



Afexa Life Sciences Inc.

PUBLIC DISCLOSURE POLICY

Afexa



Afexa Life Sciences Inc.

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AFEXA LIFE SCIENCES INC.

PUBLIC DISCLOSURE POLICY

OBJECTIVES AND SCOPE

Afexa Life Sciences Inc. has publicly traded securities and, therefore, must comply with certain legal and regulatory requirements regarding the public disclosure of material information and our Board of Directors, Officers of the Company and employees must comply with applicable insider trading and reporting requirements. The purposes of disclosure and insider trading and reporting laws include creating a level playing field for all investors; providing the market with full, true and plain disclosure of information to allow investors to make informed investment decisions; and preventing insiders of public companies from unfairly benefiting from inside information.

The objective of this Public Disclosure Policy (“PDP” or “Policy”) is to ensure that communications to the investing public about Afexa Life Sciences Inc. (the “Company” or “Afexa”) and its subsidiaries are:

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

Its goal is to raise awareness of Afexa’s approach to disclosure among the Board of Directors, senior management, employees and consultants.

This PDP extends to all employees of Afexa, its Board of Directors and those authorized to speak on behalf of Afexa. It covers disclosures in documents filed with the securities regulators and written statements made in Afexa’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on Afexa’s website and other electronic communications. It extends to oral statements made in meetings, telephone conversations with analysts and investors, interviews with the media, and to speeches, press conferences and conference calls.

POLICY ADMINISTRATION - DISCLOSURE COMMITTEE

Afexa has designated the Disclosure Committee as having primary responsibility for overseeing Afexa’s disclosure practices. The members of the Disclosure Committee are: Senior Director, Board Affairs and Investor Relations (Chair), CEO, CFO, and CLO. This responsibility includes the design, implementation and regular evaluation of the Company’s disclosure controls and procedures to ensure that information required to be disclosed in Company filings is made known to the Disclosure Committee and is recorded, processed, summarized and reported within the required time periods. The Disclosure Committee consults with the Corporate Governance and Nominating Committee, other Afexa Officers, Afexa’s Director of Risk and Compliance and, where appropriate, outside legal counsel, on disclosure issues which may impact Afexa. The Disclosure Committee will invite other Officers, Directors and employees, when deemed advisable, to assist in the discussion and consideration of its duties. It is essential that the Disclosure Committee be kept fully apprised of all pending or potentially material Company developments in order to evaluate and discuss such matters to determine the appropriateness and timing for public release of information. The Committee will identify appropriate industry and

Company disclosure benchmarks, for a preliminary assessment of materiality and timely disclosure. Guided by these benchmarks the Disclosure Committee will use experience and judgment to determine the timing for public release of material information. If, as sometimes happens, it is deemed that material information should remain confidential, the Disclosure Committee will determine how that non-public material information will be controlled including contacting Investment Industry Regulatory Organization of Canada (“IIROC”), (formerly TSX Market Regulation Services) to ask that the stock be closely monitored, notifying the Chairman of the Board or other appropriate Board Members of that decision, and ensuring that the appropriate regulatory filings are made and updated as required.

All written and oral public disclosures shall be circulated for review by the Committee and approved by at least two members of the Disclosure Committee, one being the CEO, CFO or CLO.

In addition, when requested, the Disclosure Committee will advise employees on interpreting this Policy. The Disclosure Committee reviews and, if necessary, updates this PDP on at least an annual basis to ensure compliance with changing regulatory requirements and will make recommendations to the Corporate Governance and Nominating Committee for any appropriate changes to the Policy. The Disclosure Committee will report to the Board of Directors or the Corporate Governance and Nominating Committee on an as-requested or as- necessary basis.

The Disclosure Committee Chair will serve as the primary contact person for the Disclosure Committee and will engage the Disclosure Committee as necessary and appropriate. In the event of the absence of the Chair, any other member of the Committee may be contacted on matters referenced in this Policy. Investor Relations and Communications will continue to take the lead roles in facilitating day-to-day disclosure.

The mandate for the Disclosure Committee is attached as **Appendix A**.

PRINCIPLES OF DISCLOSURE

In complying with the requirement to immediately disclose all material information, which includes material facts and material changes, under applicable laws and stock exchange rules, Afexa will adhere to the following basic disclosure principles:

1. Material information will be publicly disclosed immediately via news release.
2. In some circumstances involving a material change, the Committee may determine that disclosure would be unduly detrimental to the Company (for example, if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the Committee determines it is appropriate to publicly disclose. In such circumstances, the Disclosure Committee will cause a confidential material change report to be filed with the applicable securities regulators, and will, at least every 10 days, review its decision to keep the information confidential (also see “Rumours”).
3. Disclosure must include any information the omission of which would make the rest of the disclosure misleading.

4. Unfavourable information must be disclosed as promptly and as completely as favourable information.
5. There must be no selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed, such information must be broadly disclosed immediately via news release.
6. Disclosure on Afexa's website alone does not constitute adequate disclosure of material information.
7. Disclosure must be corrected immediately if Afexa subsequently learns that earlier disclosure by Afexa contained a material error.

RELEASE OF CLINICAL INFORMATION

In the course of business, the Company may engage in a number of small clinical experiments or pilot clinical trials designed to be hypothesis generating or to provide proof of principal. Generally, Afexa does not intend to report on such clinical trials unless those trials lead to a change in direction for the Company or lead to a larger pivotal clinical trial. Where the Company expends considerable resources on clinical studies designed to support the launch of new products or expand the indications or to provide clinical evidence to support existing products on the market, the commencement and results of such trials will be communicated to the investment community.

INSIDER TRADING POLICY AND BLACKOUT PERIODS

No Officer, Director or employee of Afexa with knowledge of material information relating to the Company that has not been publicly disclosed may purchase or sell or tip someone else to purchase or sell or to not purchase or sell, Afexa stock. The Corporate Insider Trading Policy is attached as **Appendix B**.

MAINTAINING CONFIDENTIALITY

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

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

In order to prevent the misuse or inadvertent disclosure of non-public material information, the procedures set forth below should be observed at all times:

1. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who “need to know” that information in the necessary course of business and code names should be used, if necessary.
2. Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
3. Confidential matters should not be discussed on wireless telephones or other wireless devices, unless by secure transmission.
4. Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
5. Extra precautions should be observed when communicating confidential information by e-mail. Where possible, employees should avoid using e-mail to transmit confidential information. Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts.
6. Generally, transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made where it is reasonable to believe that the transmission can be made and received under secure conditions. Caution is to be used when transmitting by electronic means.
7. Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
8. Unnecessary copying of confidential documents should be avoided. Documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. For certain documents, recipient copies are to be numbered and a log used for tracing. Extra copies of confidential documents should be shredded or otherwise destroyed.
9. Access to confidential electronic data should be restricted through the use of passwords.

Additional information is contained in the employee Record Retention Policy and the Board of Directors Materials Disposition Policy.

MATERIAL CONTRACTS

The Company will publicly file certain material contracts on SEDAR, in accordance with National Instrument 51-102 *Continuous Disclosure Obligations*.

QUIET PERIODS

The Company observes a “quiet period” beginning on the last day of each fiscal quarter and each fiscal year and ending two full trading days after release of the financial disclosure for that quarter or year. During a quiet period, Afexa spokespersons must not provide any forward-looking information relating to expected revenues, net income or profit, earnings per share, expenditure levels, and other earnings guidance or comments with respect to the financial results for that fiscal quarter or that fiscal year, as may be the case. Notwithstanding these restrictions,

the Company may discuss previously disclosed information relating to the business and affairs of the Company or any of its subsidiaries.

During a quiet period, spokespersons may respond to unsolicited inquiries about information as long as that information is not material information or information that has not been previously publicly disclosed.

AUTHORIZED SPOKESPERSONS

The Company designates a limited number of spokespersons responsible for communication with the investment community, regulators, or the media on matters related to Afexa, where materiality issues may come into play. The official spokespersons for Afexa are the VP Communications, the Senior Director, Board Affairs and Investor Relations, the Chief Executive Officer, Chief Scientific Officer and the Chief Financial Officer. The spokespersons may, from time to time, designate others within Afexa to speak on behalf of Afexa as back-ups or to respond to specific inquiries. An example would be an occasion where employees may be requested to speak to the media in connection with product promotions, tradeshow or other public relations opportunities. It is not the intent of this Policy to restrict employees from speaking at conferences or to outside parties where doing so serves a legitimate business purpose. In these cases, employees are permitted to make factual representations about the Company and its products; however, care must be taken to ensure non-public material information is not conveyed and that information provided is in compliance with this Policy. Material information is “non-public” if it has not been disseminated in a manner making it generally available to investors. If there is any doubt about the appropriateness of supplying certain information, employees should contact the Senior Director, Board Affairs and Investor Relations. Examples of information that may be material are included in **Appendix C**.

Employees who are not authorized spokespersons must not respond, under any circumstances, to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. In no cases should employees convey financial information or other information related with the Company’s overall prospects. Employees also shall not, in any circumstances, discuss any matters related to emergencies, loss of property or loss of life. All investor inquiries are to be referred to the Senior Director, Board Affairs and Investor Relations; media questions are to be referred to the Vice President, Communications.

The Chairman of the Board is the sole spokesman for the Board of Directors.

NEWS RELEASES

Afexa’s news releases will be accurate, factual, complete and balanced. Once the Disclosure Committee determines that a development is material, the Committee will authorize the issuance of a news release, or further determine that such developments must remain confidential for the time being. In the latter case, the Disclosure Committee will authorize the appropriate confidential filings and institute control of that Company-confidential information. Should a material statement inadvertently be made in a selective forum, Afexa will immediately issue a news release in order to fully disclose that information. If the inadvertent disclosure occurs during business hours of IIROC the Company must call IIROC to discuss and/or request a halt in trading while the news release is being written.

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

Annual and interim financial results will be publicly released immediately following Board approval of the financial documents. At the same time, Afexa will file such documents with SEDAR and ensure that any required documents are mailed or e-mailed to shareholders who have requested such.

News releases will be disseminated through an approved news wire service that provides simultaneous national and/or international distribution. News releases will be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media, and if deemed appropriate, the local media in localities where Afexa has its headquarters and operations.

News releases will be posted on Afexa's website immediately after release over the news wire. The news release page of the website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

If the subject of a news release is a material change for the Company, a material change report will also be filed with applicable securities regulators as soon as practicable, but in any event, within 10 days of the issuance of the news release.

CONFERENCE CALLS

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

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

A tape replay of the conference call will be made available for a minimum of seven days and an archived audio webcast and/or text transcript will be made available on the Company's website for a minimum of 30 days.

The Disclosure Committee will hold a debriefing meeting immediately after the conference call and if it determines that selective disclosure of previously undisclosed material information or

misleading disclosure has occurred, the Company will immediately disclose or correct the information broadly via news release. If the inadvertent disclosure occurs during business hours of IIROC, the Company must call IIROC to discuss and/or request a halt in trading while the news release is being written.

RUMOURS

Afexa does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. Afexa's spokespersons will respond consistently to rumours, by saying, "**It is our policy not to comment on market rumours or speculation**". Should the stock exchange request that Afexa make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the Disclosure Committee will consider the matter and decide whether to make a policy exception.

CONTACTS WITH ANALYSTS, INVESTORS, AND THE MEDIA

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If Afexa intends to announce non-public material information at an analyst or shareholder meeting or a press conference or on a conference call, the announcement must be preceded by a news release.

Afexa recognizes that meetings with analysts and significant investors are an important element of Afexa's investor relations program. Afexa will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent, and accurate fashion in accordance with this Policy. All analysts will receive fair treatment regardless of whether they are recommending buying or selling the Company's securities.

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

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

The Senior Director, Board Affairs and Investor Relations will keep notes of telephone conversations with management involving analysts, institutional investors and other investors and when practicable more than one Afexa representative should be present at all individual and group meetings. A debriefing will be held after these meetings and if it is determined that selective disclosure of previously undisclosed material information has occurred, the Company will immediately disclose the information broadly via news release. Any investor meetings with members of the Board of Directors will follow the same process.

Members of the media should not receive non-public material information on an exclusive, embargoed or selective basis. They will receive non-public material information at the same time as everyone else: when a full public announcement is made. The VP Communications will generally keep notes of telephone conversations with reporters and will follow up with reporters

when there is an inaccuracy in an article, in order to set the record straight, and ensure that the same error does not recur in future articles.

REVIEWING ANALYST DRAFT REPORTS AND MODELS

Upon request, the Company may review analysts' draft research reports or financial models for factual accuracy based on publicly disclosed information. Afexa will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's financial model and earnings estimates. Afexa will not use potential investment banking or brokerage business to attempt to induce favourable analyst coverage, nor will it attempt to influence the research, recommendations, or actions of analysts or investment professionals by exerting pressure through other business relationships.

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

PROVIDING GUIDANCE

Afexa will not confirm or attempt to influence an analyst's opinions or conclusions and will not express comfort or otherwise with analysts' models and earnings estimates. Afexa will try to ensure, through its regular public dissemination of quantitative and qualitative information, that analysts' estimates are in line with Afexa's own expectations. If Afexa has determined that it may be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in order to enable discussion without risk of selective disclosure and to protect against a civil lawsuit alleging misleading disclosure or failure to provide timely disclosure.

DISTRIBUTING ANALYST REPORTS

Analyst reports are proprietary products of the analyst's firm. Distributing, referring to or providing links to analyst reports may be viewed as an endorsement by the Company of the reports. For these and other reasons, Afexa will not provide analyst reports through any means to persons outside of the Company or generally to employees of the Company, including posting such reports on its website. Notwithstanding the foregoing, the Company will distribute analyst reports to its Directors and Senior Officers to monitor the communications of the Company and to assist them in understanding how the marketplace values the Company and how corporate developments affect the analysis.

Analyst reports may also be provided to the Company's financial and professional advisors in the necessary course of business. The Company may post on its website a complete listing, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company. If provided, this list will not include links to the analysts' or any other third party websites or publications.

FORWARD-LOOKING INFORMATION

Afexa feels that it is important to convey the future direction of the Company to the investment community in order to assist the market in accurately valuing the Company's securities. Afexa's approach to forward looking information is to provide facts and underlying assumptions about

our business at the corporate level, without actually making a forecast. Should Afexa elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed:

- All material forward-looking information will be broadly disseminated via news release;
- The information will be published only if there is a reasonable basis for drawing the conclusions or making the forecast and projections set out in the forward-looking information;
- The document or public oral statement containing the forward-looking information must have, proximate to that information;
- Reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
- A statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.
- Additionally, the information may be accompanied by supplementary information such as a range of reasonably possible outcomes or a sensitivity analysis to indicate the extent to which different business conditions may affect the actual outcome. Public oral statements also require a cautionary statement that actual results could differ materially and a reference to material factors and assumptions that could cause actual results to differ materially and to one or more readily available documents that outline such factors or assumptions.

The information will be accompanied by a statement that the information is stated as of the current date, is subject to change after that date and the Company does not undertake to update any forward-looking statement that is contained in that particular disclosure document or other communications, except as required by law.

Future oriented financial information (“FOFI”) and financial outlooks comprise a subset of forward looking information and, along with the requirements set out above, we will follow the following guidelines:

- All FOFI must be reasonable and appropriate in the circumstances;
- The period covered by the FOFI or financial outlook must be limited to a period for which information in the FOFI or financial outlook can be reasonably estimated;
- Accounting policies used should be those we expect to use to prepare our historical financial statements for the period covered by the FOFI and financial outlook;
- Any disclosure of FOFI or a financial outlook will state the date it was approved by management, will explain the purpose of it and will caution readers that the information may not be appropriate for other purposes.

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

Withdrawal of Forward-Looking Information: If a decision is made during an MD&A period to withdraw previously disclosed material forward-looking information, the Company will discuss the events and circumstances that led to such a decision, including any underlying assumptions that are no longer valid. If such a decision triggers a material change for the company, a material change report will be filed.

DISCLOSURE RECORD

The Disclosure Committee will maintain at minimum, a five year file containing all public information about Afexa, including continuous disclosure documents, news releases, analysts' reports, transcripts, tape recordings or transcripts of conference calls, debriefing notes, notes from meetings and telephone conversations with analysts and investors, and newspaper articles.

RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS

This Policy also applies to electronic communications. Accordingly, the Disclosure Committee is responsible for ensuring that postings on the Afexa website are reviewed and approved and that such disclosure is accurate, complete, up-to-date and in compliance with relevant securities laws.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on the website will be preceded by the issuance of a news release.

All continuous disclosure documents will be provided in the Investor Relations section of the Company's website. All information posted, including text and audiovisual material, will show the date the material was issued. Any material changes in information must be updated immediately, following issuance of a news release. The website will include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosures.

Documents filed with securities regulators will be available through a link on the Investor Relations section of the website.

The Senior Director, Board Affairs and Investor Relations will ensure that, if used, all links from the Company website to third party websites are approved. The website will include a notice that advises readers they are leaving the Company's website and that the Company is not responsible for the contents of the other site.

The Senior Director, Board Affairs and Investor Relations will ensure that responses are provided to electronic inquiries from the investment community. Only public information or information that could otherwise be disclosed in accordance with this PDP shall be used to respond to electronic inquiries. Responses to such inquiries will be maintained for a minimum of two years.

In accordance with this Policy, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Company's activities or its securities. Participation in on-line postings is restricted to authorized personnel pursuant to the Company's guidelines for on-line communications.

COMMUNICATION, EDUCATION AND ENFORCEMENT

This PDP extends to all Afexa employees and Officers, its Board of Directors, and authorized spokespersons. Afexa will provide new members of the Board of Directors, Officers, and employees with a copy of this PDP and will educate them about its importance. Afexa will circulate this Policy to all employees, Officers and Directors on an annual basis and whenever changes are made. This Policy will be posted on Afexa's internal website and changes will be communicated to all employees.

Any employee who violates this Policy may face disciplinary action up to and including termination of his or her employment with Afexa, without notice. The violation of this Policy may also violate certain securities laws. If it appears that an employee may have knowingly violated such securities laws, Afexa may refer the matter to the appropriate regulatory authorities which could lead to fines or other penalties. Accidental or unintended breaches of securities laws should be reported immediately to the Disclosure Committee to allow for appropriate legal guidance. The Disclosure Committee will consider whether the Company should engage legal counsel to obtain legal guidance.

Any employee who becomes aware of a violation of this Policy should (i) report such violation to his or her supervisor or the Disclosure Committee or (ii) submit an anonymous report through the confidential and anonymous process outlined in the Company's Employee and Business Protection Guide.

UNINTENTIONAL MATERIAL DISCLOSURES

You are required to report promptly all unintentional non-public material disclosures. Reports are to be made to the Disclosure Committee.

QUESTIONS

All questions and inquiries regarding this Policy should be addressed to the Chair of the Disclosure Committee, or in her absence, to another member of the Disclosure Committee



Afexa Life Sciences Inc.

Disclosure Committee Mandate	Committee Approval:	May 28, 2009
	Board Review:	June 2009

This Disclosure Committee Mandate (the “Mandate”) has been adopted by the Chief Executive Officer and the Chief Financial Officer of Afexa Life Sciences Inc. (the “Company”) and ratified by the Corporate Governance and Nominating Committee of the Board of Directors. The Disclosure Committee (the “Committee”) shall review this Mandate annually and provide copies of the amended mandate to the Corporate Governance and Nominating Committee.

PURPOSE

The Disclosure Committee is a committee set up by Afexa’s Executive Leadership Team, to oversee the Company's disclosure practices and procedures. This Mandate covers all information required to be disclosed in our interim and annual filings, as well as continuous disclosure and other reports required to be filed under security reporting requirements. The Company’s Public Disclosure Policy mandates that all disclosures and forward-looking statements made by the Company to its security holders or the investment community or anyone else be accurate and complete, and all disclosures fairly present the Company's financial condition and results of operations in all material respects, and be made on a timely basis, as required by applicable laws and stock exchange requirements.

The Disclosure Committee is responsible for considering the materiality of information and determining disclosure obligations on a timely basis in line with the Company’s Public Disclosure Policy (“PDP”) and according to legal and securities requirements.

The Disclosure Committee operates within the disclosure and insider trading policies of Afexa Life Sciences Inc. and was formed to manage disclosures of the Company.

QUORUM

A quorum consists of one of the CEO, CFO or the CLO and one other member of the Disclosure Committee. In an emergency, one of the members and outside legal counsel would be considered a quorum.

ORGANIZATION

The membership of the Disclosure Committee will include at minimum:

- 1) Chief Executive Officer;
- 2) Chief Financial Officer and Senior Vice President Operations;
- 3) Chief Legal Officer and Senior Vice President Corporate Development; and
- 4) Senior Director, Board Affairs and Investor Relations.

At the Disclosure Committee's discretion, individuals may be invited at any time to provide specialized advice. In the event that legal advice is warranted and the CLO is unavailable, an attorney with an independent law firm may be designated to provide advice.

The Disclosure Committee, acting together, will approve disclosure statements (other than periodic reports requiring Board or Audit Committee approval).

One member of the Disclosure Committee shall be appointed by the Senior Officers as Secretary. The Secretary shall be responsible for scheduling and presiding over meetings, and preparing agendas and meeting minutes. Any question of interpretation of this Mandate or the Disclosure Committee's procedures shall be determined by the CEO or CLO or, in their absence, the Chairperson of the Corporate Governance and Nominating Committee.

The Disclosure Committee shall meet as frequently as circumstances dictate to execute its responsibilities under this Mandate, taking into account developments since the most recent meeting, including changes in the Company's organization and business performance and any change in economic, regulatory or industry conditions.

Minutes will be recorded and maintained of all meetings of the Disclosure Committee.

It is expected that all meetings will occur in person; however, in certain circumstances one or more members of the Disclosure Committee may participate by telephone conference, with the same effect as though they were personally present. On rare occasions, approval of documents may be necessary by e-mail or fax polling to the Disclosure Committee members.

RESPONSIBILITIES

The Disclosure Committee's responsibilities are as follows:

- Review, on an ongoing basis, Afexa's disclosure policies and processes to ensure they address the Company's principal business risks, changes in operations or structure, and facilitate compliance with applicable legislative and regulatory reporting requirements. Ensure that policies and guidance related to corporate disclosure and financial reporting are developed and issued, and that communication of matters affecting disclosure and financial reporting efficiently flow throughout the organization.
- Ensure that Afexa's Disclosure controls and other procedures provide reasonable assurance that:
 - The continuous disclosure policy is effectively implemented and that Afexa's legislative and regulatory disclosure obligations are effectively discharged; and
 - Information of a potentially material nature is accumulated and communicated to senior management, including the CEO, CFO, and CLO, to allow timely decisions on required disclosures.
- Oversee the arrangements for the CEO and CFO to evaluate and test on an annual basis, Afexa's disclosure controls and procedures as well as a quarterly evaluation of the design of these procedures and ensure reporting of such in the appropriate MD&A. Convey results to senior management.

- Ensure corporate profiles are current on SEDAR, SEDI and the TSX.
- Facilitate, through the Compliance Officer, events leading to the certification of financial reporting documents by the CEO and CFO.
- Review all information which is forthcoming through the various internal controls and other processes and procedures to determine whether corporate developments constitute material information and, if so, to ensure compliance with the procedures outlined in the Public Disclosure Policy.
- Assure that such decisions are communicated throughout management, as appropriate, to allow timely disclosure.
- Maintain awareness and understanding of governing disclosure rules and guidelines, including any new or pending developments and seek educational opportunities where necessary.
- Review the disclosure process for preparing and the final drafts of the Company's
 - (i) periodic reports, Management Information Circular, Annual Information Form, Annual Report and any other information filed with the Securities Commissions and/or the Toronto Stock Exchange;
 - (ii) news releases containing financial information, earnings guidance, information about material acquisitions or dispositions or other information material to the Company's security holders;
 - (iii) presentations and correspondence to the investment community, investors, rating agencies and lenders (collectively, the "Disclosure Statements"), and review disclosure policies for the Company's Corporate/Investor Relations website;
- **Web site maintenance:** The Disclosure Committee will oversee the disclosure on the corporate website. Website maintenance is seen primarily as a responsibility of the Communications department with many players responsible for specific areas.
 - Ensure quarterly archiving takes place

In discharging its duties, the Disclosure Committee shall have full access to all Company books, records, contracts, facilities and personnel.

OTHER RESPONSIBILITIES

The Disclosure Committee shall also have such other responsibilities as the Corporate Governance and Nominating Committee may assign to it from time to time.

MATERIALITY

"Materiality" is defined as information relating to the business and affairs of the Corporation that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Formal determination as to the materiality of information is the responsibility of the Disclosure Committee.

ENFORCEMENT OF PUBLIC DISCLOSURE POICY

It is the responsibility of the Chair of the Disclosure Committee to ensure any violations of the Public Disclosure Policy are addressed by management and to keep a record of any disciplinary actions and report these to the Corporate Governance and Nominating Committee and the Audit Committee of the Board of Directors.



Afexa Life Sciences Inc.

Insider Trading Policy

Afexa Life Sciences Inc. (“Afexa” or the “Company”) is a reporting issuer in various Canadian jurisdictions and has publicly traded securities and, therefore, must comply with certain legal and regulatory requirements regarding the use and disclosure of material information, which includes material facts and material changes. Our Directors, Officers, employees and others who have access to non-public material information are also subject to insider trading restrictions, and, where applicable, insider reporting requirements. This Insider Trading Policy (the “Policy”), an Appendix to the Public Disclosure Policy, is consistent with the broader context and direction provided by Afexa’s Core Values and Code of Conduct and the Public Disclosure Policy and has been approved by Afexa’s Board of Directors (the “Board” or “Directors”).

OBJECTIVES AND INTENT

Insider trading restrictions prohibit the use and disclosure of material non-public information other than in narrowly prescribed circumstances. The purpose of this Policy is to support compliance with such legal requirements, including by adopting policies and procedures relating to the use and disclosure of material information prior to its disclosure to the public. The objectives of this Policy are, therefore to:

- 1) ensure that those in a special relationship with Afexa and its subsidiaries and affiliates are aware of their responsibilities;
- 2) provide guidelines regarding trading in securities of Afexa;
- 3) protect Afexa and all of its personnel against legal liability; and
- 4) preserve the reputation of Afexa and its personnel for integrity and ethical conduct.

The Chief Financial Officer shall have responsibility to ensure that this Policy has been broadcast to all those individuals who are affected by this Policy.

APPLICATION AND SCOPE

This Policy applies to all Directors, Officers, employees, contractors and consultants of the Company and its subsidiaries, or anyone else in a special relationship with Afexa, as well as to the all members of such person’s immediate family or household. Persons covered by this Policy shall not (i) directly or indirectly purchase or sell securities of the Company while in possession of material information that has not been generally disclosed to the public (“insider trading”); or (ii) disclose any material information to any other person (including family members) that has not been generally disclosed to the public (“tipping”).

For these purposes:

- Securities of the Company include common shares and derivative securities (such as put and call options) as well as convertible, exchangeable or exercisable securities such as debentures, warrants and options.
- The purchase or sale of securities includes trading (either directly or indirectly) as well as exercising direct or indirect control or direction over securities.
- Material information, including a material fact or material change, is any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions. Examples include financial results, proposed acquisitions, sales or other changes of a material nature, as well as important business developments including new discoveries or breakthroughs, changes in supply or demand for the Company's products as well as material litigation or investigations. Material information can be positive or negative information.
- Information is considered "non-public" or not generally disclosed until two full trading days following public disclosure via a press release or similar means. A trading day means any day that the TSX is open for business.
- Any person who possesses material non-public information about the Company or its business may be considered an insider until that information is disclosed to the public; anyone can be an insider from time to time, and at those times would be subject to this Policy.

INSIDER TRADING REPORTS

In addition to general insider trading and tipping restrictions, persons who are "Reporting Insiders" are also responsible, with some exemptions, for filing Insider Trading Reports on the System for Electronic Disclosure for Insiders (SEDI)

- within 5 days of becoming an Insider of Afexa; and
- within 5 days after any direct or indirect change in beneficial ownership of Afexa securities (including stock options).
- annually for purchases carried out under Afexa's Employee Share Purchase Plan

"Reporting Insiders" include:

- Directors and Senior Officers, or any other individual who performs functions similar to those normally performed by an individual occupying those functions;
- those who beneficially own, or exercise control or direction over, 10% or more of the voting rights attached to all voting securities of Afexa for the time being outstanding
- The Senior Director, Board Affairs and Investor Relations is available to assist Reporting Insiders with filing procedures; however, this is a personal responsibility and individual Reporting Insiders are ultimately responsible for filing insider reports and dealing with insider trading matters in compliance with applicable securities laws.

ADDITIONAL TRADING RESTRICTIONS/BLACKOUTS

Blackout Periods for Regularly Scheduled Financial Releases (Quarterly)

Pursuant to Afexa's ' Public Disclosure Policy, regular quarterly trading blackouts will commence as of the last day of a financial period (i.e., each quarter) and end at the close of trading on the second full trading day following the issuance of a news release disclosing the financial results for that period. During this period, no Director or Officer, or any employee or other person involved in the preparation, or having actual knowledge, of financial or other information to be contained in or relating to Afexa's quarterly or annual financial statements, may purchase or sell Afexa securities. Following issuance of the news release, the MD&A and financial package are posted on SEDAR. You will be advised of the lifting of the quarterly blackout/trading restriction once the news release has been issued, usually two full trading days following the disclosure.

Blackout Periods for Special Circumstances

Apart from quarterly trading blackout periods, other blackout periods may be prescribed from time to time by the Disclosure Committee as a result of special circumstances relating to Afexa that could give rise to material information. These apply to all Directors and Officers, as well as to all employees and others with knowledge of the special circumstances. Such parties may include external advisors, such as legal counsel, consultants, investment bankers, those with whom we have a corporate alliance, and counter-parties with whom we are in negotiations of a potential material nature. From time to time and as a result of special circumstances, the Disclosure Committee may prescribe a trading blackout for the entire Company.

Extraordinary Circumstances: It is not always clear what the market reaction to information will be and it is sometimes not possible to define in advance what information will or will not be considered "material". In consideration of a pending news release, the Disclosure Committee will determine whether or not it would be prudent to impose a trading blackout for Directors, Officers and others, as appropriate. Such other parties may include other employees, external advisors and those in a special relationship with Afexa. In these circumstances, the trading blackout will generally apply for two full trading days following issuance of the news release. You will be advised of the lifting of the blackout/trading restriction once the news release has been issued.

Stock Options

Trading blackouts also apply to the granting and exercise of Company stock options in accordance with securities laws and stock exchange rules. Should options expire during a trading blackout, pursuant to our share option plan, the expiration date for an option shall be extended to the tenth business day following the later of (a) the last day of a blackout period, and (b) the date the Option would otherwise expire, if the expiration date would otherwise occur in the time period commencing at the commencement of the blackout period to which the Optionee is subject and ending on the fifth trading day subsequent to the blackout period.

Tipping

Whether the information is proprietary information about our Company or information that could have an impact on our stock price, Directors, Officers or employees may not pass the information on to others, except in the necessary course of business. To do otherwise would be illegal and is called “tipping”. Where illegal trading takes place, penalties apply, whether or not you derive any benefit from another’s actions. Insiders and employees with knowledge of confidential or non-public material information about Afexa or counter-parties in negotiations of material potential transactions are prohibited from trading in securities of Afexa or of any counter-party until the information has been disclosed and fully disseminated to the investment community, which is usually two full trading days following disclosure of the information. You are also prohibited from discussing the information with anyone outside of the normal course of business. Insider information is sometimes inadvertently disclosed or overheard in casual, social conversations. Care must be taken to avoid such disclosures.

TRADING PROCEDURES

While it is never permissible to trade based on material non-public information, we have implemented the following procedures to help prevent inadvertent violations and avoid even the appearance of an improper transaction. An example would be where an individual engages in a trade while unaware of a pending announcement. Officers and Directors and Company spokespersons are required to advise the Chief Financial Officer or the Corporate Secretary of their intended trading activity and to obtain pre-clearance in advance of such trading. Such pre-clearance does not provide the Officer or Director or spokesperson with immunity from investigation or suit, for which it is the responsibility of the individual to comply with the securities regulations.

Managed Accounts and Standing Orders

In order to avoid possible inadvertent conflicts with these guidelines, insiders are advised to avoid maintaining standing sell or purchase orders with a broker with respect to Afexa’s securities and are strongly discouraged from including Afexa securities in managed accounts.

The risk associated with a standing purchase or sale order is that a trade may be executed at a point in time when trading is subject to a blackout or you are in possession of material non-public information. This risk also applies to margin arrangements for your trading or investment accounts, as well as the pledging or other encumbrance of Afexa securities. You should avoid such arrangements in order to minimize the risk of inadvertently contravening this Policy and/or legal insider trading restrictions.

If you establish a managed account where full discretionary authority over the securities in the account rests with the manager of the account, it is your responsibility to ensure the account is set up and administered in compliance with securities laws and our Insider Trading Policy. Reporting Insiders are required to file insider reports each time there is a sale or purchase through such an account. For the protection of the Company and the insider, it should be noted on the insider report that the transaction took place under a managed account. If such managed accounts are set up, the Company must pre-approve any such account to ensure they are in line with the Insider Trading Policy.

Employee Share Purchase Plan

Afexa’s Employee Share Purchase Plan is an example of a managed account. In this case the employee participants in the plan have no control over the purchases made through the plan and for this reason

share purchases are permitted during a trading blackout. Sales of securities made through the plan are subject to trading blackout restrictions and, where applicable, to insider trading reporting requirements.

Transactions by Family Members

The same trading restrictions, including blackouts, apply to your family members and others living in your household.

Short Selling

Directors, Officers and employees of Afexa and those in a special relationship are prohibited from participating in a call option or a put option where the underlying securities are not owned or from knowingly selling Afexa shares on a “short” basis (i.e., selling shares that are not owned at the time of sale).

Short-Swing Trades

The Company recommends that, other than in the course of exercising a stock option, insiders do not buy or sell securities within the same six-month period.

Company Assistance

The ultimate responsibility for honouring this Policy and avoiding improper transactions rests with the individual. You are expected to use your judgment in interpreting this Policy and to err on the side of caution at all times. If you have any questions or concerns regarding the application or interpretation of this Policy, any member of the Disclosure Committee may be consulted for advice. You may also consult the Disclosure Committee Chair in confidence if you need further information regarding legal requirements and restrictions relating to insider trading and reporting.

The Consequences for Insider Trading Violations

If your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how securities regulators and others might view your transaction in hindsight.

The consequences for insider trading violations can be severe, not only for individuals but for the Company as well. Criminal prosecution can result. Even a securities regulator’s investigation that does not result in prosecution can tarnish a reputation and irreparably damage a career.

If anyone violates this Policy or federal or provincial insider trading or tipping laws, Company-imposed sanctions, including dismissal for cause, could result.

This Policy was approved by the Board of Directors as of June 2010, and may be amended by the Board of Directors from time to time. The Disclosure Committee has been given authority to make non-substantive housekeeping changes to this policy.

Examples of Information That May Be Material

(Reproduced from National Policy 51-201)

Changes in Corporate Structure

- changes in share ownership that may affect control of the company
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in Capital Structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

Changes in Financial Results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the company's assets
- any material change in the company's accounting policies

Changes in Business and Operations

- any development that affects the company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies
- changes to the board of directors or executive management (CEO, CFO)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for Officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the company's securities or their movement from one quotation system or exchange to another

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

Changes in Credit Arrangements

- the borrowing or lending of significant amount of money
- any mortgaging or encumbering of the company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements