

# LAB Research Inc.

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## Trading Policy

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Approved by the Board of Directors on July 5, 2006

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**LAB RESEARCH INC.**  
**(“LAB Research” or the “Corporation”)**

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In addition to the obligation to file insider reports, the applicable securities laws also impose restrictions on insiders, including directors, officers and certain other employees of the Corporation and its subsidiaries, in respect of the use and dissemination of privileged information. The purpose behind these so-called “insider trading” rules is to ensure that all persons who invest in securities have equal access to information that might affect their investment decisions.

This Trading Policy imposes certain obligations and restrictions on directors, senior managers and certain other employees (“Designated Persons”) of LAB Research, the purpose of which is to ensure that LAB Research’s practices are consistent with those of other public companies and that the Corporation's reputation in the marketplace is above reproach.

In addition, all other employees of LAB Research who are not Designated Persons must refrain from trading in LAB Research securities during quarterly blackout periods as described in this Trading Policy.

This document is intended to (a) describe the trading restrictions and reporting requirements imposed upon you by law as a result of your position within the Corporation, (b) outline LAB Research’s trading policy for Designated Persons and, (c) outline LAB Research’s Trading Policy for other employees.

## **1. INSIDER TRADING**

As a LAB Research officer or a LAB Research director, you are considered, for securities law purposes, to be in a “special relationship” with LAB Research. As a result of your position, you may have access to confidential information that is not available to the general public. It is illegal for persons in a special relationship with a public company to purchase or sell securities of that company with knowledge of material information before the material information has been generally disclosed. It is also illegal to “tip” or inform another person, other than in the necessary course of business, of material information before the information has been generally disclosed.

In some circumstances, you might also be considered to be in a “special relationship” with a company with which LAB Research has business dealings. If, for example, you were privy to non-public material information regarding the potential acquisition by LAB Research of another public company, you would be prohibited from trading in securities of the target company until the information had been generally disclosed.

Additional persons who are considered to be in a special relationship with LAB Research include your spouse, children and other relatives residing in your home. Accordingly, they are prohibited from trading in LAB Research’s securities if they are in possession of undisclosed, material information about the Corporation. Similarly, they may not pass that information along to another party.

## **2. MATERIAL INFORMATION**

“Material Information” is any information relating to the business and affairs of LAB Research that results in, or would reasonably be expected to result in, a change in the market price or value of the Corporation’s securities. Information is material if a reasonable investor would consider it to be important in deciding whether to buy, sell or hold shares of the Corporation. Examples of such information would include:

- (i) a significant acquisition, disposition or merger involving LAB Research;
- (ii) a new issue of securities or a significant change in LAB Research’s capital structure;
- (iii) a change in corporate structure, such as reorganizations, amalgamations, etc.;
- (iv) take-over bids or issuer bids;
- (v) a change in LAB Research’s dividend policy;
- (vi) a significant change in LAB Research’s lending arrangements;
- (vii) development of new products and developments affecting the company’s resources, technology, products or market;
- (viii) a significant change in expected earnings or revenues;
- (ix) entering into or loss of significant contracts;
- (x) major operational events or incidents;
- (xi) changes in capital investment plans or corporate objectives;
- (xii) significant changes in management;
- (xiii) significant litigation;
- (xiv) major labour disputes or disputes with major contractors or suppliers;
- (xv) events of default under financing or other agreements;
- (xvi) any significant issues with material suppliers.
- (xvii) the execution of any contract which will materially impact the corporation

This list is not intended to be exhaustive.

## **3. INSIDER TRADING REPORTS**

Also, if you are a director or officer of LAB Research, you are also an “insider” of LAB Research under securities legislation. Accordingly, if you acquire, dispose of, or otherwise make a change in your ownership of securities of LAB Research, you must complete an Insider Trading Report and file same with the securities regulatory authorities in the relevant Provinces and Territories in Canada within ten (10) days of the transaction.

The reports are not filed in the United States. However, insiders who are residents of the United States and other countries where LAB Research operates are required to file the reports in Canada.

You must report trades in shares you hold directly or indirectly (e.g. through a trust, holding or investment company) and shares over which you exercise control or direction, either by virtue of family relationships (e.g. young children) or agreement.

The obligation to file the report rests with the individual and not the Corporation. Until further notice, however, the Compliance Officer (as defined herein below) will arrange the filing of reports on your behalf and therefore must be informed of any transactions on a timely basis. All insiders have been notified of the procedures for reporting transactions to the Compliance Officer in a separate communication, but if you require further information, please send your inquiries to the Compliance Officer.

If you elect to file an Insider Report directly, you must provide a copy to the Compliance Officer at the time of filing.

Note, however, that family members are not required to file Insider Trading Reports, which are discussed above.

#### **4. PENALTIES**

Violation of the insider trading rules, i.e., trading when you have undisclosed, material information about the Corporation, can result in significant monetary penalties and/or imprisonment. You may be liable to compensate a person who suffered a loss as a result of the transaction and may be accountable to the Corporation for any profit you made on the trade.

Failure to file an Insider Trading Report can also result in significant monetary penalties and/or imprisonment.

#### **5. TRADING GUIDELINES FOR DESIGNATED PERSONS**

The following guidelines apply to all directors, senior managers and certain other employees to whom a notice of designation of applicability of these guidelines will have been sent by the Compliance Officer. It is not always clear whether information would be considered to be material or what the market's reaction to certain information would be. Because of this uncertainty, it is possible that you might be found, with the benefit of hindsight, to have improperly traded on inside information. It may also be difficult for you to prove that you were unaware of the existence of certain information if you are regularly in a position to have access to inside information.

It is also important to recognize the frequency with which LAB Research is involved in acquisitions and other significant transactions.

The trading guidelines that follow are designed to ensure that LAB Research and its directors, its most senior employees and certain other employees likely to be in possession of undisclosed material information are seen at all times to be acting in an exemplary manner and to ensure that neither the Corporation nor its management is ever unwittingly faced with an embarrassing situation.

##### **5.1 Quarterly Blackout Periods**

A blackout period will be in effect from and including the first day subsequent to the end of a fiscal quarter until 48 hours following the release of the Corporation's

quarterly and year-end financial results. During this period, you may not trade in LAB Research's securities.

## **5.2 Pre-Clear Trades with the Compliance Officer**

The Board of Directors of the Corporation shall appoint from time to time an officer of the Corporation (hereinafter referred to as the "Compliance Officer"), or in his absence, another member of the Corporate Governance Committee (the "Corporate Governance Committee"), who shall be responsible for applying this policy.

Any Designated Person is requested to ask the Compliance Officer for an opinion prior to trading in the Corporation's securities. The request submitted to the Compliance Officer shall contain sufficient information to enable him or her to rule on the sole basis of the request. The Compliance Officer shall respond to the person making the request promptly after receiving it. There may be occasions where you will be advised that you cannot trade until further notice. In special circumstances, the Corporate Governance Committee may need to meet in order to discuss a specific request.

## **5.3 Post Press Release**

In the event that LAB Research issues a press release disclosing material information, you are prohibited from trading in the Corporation's securities from the occurrence of the material event to be disclosed and for a period of 48 hours following the release.

## **5.4 No Short-Term Transactions**

The Corporation expects the Designated Persons to avoid speculative transactions aimed at short-term profits. You may not sell short, purchase put options or sell call options on LAB Research's securities.

## **5.5 No Standing Orders**

In order to avoid inadvertent conflict with this Policy, you are strongly urged to not place standing selling or purchase orders with a broker.

## **5.6 Communications and Quiet Period**

Any communications with the media, investors or analysts must be directed to the Compliance Officer or one of the members of the Corporate Governance Committee. This is particularly important during the Corporation's "quiet period", which begins on the first day subsequent to the end of a fiscal quarter and continues until the release of the Corporation's financial results. During this period, the Corporation exercises particular caution with respect to public statements regarding the Corporation's financial results and prospects.

## **5.7 Disclosure, Transaction**

Any director, officer or employee of the Corporation or any of its subsidiaries who is or feels obliged to communicate privileged information in connection with a particular transaction binding the Corporation or any of its subsidiaries shall, prior to disclosing such privileged information, determine with the CEO or, in his absence, with the CFO and with the support of the Compliance Officer, if required, the circumstances, nature and scope of the disclosure that may be made.

## **5.8 Limited Group**

The negotiation of any transaction binding the Corporation or any of its subsidiaries and likely to affect the market prices or values of the Corporation's securities shall be brought only to the attention of persons who are to participate therein and shall be restricted to the most reasonably limited group of persons, to whom it must be explained that since the information concerned is privileged information, they become persons contemplated by this policy.

## **5.9 Duty of Loyalty**

Moreover, this policy pertains to "insider transactions" as governed by the Securities Act. It shall not cause directors, officers or employees of the Corporation to lose sight of the fact that they also have general duties of loyalty toward the Corporation, pursuant to the general principles of civil and corporate law, prohibiting them from using on their behalf any information, whether privileged or not, which they obtain, as the case may be, by reason of their duties or in the performance of their mandates or work.

## **5.10 Warning**

This policy is neither perfect nor exhaustive. Its purpose is to assist the persons concerned to comply with the above-mentioned statutory provisions. The Corporation cannot guarantee to anyone that the mere fact of complying with this policy shall have the effect of precluding any contravention of such provisions and is discharged from any liability in such respect. When in doubt, the person concerned is requested to consult his own legal adviser, at his expense.

Given the importance of LAB Research's reputation in the marketplace and the need to ensure that all of our investors are on equal footing with respect to material information concerning the Corporation, it is important that act prudently. If you are in doubt as to whether a particular trade would violate these guidelines, you should refrain from trading or seek clarification on this Policy from the Compliance Officer.

## **6. TRADING GUIDELINES FOR ALL OTHER EMPLOYEES**

If you are not a director, senior manager or employee who has received a notice of designation of applicability of the guidelines in Section 5 above, you are less likely to come across undisclosed material information with respect to the Corporation in your daily activities. For this reason, the less onerous trading guidelines set forth below will be applicable to you. Please note that should you become aware of undisclosed material information with respect to the affairs of the Corporation of the type referred to under Section 2 above, you are to refrain from trading in the Corporation's securities notwithstanding that the specific guidelines below do not prohibit trading.

A blackout period will be in effect from and including the first day subsequent to the end of a fiscal quarter until 48 hours following the release of the Corporation's quarterly and year-end financial results. During this period, you may not trade in LAB Research's securities.

Quarterly blackout periods will also be posted periodically.

In addition to the regular quarterly blackout periods, the Corporation may also impose ad hoc blackout periods by reason of impending corporate developments which may constitute material undisclosed information. When these ad hoc blackout periods are issued, you will receive an e-mail from the Compliance Officer announcing the start of the ad hoc blackout period and a further e-mail announcing the end of such ad hoc blackout period. During these periods, you may not trade in LAB Research's securities.

## **7. REQUEST FOR RELIEF**

Should you need to trade in LAB Research's securities during any quarterly blackout period or ad hoc blackout period for personal reasons, you may apply for a special waiver of the trading ban to the Compliance Officer.