

TYHEE DEVELOPMENT CORP.
(the “Company”)

Corporate Governance Policies and Procedures Manual (the “Manual”)

Adopted effective October 24, 2005

TABLE OF CONTENTS

CORPORATE GOVERNANCE OVERVIEW AND GUIDELINES.....	3
1. INTRODUCTION	3
2. DIRECTOR RESPONSIBILITIES	3
3. DIRECTOR QUALIFICATION STANDARDS.....	4
4. BOARD MEETINGS	5
5. BOARD COMMITTEES.....	6
6. DIRECTOR’S ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS	7
7. DIRECTOR COMPENSATION.....	7
8. DIRECTOR ORIENTATION AND CONTINUING EDUCATION	8
9. MANAGEMENT EVALUATION AND SUCCESSION AND EXECUTIVE COMPENSATION.....	8
10. CODE OF ETHICS	9
11. ANNUAL PERFORMANCE EVALUATION OF THE BOARD.....	9
12. BOARD INTERACTION WITH SHAREHOLDERS, INSTITUTIONAL INVESTORS, THE PRESS, CUSTOMERS, ETC.....	9
13. PERIODIC REVIEW OF THE CORPORATE GOVERNANCE GUIDELINES	9
APPENDIX 1 MATTERS REQUIRING BOARD APPROVAL (NON-DELEGATION POLICY).....	1
APPENDIX 2 DIRECTOR INDEPENDENCE STANDARDS.....	1
APPENDIX 3 CODE OF ETHICS, TRADING RESTRICTIONS AND REPORTING VIOLATIONS.....	1
1. AVOIDING QUESTIONABLE OR ILLEGAL PRACTICES	1
2. HONESTY AND FAIR DEALING.	2
3. CORPORATE OPPORTUNITIES AND DUTY OF LOYALTY	2
4. AVOIDING CONFLICTS OF INTEREST	2
5. GIVING OR ACCEPTING GIFTS.....	3
6. OUTSIDE ACTIVITIES	4
7. ACCOUNTING AND RECORDKEEPING, INTERNAL ACCOUNTING CONTROLS AND AUDITING MATTERS.	5
8. USE OF COMPANY PROPERTY	6
9. PROPRIETARY INFORMATION	7
10. OUTSIDE IDEAS.....	8
11. DISCLOSURE POLICY.....	8
12. SECURITIES TRANSACTIONS.....	11
13. ADMINISTRATION AND DISTRIBUTION	12
14. REPORTING OF POSSIBLE VIOLATIONS OR OTHER QUESTIONABLE PRACTICES.....	12
APPENDIX 4 AUDIT COMMITTEE CHARTER.....	1
1. MANDATE.....	1
2. COMPOSITION	1
3. MEETINGS.....	1
4. ROLES AND RESPONSIBILITIES.....	2
5. OTHER RESPONSIBILITIES	4
6. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE.....	5

APPENDIX 5 COMPENSATION COMMITTEE CHARTER..... 1

1. PURPOSE: RESPONSIBILITIES AND AUTHORITY..... 1
2. STRUCTURE AND MEMBERSHIP..... 2
3. PROCEDURES AND ADMINISTRATION..... 2
4. ADDITIONAL POWERS..... 3

APPENDIX 6 ENVIRONMENT, HEALTH AND SAFETY COMMITTEE CHARTER..... 1

1. PURPOSE..... 1
2. STRUCTURE AND MEMBERSHIP..... 1
3. PROCEDURES AND ADMINISTRATION..... 2
4. ADDITIONAL POWERS..... 2

CORPORATE GOVERNANCE OVERVIEW AND GUIDELINES

1. Introduction

The Board of Directors of the Company has adopted these Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its duties and responsibilities. The Guidelines are to be applied in a manner consistent with applicable laws and the Company’s incorporating documents. The Board may modify or make exceptions to the Guidelines from time to time in its discretion and consistent with the duties and responsibilities owed to the Company and its shareholders.

2. Director Responsibilities

(a) **Oversee Management of the Company.** The principal responsibility of the directors is to oversee the management of the Company and, in so doing, serve the best interests of the Company on behalf of its shareholders. These responsibilities require that the directors attend to the following:

- review and approve on a regular basis, and as the need arises, fundamental operating, financial, and other strategic corporate plans which take into account, among other things, the opportunities and risks of the business of the Company;
- evaluate the performance of the Company, including the appropriate use of corporate resources;
- evaluate the performance of, and oversee the progress and development of, senior management and take appropriate action, such as promotion, change in responsibility and termination;
- implement senior management succession plans;
- evaluate the Company’s compensation programs;
- establish a corporate environment that promotes timely and effective disclosure (including appropriate controls, procedures and incentives), fiscal accountability, high ethical standards and compliance with applicable laws and industry and community standards;
- ensure systems are in place to identify and manage the risks faced by the Company;
- review and decide upon material transactions and commitments;
- develop a corporate governance structure that allows and encourages the Board to fulfill its responsibilities;
- provide assistance to the Company’s senior management, including guidance on those matters that require Board involvement; and

- evaluate the overall effectiveness of the Board and its committees.
- (b) **Exercise Business Judgment.** In discharging their fiduciary duties of care, loyalty and candor, directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its shareholders free from personal interests. In discharging their duties, when appropriate, the directors normally are entitled to rely on the Company's senior executives and its outside advisors, auditors and legal counsel, but also should consider second opinions where circumstances warrant.
- (c) **Understand the Company and its Business.** Directors are expected to become and remain informed about the Company and its business, properties, risks and prospects.
- (d) **Establish Effective Systems.** Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company. Directors should also provide for periodic reviews of the integrity of the Company's internal controls and management information systems.
- (e) **Protect Confidentiality and Proprietary Information.** Directors are responsible for establishing policies that are intended to protect the Company's confidential and proprietary information from unauthorized or inappropriate disclosure. Likewise, all discussions and proceedings of the Board of Directors must be treated as strictly confidential and privileged to preserve open discussions between directors and to protect the confidentiality of Board discussions.
- (f) **Board, Committee and Shareholder Meetings.** Directors are responsible for attending Board meetings, meetings of committees on which they serve and the annual meeting of shareholders. They must devote the time needed, and meet as frequently as necessary, to properly discharge their responsibilities.
- (g) **Indemnification.** The directors are entitled to Company-provided indemnification through corporate articles and by-laws, corporate statutes, indemnity agreements and, when available on reasonable terms, directors' and officers' liability insurance.

3. **Director Qualification Standards**

- (a) **Independence.** The Board will ensure it has at all times at least the minimum number of the members of the Board who meet applicable standards of director independence. The Board will, from time to time, establish independence standards that, (i) comply with applicable laws and the applicable rules of each stock exchange on which the Company's shares are traded and (ii) are designed to ensure that the director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out the responsibilities of the director. The standards currently in effect are contained in Appendix 2.

(b) **Size and Skills of Board.** The Board believes that a Board comprised of from five to nine members is an appropriate size given the Company's present circumstances. The Board also believes that a majority of the directors should be independent under the standards currently in effect. The Board will also consider the competencies and skills that the Board, as a whole, should possess and the competencies and skills of each director.

(c) **Other Directorships.** The Board does not believe that its members should be prohibited or discouraged from serving on boards of other organizations, and the Board does not propose any specific policies limiting such activities, providing they do not reduce a director's effectiveness for the Company. The Board should take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors for nomination to the Board. Service on boards or committees of other organizations is conditional on compliance with the Company's conflict of interest policies.

(d) **Tenure.** The Board does not believe it should establish director term limits. Term limits could result in the loss of directors who have been able to develop, over a period of time, significant insight into the Company and its operations and an institutional memory that benefits the Board as well as management. As an alternative to term limits, the Board will review each director's continuation on the Board annually. This will allow each director the opportunity to confirm his or her desire to continue as a member of the Board and allow the Company to replace directors where the Board makes such a recommendation.

(e) **Separation of the Offices of Chairman and CEO.** The Board will select a Chairman of the Board in a manner and upon the criteria that the Board deems appropriate at the time of selection. The Board believes the offices of Chairman of the Board and Chief Executive Officer should not be held by the same persons, and therefore, the offices of Chairman of the Board and Chief Executive Officer will be separate.

(f) **Selection of New Director Candidates.** Except where the Company is legally required by contract, law or otherwise to provide third parties with the right to nominate directors, the plenary Board will be responsible for (i) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, (ii) determining the persons to be nominated for election as directors at any meeting of shareholders and (iii) determining the persons to be elected by the Board to fill any vacancies on the Board.

(g) **Extending the Invitation to a New Director Candidate to Join the Board.** An invitation to join the Board will be extended by the Chairman of the Board when authorized by the Board.

4. **Board Meetings**

(a) **Selection of Agenda Items.** The Chairman of the Board shall propose an agenda for each Board meeting. Each Board member is free to request the inclusion of other

agenda items and is generally free to request at any Board meeting the consideration of subjects that are not on the agenda for that meeting although voting on matters so raised may be deferred to another meeting to permit proper preparation for a vote on an unscheduled matter (emergencies excepted).

(b) **Frequency and Length of Meetings.** The Chairman of the Board, in consultation with the members of the Board, will normally determine the frequency and length of Board meetings, however, the ultimate power in this regard rests with the plenary Board. Special meetings may be called from time to time as required to address the needs of the Company's business.

(c) **Advance Distribution of Materials.** Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting will normally be distributed in writing to the directors reasonably before the meeting and directors should review these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be of a very time-sensitive nature and that the distribution of materials on these matters before the meeting may not be practicable.

(d) **Meetings of Independent Board Members.** The independent members of the Board shall meet at least twice annually without non-independent directors and members of management. Meetings of the independent directors may be held after regularly scheduled meetings of the plenary Board. At meetings of the independent directors, the independent members of the Board shall, among other things, review the performance of the non-independent directors and management directors, identify conflicts of interest or potential conflicts of interest such directors may have which are known to the Board, identify the risks associated with such conflicts and methods of minimizing such risks.

5. **Board Committees**

(a) **Key Committees.** The Board will at all times have an Audit Committee, a Compensation Committee and an Environment, Health and Safety Committee. Each such committee will have a charter that has been approved by the Board. The charters currently in effect are appended hereto as a) Audit Committee, b) Compensation Committee, and c) Environment, Health and Safety Committee. The Board may, from time to time, establish or maintain additional committees or subcommittees as it deems necessary.

(b) **Committee Charters.** The charters of the Audit Committee, the Compensation Committee and the Environment, Health and Safety Committee will set forth the purposes, goals and responsibilities of the committees. The Board will, from time to time as it deems appropriate, review and reassess the adequacy of each charter, at least annually, and make appropriate changes. Each charter must address those matters required by applicable laws and the applicable rules of each stock exchange on which the Company's shares are traded.

(c) **Appointment of Committee Members.** The Board will meet annually and determine the persons to be appointed to each committee of the Board. All members of the Audit Committee must meet the independence standards applicable to the Audit Committee. A majority of the members of the Compensation Committee and the Environment, Health and Safety Committee must be “independent directors” in accordance with the director independence standards described in Appendix 2 appended hereto. The Audit Committee will have a minimum of three directors. Other committees shall have at least two members.

(d) **Selection of Agenda Items.** Each committee chairman, in consultation with the committee members, will develop the committee’s agenda.

(e) **Frequency of Committee Meetings.** The chairman of each committee, in consultation with the committee members, will determine the frequency of the committee meetings consistent with any requirements set forth in the committee’s charter. Special meetings may be called by any member from time to time as required to address the needs of the Company’s business and fulfill the responsibilities of the committees.

6. **Director Access to Management and Independent Advisors**

(a) **Access to Officers and Employees.** All directors have at all reasonable times and on reasonable notice, full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate should normally be arranged through the CEO or the CFO. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The directors are normally expected to provide a copy or otherwise inform the CEO of any communication between a director and an officer or employee of the Company.

(b) **Access to Independent Advisors.** The Board and each committee shall have the power to hire and consult with independent legal, financial or other advisors for the benefit of the Board or such committee, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company. Such independent advisors may be the regular advisors to the Company. The Board or any such committee is empowered, without further action by the Company, to cause the Company to pay the appropriate compensation of such advisors as established by the Board or any such committee.

7. **Director Compensation**

(a) **Role of Board and Compensation Committee.** The form and amount of director compensation will be recommended by the Compensation Committee and approved by the Board in accordance with the general principles set forth herein and in the Compensation Committee Charter. The Compensation Committee will also conduct an annual review of the compensation of the Company’s directors and make recommendations to the Board.

(b) **Form of Compensation.** The Board believes that directors should be provided with incentives to focus on long-term shareholder value. The Board believes that

including equity options as part of director compensation helps align the interest of directors with those of the Company's shareholders.

(c) **Amount of Compensation.** The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate directors competitively relative to comparable companies. The Company's management will, from time to time, present a report to the Compensation Committee comparing the Company's director compensation with that of comparable companies.

8. **Director Orientation and Continuing Education**

(a) **Director Orientation.** The Board and the Company's senior management will conduct orientation programs for new directors. The orientation programs will include presentations by management to familiarize new directors with the Company's projects, strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its principal officers, its internal and independent auditors and its outside legal advisors. In addition, the orientation program will include a review of the Company's expectations of its directors in terms of time and effort, a review of the directors' fiduciary duties and visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities.

(b) **Continuing Education.** To enable each director to better perform his or her duties and to recognize and deal appropriately with issues that arise, the Company will bear the cost of appropriate continuing director education, which will be determined by the Board.

9. **Management Evaluation and Succession and Executive Compensation**

(a) **Selection of CEO.** The Board selects the Company's CEO in the manner that it determines to be in the best interests of the Company. The Board, together with the CEO, will develop a clear position description for the CEO. The board will also develop the corporate goals and objectives that the CEO is responsible for meeting.

(b) **Evaluation of Senior Management.** The Compensation Committee will be responsible for overseeing the evaluation of the CEO. The Compensation Committee will determine the nature and frequency of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the performance of the CEO, to be discussed with the Board. The Board will review the assessment to ensure that the CEO is providing the best leadership for the Company over the long- and short-term. The Compensation Committee will also discuss with the Board the recommendations of the CEO with regards to the compensation of the other members of senior management.

(c) **Succession of Senior Management.** The Compensation Committee will be responsible for overseeing an annual evaluation of senior management succession planning.

(d) **Expectations of Senior Management.** The Board will establish, and review on an annual basis, its expectations for senior management generally.

(e) **Executive Compensation.** Compensation of the CEO and all other employee directors must be determined, or recommended to the Board for determination, by the Compensation Committee. The CEO and employee directors may, with the consent of the remainder of the Board, be present during deliberations but must not be present during voting. Compensation for all other members of senior management must be determined, or recommended to the Board for determination, by the Compensation Committee.

10. Code of Ethics

The Board of Directors will adopt and maintain a Code of Ethics which will apply to the employees, officers and directors of the Company. The Code of Ethics will meet the definition and coverage of a “Code of Business Conduct and Ethics” under National Policy 58-201 “Corporate Governance Guidelines”, as amended, and other applicable laws and regulations. The current Code of Ethics is contained in Appendix 3.

11. Annual Performance Evaluation of the Board

The Board, under the direction of the Chairman, will conduct an annual self-evaluation of the Board to determine whether it and its committees are functioning effectively. The Chairman will determine the nature of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the Board’s performance. The evaluation will include an assessment of the contributions of each director. This evaluation will be discussed by the Board.

12. Board Interaction with Shareholders, Institutional Investors, the Press, etc.

The Board believes that the CEO and his or her designees should normally speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is, however, expected that Board members would do so with the knowledge of and, absent unusual circumstances or as contemplated by the committee charters, only at the request of the Company’s senior executives.

The Board will give appropriate attention to written communications that are submitted by shareholders and other interested parties, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by the committee charters, the Chairman of the Board shall monitor communications from shareholders and other interested parties, and will provide copies or summaries of such communications to the other directors as he or she considers appropriate.

13. Periodic Review of the Corporate Governance Guidelines

The Board will, from time to time, review and reassess the adequacy of these Guidelines and recommend any proposed changes for approval.

APPENDIX 1

MATTERS REQUIRING BOARD APPROVAL (Non-delegation Policy)

This Policy identifies items which must be approved by the Board or a committee of the Board and are not delegated to management without Board approval. A general overriding consideration is that the Directors are required under law to manage, or supervise the management of, the business and affairs of the Company. Accordingly, even if an action might fall outside these guidelines, management should consider whether the matter, nevertheless, should be referred to the Board for consideration.

The following is a list of items which officers must refer to the Board, or an appropriate committee thereof, for consideration. Under these guidelines, the “Threshold Amount” is equal to \$100,000 and an “Out of Budget Transaction” is a transaction that exceeds the Threshold Amount and that is not otherwise already part of the Company’s approved operating budget. For greater clarity, Board approval will also be required for transactions that are not individually Out of Budget Transactions but that when looked at in the aggregate exceed 5% of the operating budget in any fiscal year.

1. The approval of annual corporate budgets.
2. The approval of all financial information and other disclosure documents that are required by law to be approved by the Board before they are released to the public.
3. Allotment of any securities. This includes shares, options, warrants or other convertible or debt securities, and the payment of a commission to any person as consideration for purchasing securities of the Company or providing purchasers for any such securities. Securities may be issued by executive officers where previously allotted by the Board (e.g. upon exercise of previously allotted options and warrants).
4. Entering into transactions of a fundamental nature such as amalgamations, mergers and material acquisitions or dispositions.
5. Agreeing to redeem, purchase or otherwise acquire any shares.
6. Entering into any agreement or commitment to acquire or dispose of assets that are material to the Company including, but not limited to, those that are an Out of Budget Transaction.
7. Entering into, or making a material modification of, any agreement or commitment to become liable for any indebtedness, including the granting of a guarantee or similar standby obligation, if (a) the amount of such indebtedness is an Out of Budget Transaction or (b) any assets of the Company are made subject to a security interest in an Out of Budget Transaction.
8. Committing to making any capital expenditure which is an Out of Budget Transaction.

9. Entering into any contract, agreement or commitment out of the ordinary course of business if such agreement involves a commitment of financial resources which exceeds the Threshold Amount.
10. Entering into any agreement with an officer, director or holder of 10% or more of the outstanding shares of the Company or any parent or subsidiary of the Company outside of the ordinary course of business.
11. Terminating, suspending or significantly modifying any material business activity or business strategy of the Company.
12. Undertaking a new business activity that requires an allocation of resources that exceed the Threshold Amount.
13. Making any material change to a business or strategic plan that has been approved by the Board.
14. Initiating or settling any legal proceeding involving a payment that may exceed the Threshold Amount.
15. Employing or terminating the Company's independent auditor.
16. Hiring or terminating of employment, or determining the compensation, of any person who is an executive officer of the Company.
17. Offering any material employment or consulting terms to any individual or entity which are not customary for the Company. This determination is to be made by reference to terms of employment or consultancy that have generally been offered to other employees or consultants in similar positions or with similar status.
18. The approval of a request by an officer or employee of the Company to serve on the board of another entity, other than not-for-profit entities or family businesses that in no material way compete with the Company or do any material business with the Company.
19. Any other matter specified by the Board as requiring its prior approval.

APPENDIX 2

DIRECTOR INDEPENDENCE STANDARDS

The following standards are to be used in determining whether a director is “independent”. These standards have been prepared based upon rules implemented by the Canadian Securities Regulators and the TSX Venture Exchange. A director qualifies as an independent director if the Board of Directors affirmatively determines that the director does not have a material relationship with the Company that would interfere with the exercise of independent judgment.

The following persons will not be considered independent:

- (a) a director who is, or at any time during the past three years was, an employee or executive officer of the Company, on any parent or subsidiary of the Company;
- (b) a director who has a Family Member, as defined below, who is, or at any time during the past three years was, an executive officer of the Company or any parent or subsidiary of the Company;
- (c) an individual who:
 - (i) is a partner of a firm that is the Company's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the Company's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;
- (e) an individual who, or whose Family Member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at that same time on the entity's compensation committee;
- (f) an individual who received, or whose Family Member who is employed as an executive officer of the Company received, more than \$75,000 in direct

compensation from the Company during any 12 month period within the last three years;

- (g) an individual who accepts, directly or indirectly, any consulting, advisory or other compensatory fee of greater than the lesser of \$75,000 and 10% of that individual's annual income from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part time chair or vice-chair of the board or any board committee.
- (h) an individual who is an affiliated entity of the Company or any of its subsidiary entities,
- (i) a director who controls the Company, or a director who is either (i) both a director and an employee of, or (ii) an executive officer, general partner or managing member of, a company that controls the Company or a company that is controlled by a person who also controls the Company;
- (j) a director who is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, if the total amount of either company's indebtedness to the other is more than one percent of the total consolidated assets of the company for which he or she serves as an executive officer; or
- (k) a director who serves as an officer, director or trustee of a charitable organization, if the Company's discretionary charitable contributions to the organization are more than the lesser of \$200,000 or 2% of that organization's total annual charitable receipts.

For the purposes of (f), direct compensation does not include:

- (a) remuneration for acting as a member of the board of directors or of any board committee of the Company, and
- (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.

For the purposes of (h), a person is considered to be an affiliated entity of another person or company if:

- (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or
- (b) the person or company is
 - (i) both a director and an employee of an affiliated entity, or

- (ii) an executive officer, general partner or managing member of an affiliated entity.

An individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate Family Member

- (a) has previously acted as an interim chief executive officer of the Company, or
- (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Company on a part-time basis.

For the purpose of hereof, “control” means the direct or indirect ability to direct or cause the direction of the management and policies of the Company, whether through ownership of voting securities or otherwise. Ownership of at least 10% of the Company’s voting shares is a material threshold and the Board should examine the circumstances of this holding to determine if the shareholder is considered to “control” the Company for the purpose of these guidelines. A person who owns more than 50% of the Company’s voting shares will be considered to “control” the Company.

Family Member means a person’s

- (i) spouse;
- (ii) parent;
- (iii) children;
- (iv) siblings;
- (v) mother or father-in-law;
- (vi) son or daughter-in-law;
- (vii) brother or sister-in-law; and
- (viii) anyone who resides in such person’s home (other than an Employee of the person or Family Member).

For the purposes of hereof, “executive officer” means:

- (a) a chair of the board of directors;
- (b) a vice-chairman of the board of directors;
- (c) the president of the company;
- (d) a vice-president of the company in charge of a principal business unit, division or function including sales, finance or production;

(e) an officer of the company or any of its subsidiary entities who performs a policy-making function in respect of the entity; or

(f) any other individual who performs a policy-making function in respect of the Company;

provided, however, that the Chairman of the Board and any Vice Chairman of the Board will not be deemed to not be independent merely as a result of having acting in such capacity on other than a full time basis.

APPENDIX 3

CODE OF ETHICS, TRADING RESTRICTIONS AND REPORTING VIOLATIONS

Introduction

The Company's policy is to conduct its business in accordance with the highest ethical and legal standards. To assist the Company in achieving this policy, the Board of Directors has adopted this Code of Business Ethics and Conduct (the "Code"). The Code is designed to deter wrongdoing and to promote:

- (1) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (2) Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company submits to regulatory authorities and communicates to the public;
- (3) Compliance with applicable governmental laws and regulations;
- (4) Prompt internal reporting of violations of the Code to appropriate persons identified in the Code; and
- (5) Accountability for adherence to the Code.

The Code applies to all employees, officers, and directors of the Company and its subsidiaries. Depending on the circumstances, it may also apply to agents and other representatives of the Company. In addition to your complying with the Code, it is your responsibility to prevent others from violating these standards if you are in a position to do so. If you are not in a position to do so, it is your responsibility to bring the matter to the attention of a member of senior management who is in a position to take appropriate action.

1. Avoiding Questionable or Illegal Practices

The Company's policy is to comply with all laws and regulations that apply to its business, and to avoid any activity that may be regarded as questionable or unethical. Fraudulent, illegal or unethical acts will not be tolerated. No action that would otherwise be questionable is permissible simply because it is customary in a particular location or business.

If you are confronted with a situation that raises an issue under this policy, ask yourself these questions:

- Is the life, health or safety of anyone, or the environment, endangered by the action?
- Is it legal?
- Does it feel honest, fair and ethical?

- Does it compromise anyone's trust or integrity?
- Would the public disclosure of the activity in any way be embarrassing to you, the Company or any other affected employees?

You should be sufficiently familiar with any laws and regulations that apply to your area of work and responsibility. That will permit you to recognize possible breaches of the law and to know when to seek legal advice. If in doubt, you should discuss the matter with a member of senior management.

2. Honesty and Fair Dealing.

When representing the Company, it is important that you deal honestly and fairly with the Company's joint venture partners, suppliers, professional advisors, competitors, other employees, and anyone else with whom you have contact in the course of performing your job. You should not take any advantage of anyone through actions such as manipulation, concealment, misappropriation or abuse of confidential information, falsification, misrepresentation of material facts, undue influence or any other unfair dealing practice. You also should not give any advantage to anyone for reason of personal relationship, personal benefit or other reasons not involving the best interest of the Company.

3. Corporate Opportunities and Duty of Loyalty

You have a duty of loyalty to the Company, which includes a duty to advance the Company's legitimate interests when the opportunity to do so arises. Accordingly, you may not use your position or the Company's name, property, information or good will for personal gain or for the gain of others. You are further prohibited from taking advantage of an opportunity that is discovered through the use of any corporate property, information, contacts or your position with the Company. All such opportunities, actual or perceived, should be reported to your immediate supervisor.

4. Avoiding Conflicts of Interest

A conflict of interest occurs when your private interests, or the private interest of your family, interfere, or appear to interfere, in any way, with the best interests of the Company. For these purposes, "family" would generally include your parents and grandparents, spouse, children and grandchildren, in-laws and other persons who share a residence with you or another member of your family. You must take care to avoid any direct or indirect involvement or understanding that might result in such a conflict or create the appearance of such a conflict. Whether a situation involves a conflict of interest depends on all of the circumstances. Generally, the Company would not consider it a conflict of interest if an employee's brother or sister were an officer of a competitor. However, the Company would consider it a conflict of interest if a Company employee in charge of procurement were to purchase products or services from a company owned by the employee's brother or sister or from a company owned by a close personal friend of the employee. The following are examples of conflict of interest situations which generally must be avoided or which may raise a question:

- Acting as an employee, officer or director of, or a consultant to, a competitor or potential competitor of the Company;
- Having a financial interest in or loan from a business which is a joint venture partner, optionor or optionee, competitor, customer or supplier of the Company or which otherwise does business with the Company (an investment in the securities of a publicly traded company normally would not be considered to present a conflict of interest unless it represented a material part of your savings);
- Placing of Company business with any other company that is directly or beneficially owned or controlled by you, or by members of your family.

Some conflicts are clear-cut; others are less obvious. In addition, there may be circumstances where it is necessary or in the best interests of the Company to have a business relationship with a business or company in which an employee or officer, or his or her family, may have an interest. For example, where Company operations are in a remote location, it may be necessary from time to time to enter into a business relationship with a business controlled by an employee's family members. For these reasons, you must fully disclose to your supervisor, the CEO or the CFO all circumstances that could be perceived as involving a conflict of interest between the Company and you or members of your family. Full disclosure enables the Company to resolve unclear situations and to ethically handle conflicts of interest before any difficulty can arise. To the extent a conflict of interest cannot be avoided in a reasonable fashion, then appropriate procedures will be put in place to ensure that there is full disclosure and to minimize the involvement of the conflicted individuals in the relationship giving rise to the conflict.

Outside directors of the Company are not expected to devote their time and effort solely on behalf of the Company, and they may have a variety of other business relationships that could give rise to a conflict of interest. Any such potential conflicts of interest that are not subject to the Code and are to be resolved directly with the Board of Directors.

5. Giving or Accepting Gifts

The giving or accepting of gifts can adversely affect the Company's reputation for fair dealing and also create conflicts of interest. You should avoid:

- Giving or offering to give any gift, favour, entertainment, reward, or any other thing of value that might influence or appear to influence the judgment or conduct of the recipient in the performance of his or her job. This includes transactions with government personnel, customers and suppliers. Such action may damage the Company's reputation for fair dealing and may be illegal.
- Accepting or soliciting a gift, favour, or other thing of value that is intended to, or might appear to, influence your decision-making or professional conduct. In addition to damaging the Company's reputation for fair dealing, receipt of such gifts could interfere with your ability to make judgments solely in the best interest of the Company, and thus create the appearance of a conflict of interest.

You may give or receive unsolicited gifts or entertainment only in cases where the gifts or entertainment are of nominal value, are customary to the industry, will not violate any laws, and will not influence nor appear to influence the recipient's judgment or conduct.

6. Outside Activities

Outside activities must not conflict with the proper performance of your duties.

(a) Other Business Activity. Full-time employees and officers are expected to devote substantial effort and attention to the furtherance of the Company's business. In the usual case, this would make it difficult for you to properly perform your duties while also being engaged in other business ventures. For this reason, you may not serve as the proprietor, general partners, officer or director of any other business without first obtaining the written consent of the CEO or CFO. In the case of family owned businesses, the CEO or CFO will normally grant such consent if he or she is satisfied that the involvement in the family business will not conflict with your duties and the involvement will not involve any conflict with the interests of the Company. In addition, the CEO or CFO may grant consent to an officer or employee serving as a member of the board of directors of another company in special circumstances.

(b) Professional Associations and Charitable Organizations. The Company encourages employees and officers to participate in geological, engineering and other professional associations and activities that do not conflict with their duties for the Company and do not involve conflicts of interest. The Company also encourages officers and employees to participate in charitable organizations and activities. However, you should consult with the CEO or CFO before you undertake any such outside activities requiring a substantial amount of time. In addition, you should not accept a position as an officer or director of a professional or charitable organization without prior consultation with the CEO or CFO, so that they can be satisfied that your activity on behalf of such organizations cannot be attributed to the Company.

(c) Political and Government Affairs. No Company contributions may be made, directly or indirectly, to any election or issue campaign in any jurisdiction or circumstance that would be unlawful. Corporate contributions may be made in appropriate cases where and when permitted by applicable law, but only with the approval of the CEO. Use of Company equipment, supplies or facilities to support any political party, candidate or campaign, as well as employee activity during normal business hours, may constitute a political contribution. You may not engage in any such activity where it involves Company equipment, supplies or facilities or activity during normal business hours without the prior approval of the CEO. In addition, no action which presents, or may appear to present, the position of the Company with respect to any political or governmental matter may be taken without the prior approval of the CEO.

The Company encourages employees and officers, as individuals, to take part in political and governmental affairs to the extent that such activity does not interfere with the proper performance of their duties or involve the use of company assets or a conflict of interest. However, if you wish to run for public office or hold an appointed public position, you

must confer with the CEO and counsel for the Company to ensure that the proposed activity is consistent with your duties to the Company and does not involve a conflict of interest.

If either of the CEO or CFO desire to engage in any activity which, if engaged in by an employee other than the CEO or CFO, would require the written consent or approval of the CEO or CFO under this section, the CEO or CFO, as the case may be, shall seek such written consent or approval from the Board of Directors.

As outside directors and officers of the Company are not expected to devote their time and effort solely on behalf of the Company, this policy does not apply to them. However, outside directors are expected to act and resolve conflicts in accordance with corporate and securities legislation and the provisions of the Company's Articles.

7. Accounting and Recordkeeping, Internal Accounting Controls and Auditing Matters.

Many employees of the Company, not just accountants and controllers, participate in the financial control and reporting processes of the Company. If you have ANY responsibility for any aspect of the Company's financial activities (for example: processing or approval of payments; creation, processing or approval of invoices and credit memos; payroll and benefits decisions; approval of expense reports and other transactions; the estimation of financial reserves or other claims or the amount of any accrual of deferral; or the recording of any of the foregoing in the Company's records) and/or the preparation of the Company's financial statements or other financial reports, you must ensure your involvement complies with established Company practice.

(a) Accounting and Recordkeeping. You may not maintain funds or assets for any improper purposes or make false or misleading statements in any Company documents, reports or records. No undisclosed or unrecorded accounts may be established using the Company's funds or other assets. All accounting records and the financial reports produced from those records must be kept and presented in accordance with applicable law, must accurately and fairly reflect in reasonable detail the Company's assets, liabilities, revenue and expenses and must be in accordance with generally accepted accounting principles.

Transactions must be supported by accurate and reasonably detailed documentation and recorded in the proper account. Best efforts are to be made to record transactions in the proper accounting time period. To the extent that estimates are necessary, they must be based on your good faith judgment and be supported by appropriate documentation. No payment or the related accounting entry may be approved or made with the intention or understanding that any part of the payment will be used for any purpose other than that described by the document supporting the entry or payment.

(b) Internal Accounting Controls. Internal accounting controls have been established to provide reasonable assurances that (i) transactions are executed in accordance with management authorization, (ii) transactions are properly recorded as needed to permit

preparation of financial statements and to maintain accountability for assets, (iii) all assets are recorded on the books of the Company and access to assets is only permitted in accordance with management authorization, and (iv) periodic auditing is done at reasonable intervals and action is taken to resolve discrepancies. You must comply with all internal control requirements and ensure that no action is taken to avoid the internal controls requirements.

(c) **Auditing.** The Company employs a firm of independent chartered accountants to audit the Company's annual financial statements. The annual audit has a number of purposes, including (i) compliance with regulatory requirements, (ii) providing an independent assessment of whether the Company's financial statements fairly present the financial condition, results of operations and cash flow of the Company, (iii) assessment of the accounting principles used and significant estimates made by the Company in preparing its financial statements, and (iv) assessment of the Company's system of internal controls. Each employee is responsible for providing whatever assistance may be required by the auditors. If you receive inquiries from the Company's independent accountants, you must respond promptly, fully and accurately.

If you have any concerns as to weaknesses in the Company's accounting system or in the Company's internal controls; or if you believe that any instances of fraudulent, incorrect or questionable accounting practices may have occurred in connection with the annual audit of the Company's financial statements, you should consult with your immediate supervisor or with the Company's CEO or CFO. Alternatively, you may contact the Audit Committee of the Board of Directors using one of the procedures outlined below under the heading "Reporting of Possible Violations or Other Questionable Practices - Procedures to Submit a Report." Those procedures include a procedure for confidential, anonymous submission of concerns.

8. Use of Company Property

You are entrusted with the care, management and cost-effective use of the Company's property and you are not to make use of these resources for your own personal benefit or for the personal benefit of anyone else. Passwords are to be kept confidential and use of the computer systems is limited to authorized business purposes, although occasional personal use of the internet, e-mail and voice mail will normally be permitted unless your supervisor believes that this privilege is being abused.

However, in order to protect the Company's interests - including for example, to ensure that the Company's computers and voice mail are not being used for improper purposes, such as sexual harassment - the Company reserves the right to review the contents of the Company's computers, its e-mail system, and its voice mail system. No employee has a right of personal privacy with respect to information that is placed in the Company's computers, the e-mail system, or the voice mail system.

You are responsible to ensure that all Company property assigned to you is maintained in good condition, and you should be able to account for such equipment. Any disposition of Company property should be for the benefit of the Company and not for personal benefit.

Company letterhead stationery is to be used only for correspondence related to the Company's business. Do not use it for personal correspondence or charitable solicitation.

You are to return all documents and property in your possession upon termination of your employment for any reason.

9. Proprietary Information

We want our employees to be well informed about our business, our plans for the future, and the successes and challenges we have along the way. In return for this openness, the Company places trust in its employees to maintain, without need for court orders or other legal requirement, the confidentiality of our proprietary information.

You are to take all reasonable measures to protect the confidentiality of proprietary information obtained or created by you, or otherwise made known to you, in connection with your activities on behalf of the Company. In addition, you must use proprietary information only for the Company's legitimate business purposes, and not for your personal benefit or the personal benefit of anyone else.

To provide the Company with reasonable protection against unauthorized disclosure or unauthorized use of its proprietary information, all employees and consultants are required to sign an agreement prior to their start with the Company that includes provisions addressing confidentiality. These agreements state in part that the Company retains exclusive ownership of all project information and opportunities arising out of employment or consulting relationships and any information pertaining to the exploration plans of the Company.

For these purposes, "proprietary information" means information developed or secured for use of the Company in its business, where that information is not generally known to or otherwise readily available to the public and members of our industry. Proprietary information includes, without limitation:

- The Company's ideas, discoveries, projects, data, contact information and production processes.
- Information concerning actual or projected expenditures, corporate transactions, earnings or operating results or business transactions.
- Investor lists, relationship with consultants, contracts, business plans and strategies.
- Personnel information.

It is your responsibility to know what information is proprietary and ensure that you use and disclose it only in the performance of your duties with the Company. If you are unsure, consider the information to be confidential until you obtain clarification.

If your employment terminates, you will continue to be bound to your obligations of confidentiality to the maximum extent required by law.

10. Outside Ideas

The purpose of this policy is to avoid the risk of allegation of unauthorized use or disclosure of another person's proprietary rights, ideas or information.

When an idea, prospect, opportunity, or other confidential or proprietary information is submitted to the Company by an outsider, care must be taken to ensure that the outsider signs an agreement defining the Company's rights and obligations before the idea or prospect or information is disclosed to employees qualified to evaluate it or use it. Outsiders who propose to submit information should be told to submit the information in writing. Outsiders should also be told that any submission constitutes their agreement that the Company's brief review to determine possible interest will not create any non-use, confidentiality or area of interest agreement or obligation of the Company. If they do not so agree, they should be told not to submit their information.

On its receipt, any such information should be sent to the CEO or CFO. No one other than the CEO or CFO and persons authorized by them are to evaluate any outside submission.

Each written submission will first be reviewed to see if it purports to impose non-use, confidentiality or area of interest obligations. If it does, no further review should be made and the material should be returned without further review. If the material does not purport to impose such an obligation, it should be reviewed briefly to see if it might be of interest. If it is not of interest, it is to be returned with a letter stating that the information was briefly reviewed to determine possible interest, that the information is not of interest, and that the Company has no non-use, confidentiality or area of interest agreement or obligation to the sender. If the sender was previously so informed, the letter should also refer to that prior advice. If the material appears to be of interest, then the Company will need to enter into an appropriate confidentiality agreement setting out the parties' rights and obligations before any further review or use of the information.

Third party data subject to confidentiality obligations should be so marked, all confidentiality obligations should be noted on the relevant document or file, and all such obligations must be strictly adhered to.

11. Disclosure Policy

The Company has both legal and ethical obligations to provide appropriate disclosure of material information, and to ensure that employees and others do not benefit from having and using undisclosed material information. "Material information" is any information which reasonably could be expected to affect the market for the Company's stock or to influence an investor's decision to buy, sell or hold the stock. The wrongful use of undisclosed material information may make both the Company and the individual involved liable for criminal and/or civil penalties and damage awards.

- (a) Control of Confidential Information. All employees have the responsibility to inform senior management on a timely basis of events or developments that might have a material effect on the Company. Such information should be communicated to your superior or to members of senior management.

Strict confidentiality must be maintained with regard to disclosure of confidential information to persons within the Company who have no need to know, and to anyone outside of the Company. Care must be taken when handling confidential correspondence, assay results, reports, documents, memos and facsimiles. Documents containing confidential information should be shredded or otherwise destroyed, and not placed in rubbish bins. Visitors to the offices or work sites of the Company are not to be left unattended at any time, except in designated “safe” locations, *e.g.* reception area and the boardroom. Discussions by Company personnel concerning Company business should be confined to other Company personnel only and on a “need to know” basis, and should never occur in public places such as elevators.

(b) Public Disclosure Responsibilities. The Company has a variety of disclosure obligations under laws and stock exchange rules. The Company fulfills those obligations through regulatory filings, periodic reports to shareholders, press releases, and web site disclosure. The Company also provides information to shareholders and others through communications with the media, analysts and others in the financial community, by way of industry presentations, and in response to inquiries. In carrying out the Company’s disclosure responsibilities:

- The CEO, the CFO, and other members of senior management, as appropriate, have the sole responsibility to determine (i) whether a particular matter is sufficiently material to the Company to require disclosure, and (ii) the content, time and manner of disclosure.
- Company Spokespersons have the exclusive authority to speak for the Company with respect to matters of public disclosure. The Company Spokespersons consist of the CEO, CFO and any person who is authorized, in a specific instance, to speak for the Company. **NO OTHER PERSONS ARE AUTHORIZED TO COMMUNICATE AS TO MATTERS OF PUBLIC DISCLOSURE ON BEHALF OF THE COMPANY.**
- It is the responsibility of the Company to ensure that undisclosed material information is disseminated in such a way that all members of the public have equal access to the information. Substantial security holders and analysts in particular **MUST NOT** receive preferential treatment in the matter of information disclosure. Persons given early access to undisclosed material information may not use that information to trade in the Company’s securities, and they, the Company and the individual who causes the early disclosure may be liable for civil and criminal penalties and damage awards if there is trading on undisclosed material information.

(c) External Communications and Inquiries from Analysts, Media and Other Outsiders. Communications intended for dissemination outside of the Company and concerning the Company’s business must be referred to the CEO or CFO prior to dissemination. This includes presentations to analysts and papers or presentations to professional groups and others.

All inquiries from the press, securities analysts, investors and other outsiders concerning the Company's business and affairs must be referred to one of the designated Company Spokespersons. This will ensure that information is disclosed consistently and equitably. Unless specifically authorized, no one is authorized to respond to such inquiries.

(d) Comments on and Dissemination of Analysts' Reports and Other Media Stories. From time to time, the Company may be asked to review or comment on analysts' report or other media stories about the Company. No employee, officer or director is to review or comment on analysts' reports or media stories except an authorized Company Spokesperson, and any such inquiry should be forwarded to an authorized person without any comments. If a Company Spokesperson does review such a report or story, the Company Spokesperson should review the report or story ONLY for factual information and limit his/her comment to discussion or correction of facts. Furthermore, no undisclosed material information is to be communicated in the course of such a review and comment. If factual correction would result in the disclosure of undisclosed material information, the Company Spokesperson must take the necessary steps to ensure that such information is communicated to the public generally before it is communicated to the particular analyst or other person making the inquiry.

Employees, officers or directors of the Company may be asked to forward or recommend analysts' reports or may consider forwarding analysts' reports or media stories about the Company. The forwarding or recommending of such reports or stories may be regarded as verifying or validating the information contained in the reports or stories. If any of the information in the report or story is not accurate, the act of forwarding or recommending the report or story may constitute the dissemination of false or misleading information in violation of securities laws. In addition, if any of the information in the report or story is accurate but has not been generally disseminated by the Company, the forwarding or recommending of the report or story may constitute selective disclosure in violation of securities laws. Finally, copying and dissemination of analysts' reports and media stories may violate copyright laws or the proprietary rights of the authors of the reports or stories. For these reasons, no employee, officer or director should reproduce and distribute or otherwise disseminate such reports and stories unless specifically approved by the CEO. Persons requesting such materials should be referred to the author or organization that published the material. In addition, employees, officers and directors should not recommend particular analysts' reports on the Company to any person.

(e) Comments on Rumours and Correction of Selective Disclosure. Employees, officers and directors must not comment, whether positively or negatively, on rumours about the Company's business. Information about such rumours should be reported to the Corporate Spokespersons. In general, the Company's policy is not to comment on rumours. If a stock exchange or securities regulatory authority requests the Company to make a definitive statement in response to rumours, a Corporate Spokesperson will consider the matter in consultation with legal counsel.

If any employee, officer or director makes an unauthorized or premature disclosure of undisclosed material information (inadvertently or otherwise), the person responsible for the disclosure, and any other employee, officer or director learning of it, must contact the

CEO or other Company Spokesperson as soon as possible, and the CEO and other Company Spokespersons will consider the Company's responsibilities under applicable law.

(f) Internet Chat Rooms and Bulletin Boards. Internet chat rooms and bulletin boards are not authorized methods for communicating with the public. Participation by employees in Internet chat rooms and bulletin boards poses a significant risk for the inadvertent disclosure of undisclosed material information. For this reason, no employee may post information on Internet bulletin boards or actively participate in Internet chat rooms concerning the Company without first obtaining the written approval from the CEO or CFO. Any employee who becomes aware of the disclosure of undisclosed material information on an Internet chat room or bulletin board should immediately advise the CEO or CFO.

12. **Securities Transactions**

(a) Restrictions on Trading. In general, employees, officers and directors, and their family members, may trade in Company securities unless:

- A Blackout Period (see below) is in place, or
- The person has knowledge of undisclosed material information.

If a Blackout Period exists, or if you have knowledge of undisclosed material information, neither you nor your family members may trade in Company securities. For purposes of this policy, "family member" means your spouse, your minor children, any person substantially dependent on you for support, and other persons who share a residence with you. There are two exceptions to this policy: (i) you may exercise any fixed price option or warrant issued by the Company, BUT you may not sell the security acquired on exercise of the option or warrant so long as either condition exists; and (ii) you may sell securities pursuant to a previously existing Trading Plan entered into with a qualifying broker under Section 161 of the rules to the Securities Act of British Columbia, provided that you were not in possession of undisclosed material information (unless it has since been disclosed) at the time you established the Trading Plan.

In addition, while you are in the possession of undisclosed material information, you and your family members must not trade in the securities of companies that have a significant legal or financial business relationship, direct or indirect, with the Company (generally joint venture partners) if the undisclosed material information relates to the subject matter of that business relationship.

(b) Blackout Period. From time to time, the CEO or other Company Spokesperson may institute a Blackout Period because of the existence of undisclosed material information. If a Blackout Period is instituted, you will be notified, generally by e-mail. Once notified of the existence of a Blackout Period, except as noted above, you and your family members may not trade in the Company's securities until you have been notified that the Blackout Period has been terminated. The existence of a Blackout Period is itself

an item of confidential information that is not to be disclosed to persons outside of the Company.

(c) Special Considerations in Investing in Company Securities. You and your family members are urged not to purchase securities of the Company using borrowed funds in an amount or on terms and conditions which are not prudent in light of your financial condition. In addition, careful consideration should be given before pledging Company securities for a loan because of the potential insider trading liability that could arise if the lender sought to sell the securities at a time when there is undisclosed material information about the Company.

(d) Recommending purchase or sales of Company Securities. You should refrain from expressing opinions to others about buying or selling securities of the Company. If you have undisclosed material information, you could be personally liable with respect to securities transactions that follow your recommendation.

(e) Additional Policies for Officers and Directors. Officers and directors are required to disclose their trading on SEDI (the online Canadian insider reporting system), within 10 days after the trade. This is your obligation, not the Company's, but you may ask the Company's outside counsel for assistance in understanding your obligations.

13. Administration and Distribution

The Company's Board of Directors has established the standards of business ethics and conduct contained in the Code, and it is their responsibility to oversee compliance with the Code. Any change in or waiver of any provision of the Code shall require approval of the Board of Directors, and shall be publicly disclosed in the time period and manner as required by law or regulation.

The Code is to be distributed to each employee, officer and director or consultant of the Company. It will also be made available via the Company's Internet site. From time to time, the Company, its auditors, or the Company's legal counsel acting on its behalf, will circulate questionnaires to Company personnel relating to the matters covered by the Code. All Company personnel are expected to answer such questionnaires fully and frankly.

Strict adherence to the Code is vital. All managers are responsible for ensuring that employees under their supervision are aware of and understand the provisions of the Code. For clarification or guidance on any point in the Code, please consult the CEO or CFO.

14. Reporting of Possible Violations or Other Questionable Practices

The Company expects all employees, officers, directors and consultants to adhere to the Code, other internal policies and guidelines of the Company, and all laws and regulations that apply to the Company's business. In addition, every employee, officer and director has the responsibility to ask questions, seek guidance, and report suspected violations of the Code, other internal policies and guidelines, and all laws and regulations. If you believe that any employee, officer, director or other Company agent or representative has engaged, is engaging, or is about to engage in conduct that violates the Code, other internal policies and guidelines, or any applicable

law or regulation, you have the responsibility to report such information as soon as possible. If you are unsure whether a matter involves a possible violation of the Code, other internal policies and guidelines, or any applicable law or regulation, you should nonetheless bring the matter to the attention of senior management so that the matter may be considered and resolved. Delays in bringing the information to the attention of senior management may cause damage, complications, and irreversible consequences for the Company. Following the steps outlined below will allow the Company to address the issues and ensure that timely remedial action is taken.

(a) When to Make a Report. You should make a report if you believe that the Company or any of its employees, officers, directors, consultants, representatives or agents may have or are about to engage in any conduct which you believe may be:

- A violation of this Code or any internal policy or code of practice,
- A violation of any law or regulation,
- Corruption, mismanagement or fraud, or
- A danger to the public or danger to worker health and safety or to the environment.

If you are unsure about the matter but concerned about the possibility of a violation, you should nonetheless report the matter.

(b) To Whom to Make a Report. The Company recommends that you first report to your immediate supervisor. If your concern relates to that person, if you otherwise are not comfortable with reporting to your immediate supervisor, or if such reporting has not resulted in a satisfactory result, the Company recommends that you report to the CEO, the CFO, or another member of senior management. If, for any reason, those alternatives are not satisfactory, then you should report to an independent member of the Board of Directors. Matters relating to accounting, internal accounting controls or auditing matters should be reported to one of the independent members of the Audit Committee. Details as to how to make such a report are discussed below.

With respect to matters involving the possible violation of laws or regulations, you also may choose to bring such concerns to an outside regulatory authority. However, the Company is committed to taking internal action in response to employee concerns, and would appreciate the opportunity to do so, if appropriate.

(c) Prohibition Against Retaliation. The Company welcomes the courage and honesty of an employee who voices concern over a particular course of action that he or she believes to be unlawful or harmful. Any attempts to intimidate, threaten, harass or retaliate against any employee based upon a good faith report made by an employee pursuant to the Code is strictly prohibited and will result in disciplinary action up to and including termination of the person responsible for any such intimidation, threat, harassment or retaliation.

However, groundless or unwarranted complaints - including those with vindictive intent – are not acceptable. Appropriate disciplinary measures will be taken if allegations are initiated for malicious reasons or in bad faith.

(d) Procedure to Submit a Report. You may make a report under this procedure in one of the following ways:

- Bring the matter to the attention of your immediate supervisor. Any supervisor receiving such a report is to immediately bring the matter to the attention of the CEO, the CFO, or any member of senior management.
- Bring the matter to the attention of the CEO, the CFO, or any member of senior management.
- Bring the matter to the attention of an independent director of the Company. Matters relating to accounting, internal accounting controls or auditing matters should be reported first to the Chairman of the Audit Committee. All other matters should be reported first to the Chairman of the Board of Directors. If you are uncertain as to whether the matter should go to the Audit Committee or the Chairman of the Board, you may choose either one. If, for any reason, the Chairman of the Audit Committee or the Chairman of the Board is unavailable, you may report the matter to any other member of either Committee by communicating the information to the Company Secretary or to the Company's outside general counsel. Either of them will forward such information to the appropriate independent directors.

You may make the report orally, in writing, or by e-mail. If you are uncomfortable with identifying yourself, you may make the report on an anonymous basis. All reports will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.

Contact information for the Chairman of the Audit Committee and the Chairman of the Board of Directors is as follows:

**Chairman of the Board of Directors
and Audit Committee**

Name: Denis Taschuk
Address: 18359 – 76A Avenue
Telephone No.: 780-485-2333
Fax No.: 780-485-2316
e-mail address: denis@tyhee.com

Contact information for the Company's Secretary and outside general counsel is as follows:

Company Secretary and Outside General Counsel

Name: Cory Kent
Address: 1500 - 1055 W. Georgia St.
Vancouver, B.C. V6E 4N7
Telephone No.: (604) 691-7446
Fax No.: (604) 691-7354
e-mail address: ckent@lmls.com

(e) Follow-up and Outcome. On receipt of a report, the Company will promptly commence an internal investigation into the matter in a thorough and fair manner. Depending on the circumstances, the investigation may be conducted directly by or under the authority of the Audit Committee or the Board of Directors. The identity of a person reporting a possible violation is treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order. If any unlawful or other violative conduct is discovered from the investigation, immediate steps to achieve compliance with the applicable law, regulation or policy will be taken. In each case, the Company or the applicable Board Committee will retain a written copy of the initial report (or prepare a written summary in the case of an oral report), a written investigative report, and a written summary of the action taken in response to the investigative report.

(f) Governmental or Company Inquiry. If you receive an inquiry from a governmental authority concerning suspected unlawful conduct, you should immediately direct the inquiry to your immediate superior, the CEO, the CFO or other member of senior management. In such circumstances, you should take measures to preserve documents and other items relevant to the investigation. To conceal an offence or to alter or destroy evidence is illegal and may result in criminal prosecution. It also violates the Company's commitment of conducting its business in a legal and ethical manner and is strictly prohibited.

If you receive an inquiry from the Company representative or a Board committee in connection with an investigation under the Code, you are equally obligated to take measures to preserve documents and other items relevant to the investigation.

(g) Failure to Comply or File a Report. The Company is committed to complying with all applicable laws, regulations and policies. Such compliance is only possible if all employees, officers and directors ensure that they follow all applicable laws, and Company policies and guidelines. When in doubt, ask the CEO, CFO or other members of senior management. Personnel who violate the law or the Company's compliance policies or knowingly fail to report a violation of law or compliance policy may be subject to disciplinary action, up to and including dismissal. The nature and extent of the action will be determined on a case-by-case basis. In reviewing the situation, the following is a partial list of considerations:

- The nature and severity of the offence.

- Whether the persons involved acted reasonably.
- The efforts by the persons involved to obtain guidance before the offence occurred.
- Whether the persons involved reported their own wrongdoing or possible wrongdoing themselves.

Personnel are encouraged to report their own wrongdoing or possible wrongdoing. This action will be taken into account when assessing the appropriate discipline, if any. The Company will also recognize situations where a person has made an honest mistake and will take it into account in deciding the course of action to pursue.

APPENDIX 4

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors in fulfilling its oversight responsibilities. The audit committee will review the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the board of directors, management, and the external auditors. To effectively perform his or her role, each committee member will obtain an understanding of the detailed responsibilities of committee membership as well and the company's business, operations and risks.

2. Composition

The board of directors will appoint from among their membership an audit committee after each annual shareholder's meeting. The audit committee will consist of a minimum of three members of the board of directors.

Independence

All of the members of the audit committee shall be independent, as determined by the standards established of the Board of Directors.

Expertise of Committee Members

Each member of the audit committee shall be financially literate or shall become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee shall have accounting or related financial management expertise. The Board of Directors shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall determine whether a director meets these qualifications.

Appointment of Chair

Unless a Chair is appointed by the Board of Directors, the audit committee shall elect a Chair by majority vote.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board of Directors or the audit committee, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee will fulfill the following roles and discharge the following responsibilities:

External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the audit committee shall:

- Review the external auditors' proposed audit scope and approach;
- Review the performance of the external auditors and recommend to the board of directors the appointment or discharge of the external auditors;
- Review and recommend the compensation to be paid to the external auditors; and
- Review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

Internal Controls

The audit committee shall ensure that adequate controls are in place over annual and interim financial reporting. In carrying out this duty, the audit committee shall:

- Evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- Ensure that the external auditors keep the audit committee informed about fraud, illegal acts and deficiencies in internal controls.

Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- Review significant accounting and financial reporting issues, including complex or unusual transactions; and
- Review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- Review the annual financial statements and provide a recommendation to the board of directors with respect to the approval of the financial statements;
- Meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- Review the Management Discussion and Analysis for the annual reporting period prior to its release to the public.

Interim Financial Statements

- Review and approve the interim financial statements prior to their release to the public; and
- Review the Management Discussion and Analysis for the interim reporting period prior to its release to the public.

Release of Financial Information

- Review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

Non-Audit Services

All non-audit services, being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements, provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided;

- the Company or the subsidiary, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - the pre-approval policies and procedures are detailed as to the particular service;
 - the audit committee is informed of each non-audit service; and
 - the procedures do not include delegation of the audit committee's responsibilities to management.

5. Other Responsibilities

The audit committee shall:

- Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- Establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- Ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- Review the policies and procedures in effect for considering officers' expenses and perquisites;
- Perform other oversight functions as requested by the full board; and
- Review and update this charter and receive approval of changes to this charter from the board.

Reporting Responsibilities

The audit committee shall regularly update the Board of Directors about committee activities and make appropriate recommendations.

6. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to engage, at the expense of the company, outside auditors, legal counsel, and other experts or consultants.

APPENDIX 5

COMPENSATION COMMITTEE CHARTER

1. Purpose: Responsibilities and Authority.

The Compensation Committee shall assist the Board of Directors in carrying out its responsibilities relating to executive and director compensation. In furtherance of this purpose, the Committee shall have the following responsibilities and authority:

- (a) The Committee shall recommend to the Board of Directors the form and amount of compensation to be paid by the Company to directors for service on the Board and on Board committees. The Committee shall review director compensation at least annually.
- (b) The Committee shall annually review the Company's base compensation structure and the Company's incentive compensation, stock option and other equity-based compensation programs and recommend changes in or additions in such structure and plans to the Board of Directors as needed.
- (c) The Committee shall recommend to the Board of Directors the annual base compensation of the Company's executive officers and senior managers (collectively the "Officers").
- (d) The Committee shall recommend to the Board of Directors the range of increase or decrease in the annual base compensation for non-Officer personnel providing services to the Company.
- (e) The Committee shall recommend to the Board of Directors annual corporate goals and objectives under any incentive compensation plan adopted by the Company for Officers and non-Officer personnel providing services to the Company, and establish incentive compensation participation levels for Officers and non-Officer personnel providing services to the Company under any such incentive compensation plan. In determining the incentive component of compensation, the Committee will consider the Company's performance and relative shareholder return, the values of similar incentive at comparable companies and the awards given in past years.
- (f) The Committee shall evaluate the performance of Officers generally and in light of annual corporate goals and objectives under any incentive compensation plan and recommend to the Board of Directors incentive compensation payable to Officers under any such incentive compensation plan.
- (g) The Committee shall provide oversight of the performance evaluation and incentive compensation of non-Officer personnel providing services to the Company.
- (h) The Committee shall oversee the Company's stock option and other equity based compensation plans and recommend to the Board of Directors the annual grants of stock options to be made and other equity based compensation.

- (i) The Committee shall prepare and publish the annual executive compensation report in the Company's annual information form or information circular, as required by applicable securities legislation.
- (j) The Committee shall recommend to the Board of Directors the qualifications and criteria for membership on the Committee.

The Chief Executive Officer of the Company shall not be present during any vote or other deliberation of the Committee regarding the compensation or performance of the Chief Executive Officer.

2. Structure and Membership

- (a) **Number.** The Committee shall consist of at least two persons unless the Board should from time to time otherwise determine.
- (b) **Selection and Removal.** Members of the Committee shall be appointed by the Board. The Board may remove members of the Committee at any time with or without cause.
- (c) **Independence.** The majority of the members of the Committee shall be independent as determined under the Company's Corporate Governance Guidelines.
- (d) **Chair.** Unless the Board appoints a Chair of the Committee, the Committee shall elect a Chair by majority vote.
- (e) **Compensation.** The compensation of the Committee shall be as determined by the Board.
- (f) **Term.** Members of the Committee shall be appointed for one-year terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board or the Committee.

3. Procedures and Administration

- (a) **Meetings.** The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee shall keep minutes of its meetings and any other records as it deems appropriate.
- (b) **Subcommittees.** The Committee may form and delegate authority to one or more subcommittees, consisting of at least two members, as it deems appropriate from time to time under the circumstances.
- (c) **Reports to the Board.** The Committee shall report (orally or otherwise) regularly to the Board following meetings of the Committee with respect to such matters as are relevant to the Committee's discharge of its responsibilities, and shall report in writing on request of the Chairman of the Board.

(d) **Charter.** The Committee shall, at least annually, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

(e) **Independent Advisors.** The Committee shall have the authority to engage such independent legal and other advisors as it deems or appropriate to carry out its responsibilities. Such independent advisors may be regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay appropriate compensation to advisors engaged by the Committee.

(f) **Investigations.** The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it deems appropriate, including the authority to request any Officer or other person to meet with the Committee.

(g) **Annual Self-Evaluation.** The Committee shall evaluate its own performance at least annually.

4. **Additional Powers**

The Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

APPENDIX 6

ENVIRONMENT, HEALTH AND SAFETY COMMITTEE CHARTER

1. Purpose

To assist the Board in fulfilling its oversight responsibilities by assessing the effectiveness of safety and environment-related programs, initiatives and policies of the Company. In furtherance of this purpose, the Committee shall have the following responsibilities:

- (a) ongoing review of the Company's safety and environment-related policies and performance, including processes to ensure compliance with applicable laws and regulations;
- (b) reviewing and providing advice on current and emerging safety and environment-related issues;
- (c) reviewing the suitability and effectiveness of safety and environment management systems and environment sustainability certification programs to which the Company or any of its subsidiaries subscribes; and
- (d) reporting regularly to the Board on safety and environment-related matters affecting the Company.

2. Structure and Membership

- (a) **Number.** The Committee shall consist of two persons unless the Board should from time to time otherwise determine.
- (b) **Selection and Removal.** Members of the Committee shall be appointed by the Board. The Board may remove members of the Committee at any time with or without cause.
- (c) **Independence.** A majority of the members of the Committee shall be independent as determined under the Company's corporate governance principles and policies.
- (d) **Chair.** Unless the Board appoints a Chair of the Committee, the Committee shall elect a Chair by majority vote.
- (e) **Compensation.** The compensation of the Committee shall be as determined by the Board.
- (f) **Term.** Members of the Committee shall be appointed for one-year terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board or the Committee.

3. Procedures and Administration

- (a) **Meetings.** The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee shall keep minutes of its meetings and any other records as it may deem appropriate.
- (b) **Subcommittees.** The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of at least two members), as it deems appropriate from time to time under the circumstances.
- (c) **Reports to the Board.** The Committee shall report (orally or otherwise) regularly to the Board following meetings of the Committee with respect to such other matters as are relevant to the Committee's discharge of its responsibilities, and shall report in writing on request of the Chairman of the Board.
- (d) **Independent Advisors.** The Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay appropriate compensation to such advisors engaged by the Committee.
- (e) **Investigations.** The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it may deem appropriate, including the authority to request any officer or other person to meet with the Committee.
- (f) **Annual Self-Evaluation.** The Committee shall evaluate its own performance at least annually.

4. Additional Powers

The Committee shall have such other duties as may be delegated from time to time by the Board of Directors.