

A. PURPOSE

Afexa Life Sciences Inc. (the "Company") is committed to operating with integrity. To ensure openness in our communication and accountability to our internal policies, the audit committee of our board of directors (the "Audit Committee") has established procedures for (i) the submission by Personnel (as defined below) of reports of alleged misconduct and (ii) the receipt, retention and treatment of these reports.

When in doubt as to the appropriate course of action, Personnel should seek guidance from their manager or a member of the executive team, refer to the Business Integrity Policy of the Company, or provide information through the process described below.

B. SCOPE

This policy applies to all employees, directors, directing managers and contractors ("Personnel") of the Company and its subsidiaries.

C. MISCONDUCT

Misconduct involves any unlawful, illegal, or unethical behavior and may include, but is not limited to:

- Non-compliance with the Code of Conduct of the Company;
- Questionable or inappropriate accounting practices;
- Breach of or failure to implement or comply with any approved policy;
- Knowingly breaching municipal, provincial or federal laws or regulations;
- Unprofessional conduct or non-compliance with established standards of practice (for example, scientific misconduct);
- Dangerous behaviour likely to cause physical harm/damage to any person/property;
- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to the Company or any of its subsidiaries;
- Abuse of power or authority for any unauthorized or ulterior purpose;
- Threat of workplace violence or any form of harassment/discrimination;
- Unfair discrimination in the course of the employment or provision of services.

This list is not definitive, but is intended to give an indication of the kind of conduct which might be considered as "misconduct".

D. REPORTING SUSPECTED MISCONDUCT

It is the responsibility of all Personnel to report all suspected misconduct. Complaints can be reported in accordance with the procedures listed in the Business Integrity Policy of the

Company. As an alternative, an anonymous report can be filed with Equity Corporate Services Inc.

Website: www.equitycsi.com

Login ID: Afexa

Password: C7cold

Toll Free Phone: 1-877-266-2579

Toll Free Fax: 1-877-216-8459

All complaints, whether or not they are received anonymously, will be treated as confidential to the extent possible, consistent with the need to conduct an adequate investigation.

E. INVESTIGATION PROCESS

All anonymous complaints are received by Equity Corporate Services Inc. which is an independent third party. Complaints regarding questionable accounting, accounting controls and auditing matters, including those regarding the override or attempted override of accounting controls or of Afexa's accounting policies (an "Accounting Irregularity") are forwarded to the Chair of the Audit Committee. The investigation of Accounting Irregularity complaints shall be conducted by, or at the direction of, the Audit Committee. All other complaints of suspected misconduct are forwarded to the Chief Executive Officer ("CEO") of the Company for investigation and resolution. Where the misconduct is alleged to involve the CEO, the complaint will be forwarded to the Chair of the Audit Committee.

As deemed appropriate, and at the Company's expense, the Company and/or the Audit Committee may engage independent advisors including legal counsel, investigators or forensic accountants (other than the Company's external auditor) for the purpose of investigating or remediating any complaint. This may result in an extension of the investigative process.

Following investigation and evaluation of a complaint, the Audit Committee shall determine any recommended disciplinary or remedial action with respect to an Accounting Irregularity. Recommendations of the Audit Committee shall be brought to the Board or to the appropriate members of senior management of the Company for authorization and/or implementation. For all other complaints, the CEO will determine the appropriate disciplinary and/or remedial action.

F. PROTECTION OF WHISTLEBLOWERS

The Company will make good faith efforts to protect the confidentiality of Personnel making reports of suspected misconduct, subject to such disclosures as are required by law or applicable regulatory authorities or to permit a thorough and complete investigation of the complaint.

In addition, any effort to retaliate against any person making a complaint in good faith will not be tolerated by the Company and should be reported immediately to the Chair of the Audit

Committee or the CEO, as applicable.

Attempts to intimidate or threaten any Personnel to prevent disclosure under this policy, or any harassment of any Personnel following a disclosure, are strictly prohibited and will be subject to disciplinary action, up to and including dismissal for cause.

G. RETENTION OF REPORTS

Reports of misconduct will be retained in accordance with the Company's Record Retention Policy. The Audit Committee and the CEO (except to the extent the CEO is the subject of the complaint) will be advised on a quarterly basis if any complaints for which they are respectively responsible for under this policy have been received.

H. FALSE AND MALICIOUS ALLEGATIONS

The Company is committed to the highest standards of honesty and will dedicate appropriate resources to the investigation and resolution of all received complaints. On the other hand, the Company will regard the making of any deliberately false or malicious allegations by any Personnel as a serious disciplinary offence which may result in disciplinary action, up to and including dismissal for cause.