



## **Disclosure Policy**

### **Objective and Scope**

The objective of this disclosure policy is to ensure that communications with the investing public about Candax Energy Inc. (the "Corporation") are:

- timely, factual and accurate; and
- broadly disseminated in accordance with all applicable legal and regulatory requirements.

This disclosure policy confirms in writing our existing disclosure policies and practices. Its goal is to raise awareness of the Corporation's approach to disclosure among the board of directors, senior management and employees.

This disclosure policy extends to all employees of the Corporation, its board of directors, those authorized to speak on its behalf and all other insiders. It covers disclosures in documents filed with securities regulators, financial and non-financial disclosure, including management's discussion and analysis ("MD&A") and written statements made in the Corporation's annual and interim reports, news releases, letters to shareholders, presentations by senior management and information contained on the Corporation's web site 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, press conferences and conference calls.

### **Disclosure Policy Committee**

The board of directors has established a disclosure policy committee (the "Committee") responsible for all regulatory disclosure requirements and for overseeing the Corporation's disclosure practices. The Committee consists of the Chief Executive Officer, Executive Vice President, Corporate, Chief Financial Officer, and the Corporate Secretary.

It is essential that the Committee be kept fully apprised of all pending material developments with respect to the Corporation in order to evaluate and discuss those events to determine the appropriateness and timing for public release of information. If it is deemed that material information should remain confidential, the Committee will determine how that inside information will be controlled and monitored.

The Committee will identify appropriate industry and company benchmarks for a preliminary assessment of materiality. Guided by these benchmarks, the Committee will use experience and judgment to determine the timing for public release of material information. The Committee is responsible for ensuring appropriate systems, processes and controls for disclosure and will review all news releases and core disclosure documents prior to their release or filing, including the Corporation's MD&A. The Committee will meet quarterly or as conditions dictate and the Corporate Secretary will keep records of these meetings.

The Committee will review and update, if necessary, this disclosure policy annually or as needed to ensure compliance with changing regulatory requirements. The Committee will report to the board of directors on a quarterly basis. The Committee is also responsible for ensuring that the Corporation's spokespersons receive adequate training and supervision.

## **Principles of Disclosure of Material Information**

Material information is any information 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 the Corporation's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. In complying with the requirement to immediately disclose all material information under applicable laws and stock exchange rules, the Corporation will adhere to the following basic disclosure principles:

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

## **Trading Restrictions and Blackout Periods**

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

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

The following trading blackouts shall apply to all directors, officers and employees of the Corporation:

In respect of any director, officer or employee involved in, or being advised of any material financial information relating to, the preparation of any quarterly or annual financial statements required to be filed with any securities regulatory authority, a trading blackout will commence on the first day following the end of the quarter or financial year, as the case may be, and end on the second business day following the issue of a news release disclosing the quarterly or annual financial results, as the case may be.

In respect of directors, officers and employees not involved in, and not having been advised of any material financial information relating to, the preparation of any quarterly or annual financial statements required to be filed with any securities regulatory authority, a trading blackout will commence on the date which is 15 days prior to the anticipated date (the "Anticipated Filing Date") of the filing of such financial statements, notice of which date will be provided to the applicable directors, officers and employees (the "Affected Individuals") by the Chief Financial Officer of the Corporation within five business days after the end of the applicable quarter or financial year, as the case may be, and such trading blackout shall continue to be in effect until the second business day following the issue of a news release disclosing the quarterly or annual financial results, as the case may be, notwithstanding that such date may be later than the Anticipated Filing Date which was provided to the Affected Individuals.

Blackout periods may be prescribed from time to time by the Committee as a result of special circumstances relating to the Corporation when insiders should be precluded from trading in its securities. All persons with knowledge of such special circumstances should be covered by the blackout.

To protect the reputation of the Corporation and avoid the appearance of impropriety, all directors, officers and other insiders are required to pre-clear all proposed trades in the Corporation's securities (including the exercise of stock options) with the CEO or other designated officer of the Corporation.

## **Maintaining Confidentiality**

Any employee or consultant of the Corporation who is privy to confidential information is prohibited from communicating such information to anyone else, unless required to do so in the necessary course of business. Efforts will be made to limit access to confidential information to only those who need to know the information and those persons will be advised that the information is to be kept confidential.

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

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

- Documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business. Code names should be used if necessary.
- Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
- Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.

- Transmission of documents by electronic means, such as by fax, e-mail 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.
- 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.
- Access to confidential electronic data should be restricted through the use of passwords.

## **Designated Spokespersons**

The Corporation designates a limited number of spokespersons with authority for communication with the investment community, regulators and the media. Employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries are to be referred to the Executive Vice President, Corporate.

## **News Releases**

Once the Committee determines that a development is material, it will authorize the issuance of a news release unless the Committee determines that such developments must remain confidential for the time being. If developments are to remain confidential, appropriate confidential filings must be made and control of the inside information must be instituted. Should a material statement inadvertently be made in a selective forum, the Corporation will immediately issue a news release to fully disclose that information.

News releases containing earnings guidance and financial results will be reviewed by the audit committee and the directors prior to issuance. Financial results will be publicly released immediately following audit committee and director approval of the MD&A, financial statements and notes.

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

News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. Full-text news releases will be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media, and the local media in areas where the Corporation has its headquarters and operations.

News releases will be posted on the Corporation's web site immediately after confirmation of dissemination over the news wire. The web site will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures.

## **Conference Calls**

To the extent considered appropriate at the relevant time, conference calls will be held for quarterly earnings and major corporate developments, accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. The call will be preceded by a news release containing all relevant material information. At the beginning of the call, a Corporation spokesperson will provide appropriate cautionary language regarding any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the news.

The Corporation will provide advance notice of the conference call and webcast by issuing a news release announcing the date, time and topic and providing information on how interested parties may access the call and webcast. These details will be provided on the Corporation's web site. In addition, the Corporation may send invitations to analysts, institutional investors, the media and others. Any non-material supplemental information provided to participants will also be posted to the web site for others to view.

A tape replay of the conference call will be made available for a minimum of seven days and an archived audio webcast and/or text transcript will be made available on the Corporation's web site for a minimum of 90 days.

The Committee will hold a debriefing meeting immediately after the conference call and if it determines that selective disclosure of previously undisclosed material information has occurred, the Corporation will immediately disclose the information broadly via news release.

## **Rumours**

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

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

## **Contacts with Analysts, Investors and the Media**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Corporation 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 Corporation recognizes that meetings with analysts and significant investors are an important element of its investor relations program. The Corporation will meet with analysts and investors individually or in small groups as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy. All analysts will receive fair treatment regardless of whether they are recommending buying or selling the Corporation's securities.

The Corporation will provide only non-material information through individual and group meetings, in addition to publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. The Corporation cannot alter the materiality of information by breaking down the information into smaller, non-material components.

The Corporation will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors and may post this information on its web site.

Spokespersons will keep notes of telephone conversations with analysts and investors and where practicable more than one Corporation representative will be present at all individual and group meetings. A debriefing will be held after these meetings and if it is determined that selective disclosure of previously undisclosed material information has occurred, the Corporation will immediately disclose the information broadly via news release.

## **Reviewing Analyst Reports and Financial Models**

Upon request, the Corporation may review analysts' draft research reports or financial models for factual accuracy based on publicly disclosed information. The Corporation will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's financial model and earnings estimates.

To avoid appearing to endorse an analyst's report or model, the Corporation will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

## **Limits on Distributing Analyst Reports**

Analyst reports are proprietary products of the analyst's firm. The Corporation will distribute analyst reports to its directors, senior officers and to interested parties including posting on the Corporation's website to assist them in understanding how the marketplace values of the Corporation and how corporate developments affect the analysis. Analyst reports may also be provided to the Corporation's financial and professional advisors in the necessary course of business. The Corporation may post on its web site a complete listing, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Corporation with links to all reports accompanied by a disclaimer that indicates the reports are independent and should not be viewed as an endorsement by Candax.

## **Forward-Looking Information**

A consistent approach to disclosure is important. Should the Corporation elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed:

- all material forward-looking information will be broadly disseminated via news release;
- the information will be clearly identified as forward looking;
- the Corporation will identify the material assumptions used in the preparation of the forward-looking information;
- the information will be accompanied by a statement that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement;
- the information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome;
- the information will be accompanied by a statement that the information is stated as of the current date and subject to change after that date, and the Corporation disclaims any intention to update

or revise this statement of forward-looking information, whether as a result of new information, future events or otherwise; and

- once disclosed, the Corporation's practice for updating forward-looking information will be to regularly assess whether previous statements of forward-looking information should be replaced by new financial outlooks, and ensure that past disclosure of forward-looking information is accurately reflected in current MD&A.

If the Corporation has issued a forecast or projection in connection with an offering document covered by National Policy 48 (to the extent then in effect), the Corporation will update that forecast or projection periodically as required by National Policy 48.

## **Providing Guidance**

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

If the Corporation has determined that it will be reporting results materially below or above publicly held expectations, it may decide to disclose this information in a news release to enable discussion without risk of selective disclosure (see "Forward-Looking Information").

## **Quiet Periods**

To avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Corporation will observe quiet periods prior to quarterly earnings announcements or when material changes are pending. Regular quiet periods will commence on the first day following the end of a quarter and end with the issuance of a news release disclosing results for the quarter just ended.

During a quiet period, the Corporation will not initiate any meetings or telephone contacts with analysts and investors, but will respond to unsolicited inquiries concerning factual matters. If the Corporation is invited to participate, during a quiet period, in investment meetings or conferences organized by others, the Committee will determine, on a case-by-case basis, if it is advisable to accept these invitations. If accepted, extreme caution will be exercised to avoid selective disclosure of any material, non-public information.

## **Disclosure Record**

The Corporate Secretary will maintain a five-year record of all public information about the Corporation, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

## **Responsibility for Electronic Communications**

This disclosure policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures are also responsible for electronic communications. The Executive Vice President, Corporate is responsible for updating the investor relations section of the Corporation's web site and, along with the Corporate Secretary, for monitoring all information placed on the web site to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws. Disclosure on the Corporation's web site alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on the web site will be preceded by the issuance of a news release. All continuous disclosure documents will be provided in the "Investor News" section of the Corporation's web site. All information posted, including text and audiovisual material, will show the date the material was issued. Any material changes in

information must be updated immediately, following issuance of a news release. The web site will include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosures.

The Corporation will provide a link from the website to the Company's SEDAR profile in order that readers can obtain access to all regulatory filings. The Executive Vice President, Corporate must approve all links from the Corporation's web site to third party web sites. The Executive Vice President, Corporate will also be responsible for responses to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this disclosure policy shall be used to respond to electronic inquiries. In accordance with this disclosure policy, employees (including designated spokespersons) are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Corporation's activities or its securities.

### **Communication, Education and Enforcement**

This disclosure policy extends to all employees and officers of the Corporation, its board of directors and its authorized spokespersons. New directors, officers and employees will be provided with a copy of this disclosure policy and educated about its importance. This disclosure policy will be posted on the Corporation's internal web site and changes will be communicated to all employees.

Any director, officer or employee who violates this disclosure policy may face disciplinary action up to and including termination of employment or service, as applicable, with the Corporation without notice. The violation of this disclosure policy may also violate certain securities laws, which could expose directors, officers or employees to personal, civil or criminal liability. If it appears that an employee may have violated such securities laws, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to fines or other penalties.

**Approved by the Board of Directors on June 18, 2008.**