

LITHOS ENERGY LTD.

Disclosure Policy

LITHOS ENERGY LTD. (the "Company"), as a publicly traded company and a reporting issuer, has an obligation to ensure that its directors, officers, employees and consultants comply with the timely disclosure of material information and adhere to applicable securities laws in connection with any public communications.

The Company is committed to providing communications that are timely, accurate, broadly disseminated, and that comply with applicable regulatory requirements. This Policy is organized into the following sections:

1. What is the scope of this Policy?
2. What are your responsibilities and obligations under this Policy, including in the areas of:
 - (a) Responsibility for compliance;
 - (b) Impact of non-compliance;
 - (c) Disclosure Committee;
 - (d) Material information;
 - (e) Disclosure;
 - (f) Pre-Notification of material information;
 - (g) Confidential information;
 - (h) Insider trading;
 - (i) Designated spokespersons;
 - (j) Rumours;
 - (k) Forward-looking information;
 - (l) Individual and group meetings with analysts, investors and the media;
 - (m) Employees and consultants performing investor relations activities;
 - (n) Analyst reports;
 - (o) Quiet periods;
 - (p) Electronic communications; and
 - (q) Chatrooms and bulletin boards.
3. Who should you contact for assistance regarding this Policy?
4. Appendix A - Core Documents
5. Appendix B - Excerpts from National Policy 51-201 "Disclosure Standards" regarding materiality

2 What is the scope of this Policy?

This Policy applies to:

- members of the board of directors of the Company,
- officers and other employees of the Company, including permanent, contract, secondment and temporary agency employees,
- consultants of the Company, and
- any person performing investor relations activities on behalf of the Company

This Policy applies to all methods of public communication in respect of the Company, including news releases, management presentations, information on the Company's website, articles paid for by the Company and other forms of electronic communication. It also extends to oral statements made in interviews with the media, as well as speeches, press conferences and conference calls.

When used in this Policy:

- "Company" means Lithos Energy Ltd.; and its subsidiaries
- "employee" means officers, other employees and consultants.

3 What are your responsibilities and obligations under this Policy?

1 Responsibility for compliance

You are responsible for understanding and complying with this Policy.

2 Impact of non-compliance

Any breach of this Policy will be dealt with swiftly and appropriate disciplinary action will be taken if a person's actions are found to violate the Policy. This may include immediate termination of employment or of the business relationship. Where laws have been violated, the Company will cooperate fully with the appropriate authorities. Non-compliance with this Policy may also result in common-law or statutory liability, or both, in applicable jurisdictions.

3 Disclosure Committee

The Disclosure Committee shall be comprised of a minimum of three (3) members of the company's board of directors and senior management, being the Company's Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, and Chief Operating Officer (or another qualified individual as selected by the CEO). The committee:

- will consider when transactions, developments and other events constitute material information and require public disclosure,
- will review the Company's "core" documents (as listed in Appendix A) after they have been prepared by the persons responsible and before they are presented to the Board of Directors or have been publicly disclosed, to ensure that the core documents are accurate with respect to all

material information, and contain appropriate cautionary language for any forward-looking information,

- will review all news releases, and
- may authorize certain members of management to be responsible for reviewing and approving non-core documents (those documents not listed in Appendix A).

The Disclosure Committee will co-ordinate with the Company's Audit Committee and Management, as applicable.

4 Material information

The term "material information" is defined in securities legislation. Generally, information is considered to be material if it would reasonably be expected to have a significant effect on the market price or value of the Company's securities. Some examples of information or events which may be material are set out in Appendix B.

5 Disclosure

The Company will comply with all applicable laws and regulations regarding the timely disclosure of material information, and filing any required material change reports. The Company will also comply with the rules of the Canadian Securities Exchange regarding disclosure of material information, including the timing of news releases and any requirement to obtain market surveillance pre-clearance.

No person will disclose material information regarding the Company to any other person until it has been generally disseminated to the public according to this Policy. The Disclosure Committee may approve limited exceptions to this prohibition where disclosure is made to the Company's auditors, legal counsel, underwriters or other professional advisors in the necessary course of the Company's business or where disclosure is made to third parties where an appropriate confidentiality agreement has been entered into.

All news releases will be pre-approved by the Disclosure Committee. Following approval by the Disclosure Committee, all news releases will be sent to the members of the Board of Directors for comments and final review by legal counsel for regulatory compliance.

All draft research reports (whether independent or not) financial models, investor relations articles, corporate presentations and any other material discussing or describing the Company which have been prepared by Company personnel or have been prepared by others and provided to the Company for review, and which will be made publicly available or which will be distributed to third parties must be vetted and approved by the Disclosure Committee prior to any distribution. Also see below policies specifically applicable to persons performing investor relations activities.

The Company's Audit Committee is generally responsible for overseeing the applicable disclosure practices set out in this Policy relating to financial disclosure. Management is generally responsible for overseeing disclosure practices set out in this Policy relating to all other disclosure. Specifically, each of the Audit Committee and Management is responsible (as applicable) to the Board of Directors for:

- reviewing, and if appropriate, recommending approval of any disclosure by or relating to the Company,
- co-ordinating with and reviewing reports of the Disclosure Committee as they relate to disclosure,

- satisfying itself that adequate procedures are in place for reviewing the Company's disclosure, including the role of the Disclosure Committee, and
- overseeing compliance with any rules, regulations or guidelines promulgated by regulatory authorities relating to disclosure.

6 Pre-Filing of Material Information

When an announcement involving Material Information is to be released, the Company will pre-file news releases or otherwise consult with the Investment Industry Regulatory Organization of Canada ("IIROC") in accordance with the Canadian Securities Exchange Policy 5 "Timely Disclosure" in the following instances:

- Reverse Take-Overs, Changes of Business or other reorganizations;
- Significant Transactions and Fundamental Changes (each as defined under the policies of the Canadian Securities Exchange and applicable securities laws) including corporate acquisitions or dispositions;
- Change of Control;
- Future Oriented financial information or other operating projections; and
- any other matter involving Material Information that may immediately affect the value or price of the Company's securities.

If the Company is required under the applicable securities laws to file a material change report, the Company will also file a copy of the material change report as required.

7 Confidential Information

An important aspect of the Company's compliance with disclosure requirements is its ability to maintain confidentiality of corporate information and corporate documents until it is deemed material and must be publicly disclosed. Examples might be discussions or negotiations for a merger, acquisition or a significant transaction.

Current securities laws take into account the need for confidentiality in these types of circumstances, and allow companies to seek permission, through a report filed with appropriate Securities Commissions, to maintain confidentiality of certain information if its release would be unduly detrimental to the Company's interest. Where such an application is made and approved, the Company is obliged to keep the information confidential to avoid selective disclosure. This request must be renewed every ten days.

Even if the Company has been granted regulatory permission to withhold material information, a subsequent leak in a selective setting, such as an analyst meeting or a conference call, will render timing issues moot. In this situation, the information must be broadly disseminated immediately.

Finally, the Company understands that the ability to maintain confidentiality does not constitute permission to withhold bad news because such information may be detrimental to the Company or its share price. Our policy is to release unfavorable information as promptly as favorable material. We believe that the maintenance of this policy builds public trust in the Company, enhances fairness and transparency in our dealings with investors, and is conducive to our long-term success.

All employees should adopt the following practices when dealing with confidential information:

- The number of people, including outside parties such as external legal counsel, with access to undisclosed confidential information, should be limited.
- Employees with such information are prohibited from communicating it to other employees unless in the necessary course of business.
- Sensitive documents should be locked safely.
- Sensitive documents should not be stored where they can be accessed electronically such as shared servers unless measures have been taken to limit access.
- Code names should be used to reduce the risk of inadvertent disclosure.
- Discussions should not take place where they can be overheard, such as in restaurants, elevators, taxis, dinner parties or any other public settings.
- Employees privy to non-public material information must refrain from discussing investment in the Company with anyone.

8 Insider Trading

Under securities legislation, anyone in possession of material information that is not public is considered an "insider". Securities law prohibits such insiders from trading the Company's securities, or the securities of other companies that might be affected by the information, or from disclosing such information to third parties.

Employees of the Company with insider information are prohibited from trading during a "blackout" period. Once the Company has material production, this extends from 10 business days before, and one business day after the release of financial statements, including quarterly reports, to allow the market time to absorb the information. The Company's financial statements are typically issued 60 days after the 1st, 2nd and 3rd quarters and 120 days after year-end. These periods will change to 45 and 90 days, respectively, if the Company is not a venture issuer and may vary in the future if the Company becomes obligated to file its financial statements in other jurisdictions. In addition to the planned release of quarterly and year-end financial information, the Company will issue press releases, from time to time, when Material Information develops. In these circumstances the blackout period is for one business day after the dissemination of the news release, in order to allow the market to absorb the information.

9 If any Company employee has any concerns with respect to insider trading rules, blackout periods, etc., they can immediately consult with the Chief Executive Officer or the Company's General Counsel.

Directors, officers, employees and any other person who is in possession of Material Information and/or information about the Company or the business of the Company that is not known to the investing public ("Non-Public Information") are required to treat all Material Information and Non-Public Information as confidential and are:

- prohibited from disclosing Material Information or Non-Public Information to relatives, friends, or other people who are not directors, officers, employees or consultants of the Company. Securities laws also prohibit trades made on the basis of these "tips"; and
- prohibited from disclosing any Material Information or Non-Public Information to directors, officers, employees or consultants of the Company, except in accordance with this Disclosure Policy.

Directors, officers, employees and any other person who is in possession of Material Information and/or Non-Public Information are prohibited from trading in (a) the securities of the Company (b) the securities of a subsidiary of the Company, or (c) the securities of any other company whose value might be affected by being a counter party to the transaction or until the Material information or Non-Public Information has been fully disclosed and a reasonable time has passed for such information to be disseminated.

If any Company employee is not sure whether information is Material Information or Non-Public Information they can immediately consult with the Chief Executive Officer or the Chief Financial Officer.

10 Designated spokespersons

The Company will designate a limited number of spokespersons responsible for communicating with the investment community, the media and the general public, as applicable, on a regular basis. The Company's designed spokespersons are the people holding the following or comparable positions:

- Chief Executive Officer,
- Chief Operating Officer, and
- Any member of the Board of Directors.

Individuals holding the above positions may designate others to be a spokesperson as a back-up or to respond to specific inquiries. Employees or Consultants who are not authorized spokespersons must not respond to inquiries (including "no-names" or "off the record" basis) from the investment community, the media or the general public.

11 Rumours

Generally, the Company will not comment, affirmatively or negatively, on rumours, unless otherwise advised by the Company's legal counsel. This also applies to rumours on the Internet. The Company will, however, clarify or deny a rumour if the presence of the rumour is causing unusual market activity.

12 Forward-looking information

The Company may provide forward-looking information in accordance with applicable securities law requirements. Any forward-looking information (written or oral) must be identified as forward-looking information and include meaningful cautionary language. As well, oral statements must be limited to forecasts supported by written disclosure. The Company will not update publicly or revise any forward-looking information, except as required by applicable law.

13 Individual and group meetings with analysts, investors, and the media

The Company recognizes that meetings with analysts and investors are, or may become, an important part of the Company's business. The Company will meet or communicate with analysts and investors, as appropriate, provided that Company spokespersons:

- provide only publicly disclosed information or non-material information, and
- do not provide disclosure in a way that may alter the materiality of information (for example by presenting it in smaller, non-material components).

Company spokespersons also may not provide information on upcoming material events or announcements to the media on "an exclusive basis". This prohibition applies even if the media representative offers to hold the story until it is publicly announced by the Company.

14 Employees and consultants performing investor relations activities

From time to time, the Company may engage employees or consultants to provide services which constitute "investor relations activities" as that term is defined under applicable securities laws and stock exchange policies. The *Securities Act* (British Columbia) (the "Securities Act") defines investor relations activities as follows:

"investor relations activities" means any activities or oral or written communications, by or on behalf of an issuer or security holder of the issuer, that promote or reasonably could be expected to promote the purchase or sale of securities of the issuer, but does not include

- a) the dissemination of information provided, or records prepared, in the ordinary course of the business of the issuer
 - i. to promote the sale of products or services of the issuer, or
 - ii. to raise public awareness of the issuer,that cannot reasonably be considered to promote the purchase or sale of securities of the issuer,
- b) activities or communications necessary to comply with the requirements of
 - i. this Act or the regulations, or
 - ii. the bylaws, rules or other regulatory instruments of a self regulatory body, exchange or quotation and trade reporting system,
- c) communications by a publisher of, or writer for, a newspaper, news magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - i. the communication is only through the newspaper, magazine or publication, and
 - ii. the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer, or
- d) activities or communications that may be prescribed for the purpose of this definition;

The Securities Act requires that:

"An issuer, or an issuer's security holder, who knows that a person is engaged in investor relations activities on behalf of the issuer or a security holder of the issuer must disclose to any person who inquires (a) the fact of the engagement, and (b) on whose behalf the person is engaged.

and

A person engaged in investor relations activities, and an issuer or security holder on whose behalf investor relations activities are undertaken, must ensure that every record disseminated, as part of the investor relations activities, by the person engaged in those activities clearly and conspicuously discloses that the record is issued by or on behalf of the issuer or security holder."

In addition, the policies of stock exchanges where the Company's securities are listed have additional disclosure requirements regarding investor relations activities, and filing requirements for agreements or arrangements pursuant to which a listed issuer engages any person to provide investor relations activities which must be adhered to.

Investor relations contract terms

The Company and each employee must ensure that where the Company engages any person to provide investor relations activities, such engagement is made pursuant to a written agreement, which must be approved by the Disclosure Committee and which must contain, at minimum, the following provisions:

- a representation that all or some of the services to be provided will or may constitute “investor relations services” within the meaning of applicable securities laws and stock exchange policies;
- a covenant that the Company will issue a news release announcing the engagement of the employee or consultant who may provide investor relations services;
- a covenant that the Company will make all necessary filings and submissions required to obtain any requisite stock exchange or regulatory approval for its engagement of the employee or consultant;
- a covenant that the employee or consultant will promptly submit to the Canadian Securities Exchange a completed and notarized “personal information form” and any required appendices thereto;
- a covenant that every record disseminated, as part of the investor relations activities by the employee or consultant, must clearly and conspicuously disclose that the record is issued by or on behalf of the Company; and
- a covenant that the employee or consultant shall not make any disclosure relating to the Company or its business or operations that (a) has not been prepared by or approved by the Disclosure Committee or (b) otherwise in any way contravenes this Policy.

Conduct of employees and consultants performing investor relations activities

Employees and consultants engaged in investor relations shall:

- ensure that every record disseminated that contains any disclosure relating to the Company:
 - a) has been approved by and is disseminated on the instructions of, and with the consent of Company;
 - b) does not contain any Non-Public Information regarding the Company; and
 - c) clearly and conspicuously discloses that the record is issued by or on behalf of Company.
- never distribute analyst reports, newsletters or articles containing any information concerning the Company, unless the disclosure was prepared by or at the direction of the Company, and the Company has explicitly instructed the employee or consultant to distribute such disclosure on the Company’s behalf;
- never distribute or make or offer any opinion or any recommendation with respect to trading in Company’s securities;
- never attend at any residence or telephone to any residence for the purposes of trading in a security;
- never make any representation:

- a) that any person will resell or repurchase a security, or refund all or any of the purchase price of a security;
 - b) that any person will refund any amount paid in respect of a derivative, or assume all or part of an obligation under a derivative;
 - c) as to the future value or price of a security or derivative;
 - d) that the employee or consultant knows, or reasonably should know, is a misrepresentation;
 - e) that a reasonable investor would consider important in determining whether to purchase, not purchase, trade or not trade a security if the statement or information, at the time and in light of the circumstances in which the statement is made or the information is provided, is false or misleading, or omits a fact necessary to make the statement or information not false or misleading;
 - f) that a reasonable person would consider important in determining whether to trade or not trade a derivative if the statement or information, at the time and in light of the circumstances in which the statement is made or the information is provided is false or misleading, or omits a fact necessary to make the statement or information not false or misleading;
- never represent that they are, or hold themselves out as being, registered in any capacity under applicable securities laws.

15 Analyst reports

If the Company is asked to review draft analysts' reports, only authorized spokespersons of the Disclosure Committee will comment on such reports. As well, any such comments will be limited to identifying publicly disclosed information that could affect the analyst's model, and to pointing out inaccuracies or omissions by referring to publicly available information.

The Company will not provide analyst reports (draft or final) through any means to a person outside of the Company, including posting such information on its website. The Company may provide copies of analyst reports to directors, officers, employees or legal counsel in the necessary course of business.

The Company may post on its website a complete list of all the investment firms and analysts who provide research coverage on the Company, regardless of their recommendations. If provided, such list will not include links to the analysts' or any other third party's email address, websites or publications.

16 Quiet Periods

In the event that the Company does attract Analyst coverage, the Company may, as deemed appropriate by the Disclosure Committee, designate a quarterly quiet period during which no earnings guidance or comments with respect to the current quarter's operations or expected results will be provided to analysts, investors or other market professionals. During the designated quiet period, communications with analysts, investors and market professionals should be limited to responding to inquiries concerning publicly available or non-material information.

17 Electronic communications

The Disclosure Committee shall be responsible for reviewing, maintaining and updating the Company's website and ensuring it complies with applicable securities laws, the policies of any stock exchange on which the Company is listed and the Company's internal disclosure policies. It is the Company's policy to have available on its website financial statements and press releases and to provide a link to SEDAR

where all of the Company's continuous disclosure filings can be reviewed. The Company's policy is not to post analyst's reports on its website.

18 Chatrooms bulletin boards and e-mails

The Company shall not participate in, host or link to chatrooms or internet bulletin boards and officers, directors, employees and consultants of the Company are strictly prohibited from discussing corporate matters in these forums.

4 Who should you contact for assistance regarding this Policy?

If you need assistance interpreting this Policy or are faced with a question relating to this Policy, the Company does not expect you to figure out the answer on your own.

Directors should consult with the Chairman of the Board, the CEO, the CFO, COO, or outside legal counsel.

Employees and Consultants should consult with the CEO or COO.

Appendix A

Core Documents

Core documents include:

- prospectus,
- take-over bid circular,
- issuer bid circular,
- management's discussion and analysis (annual and interim),
- information circular
- annual financial statements
- interim financial statements
- material change report
- annual information form
- business acquisition report

Appendix B

Excerpts from National Policy 51-201 "Disclosure Standards" regarding materiality

1 Materiality Standard

1. The definitions of "material fact" and "material change" under securities legislation are based on a market impact test.
2. The definition of a "material fact" includes market-based materiality test. A fact is material when it "would reasonably be expected to have a significant effect on the market price or value of a security".

2 Materiality Determinations

1. In making materiality judgments, it is necessary to take into account a number of factors that cannot be captured in a simple bright-line standard or test. These include the nature of the information itself, the volatility of the company's securities and prevailing market conditions. The materiality of a particular event or piece of information may vary between companies according to their size, the nature of their operations and many other factors. An event that is "significant" or "major" for a smaller company may not be material to a larger company. Under volatile market conditions, apparently insignificant variances between earnings projections and actual results can have a significant impact on share price once released. For example, information regarding a company's ability to meet consensus earnings published by securities analysts should not be selectively disclosed before general public release.
2. We encourage companies to monitor the market's reaction to information that is publicly disclosed. Ongoing monitoring and assessment of market reaction to different disclosure will be helpful when making materiality judgments in the future. As a guiding principle, if there is any doubt about whether particular information is material, we encourage companies to err on the side of materiality and release information publicly.

3 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 and is not a substitute for companies exercising their own judgment in making materiality determinations.

4 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

5 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

6 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

7 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, President or CFO (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

8 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
- significant new credit arrangements

9 External Political, Economic and Social Developments

Companies are not generally required to interpret the impact of external political, economic and social developments on their affairs. However, if an external development will have or has had a direct effect on the business and affairs of a company that is both material and uncharacteristic of the effect generally experienced by other companies engaged in the same business or industry, the company is urged to explain, where practical, the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, such companies should make an announcement.

Exchange Policies

1. The Toronto Stock Exchange Inc. (TSX), the TSX Venture Exchange Inc. (TSX Venture) and the Canadian Securities Exchange (CSE) each have adopted timely disclosure policy statements which include many examples of the types of events or information which may be material. Companies should also refer to the guidance provided in these policies when trying to assess the materiality of a particular fact, change or piece of information.
2. The TSX, TSX Venture and CSE policies require the timely disclosure of "material information". Material information includes both material facts and material changes relating to the business and affairs of a company. The timely disclosure obligations in the exchanges' policies exceed those found in securities legislation. It is not uncommon, or inappropriate, for exchanges to impose requirements on their listed companies which go beyond those imposed by securities legislation. We expect listed companies to comply with the requirements of the exchange they are listed on. Companies who do not comply with an exchange's requirements could find themselves subject to an administrative proceeding before a provincial securities regulator.