



**COMMUNICATIONS AND
INSIDER TRADING POLICY**

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COMMUNICATIONS AND INSIDER TRADING POLICY

I. COMMUNICATIONS POLICY

1. Purpose of communications policy

The purpose of the communications policy is to ensure that the Company's communications with the investing public are:

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

This policy describes the means set up to allow the Company to achieve this goal.

2. Where can I get a copy of this policy?

Any individual interested in the activities of TSO₃ may obtain a copy of the communications policy on TSO₃'s website at the following address www.tso3.com under the heading **Governance Rules and Policies** in the **Investors** section, or by requesting a copy from the person in charge of communications and investor relations.

3. Who is responsible for it?

Management has set up a Communications Committee (the "Committee") which is responsible for ensuring that all regulatory requirements involving securities are complied with and to oversee the Company's disclosure and insider trading practices.

The Committee answers to the corporate governance committee which is responsible for reviewing and approving the communications policy on an annual basis.

4. The Communications Committee

The Committee must be comprised of at least three persons of which two of the first three persons listed hereinafter and one of the last two.

- The President and CEO
- The Vice-President, Finance
- The Director of Communications and Investor Relations
- The Company's General Counsel

- The Chairman of the Board or a Board member designated by the Chairman of the Board

5. How can employees contact Board members in confidence?

When an employee wishes to report something to the Board of Directors in confidence, the Board must follow the “Whistle-Blowing Policy” set up by TSO₃.

6. How are Board members informed about shareholders’ concerns?

During meetings of the Corporate Governance Committee, Committee members receive from management a copy of questions asked by shareholders, as well as the answers to the questions given by the Company.

7. Timely continuous disclosure

7.1. Basic principles

7.1.1. Anyone who invests in securities listed on a stock market has equal access to information likely to affect their investment decisions.

7.1.2. Any material or privileged information will be distributed by press release on a recognized newswire.

7.2. What is material or privileged information?

Material information is any information relating to the Company and its operations which results, or might reasonably be expected to result, in a significant change in the market price or value of the Company’s listed securities, such as, without limitation, a change in ownership or corporate structure, a purchase offer, the borrowing of a significant amount, the development of a new product, the completion or loss of a contract, financial results, legal proceedings, a declaration of or a failure to declare dividends, etc.

The announcement of an intention to conduct a transaction or undertake an activity must not be made unless the Company has ratified the decision and is able to follow through on its intention.

TSO₃ believes that “material information” is broader than “material change”, as it includes material facts which do not necessarily constitute a significant change, as defined above.

7.3. Determining whether information is material

Where applicable, any new information deemed to be important is examined and analyzed by the Communications Committee, which is responsible for determining whether it is material.

A form to this effect (Schedule 1) is filled out after each discussion by members of the Communications Committee to determine whether or not information is material and is then archived.

7.4. Rumours

In addition to material information, trading in a company's stocks can be affected by rumours. The Company does not comment on rumours, either in affirming or denying them. This also applies to rumours circulating on the Internet. The Company's spokesperson will respond consistently to these rumours, stating that "it is our policy not to comment on market rumours and speculations".

When unusually active trading in a company's listed stocks can be attributed to a rumour, the company may be asked by the authorities to issue a press release clarifying or denying the rumour. A halt in trading can also be imposed until the information is disclosed and released.

7.5. When must a disclosure be made?

As soon as information is brought to management's attention or as soon as it becomes clear that the information is material.

Unfavourable information must be disclosed just as quickly as favourable information.

The disclosure of information can be provisionally delayed if the immediate release of the information is likely to cause undue harm to the Company's interests. It is up to the Company to ensure that such information is kept confidential.

7.6. Period of silence

With the exception of replies to spontaneous requests concerning current facts, the Company will observe a period of silence about results starting on the last day of a quarter and ending with the issue of a press release disclosing the quarterly results. It will do the same when any other material information is about to be disclosed.

7.7. Keeping information confidential

As indicated in the confidentiality agreements signed by employees, an employee with confidential information is prohibited from disclosing it to any person, unless it is essential to do so in the performance of necessary activities of the Company. Affected third parties must agree, in the form of a written confidentiality agreement, not to disclose confidential information about the Company. Employees are also prohibited from trading the Company's publicly listed securities based on privileged information which has not been publicly disclosed.

To prevent the improper use or inadvertent disclosure of privileged information, the procedures indicated below should be observed at all times:

- 7.7.1. Documents and files containing confidential information should only be available to those persons concerned;
- 7.7.2. Conversations about confidential matters should not take place in an area where they may be overheard;
- 7.7.3. No analog wireless telephone or other analog wireless device should be used to discuss a confidential matter;
- 7.7.4. Confidential documents should be destroyed using a shredder. A person who has a confidential document must destroy it himself or herself, rather than giving it to another person who should not access the information or leaving it on the machine;
- 7.7.5. Documents should only be sent electronically, such as by fax or e-mail, when it is reasonable to believe that they may be sent and received under secure conditions.

7.8. If information must be withheld

As soon as a company withholds important information, it has the duty to take the necessary steps to keep it completely confidential. If information is leaked, the Company must immediately make an official announcement on the matter and, if unusual activity is observed in the Company's securities before the announcement is made, the exchange will suspend trading.

7.9. Conference calls

Conference calls will be conducted about quarterly financial results and major Company developments and will be accessible simultaneously to anyone interested, either through conversation or listening mode only or via a Webcast. Conference calls will be preceded by a press release including all appropriate privileged information. At the beginning of the conference call, a Company spokesperson will issue a carefully-worded statement concerning any forward-looking information and will encourage participants to consult the public documents, including assumptions, specifications and complete details of the risks and uncertainties.

The Company will announce in advance the date, time and manner in which anyone interested can access the conference call or Webcast through a press release. In addition, the Company may send invitations to analysts, institutional investors, the media and others. Following the conference call, an archived Webcast will be available on the site for a minimum of thirty (30) days for those interested in listening to it.

The Communications Committee will hold an immediate debriefing after the conference call and, if it learns that selected information has been disclosed concerning previously unreleased information, the Company will widely distribute this information through an immediate press release.

7.10. Relationships with analysts, investors and the media

The Company acknowledges that meetings with analysts and other major investors, or even meetings with small groups of securities brokers and shareholders, are important aspects of the Company's investor relations program.

The Company is required, at all times, to provide only non-privileged information during these meetings, in addition to the publicly disclosed information. The Company cannot change the significance of information by breaking it down into snippets of non-privileged information.

7.11. Examination of reports and analysts' provisional models

The Company's policy is to review analysts' reports and provisional research models, upon request. The Company will review the reports and models in order to identify factual errors based on publicly released information. In the case of an analyst's report, the Company's policy is to question the analyst on his or her assumptions if the report differs significantly from the overall forecast produced by the market, or published by the Company. The Company will base its comments on non-privileged information when it replies to analysts' requests. The Company will not confirm, nor will it attempt to influence, the opinions or conclusions of analysts and will not endorse their models or results forecasts.

To avoid the appearance of "endorsing" an analyst's report or model, the Company will provide its comments verbally, or will include a liability disclaimer on written comments to indicate that the report has been reviewed only to ensure factual compliance.

7.12. Distribution of analysts' reports

Analysts' reports are exclusive to their firm. To avoid appearing to endorse analysts' reports, the Company will not distribute them in any manner, except during the course of its operations, and will mention that the distribution of the document does not represent an endorsement. The Company will also provide a complete list on its web site of all investment firms and analysts who have provided reports on the Company's progress, without regard to the recommendations. This information will include the names of the firm and the analyst, as well as the analyst's telephone number.

7.13. Forward-looking statements

Forward-looking information will be accompanied by a statement that identifies, in precise terms, the risks and uncertainties that could arise from a difference in the actual results, as compared with those forecast in the statement, identifying the components that could explain the difference.

7.14. Expectation management

The Company's policy is not to issue forecasts.

When the Company acknowledges that its results will be significantly below analysts' and thus public expectations, it will conduct a review and disclose the new information by means of a press release.

8. Internal policy and procedure for managing disclosure obligations

8.1. Drafting and approval of press releases

The Director of Communications and Investor Relations, as well as persons in authority who have information about the news, are responsible for drafting all press releases.

All press releases are then reviewed, commented on and approved by the Communications Committee in conjunction with everyone involved in drafting the press release.

Press releases are then signed by the President and CEO or by the designated person in his or her absence before any disclosure is made.

This entire process is documented using a corrections and approval form (Schedule 2), which is attached to copies of the approved press release. The form and press release are then archived.

8.2. Confidential release of information

As much as possible, at least 24 hours before a press release is issued to the public, it is sent for information and, where applicable, comments, to all Board members, who must refrain from trading in the securities of TSO₃ Inc. until the said press release becomes public.

8.3. Disclosure

The person responsible for disclosing the information is the Director of Communications and Investor Relations.

8.4. Consultation with Market Oversight

The person responsible for relations with the regulatory authorities, i.e. the Director of Communications and Investor Relations, must inform Market Oversight of the nature of a press release and obtain its approval prior to issuing such release.

8.5. Spokespersons

The Company's authorized spokespersons are the President and CEO and the Vice-President, Finance, as well as the Director of Communications and Investor Relations. However, it is desirable to concentrate public statements in one person only, namely the President and CEO. Another Company representative can be designated on occasion to meet specific requests.

Management undertakes to keep the spokespersons informed of any major new developments concerning the Company.

An employee not designated as an authorized spokesperson may in no case answer requests from the financial community, the media or any other person, unless specifically requested to do so by an authorized spokesperson. Such requests should be referred to the Director of Communications and Investor Relations.

II. TSO₃ INSIDER TRADING POLICY

9. Fundamental principle

The main principle of this policy of TSO₃ is to put into practice the fundamental principle of applicable legislation to the effect that all those who invest in securities have access, on equal footing, to information likely to affect their investment decisions.

10. Use of privileged information

The *Securities Act* (Quebec) prohibits the use of privileged information by an insider who has such information or by another person who has received privileged information from an insider or another person who has access to such information. The Act provides that a person who commits such an offence is liable, in addition to costs, to a maximum fine of \$1,000,000 and up to two years in prison (section 204).

Any material information within the meaning of this policy and the relevant legislation is considered privileged information when it is held by one or more persons only and is unknown to the public or other investors.

11. Insiders

The following are considered insiders: the company, its subsidiaries, its officers and those of its subsidiaries as well as any person holding at least 10% of a class of voting shares or having the unlimited right to participate in the profits and share in the remaining property in the event of liquidation.

Insiders who are members of the Board of Directors must always contact the Vice-President, Finance of the Company to inform him or her of their intention to trade before proceeding with any trade.

12. Trading restrictions and blackout periods

12.1. Occasional restrictions

It is illegal for any person to buy or sell the securities of a public company while in the possession of privileged information which has not been publicly disclosed by it. Except in the performance of necessary activities of the Company, it is also illegal for any person to disclose to another privileged information which has not been made public. Accordingly, insiders and employees who possess confidential or privileged information about the Company or counterparties negotiating significant potential transactions may not trade in securities of the Company or those of any other counterparty until the information has been fully and widely released and a reasonable period of time has elapsed (48 hours).

Blackout periods may also be set up from time to time by the Communications Committee during exceptional situations related to the Company pursuant to which its insiders will be prohibited from trading in its securities. All parties with knowledge of such exceptional situations must abide by the blackout period. Such persons may include outside advisers, such as legal counsel, underwriters and counterparties negotiating significant potential transactions.

Such a blackout period shall not apply if the insider “avails himself of an automatic dividend reinvestment plan, automatic subscription plan or any other automatic plan established by a reporting issuer, according to conditions set down in writing, before he learned the information” (section 187 of the *Securities Act* (Quebec)).

12.2. Fixed restriction periods

In addition to the above-mentioned restrictions, the directors and management of TSO₃ and its subsidiaries must refrain from trading in TSO₃ securities during the period between the twenty-first (21st) day before the end of a quarter and twenty-four (24) hours after the date of disclosure of the quarterly results in question. However, such restriction does not apply, from January 7th to January 21th of each year.

13. Insider reports

All insiders of TSO₃ inc. must file an insider report when they first become an insider of TSO₃ and thereafter within ten calendar days after a change occurs in their holdings of TSO₃. Such insider report must be completed and filed electronically via the web site www.sedi.ca.

13.1. Initial report

An insider must file an initial insider report within ten days after becoming an insider. That report must disclose whether he or she has direct or indirect ownership of securities of TSO₃ on the date he or she became an insider. An option to purchase shares of TSO₃ is a security and all trading in options must be reported. An insider who is not the beneficial owner of securities of TSO₃ or who does not exercise control or direction over them when he or she becomes an insider is not required to file an initial insider report until he or she trades in securities of TSO₃ for the first time. An insider report must be filed within ten days following every trade.

13.2. Reports of changes

An insider must also file an insider report within ten days following any change in his or her holdings of securities of TSO₃ (or the exercise of options).

The obligation to fill out insider reports remains as long as the person is an insider.

The insider is responsible for filling out an insider report.

However, TSO₃ encourages insiders to file any report through the office of the Vice-President, Finance of TSO₃ so that we may monitor reports and ensure compliance.



EVALUATION OF MATERIALITY

SUBJECT:

PARTICIPATING MEMBERS OF THE COMMUNICATION COMMITTEE:

DISCUSSION:

CONSENSUS: INFORMATION IS MATERIAL YES NO

CEO or CFO SIGNATURE:

DATE :
