

RELATED PARTY TRANSACTIONS POLICY & PROCEDURES

POLICY STATEMENT

The Board of Directors recognizes that Related Party Transactions (as defined below) can present a heightened risk of potential or actual conflicts of interest and may create the appearance that Company decisions are based on considerations other than the best interests of the Company and its shareholders. As a result, the Board of Directors prefers to avoid Related Party Transactions as a general matter. Nevertheless, the Board recognizes that there are situations where Related Party Transactions may be in, or may not be inconsistent with, the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quality or quantity on terms that are not readily available from alternative sources or when the Company provides products or services to Related Persons (defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties. Consequently, a Related Party Transaction will be entered into or continued only if the Audit Committee approves or ratifies the transaction in accordance with the guidelines set out in this policy having determined that the transaction is on terms that are not inconsistent with the best interest of the Company and its shareholders, or if the transaction is approved by the disinterested members of the Board of Directors.

The Audit Committee may review this policy from time to time and recommend amendments for consideration by the Board.

RELATED PARTY TRANSACTIONS

For purposes of this policy a "Related Party Transaction" is a transaction, arrangement or relationship in which the Company or any of its subsidiaries is a party and the amount of the transaction when aggregated with all similar transactions exceeds \$120,000, and in which a Related Person has a direct or indirect material interest.

For purposes of this policy a "Related Person" means:

1. any person who is or at any time since the beginning of the Company's last fiscal year was a director or executive officer of the Company;
2. any shareholder who beneficially owns in excess of 5% of the Company's outstanding common stock;
3. a person who is an immediate family member of any director or executive officer (which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any person other than a tenant or employee sharing the house of such director or executive officer); and
4. any firm, corporation, charitable organization or other entity in which any of these persons is employed or an officer, general partner or principal or in a similar position or in which the person and all related parties has beneficial ownership interest of 10% or more.

APPROVAL PROCESS

Prior to entering into the Related Party Transaction, the Director or executive officer who is a Related Person or has an immediate family member who is a Related Person must provide notice to the Corporate Secretary of the facts and circumstances of the proposed Related Party Transaction. The notice should include:

- the Related Person's relationship to the Company and the person's interest in the transaction;
- the material terms of the proposed transaction, including the aggregate value or, in the case of indebtedness, the aggregate principal and interest rate;
- the benefits to the Company of the proposed transaction;
- if applicable, the availability of other sources of comparable products or services; and
- as assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party

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The Corporate Secretary will determine whether the proposed transaction is a Related Party Transaction for purposes of this policy and may meet with the relevant business unit or function leader to confirm and supplement the information in the notice. Any proposed transaction determined to be a Related Party Transaction will be submitted to the disinterested members of the Audit Committee for consideration at its next meeting. If the Corporate Secretary, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practical for the Company to wait until the next Audit Committee meeting, the Chair of the Audit Committee has the authority to act between Committee meetings unless the Chair of the Audit Committee is a Related Person in the Related Party Transaction.

The Audit Committee will consider all the relevant facts and circumstances, including the benefits to the Company, the potential effect on a director's independence of entering into the transaction, the availability of other sources for the products or services, the terms of the transaction and the terms available to unrelated third parties generally. The Audit Committee may approve Related Party Transactions that it determines in good faith are not inconsistent with the best interests of the Company and its shareholders. The Chair of the Audit Committee will report to the Audit Committee at its next meeting with regard to any approval of a proposed transaction between Committee meetings under this policy. In the event multiple member of the Audit Committee, including the Chair of the Committee, are Related Persons, the Related Party Transaction will be considered by the disinterested members of the Board of Directors in place of the Committee.

RATIFICATION

If the Company or a Related Party becomes aware that any Related Party Transaction exists that has not been previously approved or ratified under this policy, it will promptly submit the transaction to the Audit Committee or Chair of the Committee or disinterested members of the Board of Directors for consideration. The Audit Committee or Chair of the Committee or Board will evaluate the transaction considering the criteria set out in the approval process under this policy and will consider all options, including ratification, amendment or termination of the Related Party Transaction.

REVIEW OF ONGOING TRANSACTIONS

At the Audit Committee's first meeting of each fiscal year, the Committee will evaluate any continuing Related Party Transactions that have remaining amounts receivable of more than \$120,000 to determine if it is in the best interests of the Company and its shareholders to continue, modify or terminate the Related Party Transaction.

DISCLOSURE

All Related Party Transactions are to be disclosed in the Company's applicable filings as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations. All Related Party Transaction will be disclosed to the Audit Committee and any material Related Party Transaction will be disclosed to the Board of Directors.