

# **DEREK OIL & GAS CORPORATION WHISTLE BLOWER POLICY**

## **Introduction:**

Derek Oil & Gas Corporation ("Derek" or the "Company") is committed to the highest possible standards of openness, honesty and accountability. In line with that commitment, we expect employees and others that we deal with who have serious concerns about any aspect of the Company's work to come forward and voice those concerns.

Employees are often the first to realize that there may be something seriously wrong within the Company. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Company. They may also fear harassment or victimization. In these circumstances, they may feel it would be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

This policy document makes it clear that employees can do so without fear of victimization, subsequent discrimination or disadvantage. This Whistle Blowing Policy is intended to encourage and enable employees to raise serious concerns within the Company rather than overlooking a problem or seeking a resolution of the problem outside the Company.

This Policy applies to all employees and those contractors working for Derek. It is also intended to provide a method for other stakeholders (suppliers, customers, shareholders etc.) to voice their concerns regarding the Company's business conduct.

The Policy is also intended as a clear statement that if any wrongdoing by the Company or any of its employees or by any of its contractors or suppliers is identified and reported to the Company, it will be dealt with, through thorough investigation and follow-up action. The Company will take steps to ensure that such wrongdoing is prevented in future.

A Whistleblowing or reporting mechanism invites all employees and other stakeholders to act responsibly to uphold the reputation of their organization and maintain public confidence. Encouraging a culture of openness within the organization will also help this process. This Policy aims to ensure that serious concerns are properly raised and addressed within the Company and are recognized as a key tool in enabling the delivery of good governance practices.

## **Background:**

### **1. What is Whistleblowing?**

Employees are usually the first to know when something is going seriously wrong. A culture of turning a "blind eye" to such problems means that the alarm is not sounded and those in charge do not get the chance to take action before real damage is done. Whistleblowing can therefore be described as giving information about potentially illegal and/or underhanded practices i.e. wrong doing.

### **2. What is wrong doing?**

Wrong doing involves any unlawful or illegal behaviour and can include:

- An unlawful act whether civil or criminal;
- Breach of Derek's Code of Business Conduct and Ethics;
- Breach of or failure to implement or comply with any approved Derek policy;
- Knowingly breaching federal or provincial laws or regulations;
- Unprofessional conduct or below recognized, established standards of practice;
- Questionable accounting or auditing practices;
- Dangerous practice likely to cause physical harm / damage to any person / property;
- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to the Company;
- Abuse of power or authority for any unauthorized or ulterior purpose;
- Unfair discrimination in the course of the employment or provision of services.

This list is not definitive, but is intended to give an indication of the kind of conduct which might be considered as "wrong doing".

### **3. Who is protected?**

This Policy is set in the context of the statutory provisions of the Canadian Securities Association (CSA) Multilateral Instrument 52-109 and the U.S. Sarbanes-Oxley Act Section 806. Any employee who makes a disclosure or raises a concern under this Policy will be protected if the employee:

- Discloses the information in good faith;
- Believes it to be substantially true;
- Does not act maliciously or make false allegations;
- Does not seek any personal or financial gain.

### **4. Who should you contact?**

- a) Anyone with a complaint of a serious nature may contact Global Corporate Compliance, an independent "Whistleblowing Compliance Hotline" service provider retained by the Company. Details of this service are as follows:

## “Whistleblowing Compliance Hotline”

As part of Audit Committee requirements public companies must provide a procedure for the confidential and anonymous reporting of questionable accounting or auditing procedures to their employees. In an effort to offer our employees complete anonymity and confidentiality we have retained Global Corporate Compliance Inc. to monitor this procedure.

This service enables you to contact them by any of the methods below:

- Via their website at [www.globalcci.com](http://www.globalcci.com). Login ID: reporting; Password: audit.
  - Toll free telephone line that has been dedicated solely to this service 1-877-266-2579
  - Toll free fax 1-877-216-8459
- \*Both the toll free phone and fax lines are available in Canada and the United States.

Once you have reached their website this is what you will see.



The screenshot shows a dark blue header with a gold globe icon on the left and the text "GLOBAL corporate compliance" in gold. Below the header, on the left, is the text "For all your Public Company Reporting Requirements" in gold. On the right is a vertical navigation menu with the following items: corporate profile, services, seminars, clients, faq, links, newsletter, contact us, and whistle blowing. The "whistle blowing" item is highlighted with a white underline. To the right of the menu, the text "Select this" is visible.

You will be prompted to enter your login ID and password

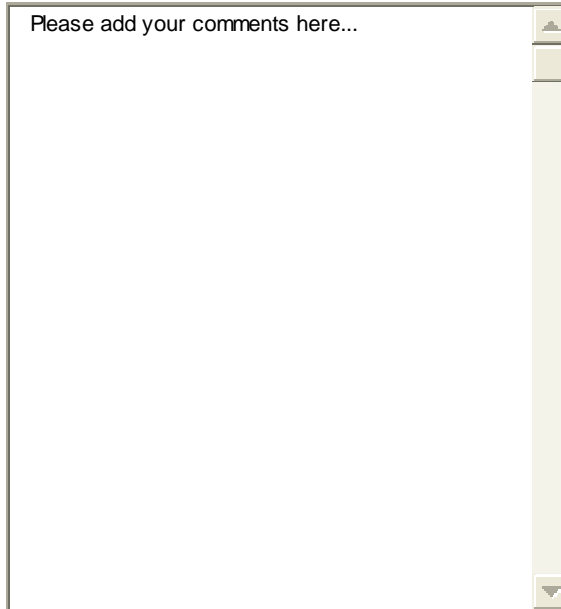
After entering the appropriate login and ID you will reach the contact form below.

### Whistle Blower Contact Form

Company Name:

Comments:

Please add your comments here...



Name:

Email:

Phone Number:

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**When you have submitted your form you will need to logoff of the internet.  
Once an issue has been lodged with Global Corporate Compliance they will contact the  
Chairman of the Audit committee or designate within 24 hours.**

**Should you have any questions or concerns regarding the process please contact Global Corporate Compliance at the numbers provided above.**

## **5. How will the Company respond?**

The Company will address your concerns. Where appropriate, the matters raised may:

- a) be investigated by management, the Board of Directors, or through the disciplinary process;
- b) be referred to the police;
- c) be referred to the external auditor;
- d) form the subject of an independent inquiry.

In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take.

The overriding principle which the Company will have in mind is to protect the interests of the Company and its shareholders.

Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

Within ten working days of a concern being raised, the responsible person will write to you:

- a) acknowledging that the concern has been received;
- b) indicating how he/she proposes to deal with the matter;
- c) giving an estimate of how long it will take to provide a final response;
- d) telling you whether any initial enquiries have been made;
- e) telling you whether further investigations will take place and if not, why not.

The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Company will seek further information from you.

The Company will take steps to minimize any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Company will arrange for you to receive advice about the procedure.

The Company accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcomes of any investigation.

## **6. What is the Response Time?**

Concerns will be investigated as quickly as possible. It should also be borne in mind that it may be necessary to refer a matter to an external agency and this may result in an extension of the investigative process. It should also be borne in mind that the seriousness and complexity of any complaint may have an impact upon the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time scale for investigating the complaint.

## **7. What Steps Will be Taken by the Company to Prevent Recriminations, Victimization or Harassment?**

The Company will not tolerate an attempt on the part of anyone to apply any sanction or detriment to any person who has reported to the Company a serious and genuine concern that they may have concerning an apparent wrongdoing.

## **8. What Steps Will be Taken by the Company to Preserve Confidentiality and Anonymity?**

The Company will respect the confidentiality of any whistle blowing complaint received by the Company where the complainant requests that confidentiality. However, it must be appreciated that it will be easier to follow up and to verify complaints if the complainant is prepared to give his or her name. In the event that anonymity is requested and the information is given through the ethics hotline, the person will be given a case number and a time or times when he or she can call back for updates on the investigation of his or her complaint.

## **9. What Steps Will be Taken by the Company to Deal with False and Malicious Allegations?**

The Company is proud of its reputation with the highest standards of honesty. It will therefore ensure that substantial and adequate resources are put into investigating any complaint which it receives. However, it is important to realize that the Company will view very seriously any allegations which prove not to be substantiated or which prove to have been made maliciously or knowing them to be false.

The Company will regard the making of any deliberately false or malicious allegations by any employee of the Company as a serious disciplinary offence which may result in disciplinary action, up to and including dismissal for cause.