



Whistleblower Policy

Objective and Scope

The objective of this Whistleblower Policy is to describe the procedures to be followed by the audit committee (the "Audit Committee") of the board of directors of Candax Energy Inc. (the "Corporation") and by management ("Management") of the Corporation upon receipt of complaints or expressions of concern by employees with respect to the Corporation's internal controls and legal and regulatory compliance.

Responsibilities of Audit Committee Regarding Specified Complaints

The Audit Committee shall receive, investigate and act on complaints and expressions of concern ("Reports") by employees regarding:

- accounting, internal accounting controls and auditing matters, including those regarding the circumvention or attempted circumvention of internal accounting controls or that would otherwise constitute a violation of the Corporation's accounting policies (an "Accounting Allegation");
- compliance with legal and regulatory requirements (a "Legal Allegation"); and
- retaliation against employees who make Accounting Allegations or Legal Allegations (a "Retaliatory Act").

Responsibilities of the Audit Committee created by these procedures may, at the discretion of the Audit Committee, be delegated to any member of the Audit Committee.

Procedures for Receiving Reports

Any Report that is made directly to any member of Management, whether openly, confidentially or anonymously, shall be recorded and promptly referred to the Audit Committee.

For the purpose of determining whether a Report warrants further investigation or review, each Report referred to the Audit Committee and each Report made directly to the Audit Committee, whether openly, confidentially or anonymously, shall be reviewed by the Audit Committee, who may, in its discretion, consult with any director, officer or employee who is not the subject of the allegation and who may have appropriate knowledge to assist the Audit Committee.

If the Audit Committee determines that further review or investigation is warranted in respect of a Report, the Audit Committee shall decide whether it will be the responsibility of the Audit Committee or that of Management to investigate the Report, taking into account the following considerations:

- Who is the alleged wrongdoer? If an executive officer or financial officer is alleged to have engaged in wrongdoing, that factor alone may support a decision by the Audit Committee to conduct an investigation.
- How serious is the alleged wrongdoing? The more serious the alleged wrongdoing, the more appropriate it is that the Audit Committee should undertake the investigation. If the alleged wrongdoing would constitute an offence involving the integrity of the financial statements, that factor alone may support a decision by the Audit Committee to conduct an investigation.

- How credible is the allegation of wrongdoing? The more credible the allegation, the more appropriate that the Audit Committee should undertake the investigation. In assessing credibility, the Audit Committee should consider all facts surrounding the allegation, including, but not limited to, whether similar allegations have been made in the press or by analysts.

If the Audit Committee determines that Management should investigate the Report, the Audit Committee will notify the Chief Executive Officer in writing of such determination. Management shall thereafter promptly investigate the Report and shall report the results of its investigation, in writing, to the Audit Committee. With prior approval of the Audit Committee, Management may engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results.

If the Audit Committee determines that it should investigate the Report, the Audit Committee shall promptly determine what professional assistance, if any, it needs in order to conduct the investigation. The Audit Committee shall be free in its discretion to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results.

Protection of Whistleblowers

The Audit Committee shall not retaliate, and shall not tolerate any retaliation by Management or any other person or group, directly or indirectly, against anyone who in good faith makes an Accounting Allegation or a Legal Allegation, reports a Retaliatory Act or provides assistance to the Audit Committee, Management or any other person or group, including any governmental, regulatory or law enforcement body, investigating a Report. The Audit Committee shall not, unless compelled by judicial or other legal process, reveal the identity of any person who makes an Accounting Allegation or a Legal Allegation or reports a Retaliatory Act and who asks that his or her identity as the person who made such Report remain confidential. The Audit Committee shall not make any effort, or tolerate any effort made by Management or any other person or group, to ascertain the identity of any person who makes a Report anonymously.

Records

The Audit Committee shall retain for a period of seven (7) years all records relating to any Accounting Allegation or Legal Allegation or report of a Retaliatory Act and to the investigation of any such Report. The types of records to be retained by the Audit Committee shall include records of all steps taken in connection with the investigation and the results of any such investigation.

Notification of Others

At any time during a review and/or an investigation of a Report, a member of the Audit Committee may notify the Corporation's legal counsel or external auditors of the receipt of a Report and/or the progress or results of any review and/or investigation of the Report and will provide such level of detail as may be necessary to allow for appropriate consideration by such persons of the Corporation's ongoing disclosure obligations, including with regard to any required officer certifications.

Approved by the Board of Directors on November 21, 2006.