



XEBEC ADSORPTION INC.

INSIDER TRADING POLICY

1. PURPOSE OF THE POLICY

This Policy is to provide guidelines for employees, directors, officers, consultants or any person retained by Xebec to perform services on its behalf (collectively, “**Xebec Team Members**”) of Xebec Adsorption Inc. or its subsidiaries (collectively, “**Xebec**” or the “**Company**”) with respect to transactions in securities of the Company, including its common shares or other securities. The rules and procedures outlined in this Policy have been implemented in order to prevent improper trading in securities of the Company. This Policy supplements, and does not replace, applicable securities laws in respect of insider trading.

2. SCOPE OF THE POLICY

This Policy applies to all Xebec Team Members who receive or have access to Material Information, the members of their immediate families, and members of their household are referred to Insider in this Policy. This Policy also applies to any person who receives material non-public information from an Insider.

Any person who possesses non-public Material Information on the Company is an Insider as long as the information has not been publicly disclosed. Any Xebec Team Member with regular access to financial, operational, or strategic sensitive information, including any named Xebec Team Member as may be specifically designated by the Chief Financial Officer and the Chief Legal Officer from time to time (as defined below) will be subject to this Policy.

3. CONFIDENTIALITY OF MATERIAL INFORMATION

Any Xebec Team Member who has knowledge of non-public Material Information must treat the Material Information as confidential until the Material Information has been publicly disclosed. Compliance to this confidentiality obligation remains even after a Xebec Team Member’s relation with the Company ends. “**Material Information**” means any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to significantly affect the Company’s stock price, whether it is positive or negative, should be considered material. For examples of information that could constitute Material Information, see Schedule “A”.

4. PRE-CLEARANCE PRIOR TO TRADING

Principle of the Pre-Clearance. There are instances where Material Information relating to the Company may exist without the knowledge of the Insiders.

As the Insider’s lack of specific knowledge of such issues does not preclude potential liability of them and of the Company, all transactions in the Company’s securities by Insiders must be pre-cleared prior to entering into such transactions.

The policy of the Company is to err on the side of caution in granting or denying trading permission in recognition of the fact that trades that create notoriety, although ultimately found to be proper, nonetheless tarnish the reputation and goodwill of the Company.

Pre-Clearance Mechanisms. Prior to entering into such transactions in the Company securities, a Designated Insider shall notify the Chief Legal Officer, or in her absence, the CFO or the CEO, (the “**Authorization Request**”) by sending an email to her attention, who shall respond to such Authorization Request within 2 business days from the receipt of such request.

If approval for a proposed transaction is granted, that approval will be effective for no more than 10 business days. The Company may, at its discretion, shorten or revoke such period of time. No securities of the Company may be purchased or sold, or options or other convertible securities be exercised after the tenth business day following the receipt of the approval unless the approval is renewed. If for any reason a previously granted approval is shortened or revoked before the trade is affected or the convertible securities are exercised, the transaction will not be permitted to proceed.

Clearance may be withheld without express reason if the individual has or is deemed to be in possession of any material non-public information and instructions may be given not to trade until further notice pending disclosure.

5. BLACKOUT PERIOD

All Xebec Team Members who receive notice from the Chief Legal Officer of the Company, or other individual delegated to send such notice on her behalf, that they are Designated Insiders in respect of any given Blackout Period shall be subject to blackout periods surrounding the release of financial or other information. The Chief Financial Officer and the Chief Legal Officer of the Company shall determine the Designated Insiders in respect of each Blackout Period.

5.1 Regular Blackout Period

The Company is subject to regularly scheduled blackout periods. Securities of the Company may not be traded by the Designated Insider during such periods, as follows:

- for fiscal quarter results, beginning the first day following the end of a fiscal quarter; or
- for annual results, beginning the later of 60 days prior to the planned date of announcement of the Company’s annual financial results or the first day following the end of a fiscal year period.

Regular blackout periods end at the close of business on the 2nd trading day following the issuance of the press release disclosing the financial results.

5.2 Special Blackout Period

In addition to regular blackout, additional blackout may be determined from time to time by the CEO, the CFO, the CLO, or the Company’s Board of Directors. Securities of the Company may not be traded by the Designated Persons informed of such Special Blackout period during such periods.

5.3 Blackout Period Restrictions

During a blackout period, the Designated Persons and their Related Parties shall refrain from undertaking transactions involving the purchase or sale of the Company’s securities, including the Common Shares.

5.4 Options Expiring During a Trading Blackout

In case of options expiring during the blackout period, the expiry date shall be extended to ten trading days after the end of a black-out period.

5.5 Interdiction following public announcement of Material Information

A Xebec Team Member that is aware of Material Information may not trade until the information has been disclosed broadly to the marketplace (such as by press release or a regulatory filing) and the public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace before the close of business on the 2nd trading day following the release of the Material Information.

6. LEGAL LIABILITY FOR INSIDER TRADING

6.1 Legal Liability

Canadian Securities Laws impose liability on certain persons who, in connection with the purchase or sale of securities, make improper use of Material Information. The Canadian Securities Laws provides that persons who are in a “special relationship” (among others, directors, officers, employees, full time consultants) with a company and purchase or sell securities of this company with knowledge of Material Information may be liable for damages to the person on the other side of the trade. In addition, any such person who informs or tips a seller or a purchaser of securities of Material Information may be liable for damages. The purchaser, vendor or informer is also liable to compensate the seller or purchaser of the securities, as the case may be, for damages as a result of the trade.

6.2 Potential Penalties

There are severe administrative, civil, quasi-criminal and criminal sanctions and penalties that may be imposed under applicable securities laws, including fines, damages and/or imprisonment.

7. INSIDER REPORTS

Certain Insiders that are Reporting Insider of the Company are required by Canadian securities laws to file insider reports on the System for Electronic Disclosure by Insiders (SEDI). Reporting Insiders, as determined by the Company from time to time, are required to file an initial insider report within 10 calendar days after becoming a Reporting Insider and file subsequent insider reports within 5 calendar days following any change in his beneficially ownership of, control or direction over, whether directly or indirectly, securities of the Company including Common Shares.

All transactions must be reported, even if (i) the transaction is not a purchase or sale, (ii) the change involves only a change in the form of ownership (e.g., direct ownership, RRSP, TFSA, Joint Account, etc.), or (iii) the transaction, when combined with other transactions, results in no net change in ownership at the end of the period covered.

While the onus for complying with the insider reporting requirements, the Company is pleased to provide assistance with respect to such filings, provided that the Reporting Insider makes a timely disclosure of the facts and request the help. The Company, and its employees and/or legal counsel, assume no

responsibility whatsoever; the Reporting Insiders remain solely responsible for such filings and the payment of any fees or fines related thereto, if any.

8. INFORMATION REQUEST

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Chief Legal Officer, or in her absence, the CFO or the CEO. Ultimately, however, the responsibility for complying with this Policy and avoiding unlawful transactions rests with each Xebec Team Member.

Schedule "A"

EXAMPLES OF INFORMATION THAT MAY BE MATERIAL (REPRODUCED FROM NATIONAL POLICY 51-201 : *DISCLOSURE STANDARDS*)

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 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 periods
- 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 policy

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, including the departure of the company's CEO, CFO, COO or president (or persons in equivalent positions)
- 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 a 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
