

PEYTO EXPLORATION & DEVELOPMENT CORP.**JOINT DISCLOSURE, CONFIDENTIALITY & TRADING POLICY****The Policy:**

This policy establishes procedures that are designed to (i) permit the disclosure of information about Peyto Exploration & Development Corp. (the "Corporation") to the public in an informative, timely and broadly disseminated manner, (ii) ensure that non-publicly disclosed information remains confidential, (iii) ensure that trading of the Corporation's securities by directors, officers and employees of the Corporation and its subsidiaries remains in compliance with applicable securities laws; and (iv) the implementation of such policies and procedures will provide for sound disclosure practices in compliance with securities laws and the Exchange's rules on disclosure and trading.

This policy accommodates the amendments to the *Securities Act* (Ontario) providing for a statutory cause of action for investors who purchase or sell securities in the market by granting a right of action for a Misrepresentation made by or on behalf of the Corporation by the release of its disclosure Documents or in Public Oral Statements; and for failure to make timely disclosure of a material change.

This policy is also intended to assist the Chief Executive Officer and the Chief Financial Officer of the Corporation in making certifications with respect to the disclosure controls of the Corporation required under Multilateral Instrument 52-109 and to assist any director or officer of the Corporation in the conduct of the reasonable investigation required to provide a defence to any action against such director or officer based on a misrepresentation or failure to make timely disclosure.

This Disclosure Policy extends to all directors, officers and employees of the Corporation, those authorized to speak on its behalf and all other insiders and covers all disclosure, including disclosure made in:

- all statutorily mandated documents filed with securities regulators.
- all written statements made in non-mandated documents such as letters to shareholders, presentations by senior management and information contained on the Corporation's website and in other electronic communications.
- all oral statements including oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.
- any other communication, the content of which would reasonably be expected to effect the market value or price of any security of the Corporation.

The directors of the Corporation have approved this policy.

Definitions Used in this Policy:

Certain defined terms used in this policy are set out in Schedule "A".

Terms of this Policy:

If there is any question or concern with respect to the application of this policy to any Employee or to any particular circumstance, a Disclosure Officer (Parts I and II) or an Information Officer (Part III), as applicable, should be contacted for guidance.

**PART I
DISCLOSURE**

1. Timely Disclosure

The Corporation will publicly disclose Material Information immediately upon it becoming apparent that the information is material except in restricted circumstances where immediate release of the information would be unduly detrimental to the interests of the Corporation (and where the Corporation complies with any confidential filing obligations and maintains confidentiality of the information).

2. Disclosure Officers

For purposes of this Policy, Jean-Paul Lachance, the President and Chief Executive Officer of the Corporation (403) 451-4111, (primary) and Tavis Carlson, the Chief Financial Officer of the Corporation (403) 263-2950, (backup) have been designated as the Disclosure Officers. The names of these individuals will be given to the market surveillance divisions of the Exchange as the Corporation contacts.

Generally, the Disclosure Officers are the only individuals authorized to communicate with analysts, the media and investors about information concerning the Corporation. Employees who are not Disclosure Officers should refer all calls from the financial community, securityholders and media to the Disclosure Officers. If it is appropriate for another Employee to discuss information about the Corporation the Employee should, if possible, first advise a Disclosure Officer of the nature of the information to be discussed and, afterwards, advise the Disclosure Officer of what actually was discussed. Employees may not communicate Undisclosed Material Information unless they have prior permission from a Disclosure Officer.

In addition, if any Employee becomes aware of any information that may constitute Material Information, the Employee must advise a Disclosure Officer as soon as possible.

The Disclosure Officers as well as corporate counsel must continue to be fully apprised of Corporation developments in order that they be in a position to evaluate and discuss those events that may impact on the disclosure process, e.g., the status of any merger activities, material operational developments, extraordinary transactions, major management changes, etc. The directors must also be kept aware of all material developments and significant information disseminated to the public.

All written public disclosures shall also be reviewed and approved jointly by the Disclosure Officers (or by one of them in the event of the absence of the others). All such disclosures shall also be reviewed and approved by the Board of Directors of the Corporation ("Board") or a committee of the Board if required by law.

In any event the following documents will be reviewed in whole or part by the appropriate committee of the Board and recommended to and approved by the Board or reviewed and approved by the Board:

- (a) annual and interim financial statements and related management's discussion and analysis of operations and related press releases;

- (b) information circulars for any meetings of shareholders or exchangeable shares or other securities of the Corporation and related press releases;
- (c) annual information form for the Corporation;
- (d) any press release or related material change report containing material information relating to the Corporation; and
- (e) any take-over bid circulars, issuer bid circular, director's circular or rights offering circular.

3. Disclosure Controls and Procedures

The Disclosure Committee shall establish specific procedures and timetables which shall be adhered to by the Corporation and its employees for the preparation of all Disclosure Statements, and, wherever practicable, their review by such personnel, the auditors and external legal counsel, as the Disclosure Committee may determine and, ultimately their dissemination in compliance with this Policy. In addition to review of all Disclosure Statements, the Disclosure Committee may employ questionnaires to directors and officers, formal or informal due diligence sessions, certifications of officers and involvement of experts. The Disclosure Committee may elect to, at any time, adopt controls and procedures that are different than those which have been previously established, provided that such controls and procedures are, in the opinion of the Disclosure Committee, satisfactory to ensure that Disclosure Statements are disclosed in compliance with this Policy. The Disclosure Committee mandate is set forth as Schedule "C" hereto.

The Disclosure Controls and Procedures will involve the following:

- identification of all continuous disclosure requirements under securities laws, rules and policies applicable to the Corporation.
- identification of the individuals responsible for preparing reportable information and individuals, whether internal or external, responsible for reviewing reports or portions of reports to verify disclosure made with respect to their areas of responsibility or expertise.
- establishment of timetables for the preparation and adequate review of reportable information.
- procedures for obtaining "sign-off" on disclosure of reportable information and receipt of written consents from all experts whose reports are included or referred to in any disclosure.
- procedures for the identification and timely reporting to the Disclosure Committee of information which may constitute material information or which may constitute a material change to previously disclosed material information, including the identification of individuals who are likely to learn first about events outside the control of the Corporation that may give rise to material information.
- procedures for the identification and reporting to the Audit Committee of the board of directors of any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.
- documenting the procedures followed with respect to the release of each disclosure made in writing and for the review of any disclosure made orally.

- derivative information (which is information extracted from a document filed on behalf of another person or company) which is included in a document or oral statement should include a reference identifying the document that was the source of the information.
- ongoing evaluation of the Corporation's disclosure controls and procedures.

4. What Constitutes Material Information?

Information is material if it would reasonably be expected to result in a significant change in the market price or value of any of the Corporation's securities. If an Employee is unsure whether or not information is material, the Employee should immediately contact a Disclosure Officer before disclosing it to anyone. Employees should err on the side of caution in such matters. If the Disclosure Officer is unable to determine whether or not the information is material, he may convene a meeting of senior management and, if necessary, the directors, to determine if the information is material, whether or not it should be disclosed or remain confidential, and if the information needs to be disclosed, the method for disseminating the information.

Developments, whether actual or proposed, which are likely to give rise to Material Information and thus to require prompt disclosure may include, but are not limited to those events listed on Schedule "B".

5. Basic Disclosure Rules

All public disclosure of Material Information pursuant to this policy must be made by way of press release disseminated through a widely circulated newswire service company.

In order to maintain consistent and accurate disclosure about the Corporation, the following principles should generally be followed:

- (a) disclosure must include any information without which the rest of the disclosure would be misleading;
- (b) unfavourable information must be disclosed as promptly and completely as favourable information;
- (c) no selective disclosure. Previously undisclosed information may not be disclosed to selected persons; if there is disclosure it must be widely disseminated;
- (d) disclosure must be updated if earlier disclosure has become misleading as a result of intervening events; and
- (e) if Material Information is to be announced at an analyst or securityholders' meeting or a press conference or other forum, such announcement must be coordinated with an advance general public announcement by a press release containing the relevant information.

The Corporation has developed and intends to maintain a routine procedure for all corporate communications. The procedure consists of drafting a press release, circulating it for review to the Disclosure Officers, the directors (with respect to material announcements or announcements involving "earnings guidance" or financial results), and other officers as appropriate, alerting the Exchange and disseminating the release through a national wire service and other distribution channels so as to effect broad dissemination to the public.

The Corporation recognizes that posting information to its website will not, by itself, ordinarily satisfy the "generally disclosed" requirement of securities legislation. The Corporation will, however, endeavor to concurrently post to its website all documents filed on SEDAR in an effort to improve investor access to its information. Where practicable, the Corporation will also endeavor to post on its website all supplemental information that is given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor presentations or other relevant materials.

Any news release containing "earnings guidance" or financial information based on the Corporation's financial statements (prior to the release of such financial statements) should be reviewed by the audit committee of the Corporation. Where feasible, the Corporation will endeavor to issue earnings news releases concurrently with the filing of its quarterly or annual financial statements (or otherwise make those financial statements available, for example, by including them as part of the news release).

6. Conference Calls; Industry Conferences

Conference calls may be held for quarterly and annual earnings and major corporate developments, where discussion of key aspects is 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. Such calls will be preceded by a press release containing all relevant Material Information. At the beginning of the call, a Corporation spokesperson will provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing, if applicable, the assumptions, sensitivities and a discussion of the risks and uncertainties.

The Corporation will provide advance public notice of the conference call and webcast by issuing a press release announcing the date and time, the subject matter of the call and providing information on how interested parties may access the call and webcast and information regarding the availability of any archived webcast or transcript of the call. In addition, the Corporation may send invitations to analysts, institutional investors, the media and others invited to participate. A tape recording of the conference call and/or an archived audio webcast or transcript on the Internet will be made available following the call for a reasonable period of time (generally a minimum of 30 days), for anyone interested in listening to a replay.

In advance of an analyst conference call or industry conference, to the extent practicable, the Corporation will endeavor to script comments and responses to anticipated questions to identify Material Information that should be publicly disclosed and will limit comments and responses to non-material information and Material Information that has previously been publicly disclosed. After the call or presentation a debriefing should be conducted to review what was actually said and a record of what was said should be filed in the disclosure record. If there was any unintentional selective disclosure, immediate steps should be taken to make a full public announcement.

7. Forward-Looking Information and "Earnings Guidance"

Subject to the approval and disclosure procedures provided elsewhere in this policy, the Corporation may provide limited forward-looking information to enable securityholders and the investment community to better evaluate the Corporation and its prospects provided there is a reasonable basis for drawing such conclusions. The Corporation will ensure that such statements are identified as forward-looking. Moreover, meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statements and a description of the factors or assumptions that were used in making the forward-looking statements will accompany such statements.

Forward-looking statements made orally should include cautionary information that the oral statements contain forward-looking information, actual results could differ materially and that certain material factors or assumptions were applied in drawing the conclusions included in the forward-looking information. The person must then direct his listeners to "readily available information", including on SEDAR.

The Corporation, to the extent practicable in the circumstances, will update forward-looking statements that continue to be material and that change materially.

Should the Corporation determine during the quarter that earnings or distributable cash will be out of the range of the current estimates (particularly if any of these items will likely be below the range), the Corporation may consider issuing a broadly disseminated press release, followed by individual or group calls to analysts and significant investors, at management's discretion, explaining this and the reason or reasons why. This would be done to avoid "earnings surprises" to the extent possible.

8. Correcting Disclosure

Any officer, director or other employee of the Corporation who believes that any Document which has been released, any Public Oral Disclosure or any other public disclosure of the Corporation contains a Misrepresentation shall promptly notify each of the Disclosure Officers of such Misrepresentation, and such officers shall inform the Board and take prompt appropriate steps to correct such Misrepresentation.

9. Rumors

Rumors can cause unusual market activity. The Corporation will respond consistently to market rumors in the following manner: "it is our policy not to comment on market rumors or speculation". If market activity indicates that trading is being unduly influenced by rumors, the Exchange may request, or the Corporation may determine, that a clarifying statement be made through a press release. A trading halt may be instituted or requested pending an announcement by the Corporation. If the rumor is true, either in whole or in part, immediate disclosure will generally be required. The determination to make disclosure will be made by the Disclosure Officers.

10. Contact with Analysts and Others; Analyst Reports

The Corporation recognizes that meetings with analysts and significant investors are an important element of the Corporation's investor relations program. The Corporation will meet with analysts and investors on an individual or small group basis (including participating in industry conferences) as needed and will initiate contacts or respond to calls in a timely, consistent and accurate fashion in accordance with the requirements of this policy. The Corporation recognizes, however, that private meetings with analysts and other small group meetings carry with them the risk of inadvertent selective disclosure, which should be avoided.

All materials prepared for any such meetings and which may provide the basis for Public Oral Statements shall be reviewed by the Disclosure Officers with a view to eliminating inadvertent selective disclosure and verifying the accuracy of any such materials.

The Disclosure Officers should avoid getting involved in the contents of an analyst's report, except to correct factual errors. "No comment" is an acceptable answer to questions that cannot be answered without violating the rule against selective disclosure. With regard to responding to financial models or drafts of analysts reports, it is the Corporation's policy to review, on request, the model or report for publicly disclosed factual content only (not "soft" information) and to give guidance only when

assumptions have been made on the basis of incorrect public data that render unrealistic conclusions. It is imperative that the control of this process be centralized through the Chief Executive Officer. The Corporation should confirm in writing that its review has been limited to publicly available factual information and detail what information (if any) has been provided. The Corporation will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with an analyst's model or earnings estimate. Meetings with analysts may include general discussions regarding the Corporation's prospects, business environment, management philosophy and long-term strategy but should avoid discussions regarding non-publicly disclosed Material Information.

The Corporation will generally not redistribute analyst reports to persons outside of the Corporation (including by posting such reports on its website).

The Corporation will consider including in its regular periodic disclosures (such as its quarterly and annual management's discussion and analysis disclosure) details about topics of interest to analysts, investors and other market participants as a means of providing more information to the marketplace generally and limiting its "selective disclosure" risks.

11. Correction of Selective Disclosure

If previously Undisclosed Material Information has been inadvertently disclosed to an analyst or any other person, the information must be publicly disclosed immediately by way of press release. The Exchange should be contacted and a halt in trading in the Corporation's securities should be requested pending the issuance of the press release. Pending the public release of the Material Information, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

12. Quiet Periods

In order to limit the potential for selective disclosure (and the perception or appearance of selective disclosure), the Corporation will observe a "quiet period" during which time there will be no comment on analysts' earnings or other estimates or any other comments with respect to the current financial period's operations or expected results. The quiet period will normally commence on the three weeks following the end of the financial period and end on the business day following the issuance of a press release disclosing the results for the period.

13. Notification of Market Surveillance

When the Exchange is open for trading, advance notice of a press release announcing Material Information must be provided to the market surveillance department (or similar department) of the Exchange to determine if a halt in trading is necessary to provide time for the market to digest the news. When a press release announcing Material Information is issued outside of trading hours, the market surveillance department of the Exchange should be notified before the market opens. Copies of all press releases should be supplied to the market surveillance department of the Exchange and to the relevant securities regulators immediately.

14. Disclosure Record

The Disclosure Officers will maintain a file containing all public information about the Corporation. This includes news releases, brokerage research reports, reports in the press and notes from meetings with analysts, securityholders and other market participants.

15. Electronic Communications; Corporation Website

This policy also applies to electronic communications, including the Corporation's website. Accordingly, officers and personnel responsible for written and oral public disclosures will also be responsible for electronic communications.

The Chief Executive Officer is responsible for updating the investor relations section of the Corporation's website and for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws.

Disclosure on the Corporation's website alone does not constitute adequate disclosure of information that is considered Undisclosed Material Information. Any disclosure of Material Information on the website will be preceded by the issuance of a press release. The Corporation will, however, endeavor to concurrently post to its website all documents filed on SEDAR in an effort to improve investor access to its information. Where practicable, the Corporation will also endeavor to post on its website all supplemental information that is given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor presentations or other relevant materials.

The Chief Executive Officer is also responsible for responses to electronic inquiries. Only public information or information which could otherwise be provided in accordance with this policy will be utilized in responding to electronic inquiries.

In order to ensure that no Undisclosed Material Information is inadvertently disclosed, Employees may not participate in Internet chat rooms or newsgroup discussions on matters pertaining to the Corporation's activities or its securities. Employees who encounter a discussion pertaining to the Corporation should advise the Chief Executive Officer promptly, so that discussion may be monitored, if determined appropriate.

The Corporation will not host or link to chat rooms, bulletin boards or news groups and will not link to or post analyst's reports on its website.

PART II CONFIDENTIALITY

16. When Information May Be Kept Confidential

Where the immediate disclosure of Material Information would be unduly detrimental to the interests of the Corporation, its disclosure may be delayed and kept confidential temporarily. Keeping information confidential can only be justified where the potential harm to the Corporation or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure and where confidentiality of the information is maintained.

Examples of circumstances in which disclosure might be unduly detrimental to the interests of the Corporation include: (a) where the release of 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 underway; (b) where the disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them; and (c) where the disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations.

All decisions to keep Material Information confidential must be made by either the senior management or the Board of the Corporation. In such circumstances, the Corporation will comply with any obligation to make a confidential filing with applicable securities regulators and maintain confidentiality of the information.

17. Access to Confidential Information

Employees will be given access to confidential information on an "as needed" basis only and must not disclose that information to anyone except with the prior approval of a Disclosure Officer and where such disclosure is in the necessary course of business (e.g., discussions with the Corporation's bankers or advisers where the disclosure of the confidential information is necessary and the persons receiving it understand that it is to be kept confidential). Other circumstances where disclosure may be considered in the "necessary course of business" may include communications with: (i) vendors, suppliers or strategic partners; (ii) employees, officers and directors; (iii) lenders, legal counsel, auditors, financial advisors and underwriters; (iv) parties to negotiations (e.g., in connection with a private placement or acquisition); (v) labour unions and industry associations; (vi) government agencies in non-governmental regulators; and (vii) credit rating agencies. Selective disclosure of Material Information to an analyst, institutional investor or other market professional is not generally considered in the "necessary course of business". Employees must not discuss confidential information in situations where they may be overheard or participate in discussions regarding decisions by others about investments in the Corporation.

18. Disclosure of Confidential Information

In the event that confidential information, or rumors respecting the same, is divulged in any manner (other than in the necessary course of business), the Corporation is required to make an immediate announcement on the matter. The Exchange must be notified of the announcement in advance in the usual manner.

19. Disclosure of Information to Outsiders

Before a meeting with other parties at which Undisclosed Material Information of the Corporation may be discussed in compliance with this policy, the other parties should be told that they must not divulge that information to anyone else, other than in the necessary course of business, and that they may not trade in the Corporation's securities until after the information is publicly disclosed and a reasonable period of time for its dissemination has passed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with the Corporation should be considered.

PART III TRADING POLICY

20. General Prohibition

No Employees or Restricted Persons may trade in the securities of the Corporation when they are aware of Undisclosed Material Information. In addition, Employees or Restricted Persons are prohibited from informing, or "tipping", anyone else about that information. This prohibition extends to other securities whose price or value may reasonably be expected to be affected by changes in the price of the Corporation's securities and includes the granting or exercise of share rights. Rapid buying and selling by Employees and Restricted Persons of the Corporation's securities is strongly discouraged because of the possible perception of trading on Undisclosed Material Information.

21. Information Officers

For purposes of this Policy, Jean-Paul Lachance, the President and Chief Executive Officer of the Corporation, (primary) and Tavis Carlson, the Chief Financial Officer of the Corporation, (backup) have been designated as the Information Officers and can be contacted at (403) 451-4111 and (403) 263-2950, respectively. When Employees or Restricted Persons have concerns about whether or not certain information is Undisclosed Material Information, they should contact an Information Officer to obtain permission before executing any trades in securities of the Corporation. If the information is such that it would influence Employees or Restricted Persons to buy or sell securities of the Corporation then that fact alone suggests that it is Material Information. Employees should err on the side of caution in such matters.

22. Undisclosed Material Information of Other Companies

Where Employees or Restricted Persons become aware of Undisclosed Material Information concerning another public company in the course of their employment by, or other dealings on behalf of, the Corporation, they may not trade in the securities of that company until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, a "reasonable period of time" will be one business day, however, it may be longer depending upon the particular market following of that other company. An Information Officer should be consulted to determine what would be a "reasonable period of time" in the circumstances.

23. Restricted Persons

Restricted Persons are prohibited from trading whenever there are Pending Material Developments, even if they are unaware of the details of the same. In the circumstances where there is Pending Material Information with respect to the Corporation, a confidential memo will be sent to all Restricted Persons, as well as to other Employees if it is determined appropriate, informing them of the Blackout Period with respect to such Pending Material Development at which time they shall cease trading until further notice. No reason for the trading restriction will be provided.

As an alternative to a total prohibition on trading during a Blackout Period, senior management may make the determination that trades may occur during the Blackout Period but only with the express prior approval by the Information Officer of each such trade. This alternative will only be available during a Blackout Period if the written notice of such Blackout Period so states.

Senior management is responsible for making the determination as to when a pending transaction would constitute a Pending Material Development. As guidance, a Blackout Period must at least commence once negotiations on a proposed transaction have progressed to a point where it reasonably could be expected that the market price of the Corporation's securities would materially change if the status of the transaction were publicly disclosed.

24. Blackout Period

No Employee or Restricted Person shall trade in the Corporation's securities when Material Information has not been disclosed and for a reasonable period of time following the disclosure of that information. The purpose of the Blackout Period is to allow the market to fully reflect the Material Information in the price of the Corporation's securities. The Information Officers, in consultation with senior management, will be responsible for setting the length of the Blackout Period and notifying Employees and Restricted Persons of it.

The Information Officer will consider setting, and advising of, specific and routine Blackout Periods for routine and scheduled material announcements, such as quarterly and annual financial information and the results of the Corporation's annual reserve evaluation; for example, everyone involved with financial statement preparation or approval, or the Corporation's annual reserves evaluation or approval (as applicable) should be subject to a regular Blackout Period commencing: (i) in respect of the public disclosure of the results of the Corporation's annual reserves evaluation, 10 business days before such reserves information, or any summary thereof, is due to be released; (ii) in respect of annual financial information, 15 business days before the annual financial statements, including annual results, are due to be released; and (iii) in respect of quarterly financial information, 10 business days before the quarterly financial statements, including quarterly results, are due to be released, and in each case ending on the business day following the issuance of a press release disclosing the results for the applicable period or matter.

25. Insider Trading Reports

Directors, senior officers and persons beneficially owning or controlling 10% or more of the voting rights the Corporation are required to file insider trading reports within 10 days of a change in their ownership position in any securities of the Corporation. Such persons are also required to file an "initial" insider report within ten days of the date on which the person or the Corporation became an insider (an initial report is not required, however, when a person becomes an insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of the Corporation). If a person falls into one of these categories, that person likely will be required to file insider trading reports in other provinces and should consult the Information Officer as soon as possible whenever the individual trades securities to confirm his/her statutory obligations.

26. Short Sales, Puts, Calls and Options

Directors, officers and all Employees of the Corporation are prohibited, at any time, from: (i) entering into a sale of the Corporation's securities that they do not own or have a right to own (a speculative practice, called "selling short", which is done in the belief that the price of a stock is going to fall and the seller will then be able to cover the sale by buying the stock back at a lower price); and (ii) selling a "call option" or buying a "put option" in respect of any the Corporation's securities (as such persons could profit from the Corporation's stock price falling). Directors, officers and all Employees of the Corporation are also prohibited from participating in equity monetization transactions involving any the Corporation's securities that are part of the Corporation's long-term incentive programs which have not vested or the common shares that constitute part or all of the Corporation's requirements under the Corporation's minimum share ownership guidelines. Officers and directors must not participate in equity monetization transactions involving any the Corporation's securities that are part of the Corporation's long-term incentive programs which have not vested or the Corporation's common shares that constitute part or all of the Corporation's requirements under the Corporation's minimum share ownership guidelines, if any. Officers and directors are also strictly prohibited from entering into any equity monetization transactions that is the equivalent of "selling short". In order to ensure equity monetization transactions are not used to circumvent the trading prohibitions of this policy, officers and directors must treat all equity monetization transactions of the Corporation's securities similarly to the sale of the Corporation's securities.

27. Penalties

When Employees or Restricted Persons violate this policy, the Corporation may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period.

The Corporation is also entitled to pursue legal remedies through the courts. If appropriate, the Corporation will also report the matter to the appropriate regulatory authorities.

The prohibition against trading on (or informing other with respect to) Undisclosed Material Information as set forth in Canadian securities legislation can be enforced through a wide range of penalties, including: (a) fines and penal sanctions; (b) civil actions for damages; (c) an accounting to the Corporation for any benefit or advantage received; and (d) administrative sanctions by securities commissions, such as cease trade orders and removal of exemptions.

28. Policy Review and Oversight

The Audit Committee of the Corporation will review this policy as required to ensure that it is achieving its purpose. Based on the results of the review, the policy may be revised accordingly. The Chief Financial Officer of the Corporation shall be responsible for initiating the review.

The Chief Financial Officer, subject to the approval of the directors of the Corporation, shall have overall responsibility for developing and implementing this policy, monitoring the effectiveness of and compliance with this policy, educating the directors, officers and Employees about the policy and monitoring the Corporation's website.

SCHEDULE "A"

DEFINITIONS

"Blackout Period" means the period during which Employees and Restricted Persons are prohibited from trading in the Corporation's securities;

"Disclosure Officers" means the individuals who are responsible for communicating with analysts, the news media and investors and ensuring that other Employees do not communicate confidential information about the Corporation;

"Documents" means any written communication that is required to be filed with the OSC, a government or government agency under corporate or securities laws or any stock exchange, the contents of which could reasonably be expected to affect the market price or value of any security of the Corporation.

"Employees" means all individuals currently employed by, or are consultants to, the Corporation, the Corporation and their subsidiaries, including directors and officers, who may become aware of Undisclosed Material Information;

"Exchange" means the Toronto Stock Exchange and any other stock exchange on which securities of the Corporation are listed from time to time;

"Information Officers" means the individuals whom Employees or Restricted Persons may contact to determine whether or not they may execute trades in the market or reveal Undisclosed Material Information in the necessary course of business;

"Material Change" means a change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Corporation and includes a decision to implement the change by the directors of the Corporation or by senior management of the Corporation who believe that confirmation of the decision by the directors is probable;

"Material Fact" means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Corporation's securities;

"Material Information" means any information (Material Fact or Material Change) relating to the business and affairs of the Corporation that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Corporation's securities;

"Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

"Pending Material Developments" means a proposed transaction of the Corporation that would constitute Material Information, however, a decision to proceed with the transaction has not been made by the directors or by senior management, although there is an expectation of concurrence from the directors;

"Public Oral Statements" means an oral statement made in circumstances in which a reasonable person would believe that information in the statement will become generally disclosed.

"Restricted Persons" means:

- (a) the directors and officers of the Corporation; and
- (b) Employees who are routinely in possession of Undisclosed Material Information; and

"Undisclosed Material Information" means Material Information pertaining to the Corporation that has not been publicly disclosed or information that has been publicly disclosed, but a reasonable period of time for its dissemination has not passed.

SCHEDULE "B"

EXAMPLES OF POTENTIALLY MATERIAL INFORMATION

The following are examples of the types of events or information that may be material. This list is not exhaustive.

Changes in Corporation Structure

- changes in security ownership that may affect control of the Corporation
- 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 securities or offerings or warrants or rights to buy securities
- any security consolidation, security exchange, or security dividend
- changes in the Corporation'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 Corporation's assets
- any material change in the Corporation's accounting policy

Changes in Business and Operations

- any development that affects the Corporation'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 losses of significant contracts or business
- changes to the board of directors or executive management, including the departure of the Corporation's President, Chief Executive Officer, Vice President, Finance and Chief Financial Officer (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of ethics and conduct rules for directors, officers and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Corporation'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 Corporation'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

Other

- any other developments relating to the business and affairs of the Corporation that would reasonably be expected to significantly affect the market price or value of any of the Corporation's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

SCHEDULE "C"

DISCLOSURE COMMITTEE MANDATE

1. To review, on an ongoing basis, the Corporation's Disclosure Policy to ensure that it addresses the Corporation's principal business risks, changes in operations or structure, and facilitates compliance with applicable legislative and regulatory reporting requirements.
2. To design a set of "disclosure controls and procedures" to provide reasonable assurance that:
 - (a) the Disclosure Policy is effectively implemented across all business units and corporate functions; and
 - (b) information of a material nature is accumulated and communicated to senior management, including the President and Chief Executive Officer and the Chief Financial Officer, to allow timely decisions on required disclosures and certification.
3. To review prior to issuance or submission to the Audit Committee (or other appropriate committee of the Board of Directors) or Board of Directors:
 - (a) annual and interim filings, management information circulars, material change reports, annual information forms, and any other information filed with securities regulators; and
 - (b) news releases containing financial information, earnings guidance, information about material acquisitions or dispositions, or other information material to investors.
4. To review all presentations and reports containing financial information broadly disseminated to analysts, creditors and investors, including financial information displayed on the Corporation's website to ensure compliance with this policy.
5. To direct and supervise an annual evaluation of the effectiveness of the Corporation's disclosure controls and procedures and to review the effectiveness of this policy.
6. To educate the Corporation's directors, officers and employees on disclosure issues and the Disclosure Policy.
7. To bring to the attention of the President and Chief Executive Officer and the Chief Financial Officer all relevant information with respect to the Committee's activities, the annual or interim filings, and the evaluation of the effectiveness of the Corporation's disclosure controls and procedures.