

**AZURE DYNAMICS CORPORATION (“AZURE”)
DISCLOSURE, CONFIDENTIALITY AND SHARE DEALING CODE**

The Policy:

This policy establishes procedures which are designed: (i) to permit the disclosure of all material information about Azure Dynamics Corporation (“Azure” or the “Company”) to the public in an informative, timely and broadly disseminated manner required to be so disclosed in accordance with Canadian and English law, the rules of the **TSX** and the **AIM Rules**, (ii) to ensure that non-publicly disclosed information remains confidential, and (iii) to ensure that trading of the Company's securities by directors, each director's **Family**, officers and employees of Azure, its affiliates and subsidiaries remains in compliance with applicable laws of Canada and England, stock exchange regulations of **TSX**, the **AIM Rules** and the self imposed trading restrictions already established by Azure. The implementation of these policies and procedures is important to develop sound disclosure practices and to maintain investor confidence, as well as complying with the laws of Canada and England and the **TSX / LSE's** rules on disclosure and trading.

This policy has been approved by the directors of Azure.

Definitions Used in this Policy:

Certain defined terms used in this policy are set out in **Schedule "A"** and appear in bold face in this policy.

Terms of this Policy:

If there is any question or concern with respect to the application of this policy to any **Employee** or to any particular circumstance, a **Disclosure Officer** (Parts I and II) or an **Information Officer** (Part III), as applicable, should be contacted for guidance.

**PART I
DISCLOSURE**

1. Timely Disclosure

As a reporting issuer Azure is committed to a policy of full, true and plain public disclosure of **Material Information** and all **Material Facts** and **Material Changes** relating to Azure on a timely basis in order to keep Azure's shareholders, debt holders, analysts, the media and the general public informed about Azure and its subsidiaries and to ensure there is equality of information between Azure's investors. Azure will publicly disclose **Material Information** immediately upon it becoming apparent that the information is material. Unusual trading marked by significant changes in the price or trading volumes of Azure's shares prior to the announcement of **Material Information** may embarrass Azure and may damage its reputation with the investing public and therefore Azure's overriding objective is to make timely disclosure of **Material Information** to the market in accordance with law and stock exchange regulation and to prohibit trading by Restricted Persons in any Blackout Period to prevent any false market occurring in its securities. Public experience and independent research have shown that

credibility together with enlightened disclosure also contribute to the valuation of publicly traded securities.

Azure, the directors of Azure and the employees of Azure shall ensure that Azure, its directors and employees are in compliance with Rules 11, 12, 13, 14, 15 and 17 of the **AIM Rules** by Azure notifying a **RIS** *without delay* of any **AIM Notifiable Event**. By Rule 10 of the **AIM Rules**, the information which is required by the **AIM Rules** to be notified must be notified by Azure to a **RIS** no later than it is published elsewhere.

English company law provides that:

- (a) a shareholder is required to notify Azure if such shareholder acquires 3% of Azure's share capital or ceases to be interested in such shares; and
- (b) directors are required to notify Azure of any dealings in Azure's shares by such director, his or her spouse, civil partner and children;

and this is an **AIM Notifiable Event** as it is an **AIM Specific Disclosure**.

Rule 20 of the **AIM Rules** provides that any document provided by Azure to its shareholders must be made available to the public at the same time for at least one month, free of charge, at an address which must be notified (which may be an internet website) and an electronic copy of such document should be sent to **LSE** (to: aimregulation@londonstockexchange.com).

Rules 18 and 19 of the **AIM Rules** provide that the half yearly report must be notified to a **RIS** *without delay* and the annual accounts should be sent to shareholders *without delay*.

Rule 22 of the **AIM Rules** provides that **LSE** may require Azure to provide it with such information in such form and within such limit as it considers appropriate and may also require Azure to publish such information.

Rule 24 of the **AIM Rules** provides that Azure shall inform **LSE** in advance of any notification to a **RIS** of the timetable for any proposed action affecting the rights of Azure's existing shareholders. Except in the case of a dividend timetable notification, the reference to "in advance" in Rule 24 of the **AIM Rules** means that the **LSE** should receive the proposed timetable by no later than 09:00 on the business day before the proposed notification. A dividend timetable which follows the guidelines set by the Dividend Procedure Time, published on the **LSE**'s website (www.londonstockexchange.com) need not be disclosed to the **LSE** in advance, provided the notification of the dividend includes: the net amount; the record and payment dates; and the availability of any scrip or DRIP options. A notification to the market is not required for interest payments, however, the **LSE** must receive notice of any payment no later than seven business days prior to the record date. This notice must include: the appropriate net or gross amount; the record and payment dates; and any conversion period details. Where fixed payment details are available, Azure may use one timetable to inform the **LSE** of all future payments, providing any amendments are disclosed to the **LSE** immediately. By Rule 25 of the **AIM Rules**, any amendments to the proposed action timetable proposed by Azure, including amendment to the details of a notification made to a **RIS** must be immediately disclosed to **LSE**.

2. Scope

This policy governs the conduct of all directors, officers and employees and agents of Azure and its subsidiaries regarding the communication of **Material Information** with external and internal audiences. It covers all written statements made in Azure's annual and quarterly reports, news and earnings releases, speeches and presentations by senior management and information contained on Azure's Internet website. It also covers oral statements including telephone calls, conference calls and interviews made in groups or in individual meetings with financial analysts and investors, as well as press conferences with the media.

3. Disclosure Officers

For purposes of this Policy, the Chief Executive Officer, President and the Chief Operating Officer, the Vice President – Corporate Affairs and the Chief Financial Officer have been designated as the **Disclosure Officers**. The names of these individuals will be given to the market surveillance divisions of **TSX** and **LSE** as Azure's contacts.

Generally, the **Disclosure Officers** are the only individuals authorized to communicate with analysts, the media and investors about information concerning Azure. Employees who are not **Disclosure Officers** should refer all calls from the financial community, shareholders and media to the **Disclosure Officers**. If it is appropriate for another **Employee** to discuss information about Azure the **Employee** should, if possible, first advise and take direction from a **Disclosure Officer** of the nature of the information to be discussed and, afterwards, advise the **Disclosure Officer** of what actually was discussed. **Employees** may not communicate **Undisclosed Material Information**.

In addition, if any **Employee** becomes aware of any information which may constitute **Material Information**, the **Employee** must advise a **Disclosure Officer** as soon as possible.

The **Disclosure Officers** must continue to be fully apprised of Azure's developments as may be relevant or appropriate to their roles or functions in order that they be in a position to evaluate and discuss those events that may impact on the disclosure process, e.g., the status of any acquisition activities, material operational developments, extraordinary transactions, major management changes, etc. The directors must also be kept aware of all material developments and significant information disseminated to the public.

Rule 31 of the **Aim Rules** provides that Azure is to ensure that each of its directors accepts full responsibility, collectively and individually, for its compliance with the **Aim Rules**, discloses *without delay* all information which it needs in order to comply with making any **AIM Specific Disclosure** insofar as that information relates to the director or could with reasonable diligence be ascertained by such director and that the Azure directors seek advice from Azure's **Nominated Advisor** regarding its compliance with the **Aim Rules** whenever appropriate and take that advice into account.

4. What Constitutes Material Information?

Information is material if it would reasonably be expected to result in a significant change in the market price or value of any of Azure's shares. A good rule of thumb is that if the information would influence an **Employee's** decision to buy or sell shares of Azure, the information is probably material. If an **Employee** is unsure whether or not information is material, the **Employee** should immediately contact a **Disclosure Officer** before disclosing it to anyone. **Employees** should err on the side of caution in such matters. If the **Disclosure Officer** is unable to determine whether or not the information is material, he may convene a meeting of senior management and, if necessary, the directors

or a committee thereof, to determine if the information is material, whether or not it should be disclosed, and if the information needs to be disclosed, the method for disseminating the information.

Developments, whether actual or proposed, which are likely to give rise to material information and thus to require prompt disclosure may include, but are not limited to those events listed on **Schedule "B"**.

5. **Basic Disclosure Rules**

All public disclosure of **Material Information** pursuant to this policy must be made by way of press release to the market disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such **Material Information** to a **RIS**.

Azure must take reasonable care to ensure that any information it notifies to the market is not misleading, false or deceptive and does not omit anything likely to affect the import of such information. In order to maintain consistent and accurate disclosure about Azure, the following principles should generally be followed:

- (a) half truths are misleading. Disclosure must include any information without which the rest of the disclosure would be misleading;
- (b) unfavourable information must be disclosed as promptly and completely as favourable information;
- (c) no selective disclosure. Previously undisclosed information may not be disclosed to selected persons; if there is disclosure it must be made widely, i.e. by way of a public announcement to the market through a widely circulated newswire service company in Canada and a simultaneous notification to a **RIS**;
- (d) disclosure must be updated if earlier disclosure has become misleading as a result of intervening events; and
- (e) if **Material Information** is to be announced at an analyst or shareholders' meeting or a press conference or other forum, its announcement must be coordinated with an advance general public announcement by a press release to the market containing the relevant information disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such **Material Information** to a **RIS**.

Azure has developed and intends to maintain a routine procedure for all corporate communications. The procedure consists of drafting a press release, circulating it for review to the Disclosure Officers, the audit committee (with respect to material announcements or announcements involving "earnings guidance" or financial results), and other officers as appropriate, alerting the TSX and disseminating the release through a national wire service and other distribution channels in Canada and a **RIS** so as to effect broad and simultaneous dissemination to the public.

The following general guidelines should be considered for the preparation and dissemination of news releases: (a) avoid Friday afternoon releases; (b) be sure there is a news value to the story; (c) graphs are more interesting than spreadsheets; (d) tabled data is more interesting than text; (e) be clear and specific with assumptions and numbers; (f) do not hide negative facts; and (g) with the exception of **Material Changes** requiring immediate disclosure, news releases should be released prior to

the market opening whenever possible (save that a simultaneous notification should be made in Canada and England).

Azure recognizes that posting information to its website will not, by itself, ordinarily satisfy the "generally disclosed" requirement of securities legislation. Azure will, however, endeavor to concurrently post to its website all documents filed on SEDAR and a **RIS** in an effort to improve investor access to its information. Where practicable, Azure will also endeavor to post on its website all supplemental information that is given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor presentations or other relevant materials.

Any news release containing "earnings guidance" or financial information based on Azure's financial statements (prior to the release of such financial statements) should be reviewed by the audit committee. Where feasible, Azure will endeavor to issue earnings news releases concurrently with the filing of its quarterly or annual financial statements (or otherwise make those financial statements available, for example, by including them as part of the news release). Rule 17 of the **AIM Rules** provides that any material change between its actual trading performance or financial condition and any profit forecast, estimate or projection in Azure's admission document or otherwise made public is required to be notified to the market *without delay*.

Misleading Statements: Azure shall comply with English law which makes it a criminal offence for a director to make a statement which he knows to be, or is reckless as to whether such a statement is misleading in relation to Azure's securities or to give the market a false or misleading impression as to Azure's activities. For this reason a thorough verification process shall be undertaken by the directors of Azure on all press releases to be released by Azure to ensure that each and every statement is factually correct and to document the substantiating evidence.

Financial Promotion: Azure shall comply with English law imposing restrictions on the communication of "financial promotions". The making of a communication either by an individual or a company which might be said to constitute an invitation or inducement to engage in investment activity shall be prohibited unless it is made by a person who has been authorized to do so by a Financial Services Authority "authorized person" or where the communication has been approved in advance by an authorized person. Failure to observe the restriction is a criminal offence and the transaction can be made void. For this reason, Azure shall consult with its **Nominated Advisor** before any invitation or inducement to engage in investment activity in Azure is issued.

Conference Calls; Industry Conferences

Conference calls may be held for quarterly and annual earnings and major corporate developments, where discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. Such calls will be preceded by a press release to the market disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS** containing all relevant **Material Information**. At the beginning of the call, an Azure spokesperson will provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing, if applicable, the assumptions, sensitivities and a discussion of the risks and uncertainties. Rule 17 of the **AIM Rules** provides that any material change between its actual trading performance or financial condition and any profit forecast, estimate or projection in Azure's admission document or otherwise made public is required to be notified to the market *without delay*.

Azure will provide advance public notice of the conference call and webcast by issuing a press release to the market disseminated through a widely circulated newswire service company in

Canada and a simultaneous notification of such information to a **RIS** announcing the date and time, the subject matter of the call and providing information on how interested parties may access the call and webcast and information regarding the availability of any archived webcast or transcript of the call. In addition, Azure may send invitations to analysts, institutional investors, the media and others invited to participate. A tape recording of the conference call and/or an archived audio webcast or transcript on the Internet will be made available following the call for a reasonable period of time (generally a minimum of 30 days), for anyone interested in listening to a replay.

In advance of an analyst conference call or industry conference, to the extent practicable, Azure will endeavor to script comments and responses to anticipated questions to identify **Material Information** that should be publicly disclosed prior to the conference call and will limit comments and responses to non-material information and **Material Information** that has previously been publicly disclosed. After the call or presentation a debriefing should be conducted to review what was actually said and a record of what was said should be filed in the disclosure record. If there was any unintentional selective disclosure, immediate steps should be taken to make a full public announcement to the market forthwith disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**.

6. **Forward-Looking Information and "Earnings Guidance"**

Subject to the approval and disclosure procedures provided elsewhere in this policy, Azure may provide limited forward-looking information to enable shareholders and the investment community to better evaluate Azure and its prospects. Azure will ensure that such statements are identified as forward-looking. Moreover, such statements will be accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statements and a description of the factors or assumptions that were used in making the forward-looking statements.

Azure, to the extent practicable in the circumstances, will update forward-looking statements which continue to be material and which change materially by issuing a press release to the market disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**.

Should Azure determine during the quarter that earnings will be out of the range of the current estimates (particularly if any of these items will likely be below the range), Azure shall issue a press release notification forthwith to the market disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**, followed by individual or group calls to analysts and significant investors, at management's discretion, explaining this and the reason or reasons why. This would be done to avoid "earnings surprises" to the extent possible and to ensure compliance with Rule 17 of the **Aim Rules** which provides that any material change between its actual trading performance or financial condition and any profit forecast, estimate or projection in Azure's admission document or otherwise made public is required to be notified to the market *without delay*.

7. **Correction of Selective Disclosure**

If previously **Undisclosed Material Information** has been inadvertently disclosed to an analyst or any other person, the information must be publicly disclosed to the market immediately by way of press release disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**. The **TSX** and the **LSE** should be contacted and a halt in trading in Azure securities should be requested pending the issuance of the press release. Pending

the public release of the **Material Information**, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

8. **Rumors**

Rumors can cause unusual market activity. Azure will respond consistently to market rumors in the following manner: "it is our policy not to comment on market rumors or speculation". If market activity indicates that trading is being unduly influenced by rumors, the **TSX** or the **LSE** may request, or Azure may determine, that a clarifying statement be made through a press release disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**. A trading halt may be instituted or requested pending an announcement by Azure. If the rumor is true, either in whole or in part, immediate disclosure will generally be required. The determination to make disclosure will be made by the **Disclosure Officers** having consulted with the board of directors of Azure.

9. **Contact with Analysts and Others; Analyst Reports**

Azure recognizes that meetings with analysts and significant investors are an important element of Azure's investor relations program. Azure will meet with analysts and investors on an individual or small group basis (including participating in industry conferences) as needed and will initiate contacts or respond to calls in a timely, consistent and accurate fashion in accordance with the requirements of this policy. Azure recognizes, however, that private meetings with analysts and other small group meetings carry with them the risk of inadvertent selective disclosure which should be avoided.

The **Disclosure Officers** should avoid getting involved in discussing the contents of an analyst's report, except to correct factual errors. Confirmation of or attempting to influence an analyst's opinions or conclusions may be considered to be selective by Azure. "No comment" is an acceptable answer to questions that cannot be answered without violating the rule against selective disclosure. With regard to responding to financial models or drafts of analysts reports, it is Azure's policy to review, on request, the model or report for publicly disclosed factual content only (not "soft" information) and to give guidance only when assumptions have been made on the basis of incorrect public data that render unrealistic conclusions. It is imperative that the control of this process be centralized through the Chief Financial Officer. Azure's review shall be limited to publicly available factual information. Azure will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with an analyst's model or earnings estimate. Meetings with analysts may include general discussions regarding Azure's prospects, business environment, management philosophy and long-term strategy but should avoid discussions regarding non-publicly disclosed **Material Information**.

Azure will generally not redistribute analyst reports to persons outside of Azure (including by posting such reports on its website).

Azure will consider including in its regular periodic disclosures (such as its quarterly and annual management's discussion and analysis disclosure) details about topics of interest to analysts, investors and other market participants as a means of providing more information to the marketplace generally and limiting its "selective disclosure" risks.

10. **Quiet Periods**

In order to limit the potential for selective disclosure (and the perception or appearance of selective disclosure), Azure will observe a "quiet period" during which time there will be no comment on

analysts' earnings or other estimates or any other comments with respect to the current financial period's operations or expected results. The quiet period will normally commence on the date that is the end of the 14th day of the last month of a financial period and end on the 4th business day following the issuance of a press release disclosing the results for the period.

11. **Notification of Market Surveillance**

When the TSX is open for trading, advance notice of a press release announcing **Material Information** must be provided to the market surveillance department (or similar department) of the Vice President – Corporate Affairs to determine if a halt in trading is necessary to provide time for the market to digest the news. When a press release announcing Material Information is issued outside of trading hours, the market surveillance department of the TSX should be notified before the market opens. Copies of all press releases should be supplied to the market surveillance department of the TSX and to the relevant securities regulators immediately. Rule 20 of the **Aim Rules** provides that an electronic copy of the press release must be sent to the LSE (to: aimregulation@londonstockexchange.com).

12. **Disclosure Record**

The **Vice President – Corporate Affairs** will maintain a file containing all public information about Azure. This includes news releases, brokerage research reports, reports in the press and notes from meetings with analysts, unitholders and other market parties.

13. **Electronic Communications; Company Website**

This policy also applies to electronic communications, including Azure's website. Accordingly, officers and personnel responsible for written and oral public disclosures will also be responsible for electronic communications.

The **Chief Financial Officer** is responsible for updating the investor relations section of Azure's website and for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws.

Disclosure on Azure's website alone does not constitute adequate disclosure of information that is considered **Undisclosed Material Information**. Any disclosure of **Material Information** on the website will be preceded by the issuance of a press release to the market disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**. Azure will, however, endeavor to concurrently post to its website all documents filed on SEDAR and notified to a **RIS** in an effort to improve investor access to its information. Where practicable, Azure will also endeavor to post on its website all supplemental information that is given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor presentations or other relevant materials.

The **Vice President – Corporate Affairs**, is also responsible for responses to electronic inquiries. Only public information or information which could otherwise be provided in accordance with this policy will be utilized in responding to electronic inquiries.

In order to ensure that no **Undisclosed Material Information** is inadvertently disclosed, **Employees** may not participate in Internet chat rooms or newsgroup discussions on matters pertaining to Azure's activities or its securities. **Employees** who encounter a discussion pertaining to Azure should advise the Chief Financial Officer or the Vice President - Corporate Affairs (Steve Glaser) promptly, so that discussion may be monitored, if determined appropriate.

Azure will not host or link to chat rooms, bulletin boards or news groups and will not link to or post analyst's reports on its website.

PART II CONFIDENTIALITY

14. **When Information May Be Kept Confidential**

The directors of Azure shall analyze with input from the Disclosure Officers whether there is **Material Information** required to be disclosed to the market in accordance with law and stock exchange rules. In cases of doubt, the directors shall take advice from its legal, financial advisors and Nominated Advisor as appropriate. Azure need not notify information to the market about impending developments or matters in the course of negotiation and may give such information in confidence to the following category of recipient:

- (a) Azure's advisors and advisors of any other persons involved or who may be involved in the development or matter in question;
- (b) persons with whom Azure is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or placers of its securities);
- (c) representatives of Azure's employees or trade unions acting on their behalf; and
- (d) any government department, the Bank of England, the Competition Commission or any other statutory or regulatory body or authority.

Azure shall ensure that it is satisfied that any such recipients of information are aware that they must not trade in Azure securities until the relevant information has been notified to the market by a press release disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such **Material Information** to a **RIS**. If however, Azure has reason to believe that a breach of confidence has occurred or is likely to occur and, in either case, the matter is such that knowledge of it would be likely to lead to a substantial movement in the price of Azure's shares, Azure must without delay notify a **RIS** by issuing, at the very least a holding announcement to the effect that Azure expects shortly to release information which may lead to a substantial movement in the price of Azure's securities.

All decisions to keep information concerning Azure confidential must be made by the directors of Azure with input from its legal, financial advisors and Nominated Advisor where necessary having considered very carefully the legal or regulatory requirement to disclose such information by law or in compliance with stock exchange regulations. In such circumstances, Azure will comply with any obligation to make a confidential filing with applicable securities regulators and maintain confidentiality of the information.

15. **Access to Confidential Information**

Employees will be given access to confidential information on an "as needed" basis only and must not disclose that information to anyone except with the prior approval of a **Disclosure Officer**. **Employees** must not discuss confidential information in situations where they may be overheard or participate in discussions regarding decisions by others about investments in Azure.

16. **Disclosure of Confidential Information**

In the event that confidential information, or rumors respecting the same, is divulged in any manner (other than to a statutory or regulatory body or authority, or third party that is under a confidentiality obligation to Azure), Azure is required to make an immediate announcement on the matter to the market through a press release disseminated through a widely circulated newswire service company in Canada and a simultaneous notification of such information to a **RIS**. The **TSX** must be notified of the announcement in advance in the usual manner.

17. **Disclosure of Information to Outsiders**

Before a meeting with other parties at which **Undisclosed Material Information** of Azure may be discussed in compliance with this policy, the other parties should be told that they must not divulge that information to anyone else as it is confidential information, and that they may not trade in Azure's securities until after the information is publicly disclosed and a reasonable period of time for its dissemination has passed. In such circumstances, the feasibility of having such parties enter into a formal confidentiality agreement with Azure should be considered.

**PART III
TRADING POLICY**

18. **General Prohibition**

No **Employees** or **Restricted Persons** may enter into any **Dealings** in the securities of Azure when they are aware of **Inside Information** concerning Azure. In addition, **Employees** and **Restricted Persons** are prohibited by law from informing, or "tipping", anyone else about that **Inside Information**. This prohibition extends to other securities whose price or value may reasonably be expected to be affected by changes in the price of Azure's shares and includes the granting or exercise of stock options and deferred share grants. Rapid buying and selling by **Employees** and **Restricted Persons** of Azure's shares is strongly discouraged because of the possible perception of trading on **Inside Information**. There is law in England that provides that it is a criminal offence for an individual who has **Inside Information** concerning Azure which he obtains as an insider to deal in Azure securities in relation to that information, encourage another to deal in such securities or disclose the **Inside Information** to any third party, except in the proper performance of his or her employment, office or profession.

19. **Information Officers**

For purposes of this Policy, the Chief Executive Officer, President and Chief Operating Officer, the Chief Financial Officer and the Vice President – Corporate Affairs of Azure have been designated as the Information Officers. When **Employees** or **Restricted Persons** have concerns about whether or not certain information is **Inside Information**, they should contact an Information Officer to obtain permission before executing any trades in shares of Azure (which includes exercise of stock options and deferred share grants). If the information is such that it would influence **Employees** or **Restricted Persons** to buy or sell shares of Azure then that fact alone suggests that it is **Inside Information**. **Employees** should err on the side of caution in such matters and not trade in accordance with the **Blackout Period**.

20. **Undisclosed Material Information of Other Companies**

Where **Employees** or **Restricted Persons** become aware of **Undisclosed Material Information** concerning another public company, they may not trade in the securities of that company until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, a "reasonable period of time" will be one business day, however, it may be shorter or longer depending upon the particular market following of that other company. An Information Officer should be consulted to determine what would be a "reasonable period of time" in the circumstances.

21. **Restricted Persons**

Restricted Persons are prohibited from trading whenever there is a **Pending Material Development**, even if they are unaware of the details of the same. In the circumstances where there is a **Pending Material Development** with respect to Azure, a confidential memo will be sent to all **Restricted Persons**, as well as to other **Employees** if it is determined appropriate by the board of directors of Azure, informing them of the **Blackout Period** with respect to such **Pending Material Development** at which time they shall cease trading until further notice. No reason for the trading restriction will be provided.

The **Disclosure Officers** are responsible for making the determination as to when a pending transaction would constitute a **Pending Material Development**. As guidance, a **Blackout Period** must at least commence once negotiations on a proposed transaction have progressed to a point where it reasonably could be expected that the market price of Azure's shares would materially change if the status of the transaction were publicly disclosed.

22. **Blackout Period**

No **Employee** or **Restricted Person** shall enter into any **Dealing** in Azure's shares when **Material Information** has not been disclosed or a reasonable period of time following the disclosure of that information has not taken place or in a **Blackout Period** except if (a) it is a transaction as set out in Schedule C and (b) clearance to deal has been given by the **Information Officers** to that individual following advice received from Azure's **Nominated Advisor**. The purpose of the Blackout Period is to allow the market to fully reflect the **Material Information** in the price of Azure's shares and to ensure that such Employee or Restricted Person complies with law and stock exchange rules. The Information Officers, in consultation with the board of directors of Azure, will be responsible for setting the length of the **Blackout Period** with respect to any Inside Information and notifying **Employees** and **Restricted Persons** of it.

23. **Clearance to Deal**

No Employee or Restricted Person shall trade in any shares of Azure at any time without having obtained clearance to deal in advance from the **Information Officers**. A response to a request for clearance to deal must be given to the relevant Azure person within 5 business days of the request being made. Azure shall maintain a record of the response to any dealing request made to the **Information Officers** and of any clearance given. A copy of the response and clearance (if any) shall be given to the

person that has made a request for clearance to deal. A person who is given clearance to deal must deal as soon as possible and in any event within two business days of clearance being received from the **Information Officers**.

24. **Insider Trading Reports**

Directors, senior officers and persons beneficially owning or controlling 10% or more of the voting rights Azure are required to file insider trading reports within 10 days of a change in their ownership position in any securities of Azure (this includes the grant of options, deferred share grants or other convertible securities to such persons or the exercise by them of such options, dsgr's, or convertible securities). Such persons are also required to file an "initial" insider report within ten days of the date on which the person or the Company became an insider (an initial report is not required, however, when a person becomes an insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of Azure.) If a person falls into one of these categories, that person likely will be required to file insider trading reports in other provinces and should consult the CEO or Vice President – Corporate Affairs as soon as possible whenever the individual trades securities to confirm his/her statutory obligations.

25. **Market Abuse**

Azure, its directors and Employees shall ensure compliance with market abuse law in England. It is a civil offence for any person, in relation to Azure shares to engage in the following types of behaviour:

- (a) *insider dealing* - where an insider deals, or attempts to deal, in securities on the basis of Inside Information;
- (b) *misuse of information* which is not generally available - where the behaviour is:
 - (i) based on information which is not generally available to those using the market but which, if available to a regular user of the market, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in investments of the kind in question should be effected; and
 - (ii) is likely to be regarded by a regular user of the market as a failure to observe the standard of behaviour reasonably expected of a person in his position in relation to the market;
- (c) **improper disclosure** or "tipping off" - where an insider discloses Inside Information to another person otherwise than in the proper exercise of his duties;
- (d) **manipulating transactions** - where the behaviour consists of effecting transactions/orders to trade which give, or are likely to give, a false or misleading impression as to the supply of, or demand for, or as to the price of, investments of the kind in question or which secures the price at an artificial level (unless carried out for legitimate reasons and in conformity with accepted market practices);
- (e) **misleading dissemination** - where false or misleading information is knowingly or negligently disseminated;
- (f) **manipulating devices** where the behaviour consists of effecting transactions/orders to trade which employ fictitious devices or any other form of deception or contrivance;

- (g) other forms of misleading behaviour or market distortion - any other behaviour which:
- (i) is likely to give a regular user of the market a false or misleading impression as to the supply of, or demand for, or price or value of, investments of the kind in question; or
 - (ii) would be, or would be likely to be, regarded by a regular user of the market as behaviour that would distort, or would be likely to distort, the market in such investments
- and the behaviour is likely to be regarded by a regular user of the market as a failure to observe the standard of behaviour reasonably expected of a person in his position in relation to the market.

A person will also be guilty of market abuse where, by taking or refraining from taking any action, the person has required or encouraged another person to engage in behaviour which, if engaged in by the person requiring or encouraging such action, would amount to market abuse.

26. Penalties

When **Employees** or **Restricted Persons** violate this policy it causes embarrassment and liability to Azure. As a result, Azure may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period. Azure is also entitled to pursue legal remedies through the courts. If appropriate, Azure will also report the matter to the appropriate regulatory authorities.

The prohibition against trading on (or informing other with respect to) **Undisclosed Material Information** as set forth in Canadian and English securities legislation can be enforced through a wide range of penalties, including: (a) fines and penal sanctions; (b) civil actions for damages; (c) an accounting to Azure for any benefit or advantage received; and (d) administrative sanctions by securities commissions, such as cease trade orders and removal of exemptions. In England it is a criminal offence for an individual who has Inside Information which he obtains as an insider to deal in Azure securities in relation to that information, encourage another person to deal in Azure securities or to disclose the Inside Information to any third party, except in the proper performance of his or her employment, office or profession. Persons convicted of insider dealing can be jailed for up to 7 years and/or fined.

27. Policy Review and Oversight

Azure will review this policy annually to ensure that it is achieving its purpose. Based on the results of the review, the policy may be revised accordingly. The Chief Financial Officer of Azure shall be responsible for initiating the annual review.

The Chief Financial Officer, assisted by the Vice President – Corporate Affairs, and subject to the approval of the directors, shall have overall responsibility for developing and implementing this policy, monitoring the effectiveness of and compliance with this policy, educating Azure's directors, officers and employees about the policy and monitoring Azure's website.

SCHEDULE "A"

DEFINITIONS

“**AIM**” means The Alternative Investment Market of LSE, on which Azure has listed its securities;

“**AIM Class Tests**” means:

- (a) (gross assets the subject of the transaction/gross assets of Azure) x 100;
- (b) (profits attributable to the assets the subject of the transaction / profits of Azure) x 100
- (c) (turnover attributable to the assets the subject of the transaction / turnover of Azure) x 100;
- (d) (transaction consideration / market value of all ordinary shares excluding treasury shares of Azure) x 100; and
- (e) (gross capital of the company or business being acquired/gross capital of Azure) x 100

“**AIM Fundamental Disposal**” means any disposal by Azure which, when aggregated with any other disposal or disposals over the previous 12 months exceeds 75% in any of the **AIM Class Tests** (with such AIM Fundamental Disposal being conditional by Rule 15 of the AIM Rules on shareholder consent in general meeting);

“**AIM General Disclosure**” means any new developments which are not public knowledge concerning a change in:

- (a) Azure’s financial condition;
- (b) Azure’s sphere of activity;
- (c) the performance of Azure’s business; or
- (d) the expectation of Azure’s performance;

which, if made public, would be likely to lead to a substantial movement in the price of Azure’s securities listed on **AIM**;

“**AIM Notifiable Event**” means a notification required to be made by the Aim Rules due to any of the following: **AIM Fundamental Disposal, AIM General Disclosure, AIM Specific Disclosure, AIM Substantial Transaction, AIM Related Party Transaction, AIM Reverse Takeover**;

“**Aim Related Party**” means:

- (a) any person who is a director of Azure or of any company which is a subsidiary or parent undertaking, or other subsidiary undertaking of Azure’s parent company
- (b) a substantial shareholder (being a person holding any legal or beneficial interest directly or indirectly of 10% or more of any class of security in Azure listed on **AIM** or 10% or more of the voting rights (excluding treasury shares) of Azure including such holding in any subsidiary, sister or parent undertaking of Azure)

- (c) an associate of a director or a substantial shareholder (as set out in b) directly above) being
- (i) the Family of such a person;
 - (ii) the trustees of any trust of which the individual or any of the individual's Family is a beneficiary or discretionary object;
 - (iii) any company in whose equity shares such a person individually or taken together with his or her Family are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) to the extent that they are or could be able to exercise or control the exercise of 30% or more of the votes in general meeting or appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all matters;
 - (iv) any other company which is Azure's subsidiary undertaking, parent undertaking or subsidiary undertaking of its parent undertaking;
 - (v) any company whose directors are accustomed to act in accordance with the director of Azure's directions or instructions; and
 - (vi) any company in the capital of which a director of Azure either alone or together with any other company within (iv) or (v) or both taken together, is (or would on the fulfillment of a condition or the occurrence of a contingency be) interested in a manner described in iii) above;
- (d) any person who was a director of Azure or any of its subsidiaries, sister or parent undertakings or a shareholder holding 10% or more shares in Azure within the 12 months preceding the date of the transaction;

"AIM Related Party Transaction" means any transaction with an **AIM Related Party** (as defined above) which exceeds 5% in any of the **AIM Class Tests**;

"AIM Reverse Takeover" is an acquisition or acquisitions in a twelve month period which would exceed 100% of the **AIM Class Tests** or result in a fundamental change in Azure's business, board or voting control;

"AIM Rules" means the AIM rules for companies issued by the **LSE** from time to time;

"AIM Specific Disclosure" means any of the following:

- (a) any deals by directors [*n.b. there are specific information requirements set out in Rule 17 of the AIM Rules that need to be met – consult your Nominated Advisor*];
- (b) any changes to the holding of a shareholder holding 3% or more (excluding treasury shares) which increase or decrease such holding through any single percentage [*n.b. there are specific information requirements set out in Rule 17 of the Aim Rules that need to be met – consult your Nominated Advisor*];
- (c) the resignation, dismissal or appointment of any director [*n.b. there are specific information requirements set out in Rule 17 of the Aim Rules that need to be met – consult your Nominated Advisor*];

- (d) any change in Azure's accounting reference date;
- (e) any change in Azure's registered office address;
- (f) any change in Azure's legal name;
- (g) any material change between Azure's actual trading performance or financial condition and any profit forecast or projection included in the admission document or otherwise made public on its behalf;
- (h) any decision to make any payment in respect of Azure's securities listed on AIM [*n.b. there are specific information requirements set out in Rule 17 of the AIM Rules that need to be met – consult your Nominated Advisor*];
- (i) the reason for the application for the cancellation of any securities listed on **AIM**;
- (j) the occurrence and number of shares taken into and out of treasury; and
- (k) the resignation, dismissal or appointment of Azure's Nominated Advisor and broker;

“AIM Substantial Transaction” means a transaction which exceeds 10% in any of the AIM Class Tests;

“Applicable Employee” means any employee of Azure or any subsidiary or parent undertaking of Azure who

- (a) together with that employee's Family, has a holding or interest, directly or indirectly in 0.5% or more of Azure shares (excluding treasury shares); or
- (b) is likely to be in possession of **Inside Information** in relation to Azure because of his or her employment by Azure, or a subsidiary or parent undertaking of Azure irrespective of his or her holding or interest;

"Blackout Period" means:

the period of prohibition in **Dealing** being:(a)

- (i) the period of two months preceding the preliminary announcement of Azure's annual results or, if shorter, the period from the end of the relevant financial year up to and including the time of the announcement;
- (ii) the period of one month immediately preceding the notification of Azure's quarterly results or, if shorter, the period from the relevant financial period end up to and including the time of the notification; and
- (b) any other period when Azure is in possession of Inside Information or any time it has become reasonably probable that such information will be required by the AIM Rules to be notified to the market;

“Dealings” includes any of the following:

- (a)

- (i) any sale or purchase, or any agreement for the sale or purchase of Azure shares;
 - (ii) the grant to, or acceptance by such a person of any option relating to Azure shares or of any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any such Azure shares;
 - (iii) the acquisition, disposal, exercise or discharge of, or any dealing with, any such option, right or obligation in respect of such Azure shares;
 - (iv) deals between directors of Azure and/or Applicable Employees;
 - (v) off market deals;
 - (vi) transfers for no consideration; and
 - (vii) any Azure shares taken into or out of treasury; and
- (b) the acquisition, disposal or discharge (whether in whole or in part) of a related financial product referenced to Azure shares ;

and also includes committing to, agreeing to carry out or effect or enter into, any type of dealing referred to at items a) to b) above but excludes **Permitted Dealings**;

"**Disclosure Officers**" means the individuals who are responsible for communicating with analysts, the news media and investors and ensuring that other Employees do not communicate confidential information about Azure and its affiliates and subsidiaries and include Azure's CEO, President and COO, CFO and the Vice President – Corporate Affairs;

"**Employees**" means all individuals currently employed by, or consulting to, Azure and its affiliates and subsidiaries and include Azure's Chair, CEO, CFO, President and Vice President Corporate Affairs including directors and officers;

"**Family**" means in relation to any person his or her spouse and any child where such child is under the age of eighteen years. It includes any trust in which such individuals are trustees or beneficiaries and any company over which they have control or more than 20% of its equity or voting rights (excluding treasury shares) in a general meeting. It excludes any employee share or pension scheme where such individuals are beneficiaries rather than trustees;

"**Information Officers**" means the individuals whom Employees or Restricted Persons may contact to determine whether or not they may execute trades in the market or reveal Undisclosed Material Information in the necessary course of business and include the CEO, the President and Chief Operating Officer, the Chief Financial Officer and the Vice President - Corporate Affairs;

"**Inside Information**" means information which:

- (a) relates to securities of Azure or to Azure rather than securities or issuers in general;
- (b) is specific or precise;
- (c) has not been made public; and

- (d) if it were made public would be likely to have a significant effect on the price or value of securities of Azure;

“**LSE**” means The London Stock Exchange;

"**Material Change**" means a change in the business, operations or capital of Azure that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Azure and includes a decision to implement the change by the directors of Azure or by senior management of Azure who believe that confirmation of the decision by the directors is probable;

"**Material Fact**" means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of Azure's securities;

"**Material Information**" means any information (Material Fact or Material Change) relating to the business and affairs of Azure that results in or would reasonably be expected to result in a significant change in the market price or value of any of Azure's securities or information in relation to an AIM Notifiable Event;

“**Nominated Advisor**” means an advisor that is on the **LSE**'s register of nominated advisors and is appointed by Azure to act as its nominated advisor in England pursuant to the **AIM Rules**;

"**Pending Material Developments**" means a proposed transaction of Azure that would constitute Material Information, however, a decision to proceed with the transaction has not been made by the directors or by senior management, although there is an expectation of concurrence from the directors;

“**Regulatory Information Service**” means a provider of information services listed on the **LSE**'s website as a Regulatory Information Service;

“**Permitted Dealings**” means:

- (a) undertakings or elections to take up entitlements under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
- (b) the take up of entitlements under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
- (c) allowing entitlements to lapse under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
- (d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue; or
- (e) undertakings to accept, or the acceptance of, a takeover offer;

"**Restricted Persons**" means:

- (a) directors and officers of Azure and any member of a director's **Family**; and
- (b) **Applicable Employees**; "**TSX**" means the Toronto Stock Exchange and any other stock exchange on which securities of Azure are listed from time to time; and

"Undisclosed Material Information" means Material Information pertaining to Azure that has not yet been publicly disclosed or information that has been publicly disclosed, but a reasonable period of time for its dissemination has not passed.

SCHEDULE "B"

EXAMPLES OF POTENTIALLY MATERIAL INFORMATION

The following are examples of the types of events or information which may be material. This list is not exhaustive.

Changes in Corporate Structure

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

Changes in Capital Structure

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

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 or distribution reductions, major asset write-offs or write-downs
- changes in the value or composition of Azure's assets
- any material change in Azure's accounting policy

Changes in Business and Operations

- any development that affects Azure's commodity supplies, marketing, technology, cash flow, energy products, distributions or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major commodity suppliers, local distribution carriers or regulatory authorities
- significant new contracts, products, markets, services or losses of significant contracts, licences, business or renewals
- changes to the board of directors or executive management, including the departure of Azure's Chair, CEO, CFO, 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 Azure's shares or their movement from one quotation system or exchange to another

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property, joint venture or partnerships 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 Azure'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

Other

- any other developments relating to the business and affairs of Azure that would reasonably be expected to significantly affect the market price or value of any of Azure's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

SCHEDULE “C”

Rule 21 of the **Aim Rules** provides that Azure must ensure that its directors and Applicable Employees do not deal in any of its securities during a **Blackout Period**. In addition, the purchase or early redemption by Azure of its securities or sale of any securities held as treasury shares must not be made during a **Blackout Period**.

Rule 21 of the **Aim Rules** will not apply, however, where:

- (a) such individuals have entered into a binding commitment prior to Azure being in a **Blackout Period** where it was not reasonably foreseeable at the time such commitment was made that a **Blackout Period** was likely and provided that the commitment was notified at the time it was made; or
- (b) **LSE** have permitted a director or an **Applicable Employee** of Azure to sell its securities in Azure during a **Blackout Period** to alleviate severe personal hardship.

“*binding*” for the purposes of a) means obligatory for all parties to the agreement at a price agreed or which could be objectively determined

the “*exceptional circumstances*” in which **LSE** will grant permission for a director to sell securities are limited situations where severe personal hardship would otherwise result to a director or his immediate relatives such as the urgent need for a medical operation or to satisfy a court order where no other funds are reasonably available