in the necessary course of business (commonly referred to as “**tipping**”).

These prohibitions against insider trading and tipping are intended to ensure equal opportunity among investors and to ensure that people who have access to material undisclosed information do not trade, or assist others in trading, to the disadvantage of investors generally. Additionally, certain insiders of the Company are required to report trades in order that the marketplace can monitor the trading of persons who may have knowledge of undisclosed information and to help foster investor confidence in the public capital markets. There are also prohibitions against market manipulation and fraud.

The Company has developed this policy governing insider trading, tipping, insider reporting and related matters (the “**Policy**”) in order to ensure that the Company’s directors, officers and employees are aware of their responsibilities under applicable securities laws and stock exchange rules and to assist them in complying with such laws and rules.

The Policy has been prepared so that it is user friendly, and it is not intended to be a complete and exhaustive description of all of the rules regarding insider trading that may be applicable to you. The Company expects compliance with the letter and spirit of this Policy and applicable insider trading and other laws. If you have any questions regarding the insider trading and other restrictions under applicable laws, please contact the General Counsel.

Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

2. Material Information and Material Undisclosed Information

Various sections of this Policy make reference to the term “**material information**”. For the purposes of this Policy, material information refers to any information relating to the business and affairs of the Company and its subsidiaries that would reasonably be expected to result in a significant change in the market price or the value of any of the Company’s securities, or a

reasonable investor's decisions regarding those securities. Material information consists of both material facts and material changes relating to the business and affairs of the Company.

Excerpts from Canadian Securities Administrators' National Policy 51-201 "Disclosure Standards" are attached to this Policy as Schedule "B" and provide helpful guidance on what constitutes material information.

Material information shall be considered undisclosed ("**Material Undisclosed Information**") if it has not been widely disseminated to the public through major newswire services.

3. Prohibited Insider Trading

All Company "**Insiders**", including directors, officers and employees of the Company and its subsidiaries and anyone in a "**special relationship**" with the Company (please see Schedule A), having knowledge of Material Undisclosed Information, are prohibited from purchasing or selling the Company's securities.

Moreover, no director, officer or employee may attempt to take any economic or other personal advantage of such information. This means that Insiders who have knowledge of Material Undisclosed Information must not purchase or sell the Company's securities or permit any member of his or her immediate family, anyone acting on his or her behalf or on behalf of his or her immediate family, or any entity in which he or she, or his or her family members, have a personal interest (collectively, "**Related Persons**") to purchase or sell the Company's securities. These rules prohibit Insiders having knowledge of Material Undisclosed Information from directing or advising others, including their Related Parties, to purchase or sell the Company's securities and from otherwise effecting trades through indirect means when direct trades would otherwise be prohibited.

Any such persons may trade only after such Material Undisclosed Information has been publicly disclosed beginning after the close of business on the second full trading day following the Company's widespread release of such information.

Insiders are expected to assist the Compliance Committee (described in section 8 below) in ensuring that these restrictions are observed by Insiders and their Related Persons and other persons possessing Material Undisclosed Information.

These rules apply to all transactions in the Company's securities, including not only listed common shares, but also preferred shares, debt securities, puts, calls, options or other rights or obligations to purchase or sell securities of the Company, and any security whose value is derived from the market price of the Company's securities (such as a derivative).

4. Prohibited Tipping

No director, officer or employee of the Company and its subsidiaries, and no other "**Persons in a Special Relationship with the Company**", may inform (or "tip") or otherwise disclose Material Undisclosed Information concerning the Company to others (including, but not limited to, Related Persons, friends, analysts, investors, members of the investment community and media),

except in the “**necessary course of business**”. See Schedule “C” for a description of what constitutes the “necessary course of business”.

Because tippees are themselves considered to be Persons in a Special Relationship with the Company, Material Undisclosed Information may be third or fourth hand and still subject to the legal prohibitions prescribed in the applicable rules, regulations and legislation.

In any instance in which Material Undisclosed Information is disclosed in the necessary course of business, all steps must be taken as are necessary to preserve the confidentiality of such information. Persons privy to such information concerning the Company must be asked not to divulge such information to anyone else (other than in the necessary course of business) and not to trade in the Company’s securities until the second full trading day following the Company’s widespread release of such information. See the Company’s Corporate Communications Policy and Guidelines regarding procedures for maintaining confidentiality.

5. Other Trading Rules

(a) Pre-Clearance of Trades by Directors, Officers and Certain other Personnel and Related Parties

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction, the procedures set forth below must be followed by the Company’s directors, officers and certain other designated employees (as determined by the Compliance Committee from time to time) who may have access to Material Undisclosed Information (“**Restricted Insiders**”). For greater certainty, Restricted Insiders shall include, without limitation, all directors, all employees at the level of “Director” or above and all employees in the Finance/Accounting, Investor Relations/Public Relations and Legal departments.

At no time may any Restricted Insider, directly or indirectly, trade in the Company’s securities unless such person obtains the prior approval of the Compliance Committee (or its designated representative). Pre-clearance requirements also apply to trades by a Restricted Insider’s Related Persons.

Pre-clearance requests, which should outline the trading request (i.e., purchase or sale, possible levels of securities to be traded, if an Automatic Trading Plan is to be instituted as a result) are to be sent by fax or email to the Company’s General Counsel. The Compliance Committee will respond to such requests within one business day.

Pre-clearance also applies to sales of Company stock in connection with exercises of stock options.

The Company’s policy will be to err on the side of caution in granting or denying trading clearance, in recognition of the fact that trades that create notoriety, even if they are ultimately found to be proper, may tarnish the Company’s goodwill and reputation.

If the Compliance Committee denies trading clearance to a Restricted Insider, the Company will immediately impose a special black-out period as described in subsection 5(c) below.

Clearance for a transaction is valid only for a 48 hour period. If the transaction order is not placed within that 48 hour period, clearance for the transaction must be re-requested. If clearance is denied, then the fact of such denial of clearance must be kept confidential by the Restricted Insider.

(b) Trading Is Not Permitted During Trading Black-Out Periods

Restricted Insiders are not permitted to trade in the Company's securities during the trading "black-out periods" beginning on the 14th day prior to the end of each fiscal quarter and ending on the second clear and full trading session day following the issuance of a news release disclosing quarterly results or the annual results. Expressed another way, for Restricted Insiders trading is permitted during a "Window" that extends from the close of the second business day following an earnings release with respect to the preceding fiscal quarter until the close of trading on the 15th day prior to the end of current fiscal quarter.

All other employees (i.e., not Restricted Insiders) are not permitted to trade in the Company's securities during the trading "black-out periods" (i) beginning on the 14th day prior to the Company's scheduled public release of quarterly results and (ii) beginning on the 28th day prior to the Company's scheduled public release of annual results; and ending on the second clear and full trading session day following the issuance of a news release disclosing quarterly results or the annual results. Expressed another way, for all other employees who are not Restricted Insiders trading is permitted during a "Window" that extends from the close of the second business day following an earnings release with respect to the preceding fiscal quarter until the close of business either on the 15th day prior to the scheduled public release of quarterly results or on the 29th day prior to the scheduled public release of annual results.

No trading is permitted, even during the applicable trading Window, while an individual possesses Material Undisclosed Information.

The purchase of the Company's common shares by way of an exercise of an option granted under the Company's Employee and Director Stock Option Plan is permitted during a black-out period, but the sale of such underlying common shares is prohibited.

These restrictions also apply to Related Persons of the persons described above.

(c) Trading Is Prohibited During Special Black-Out Periods

Restricted Insiders and other employees designated by the Compliance Committee may be restricted from trading in the Company's securities during any special black-out periods that may be designated by the Compliance Committee from time to time as a result of special circumstances. These restrictions will also apply to Related Persons of the persons described above. No one may disclose to any outside third party that a special black-out period has been designated.

The Company's policy will be to err on the side of caution in designating special black-out periods and related practices, in recognition of the fact that trades that create notoriety, even if they are ultimately found to be proper, may tarnish the Company's goodwill and reputation.

(d) No Speculative Trading

Trades of the Company's securities should be for investment purposes only and not short-range speculation. Short-range speculation based on fluctuations in the market put the personal gain of the director, officer or employee in conflict with the best interests of the Company and its shareholders. Trading in Company stock based on short-range speculation is not part of the Company's culture. Directors, officers and employees and their Related Persons are prohibited from trading in options on the Company's securities (puts, calls, etc.), since trades in options on the Company's securities are inherently short-term and speculative in nature. This rule does not apply to the sale of securities acquired on the exercise of stock options granted under the Company's Employee and Director Stock Option Plan or the sale of securities acquired under the Company's Employee Stock Purchase Plan in accordance with this Policy. However, the Company does encourage directors, offices and employees to avoid frequent trading in Company stock.

(e) Short Sales

Directors, officers and employees and their Related Persons shall not, directly or indirectly, sell securities of the Company if he or she does not own or has not fully paid for the securities to be sold. In other words, betting against the Company by short selling Company securities is prohibited.

(f) Other Public Companies

No director, officer or employee or his or her Related Persons may trade in the securities of customers, suppliers, joint venturers or third parties negotiating a merger or acquisition or other transaction with the Company while having knowledge of Material Undisclosed Information regarding such third parties.

(g) Employee Stock Options

The purchase of the Company's common shares by way of an exercise of an option granted under the Company's Employee and Director Stock Option Plan is not subject to the insider trading prohibition described in Section 3 of this Policy; however, the sale of the underlying common shares acquired on an exercise of stock options is subject to this prohibition. In other words, common shares acquired upon exercise of stock options may not be sold by Insiders or their Related Persons having knowledge of Material Undisclosed Information.

The Company is also prohibited by TSX rules from setting option exercise prices on the basis of market prices which do not reflect Material Undisclosed Information of which management is aware. Expressed another way, options may not be granted with an effective date or market price within a black-out period.

(h) Automatic Trading Plans

Securities laws permit Insiders to trade in certain circumstances where it is clear that Material Undisclosed Information was not a factor in the decision to trade. In particular, the purchase of the Company's securities pursuant to participation in an automatic dividend reinvestment plan,

share purchase plan or other similar automatic plan that was entered into by an Insider prior to the acquisition of knowledge of Material Undisclosed Information is exempt from the prohibition described in Section 3 of this Policy. The burden of proving this exemption is on the individual. Compliance must be well documented and capable of proof in court. Pre-clearance procedures described in Section 5(a) of this Policy apply to trades under this exemption.

(i) **Special Relationship Following Termination**

Persons who learn Material Undisclosed Information while in a special relationship with the Company (including directors, officers, employees and consultants and other special relationship persons) by law continue to be in a “special relationship” after termination of their relationship with the Company, and remain subject to prohibitions against insider trading and tipping, until the second full trading day following the Company’s widespread release of such information.

(j) **Timing of Trading After Release**

It would be improper for an employee to enter a trade immediately after the Company has made a public announcement of material information, including an earnings release. Because the Company’s shareholders and the investing public should be afforded time to receive the information and act upon it, as a general rule, trading prohibitions continue until at least two full trading days after the material information has been released to the public.

(k) **Hardship Not an Exception**

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. The securities laws do not recognize such mitigating circumstances and even the appearance of an improper transaction must be avoided to preserve the Company’s reputation for adhering to the highest standards of conduct.

(l) **Disclosure of Trading Activities**

Upon request, a director, officer or employee must report to the Compliance Committee (or the designated representative) all of his or her transactions and those of his or her Related Persons in the Company’s securities and certify that all such transactions have been conducted in compliance with the provisions of this Policy.

(m) **Margin Accounts**

Securities held in a margin account may be sold by the broker without the customer’s consent if the customer fails to meet a margin call. Because such a sale may occur at a time when a director, officer or employee had Material Undisclosed Information or is otherwise not permitted to trade in Company securities, the Company prohibits directors, officers and employees and their Related Persons from purchasing Company securities on margin or holding Company securities in a margin account. The Compliance Committee may make exceptions on a case-by-case basis in circumstances where an individual clearly demonstrates the financial capacity to meet a margin call.

(n) **Certification**

All directors, officers and employees will be required to acknowledge in writing having received and read a copy of this Policy, and to certify in writing that they have read and fully understand this Policy and intend to comply with applicable trading laws and this Policy (See Schedule “D”).

6. Insider Reporting

(a) **General**

“**Reporting Insiders**” of the Company (please see Schedule “A”) are required to report all transactions in the Company’s securities to the applicable Canadian securities regulatory authorities. Again, for the purpose of these rules, the concept of a security is very broad and Reporting Insiders must report transactions in shares, debt securities, options, warrants, and other convertible securities and derivatives. The requirement is to report securities:

- (i) directly or indirectly “beneficially owned” by Reporting Insiders, or
- (ii) over which the Reporting Insiders exercise “control or direction”.

The foregoing requirement is very broad and applies to securities held by Reporting Insiders through nominees, affiliates and controlled corporations, as well as securities over which Reporting Insiders may, by contract or otherwise, enjoy or share the incidents of ownership without being the registered holder.

Certain exemptions to the insider reporting requirement relating to directors and senior officers of subsidiaries and affiliates of Insiders of the Company are described in Schedule A. The Company is required to maintain a list of all Reporting Insiders exempted from the insider reporting requirements pursuant to these exemptions.

(b) **Online Insider Reporting**

Insider reporting must be made through the web site www.sedi.ca (the “**SEDI system**”). Filing paper insider report forms is no longer permitted, except in limited circumstances of technical difficulties.

Where a Reporting Insider is required to file an insider trading report on SEDI, the Reporting Insider must contact the Company’s Stock Administrator who will assist the Reporting Insider in registering with the SEDI web site, establishing his or her “insider profile” and in filing the insider trading report. While the Company’s Stock Administrator will assist Reporting Insiders with their insider reporting requirements and act as agent by filing insider reports on their behalf, it is ultimately the Reporting Insider’s responsibility to comply with the insider reporting requirements.

(c) Getting Started on SEDI

Reporting Insiders are required to register with the SEDI system before the Reporting Insider will be able to file an insider report. Once the Reporting Insider is registered, SEDI will issue a SEDI user ID and password. The Reporting Insider will then be required to enter his/her “insider profile”. The insider profile sets forth certain identifying information, such as name, address, relationship to the Company and other reporting issuers, names of registered holders of securities (if applicable), etc. Once the insider profile has been created, SEDI assigns an insider number and an insider access key. After receiving an insider number and access key, the Reporting Insider can file an insider report or amend a previously filed report.

In order for the Company’s Stock Administrator to act as a Reporting Insider’s agent for filing, she will need to be provided with the insider number and insider access key assigned by SEDI.

(d) The Obligation to Report

A person’s obligation to file an insider report is triggered when the person first becomes a “Reporting Insider” (for example, the election as a director or the appointment as a senior officer of the Company). The Reporting Insider is required to make an Initial Report (on SEDI) disclosing holdings of securities of the Company within ten days of the date of becoming a Reporting Insider. There is no obligation to file an Initial Report if a Reporting Insider does not, at the time of becoming a Reporting Insider, beneficially own or exercise control or direction over, any of the Company’s securities. Any change in or transfer of beneficial ownership or control or direction over securities of the Company requires the filing of a Change Report (on SEDI). A change in ownership will occur not only as a result of the acquisition or disposition of securities, but also with the transfer of the securities into or out of the name of an agent, nominee or custodian. A change also occurs in other circumstances, including on the conversion or exchange of securities, acquisition or disposition by gift or inheritance, redemption, retraction, cancellation, repurchase, short sale, grant, exercise and expiration of options, warrants and rights, acquisition or disposition, exercise, settlement or expiration of third party derivatives, and compensation for property or services. A Change Report must be filed within ten days of any change in ownership or control or direction.

(e) Updating SEDI Profile

Reporting Insiders are required to update their insider profile on SEDI (i) if there is a change in the Reporting Insider’s name, his/her relationship to the Company, or if he/she ceases to be a Reporting Insider, within 10 days of the event, or (ii) if there has been any other change to the insider profile, at the next time of filing an insider report or amended insider profile.

(f) Ownership and Attribution

Company policy is that insider reports shall be filed for all trades where the Reporting Insider has a direct or indirect pecuniary interest. As a general rule a Reporting Insider should be reporting trades of the Company’s securities:

- owned in his or her own name;

- held by a bank or broker as nominee or custodian on his or her behalf (e.g., in “street name”);
- held with another in joint tenancy, community property or other joint ownership;
- held in an RRSP, 401(k) plan or similar account;
- pledged as collateral for a loan;
- held by a spouse, minor children and other relatives residing in the Reporting Insider’s home, which usually include children temporarily living away from home while attending college;
- held by a relative not residing in his or her home if he or she is a custodian, guardian or otherwise has or shares a controlling influence over the purchase, sale or voting of such securities or otherwise retains a pecuniary interest respecting the securities;
- held by a trust in which he or she is a beneficiary and has or shares the power to make purchase or sale decisions;
- held by a trust for which he or she serves as a trustee or in which he or she has a pecuniary interest (including pecuniary interests by virtue of performance fees and holdings by his or her immediate family); and
- held by a general partnership or limited partnership in which he or she is a general partner.

Reporting Insiders shall also report any equity monetization transactions, namely, where the Reporting Insider enters into an agreement, arrangement or understanding of any nature or kind, the effect of which is to alter either or both of (i) the Reporting Insider’s economic exposure to the Company, or (ii) the Reporting Insider’s economic interest in a security of the Company, as contemplated by Multilateral Instrument 55-103, unless exemptions as specified therein apply.

(g) Stock Based Incentive Plans

Any securities acquired or sold under Company incentive plans by a Reporting Insider must be reported. Reporting Insiders must, for instance, separately report all option grants (and lapses – including for this purpose, the cancellation of an option on expiry), all securities acquired upon the exercise of options and all dispositions of securities so acquired. This would include options granted under the Company’s Employee and Director Stock Option Plan, and the exercise of those securities, or common shares acquired under the Company’s Employee Stock Purchase Plan. In certain circumstances, special annual reporting rules apply relating to acquisitions of securities pursuant to an automatic securities purchase plan by directors and senior officers of the Company or a subsidiary.

(h) **Issuer Events**

Reporting Insiders are permitted to defer filing a Change Report in respect of changes caused by “**Issuer Events**”, such as: (i) stock dividends; (ii) stock splits; (iii) consolidations; (iv) amalgamations; (v) reorganizations; (vi) mergers, or (vii) any other similar event that affects all holdings of a class of securities equally, until the Reporting Insider’s next required Change Report (i.e. following a purchase or sale of securities or other reportable event). The Company is required to file an Issuer Event report on SEDI no later than one business day following the occurrence of an Issuer Event. The Company must also update its profile any time there is a change in the designation of an outstanding class of securities or if a new class of securities is issued or a class ceases to be outstanding.

7. Prohibited Market Manipulation and Fraud

Securities laws prohibit direct or indirect engagement or participation in acts, transactions, trading methods or other practices, or courses of conduct that, a person or company knows or ought reasonably to know, (i) results in or contributes to a misleading appearance of trading activity in, or on an artificial price for, the Company’s securities; or (ii) perpetrates a fraud on any person or company.

8. Compliance Committee

The Company has established an insider trading compliance committee (the “**Compliance Committee**”), which shall be comprised of the Chief Executive Officer, Chief Financial Officer and General Counsel. The Compliance Committee is responsible for:

- (a) administering this Policy and monitoring and enforcing compliance with all policy provisions and procedures;
- (b) responding to all inquiries relating to this Policy and its procedures;
- (c) designating and announcing special trading black-out periods;
- (d) providing copies of this Policy and other appropriate materials to all current and new directors, officers and employees, and other persons who the Compliance Committee determines have access to material non-public information concerning the Company;
- (e) administering, monitoring and enforcing compliance with all insider trading laws and regulations, and assisting in the preparation and filing of all required reports relating to insider trading in Company securities;
- (f) revising this Policy as necessary to reflect changes in applicable insider trading laws and regulations;
- (g) preparing periodic reports on the Policy’s implementation and preparing documentation of compliance efforts;

- (h) implementing procedures where employees can report suspected breaches within the Company without fear of retribution; and
- (i) maintaining as Company records originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required reports relating to insider trading.

The Compliance Committee may designate one or more individuals who may perform certain of its duties.

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

The Compliance Committee shall meet as frequently as circumstances dictate to discharge its responsibilities. Minutes of meetings will be maintained by the General Counsel.

The Compliance Committee will report to the Corporate Governance and Nominating Committee on an annual basis with respect to this Policy and its effectiveness and, if appropriate, recommend changes to this Policy to comply with changing regulatory requirements.

9. Jurisdictional Considerations

The Company is a reporting issuer or its equivalent under the securities legislation of the provinces of Canada. Further, the Company's stock trades on the TSX and it has operations in jurisdictions outside Canada. The insider trading, tipping and other prohibition and requirements described in this Policy are based on those in effect in the Province of Ontario, Canada as at the date of approval of this Policy. However, Insiders may be subject to securities laws of other jurisdictions in addition to, or instead of, Ontario laws, depending on their connections to such jurisdictions, and these securities law may differ from the Ontario requirements described in this Policy, or these requirements may change from time to time.

Insiders will be subject to the prohibitions and requirements described in this Policy as a minimum standard, in addition to those of the securities laws of any jurisdictions with which they may have jurisdiction as connections.

10. Potential Civil, Criminal and Disciplinary Sanctions

Engaging in prohibited insider trading, tipping, market manipulation or fraud, or violating insider reporting requirements, may have severe consequences, including fines, imprisonment and civil liability.

Violations of the Policy or insider trading, tipping, market manipulation, fraud or insider reporting laws by any director, officer or employee may subject such person to disciplinary action by the Company, up to and including termination, and may be deemed to be cause for the termination of any contract between the Company and any such person. Such persons may also

be accountable to the Company for any benefit or advantage received as a result of insider trading.

Insiders should understand that the ultimate responsibility for avoiding improper transactions, complying with securities legislation and stock exchange regulations, and filing insider trading reports rests with each individual.

APPROVED BY THE BOARD OF DIRECTORS,

THIS 7TH DAY OF JUNE, 2007.

A handwritten signature in blue ink, reading "Carl P. Schlatman". The signature is written in a cursive style with a long horizontal stroke at the end.

Chairman of the Board of Directors

SCHEDULE “A”

DEFINITIONS

“**Reporting Insiders**” are persons subject to insider reporting requirements in respect of trades of the Company’s securities. “**Reporting Insiders**” of a reporting issuer include:

- (a) every director or senior officer (defined below) of a reporting issuer;
- (b) except as provided below, every director or senior officer of a subsidiary of a reporting issuer; and
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the reporting issuer or a combination of both or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of that issuer and every director and senior officer of such person or company.

Exemptions

Subsidiaries. Directors and senior officers of subsidiaries of the Company are exempt from insider reporting requirements, except where the director or senior officer: (i) in the ordinary course receives or has access to information or to material facts or material changes concerning the Company before the material facts or material changes are generally disclosed; (ii) is a director and senior officer of a “Major Subsidiary”; or (iii) is a “Reporting Insider” of the Company in a capacity other than as a director or senior officer of the subsidiary.

A “**Major Subsidiary**” means a subsidiary if (i) the assets of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recently filed audited balance sheet of the Company, are 10% or more of the consolidated assets of the Company on that balance sheet; or (ii) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recently filed annual audited income statement of the Company, are 10% or more of the consolidated revenues of the Company on that statement.

Affiliates of Insiders

There is also an exemption, provided on certain terms in Part 3 of National Instrument 55-101 - Exemptions from Certain Insider Reporting Requirements, from insider reporting requirements for directors and senior officers of an affiliate of an insider of the Company.

“**Senior officer**” includes:

- (d) the Chair,

- (e) the President,
- (f) any Vice-Chair,
- (g) any Vice-President*,
- (h) the Corporate Secretary,
- (i) the Treasurer,
- (j) a General Manager,
- (k) any other individual who performs functions for a company similar to those normally performed by an individual occupying any of the foregoing offices, and
- (l) each of the five highest paid employees of an issuer.

“Persons in a Special Relationship with the Company” generally include the Reporting Insiders identified above, all other officers and employees, persons or corporations engaging or proposing to engage in any business or professional activity for the Company, and any person who obtains undisclosed material information from one of the foregoing persons, or from the Company itself. For example, the spouse or family member of a director, officer or employee who obtains undisclosed material information from that person and who trades on that information has engaged in illegal insider trading in the same manner as if the trade had been undertaken by the director, officer or employee directly. Accordingly, Insiders must exercise a great deal of caution when discussing the affairs of the Company with family members, friends and other acquaintances.

In addition, Insiders of the Company can be deemed to be in a special relationship with another reporting issuer in the circumstances where the Company is proposing a take-over bid or similar combination transaction with such reporting issuer or is considering the purchase of a substantial portion of its property.

* Rule 55-101 exempts Vice-Presidents who do not make policy or have access to material confidential.

SCHEDULE “B”

NATIONAL POLICY 51-201 DISCLOSURE STANDARDS

Part IV - Materiality

- 4.1 Materiality Standard
- 4.2 Materiality Determinations
- 4.3 Examples of Potentially Material Information
- 4.4 External Political, Economic and Social Developments
- 4.5 Exchange Policies

Part IV - Materiality

4.1 Materiality Standard

- (1) The definitions of “material fact” and “material change” under securities legislation are based on a market impact test. The definition of “privileged information” contained in the “tipping” provision of the securities legislation of Québec is based on a reasonable investor test. Despite these differences, the two materiality standards are likely to converge, for practical purposes, in most cases.
- (2) The definition of a “material fact” includes a two-part materiality test. A fact is material when it (i) significantly affects the market price or value of a security; or (ii) would reasonably be expected to have a significant effect on the market price or value of a security.

4.2 Materiality Determinations

- (1) 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. Companies 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 a company’s ability to meet consensus earnings published by securities analysts should not be selectively disclosed before general public release.
- (2) The Securities Administrators encourage companies to 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 Securities Administrators encourage companies to err on the side of materiality and release information publicly.

4.3 Examples of Potentially Material Information

The following are examples of the types of events or information which may be material. This list is not exhaustive and is not a substitute for companies exercising their own judgement in making materiality determinations.

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 a 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 change 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 of directors 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 one 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

4.4 External Political, Economic and Social Developments

Companies are not generally required to interpret the impact of external political, economic and social developments on their affairs. However, if an external development will have or has had a direct effect on the business and affairs of a company that is both material and uncharacteristic of the effect generally experienced by other companies engaged in the same business or industry, the company is urged to explain, where practical, the particular impact on them. For example, a

change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, such companies should make an announcement.

4.5 Exchange Policies

- (1) The Toronto Stock Exchange Inc. (the “TSX”) and the TSX Venture Exchange Inc. (“TSX Venture”) each have adopted timely disclosure policy statements which include many examples of the types of events or information which may be material. Companies should also refer to the guidance provided in these policies when trying to assess the materiality of a particular fact, change or piece of information.
- (2) The TSX and TSX Venture policies require the timely disclosure of “material information”. Material information includes both material facts and material changes relating to the business and affairs of a company. The timely disclosure obligations in the exchanges’ policies exceed those found in securities legislation. It is not uncommon, or inappropriate, for exchanges to impose requirements on their listed companies which go beyond those imposed by securities legislation. The Securities Administrators expect listed companies to comply with the requirements of the exchange they are listed on. Companies who do not comply with an exchange’s requirements could find themselves subject to an administrative proceeding before a provincial securities regulator.

SCHEDULE “C”

NECESSARY COURSE OF BUSINESS

The “**necessary course of business**” exception would generally cover communications with:

- (a) vendors, suppliers, or strategic partners on issues such as research and development, sales and marketing, and supply contracts;
- (b) employees, officers, and board members;
- (c) lenders, legal counsel, auditors, underwriters, and financial and other professional advisors to the company;
- (d) parties to negotiations;
- (e) labour unions and industry associations;
- (f) government agencies and non-governmental regulators; and
- (g) credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency’s ratings generally are or will be publicly available).

However, the “**necessary course of business**” exemption does not permit the Company to make selective disclosure of material information to analysts, institutional investors or other market professionals. Disclosure of material information to credit rating agencies is permitted if such disclosure is in the “**necessary course of business**”.

SCHEDULE "D"

FORM OF RECEIPT AND ACKNOWLEDGEMENT AND CERTIFICATION

Receipt and Acknowledgement:

I, _____, hereby acknowledge that I have received and read a copy of the "Trading Securities Policy and Procedures" and I fully understand and agree to comply with applicable trading laws and the terms of this Policy. I understand that violation of insider trading or tipping or insider reporting laws or regulations may subject me to severe civil and/or criminal penalties, and that violation of the terms of the above-titled policy may subject me to discipline by the Company up to and including termination.

Signature

Date

Print Name: _____