



DISCLOSURE POLICY

The following Disclosure Policy (“Policy”) has been approved and adopted by the Board of Directors of Avalon Advanced Materials Inc. (the “Company”).

1. Purpose and Intent of the Disclosure Policy

The purpose of this Policy is to ensure that communications to current and potential shareholders, regulators, analysts, the media and other market participants (collectively, the “investing public”) about the Company are made in accordance with all applicable legal and regulatory requirements including National Instrument 51-201 - *Disclosure Standards* (“NI 51-201”), and, in furtherance thereof, to ensure that the Company:

- a) has established a framework within which the Company will provide timely and accurate information to the investing public so as to enable the investing public to make informed investment decisions with respect to the Company’s securities;
- b) complies with its continuous and timely disclosure obligations;
- c) protects and prevents the improper use or disclosure of material information; and
- d) educates the Company’s personnel on the appropriate disclosure of material information and confidential information.

2. Scope

This Policy applies to all employees, directors and officers of the Company and its subsidiaries and those authorized to speak on the Company’s behalf. For purposes of this Policy, reference to directors, officers and employees of the Company includes directors, officers and employees of any subsidiary of the Company and the term “employees” includes all permanent, contract, secondment and temporary agency employees who are on long term assignments with the Company or its subsidiaries as well as to consultants to the Company or its subsidiaries.

This Policy covers disclosure in documents filed with securities commissions, stock exchanges and written statements made in annual and quarterly reports, news releases, letters to shareholders, presentations by senior management or other persons made on behalf of the Company and information contained on the Company’s website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, industry or press conferences and conference calls.

3. Guidelines and Procedures

3.1 Disclosure Officers

The officer of the Company principally responsible for overseeing compliance with this Policy (the “Disclosure Officer”) is the President of the Company. Where the disclosure relates to financial statements, information derived from financial statements or financial projections, the Chief Financial Officer (“CFO”) of the Company shall also be deemed a

Disclosure Officer. The Disclosure Officers are the only Company officials authorized to respond to inquiries from the investing public. However, the Disclosure Officers may delegate the authority to speak on behalf of the Company and to respond to inquiries from the investing public to other representatives of the Company.

The Disclosure Officers have the responsibility to:

- (a) determine whether information is material;
- (b) ensure that the disclosure of material information is made in a timely and accurate manner and in accordance with securities laws and regulatory requirements;
- (c) review and authorize all written, electronic and oral disclosure before it is publicly disclosed;
- (d) monitor the Company's website;
- (e) meet as needed to discuss drafting responsibilities for public documents and to identify any areas of particular risk and sensitivity that require special care;
- (f) document, monitor and evaluate the disclosure controls and procedures and internal controls and procedures for financial reporting of the Company;
- (g) update this Policy regularly, including to take account of new developments and standards of practice;
- (h) monitor the effectiveness of and compliance with this Policy; and
- (i) educate the Company's directors, officers and employees about the matters covered by this Policy.

In addition, the Disclosure Officers must report to the Audit Committee any significant changes in the Company's internal controls and procedures for financial reporting or in factors that could affect such controls and procedures including corrective actions taken.

Everyone to whom this Policy applies must notify one of the Disclosure Officers as soon as material developments occur or have the potential for occurring. The Disclosure Officers should report to the Audit Committee or the Board of Directors on any significant issues arising under this Policy, including circumstances where there is a serious occurrence of selective or other inappropriate disclosure.

3.2 Principles of Disclosure of Material Information

3.2.1 Material Information

The Company is subject to continuous disclosure and reporting obligations under Canadian securities laws and Toronto Stock Exchange ("TSX") requirements. These obligations require the Company to disclose certain information at specified intervals and on the occurrence of certain events. In addition, under the rules of the TSX, the Company is required, subject to certain exceptions, to disclose promptly to the public any material information regarding the Company.

Material information about the Company is any information relating to the business and affairs of the Company that affects, or would reasonably be expected to have a significantly effect on, the market price or value of the Company's securities. The determination of whether information is material is subjective; however, as a practical matter, material information can perhaps best be viewed as being facts or changes that a reasonable investor would consider important in a decision to buy, hold or sell securities of the Company.

When determining whether or not information is material, the following principles must be applied:

- (i) the nature of the information, the volatility and liquidity of the Company's securities and prevailing market conditions will impact on materiality;
- (ii) material information cannot be made immaterial by breaking it into smaller pieces; and
- (iii) the determination of whether or not information is material often involves the exercise of difficult business judgments based on experience.

The list of events set forth in Appendix "A", although not exhaustive, provides guidance in the making of a determination of whether or not information is material and should be disclosed.

When considering the appropriate time for the making of public disclosure, the Company should take the following factors into account:

- (i) the applicable legal and regulatory requirements;
- (ii) the degree of certainty of the change of fact (e.g. has board approval been obtained? / has a binding agreement been entered into?);
- (iii) the extent to which the financial and/or business impact of the relevant change or fact is known;
- (iv) the possibility that the information has been leaked (this may be made apparent by unusual trading activity in the Company's securities);
- (v) pending transactions by the Company in respect of its own securities (e.g. a sale or repurchase of its securities);
- (vi) the need to update or correct prior forward looking or other statements; and
- (vii) the degree to which, if any, the release of information could be detrimental to the Company's interests.

Also, in determining the need to make disclosure in the case of potential, contingent or speculative developments, the Ontario Securities Commission has endorsed the "probability/magnitude" test for measuring whether a material change has occurred. This test depends upon a balancing of both the indicated probability that the event will occur and the anticipated magnitude of the effect of the event on the issuer should such occur (i.e. the higher the probability of the event occurring and the greater the magnitude of the effect of the issuer, the more likely the information is material and hence required to be disclosed).

3.2.2 Method and Content of Disclosure of Material Information

At all times, the Company shall act to disclose material information in accordance with all applicable securities laws and regulatory requirements and in accordance with this Policy. Without limiting the foregoing obligations, the following are the basic principles for disclosure of material information by the Company:

- a) News Releases. The Company shall disclose all material information as soon as practicable after the event giving rise to the material information has

occurred. All material information shall be disclosed via news release, using a news service approved by the TSX. The news release shall include sufficient information to enable the investing public to understand the nature and timing of the event giving rise to the material information as well as to allow the investing public to make an informed assessment of the effect of the material information on the market price and value of the Company's securities.

All news releases announcing material information must be approved by at least one of the Disclosure Officers. If the TSX is open for trading at the time of a proposed announcement of material information, prior notice of the news release must be provided to Regulation Services to enable a trading halt, if deemed necessary by the TSX. If such news release is issued outside of trading hours, Regulation Services must be notified before the market opens.

News releases are to be posted on the Company's website promptly after release over the news wire.

Announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news. The Company's news releases should contain enough detail to enable the investing public to understand the substance and importance of the information it is disclosing and should avoid including exaggeration or promotional commentary.

General external developments affecting the Company's business and affairs such as, for example, commodity price changes, general economic or political changes, etc. are, however, not subject to the above disclosure requirement unless such directly affect the Company's business and affairs in a manner not generally applicable to other comparable mineral exploration companies.

- b) Material Changes. Where a material change has occurred in the affairs of the Company, the Company will immediately issue and file a news release disclosing the nature and substance of the material change, followed by a material change report filed within ten days of the date on which the material change occurred. In certain circumstances, the Disclosure Officers may determine that such disclosure would be unduly detrimental to the Company's interests or interfere with the Company's achievement of a specific objective (for example, if release of the information would prejudice negotiations in a corporate transaction or prejudice the Company's ability to acquire a land position), in which case the Company will immediately file a confidential material change report, and may otherwise keep news of the material change confidential until the Disclosure Officers determine that it is appropriate to publicly disclose it, or the Company is compelled to disclose it under applicable continuous disclosure obligations. The Company shall periodically (at least every ten days) review its decision to keep any material information confidential to assess whether disclosure continues to be unduly detrimental to the Company (also see Section 3.11, "Rumours"). If the Company decides to continue keeping the material information confidential, it will apprise any applicable regulators of that fact.

Premature disclosure is also to be avoided; in other words, there must be a certain level of certainty in respect of the relevant facts or events to justify its disclosure.

c) General

- (i) The Company will publicly disclose material information first before selectively disclosing it to any person (such as an interview with an analyst or in a telephone conversation with an investor), unless disclosing such information to such person prior to public dissemination is “in the necessary course of business” (see 3.2.3 below and NI 51-102). Consultation with the Company’s legal counsel is recommended before making selective disclosure “in the necessary course of business”.
- (ii) If previously undisclosed material information has been inadvertently selectively disclosed to an analyst or any other person, such material information must be broadly disclosed immediately via news release and the TSX should be immediately contacted and consulted regarding a possible halt in trading until such news release is issued. Pending the issuance of such news release, the Company should also advise those parties who have knowledge of the undisclosed material information that it is material and that it has not been generally disclosed.
- (iii) Disclosure must be corrected promptly if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was disclosed.

3.2.3 Permitted Non-Public Disclosure in the Necessary Course of Business

If, as a business matter, it is necessary to provide material non-public information to persons outside the Company, the disclosure of such information is permitted only when necessary in the scope of the employee’s duties and in the necessary course of the Company’s business and when adequate steps have been taken to ensure the ongoing maintenance by the recipient of the confidentiality of the information. The question of whether a particular disclosure is being made in the necessary course of business is a question that must be determined in each case.

In NI 51-201, it is stated that the “necessary course of business” exception exists so as not to interfere with a company’s everyday business and states that the “necessary course of business” exception would generally cover, among others, communications with:

- (i) employees, officers and board members;
- (ii) lenders, legal counsel, auditors, financial advisors and underwriters;
- (iii) parties to negotiations in connection with a private placement, merger, acquisition or sale of significant assets and similar transactions;
- (iv) credit rating agencies; and
- (v) regulators and government agencies.

NI 51-201 states that the “necessary course of business” exception would not generally permit a company to make disclosure of material corporate information

to an analyst, institutional investor or other market professional. Reference is also made to Section 3.9 of this Policy.

3.2.4 Responsibility for Disclosure of Material Information

The Disclosure Officers shall have responsibility for the disclosure of material information. These individuals have responsibility for the disclosure of material information because, by virtue of their positions within the Company:

- (a) they are familiar with the operations of the Company;
- (b) they are continuously up-to-date on pending material developments within the Company; and
- (c) they have sufficient understanding of the disclosure rules to enable them to determine whether information is material and hence requires disclosure.

The Disclosure Officers shall be designated spokespersons for the Company and are the only individuals authorized to communicate with the investing public regarding the information disclosed by or concerning the Company. By establishing this restriction, the Company ensures that:

- (a) a consistent message is delivered to the investing public regarding Company matters;
- (b) only information authorized to be disclosed to the investing public is disclosed; and
- (c) selective disclosure of material information is avoided.

The Disclosure Officers may, from time to time, designate other suitably qualified individuals within the Company to speak on behalf of the Company or to respond to specific inquiries.

Where a news release contains information based on the Company's financial statements prior to the release of such statements, such news release should first be reviewed by the CFO and the Audit Committee.

3.2.5 Contacts with Analysts

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

The Company recognizes that analysts are important conduits for disseminating corporate information to the investing public and that analysts play a key role in interpreting and clarifying existing public data and in providing investors with background information and details that cannot practically be put in public documents. The Company also recognizes that meetings with significant investors are an important element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy.

In particular, the Company, principally through the Disclosure Officers, may educate analysts about the Company using previously disclosed historical information or facts which are generally known, including information relating to market forces impacting the Company's business, so that analysts can regularly update their estimates. The Company will not provide analysts with material non-public information.

The Company may review, when possible, analysts' draft research reports or models for the purpose of pointing out errors in fact based on publicly disclosed information. The Company will limit its comments to identifying publicly disclosed factual information that may affect an analyst's model or to pointing out inaccuracies or omissions with reference to publicly available information about the Company. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates. In order to avoid appearing to "endorse" an analyst's report or model, when providing comments, the Company will indicate that the report or model was reviewed only for factual accuracy.

Note that discussions with analysts in respect of the Company's prospects, business environment, management philosophy and strategy are, however, acceptable. Further, NI 51-201 states that "a company is not prohibited from disclosing non-material information to analysts, even if these pieces help the analyst complete a "mosaic" of information that, taken together is material undisclosed information about the Company". The mosaic theory recognizes that analysts provide a valued service in culling and sifting available data, viewing it in light of their own knowledge of a particular industry and ultimately furnishing a distilled product in the form of reports which are widely disseminated. General discussions from which skilled analysts can extract pieces of a jigsaw puzzle which would not be significant to the ordinary investor, but are useful in constructing the analyst's ultimate judgment are permissible and accepted by the various regulatory authorities. The foregoing is based on the notion that, ordinarily analysts and portfolio managers need more detailed, non-material information to make their analyses and assessments regarding a company's performance and prospects than individual investors or financial reporters require. The Company should also provide the same level of information to any member of the investing public upon request.

However, while the various regulatory authorities recognize that analysts can make a valuable contribution in keeping the markets informed and efficient, the Disclosure Officers should, when dealing with analysts:

- (i) be aware that forward-looking information ("FLI") inconsistent with such prior FLI may be viewed as material information that should not be selectively disclosed;
- (ii) not provide analysts with earnings guidance (or, of course, any other material non-public information) in connection with the preparation of their reports, the developments of their projections or otherwise. Analysts should independently formulate their estimates of the Company's future performance or stock price; and
- (iii) not comment on analysts' projections or estimates (in particular, see Section 5.2 (2) of NI 51-201) and, if they are otherwise commenting in writing on other aspects of an analyst's report, advise them in writing that they are not commenting on any projections or estimates.

In particular, the Company should be wary, however, of providing analysts (or others) with preferential help in interpreting or correlating specific aspects of the Company's overall disclosure with the effects of general market conditions. (For example, on October 5, 2000, Air Canada informed 13 analysts of Air Canada's assessment of the quantitative impact that certain factors, the existence of which was in public domain, would have on its third and fourth quarter projected earnings. Air Canada was censured and fined by the regulators for such selective and preferential disclosure).

In addition, in order to prevent widespread dissemination of a significantly inaccurate projection or information, the Company may from time to time deem it necessary to inform an analyst that technical or financial facts directly related to the Company's business and utilized by such analyst are inaccurate (including circumstances where such are incorporated in the analyst's financial model of the Company) and, if used, would result in a misrepresentation of certain aspects of the Company's business and activities.

The Company regards analyst reports as proprietary information belonging to the analyst's firm that the Company does not endorse, nor wish to appear to endorse. The Company may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company. If permitted, the Company will reproduce on its website current reports provided by the foregoing investment firms and analysts.

3.3 Trading Restrictions

It is illegal for anyone to purchase or sell securities of any public company with knowledge of material information affecting that company that has not been publicly disclosed. Except "in the necessary course of business", it is also illegal for anyone to inform any other person of material non-public information.

The Company has adopted an Insider Trading Policy, which prohibits officers, directors and other insiders of the Company (collectively, "Insiders") and employees from trading in securities of the Company (including exercising stock options) while they have knowledge of undisclosed material information about the Company or when a "blackout period" has been instituted by the Company.

For further information on the Company's policy with respect to trading restrictions and blackout periods, see below and refer to the Company's Insider Trading Policy and Section 3.4 of this Policy.

3.4 Quiet Periods

The Disclosure Officers or the Company may determine that it is appropriate for the Company to observe "quiet periods", during which time comments with respect to the Company's current operations or expected results will not be provided to analysts, investors or other market professionals. This is in order to avoid the potential for improper selective disclosure or even the perception or appearance of improper selective disclosure. For example, a "quiet period" might run between the end of a drill program and the release of the drill results. The Company need not stop all communications with analysts or investors during the "quiet period". However, communications should be limited to responding to inquiries concerning publicly available or non-material information.

Once the Company reaches the stage where its quarterly and/or annual financial results become material, it will institute the observation of a quarterly quiet period, during which it will not initiate any meetings or telephone contacts with analysts and investors and no discussion on earnings will take place, except to respond to unsolicited inquiries of a factual nature. Such a blackout period will generally commence five business days before the announcement of the financial results for the end of each fiscal quarter of the Company and ending at the end of the business day after the day of the announcement of the financial results for the quarter and, in respect of the fourth quarter, the financial results for the year. This blackout period does not preclude responding to inquiries concerning publicly available or non-material information.

3.5 No Grant of Stock Options

When undisclosed material information exists, it is not appropriate for the Company to grant stock options (even if the recipient of such options is not aware of the undisclosed material information), except in circumstances where such grants are specifically permitted by the rules of the TSX.

3.6 Forward-Looking Information

Forward looking information ("FLI") includes information such as increases and decreases in production, reserves and/or resources, anticipated grades and recovery rates, earnings outlook targets or estimates for production, cash, operating costs and capital expenditures and favourable or unfavourable external factors. FLI is an essential element of the information mix considered by the investing public. Should the Company elect to disclose FLI in continuous disclosure documents, speeches, conference calls or news releases, the following guidelines will be observed:

- (a) the information, if deemed material, will be broadly disseminated via news release, in accordance with this Policy;
- (b) the information will be clearly identified as forward-looking;
- (c) the Company will identify all material factors and assumptions used in the preparation of FLI;
- (d) the information shall include by a statement of the factors that may cause the actual results to differ materially from those projected in the statement, the material assumptions used and the appropriate risk disclosure and continuing language; and
- (e) the Disclosure Officers must obtain the approval of the Board of Directors or Audit Committee before issuing a news release containing FLI which is based on or derived from financial statements that have not been released.

Any FLI should be identified as such by using the words: "we believe", "we anticipate", "we expect", etc. Cautionary language includes words such as "there are no assurances that..." and identify the specific risk factor(s) associated with the forward-looking statement.

3.7 Conference Calls

Conference calls may be held where deemed appropriate by the Disclosure Officers for major corporate developments, whereby discussion of key aspects is accessible

simultaneously to all interested parties, some as participants by phone and others in a listen-only mode by phone or by webcast on the website. The call will be preceded by a news release containing all relevant material information. Conference calls about corporate developments and other material information will be scheduled outside trading hours where possible, to avoid or minimize the risk of selective disclosure. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language with respect to any FLI and direct participants to publicly available documents containing a full discussion of the risks and uncertainties.

The Company will provide advance notice of the conference call or webcast by issuing a news release announcing the nature of the information to be discussed on the call, the date and time of the call and providing information on how interested parties may access the call or webcast. In addition, the Company may send invitations to analysts, institutional investors, the media and others invited to participate. Any non-material supplemental information provided to participants will also be posted to the website for others to view. A tape recording of the conference call and/or an archived audio webcast on the Internet may be made available following the call for a period of time deemed appropriate by the Disclosure Officers.

Reference is also made to Section 3.2.2(c)(ii) of this Policy.

3.8 Disclosure Controls

Under Multilateral Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, the CEO and the CFO are required, in connection with the filing of the Company's annual and interim statutory filings, to sign a certificate certifying a number of things including matters in relation to the Company's "disclosure controls and procedures" ("Disclosure Controls") which are generally defined as controls and other procedures of an issuer designed to provide reasonable assurance that the information required to be disclosed in the issuer's annual filings, interim filings or other reports is recorded, processed, summarized and reported within the prescribed time period.

In this connection, the Disclosure Officers will establish, maintain and evaluate reasonable Disclosure Controls and other procedures which are to be implemented and carried out under their supervision. To assist the Disclosure Officers, it is essential that all directors, officers and employees ensure that the Disclosure Officers are kept fully apprised of all pending and potentially material developments in the business affairs of the Company so that the Disclosure Officers are able to determine the appropriateness and timing of the public disclosure of those developments.

3.9 Maintaining Confidentiality

The Company shall provide to all employees on-going education on the importance of maintaining the confidentiality of Company information and on the protocol to be followed in the event that they are asked (whether orally, in writing or electronically) by members of the investing public to comment on the Company's material or confidential information.

Any employee privy to confidential information is prohibited from communicating this information to anyone else, unless to do so is "in the necessary course of business". Efforts will be made to limit access to such confidential information to only those who need to know the information, and such persons will be advised that the information is to be kept confidential. Employees must be aware of potential issues and limitations in using e-mail to transmit confidential information. Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge such information to anyone else, other than "in the necessary course of business" and that

they may not trade in the Company's securities until the information is publicly disclosed. Such outside parties may be asked to confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

In order to prevent the misuse or inadvertent disclosure of material information, the following procedures should be observed:

- (a) confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- (b) confidential documents should not be read in public places and should not be discarded where others can retrieve them;
- (c) employees must ensure they maintain the confidentiality of information in their possession outside of the office;
- (d) transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- (e) unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed;
- (f) access to confidential electronic data should be restricted through the use of passwords;
- (g) documents and files containing confidential information should be kept in a safe place where access is restricted to individuals who "need to know" that information "in the necessary course of business"; and
- (h) all proprietary information, including computer programs and other records, remain the property of the Company and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with the prior permission of one of the Disclosure Officers.

3.10 **Electronic Communications**

- a) General. The Disclosure Officers shall have responsibility for ensuring that the Company's material information and investor information on the Company website is accurate, complete, up-to-date and in compliance with relevant securities laws. Investor information shall be maintained in a separate area of the Company website to ensure a distinction with the promotional areas of the website.

Employees are prohibited from participating in discussions about the Company on electronic chat rooms, bulletin boards or news groups. Chat rooms, bulletin boards or news groups may be the genesis for rumours about the Company, which may or may not be factual. Employees who encounter a discussion pertaining to the Company, its activities or securities should advise one of the Disclosure Officers immediately so that the discussion may be monitored.

Any material changes in information must be updated in a timely manner. The Company will keep available on its website a minimum of two years' annual reports, news releases and other continuous disclosure documents, unless the Disclosure Officers believe that certain of these materials need to be removed earlier.

- b) Web Links. Links from the Company's website to a third-party website must be approved by one of the Disclosure Officers who will take all reasonable steps to ensure that the information is not misleading.
- c) Website Disclosures. Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information must be handled in accordance with this Policy prior to publication on the website.
- d) Electronic Enquiries. Response to electronic enquiries will be the responsibility of the qualified person or persons within the Company designated by one of the Disclosure Officers for that purpose. Only public information or information which could otherwise be disclosed in accordance with this Policy shall be utilized in responding to electronic inquiries.

3.11 Rumours

The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. One of the Disclosure Officers will respond consistently to those rumours, with words to the effect of, "It is our policy not to comment on market rumours or speculation". If undisclosed material information has been leaked and appears to be affecting trading activity in the Company's shares, or the TSX requests that the Company make a definitive statement in response to a market rumour that is causing unusual activity in the stock, the Disclosure Officers will consider the matter and determine if a trading halt should be discussed with the TSX and to promptly issue a news release disclosing the relevant material information or confirm there is no undisclosed material information.

3.12 Communication and Enforcement

This Policy will be circulated to all directors, officers and employees upon its inception, and again whenever significant changes are made to it or the Disclosure Officers otherwise deem it necessary. New directors, officers and employees will be provided with a copy of this Policy upon joining the Company.

Nothing in this Policy should be construed or interpreted as limiting, reducing or eliminating the obligation of any director, officer or employee of the Company to comply with all applicable laws. Conversely, nothing in this Policy should be construed or interpreted as expanding applicable standards of liability under law for directors or officers of the Company.

A director, officer or employee who violates this Policy may face disciplinary action up to and including termination of his or her employment or association with the Company. The violation of this Policy may also violate certain securities laws. If the Company discovers that a director, officer or employee has violated any securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

This Policy has been reviewed by the Audit Committee and approved by the Board of Directors. The Disclosure Officers will recommend any material changes to this Policy for review by the Audit Committee and approval by the Board of Directors as needed.

Cautionary Note RE: Proposed Financings

There are different and more restrictive rules that the Company and its directors, officers and spokespersons must abide by when the Company is planning on conducting an offering of its securities, either in conjunction with a financing or otherwise. Any disclosure and/or dealings with the investing public during an offering should be pre-cleared with the Company's President.

Approved and adopted by the Board of Directors effective April 9, 2014.



APPENDIX "A"

Examples of Information That May Be Material

Changes in Corporate Structure

- changes in share ownership that may affect control of the company
- the possible initiation of a proxy fight
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids
- changes to the board of directors or executive management

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
- material modifications to the 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 period
- 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 policies
- any notice that reliance on a prior audit is no longer permissible

Changes in Business and Operations

- significant exploration discoveries or developments, including results from ongoing drilling programs or assay results
- new ore reserve or resource calculations
- environmental events, issues or concerns
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts or significant losses or contracts or business
- the commencement of, or developments in, material legal proceedings or regulatory matters
- 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 planning enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangement