

**CARDIOL THERAPEUTICS INC.
CONFIDENTIALITY AND DISCLOSURE POLICY**

Objectives and Scope of Policy

The officers and directors of Cardiol Therapeutics Inc. (“**Cardiol**” or the “**Corporation**”, which terms shall include any subsidiaries of the Corporation) are responsible for ensuring that the Corporation meets its public reporting obligations and will encourage each other, all employees, consultants, contractors, agents and other influential persons (as such term is defined in applicable securities legislation) to convey any significant undisclosed information to them. The objective of this disclosure and confidentiality policy (the “**Policy**”) is to provide guidance to ensure that:

1. all material information is disclosed publicly on a timely basis;
2. reasonable investigation occurs to reduce the risk of material misrepresentations and material undisclosed information;
3. prompt corrected disclosure is made if material information is undisclosed or if material misrepresentations are known to have been made publicly; and
4. non-publicly disclosed information remains confidential.

For the purpose of this Policy, “material undisclosed information” includes information not previously disclosed as well as corrective action with respect to known material misrepresentations.

The Policy extends to all employees, officers, directors, experts and any consultants (within the meaning of National Instrument 45-106 – *Prospectus Exemptions*) working on behalf of the Corporation.

This Policy documents the disclosure policies and practices of Cardiol and aims to promote an understanding of the legal requirements among the Corporation’s directors, officers and employees.

This Policy is also intended to assist the Chief Executive Officer and Chief Financial Officer in making certifications required under National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“**NI 52-109**”) and the *United States Securities Exchange Act of 1934*, as amended, and to assist any director or officer of the Corporation in the conduct of the reasonable investigation required to provide a defense to any action against such director or officer based on a misrepresentation or failure to make timely disclosure.

The Policy covers, without limitation, disclosures in documents filed with or furnished to the securities regulators, written statements made in the Corporation’s annual and quarterly reports, news releases and other communications to shareholders, presentations by senior management, information contained on the Corporation’s web site and other electronic communications. It also extends to oral statements made in meetings and telephone conversations with analysts, institutional and individual investors, market professionals and shareholders, interviews with the media, speeches, industry conferences, press conferences and conference calls and any other public disclosures reasonably expected to affect the market price of the Corporation’s securities or influence a reasonable investor’s decision to buy, sell or hold those securities (collectively, the “**Disclosure Statements**”).

It is important to understand that any statement made by the Corporation or a representative of the Corporation, whether contained in a formal mandated report or an informal communication, may be subject to applicable securities laws where such statement could reasonably be expected to affect the market price of the Corporation’s securities or influence a reasonable investor’s decisions regarding those

securities.

This means that if the statements made by the Corporation or its representative are found to be misleading, the Corporation, as well as the persons involved in the making of the misleading statement, may be subject to enforcement action by securities regulatory authorities or civil action. Statements can violate securities rules by being either untrue or misleading, including being misleading as the result of omitted information.

Statements made by persons not formally designated as Corporation spokespersons may be viewed as made on behalf of the Corporation. Therefore, all persons governed by this Policy as described above must familiarize themselves with this Policy and comply with it.

Relevant Policies

This Policy should be read in conjunction with the Corporation's Code of Conduct and Ethics and the Corporation's Insider Trading Policy. Copies of the Code of Conduct and Ethics and the Insider Trading Policy may be obtained from the Corporation's Chief Financial Officer or at www.cardiolrx.com/investors/corporate-governance.

Definition of Material Information

Various sections of this Policy refer to the term "material information". For the purposes of this Policy, material information refers to any information relating to the business and affairs of the Corporation and its subsidiaries that (i) results in, or would reasonably be expected to result in, a significant change in the market price or the value of any of the Corporation's listed securities, or (ii) would influence a reasonable investor's decisions regarding those securities.

The Corporation's Disclosure Committee (described below), with assistance from outside advisors and ultimately stock exchange market surveillance, will determine whether or not information is material. Those governed by this Policy should not bear the burden of assessing materiality and should therefore bring all undisclosed information that they believe may be "material information" to the attention of the Disclosure Committee.

Disclosure Committee

The Corporation has established a Disclosure Committee to assume responsibility for the Corporation's disclosure practices. The members of the Disclosure Committee are the President and Chief Executive Officer, Chief Financial Officer and Director of Finance, and any other officers who may be appointed from time-to-time as members of the Disclosure Committee.

The purpose of the Disclosure Committee of the Corporation is to:

- Establish, under the supervision and at the direction of the Chief Executive Officer and Chief Financial Officer, controls and other procedures that are designed to ensure and effective in ensuring that (i) information required to be disclosed by the Corporation in the reports it files or submits under all applicable securities laws and stock exchange requirements and other information that the Corporation may disclose to the public is recorded, processed, summarized and reported accurately and in a timely manner and (ii) information required to be disclosed by the Corporation in the reports that it files or submits under all applicable securities laws and stock exchange requirements is accumulated and communicated to the Corporation's management, including the Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure;

- Evaluate the materiality of information and events relating to or affecting the Corporation and determine the timing and appropriate method of disclosure of information deemed material;
- Educate the Corporation's directors, officers and certain employees about disclosure issues and this Policy;
- Review and authorize disclosure (including electronic, written and oral disclosure) in advance of its public release, in accordance with this Policy; and
- Undertake any other duties or responsibilities as the Chief Executive Officer or Chief Financial Officer may from time to time prescribe.

The mandate of the Disclosure Committee is set out in Appendix A to this Policy.

The Disclosure Committee shall have full access to all Corporation books, records, facilities, and personnel. The Committee may adopt policies and procedures for carrying out its responsibilities. The Committee shall meet as frequently as circumstances dictate and shall maintain a record of meetings held. The Committee may, in its sole discretion and at the Corporation's expense, retain outside advisors to assist with the performance of its duties.

The Disclosure Committee will report to the Corporate Governance and Compensation Committee of the Board of Directors on an annual basis on the effectiveness of this Policy and, if appropriate, recommend changes to improve effectiveness and/or to comply with changing regulatory requirements.

Disclosure Responsibilities

Corporation Spokespersons

In order to prevent unauthorized disclosure of material information and to ensure that a consistent message is delivered by the Corporation, the Corporation has designated authorized spokespersons responsible for communications with the financial community, investors, shareholders, regulators and the media. The Corporation's authorized spokespersons are:

- Chief Executive Officer;
- Chief Financial Officer; and
- Specific persons as may be designated from time to time by the Chief Executive Officer.

Employees and directors who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries should be referred to one of the designated spokespersons. Any inquiries from the financial community, investors, shareholders and trade or other media shall be referred to the Chief Financial Officer.

Disclosure Regarding Internal Control Over Financial Reporting and Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR"), as those terms are defined in NI 52-109 and in compliance with the requirements of the *United*

States Sarbanes-Oxley Act of 2002 and the rules adopted thereunder, in the Corporation's annual and interim filings.

The Chief Executive Officer and Chief Financial Officer must certify for interim and annual filings that they have:

- (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - (i) material information relating to the issuer is made known to them by others, particularly during the period in which the interim filings are being prepared; and
 - (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (b) designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Chief Executive Officer and Chief Financial Officer must certify for annual filings that they have:

- (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and
- (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A
 - (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and
 - (ii) for each material weakness relating to operation existing at the financial year end
 - (A) a description of the material weakness;
 - (B) the impact of the material weakness on the issuer's financial reporting and its ICFR; and
 - (C) the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness.

Disclosure Controls and Procedures

The Disclosure Committee shall establish specific controls and procedures (the "**Disclosure Controls and Procedures**") and timetables which shall be adhered to by Cardiol and its employees for the preparation of all Disclosure Statements, and, wherever practicable, their review by such personnel, the auditors and external legal counsel, as the Disclosure Committee may determine and, ultimately their dissemination in compliance with this Policy. In addition to review of all Disclosure Statements, the Disclosure Committee may employ questionnaires to directors and officers, formal or informal due diligence sessions, certifications of officers and other employees and involvement of experts. The

Disclosure Committee may elect to, at any time, adopt controls and procedures that are different than those which have been previously established, provided that such controls and procedures are, in the opinion of the Disclosure Committee, satisfactory to ensure that Disclosure Statements are disclosed in compliance with this Policy.

The Disclosure Controls and Procedures will involve the following:

- identification of all continuous disclosure requirements under securities laws, rules and policies applicable to Cardiol.
- identification of the individuals responsible for preparing reportable information and individuals, whether internal or external, responsible for reviewing reports or portions of reports to verify disclosure made with respect to their areas of responsibility or expertise.
- establishment of timetables for the preparation and adequate review of reportable information.
- procedures for obtaining "sign-off" on disclosure of reportable information and receipt of written consents from all experts whose reports are included or referred to in any disclosure.
- procedures for the identification and timely reporting to the Disclosure Committee of information which may constitute material information or which may constitute a material change to previously disclosed material information, including the identification of individuals who are likely to learn first about events outside the control of Cardiol that may give rise to material information.
- procedures for the identification and reporting to the Audit Committee of the board of directors of any fraud, whether or not material, that involves management or other employees who have a significant role in Cardiol's internal controls.
- ensuring the procedures are followed with respect to the release of each disclosure made in writing and for the review of any disclosure made orally.
- ongoing evaluation of Cardiol's disclosure controls and procedures.

Disclosure Guidelines

Immediate Disclosure

Disclosure shall be made without delay when material information becomes known or when it is apparent that the known information is material based on reasonable investigation. Immediate release is necessary to ensure that it is promptly available to all investors, to reduce the risk of selective disclosure, and to reduce the risk of persons with access to the information acting upon undisclosed information.

Extent of Disclosure

Disclosure must include all relevant information and must not omit any information that would make the rest of the disclosure misleading.

Both favourable and unfavourable information must be disclosed in the same timely and accurate manner. Reluctance or refusal to release unfavourable information or an attempt to disguise it may give rise to liability and endangers the integrity of the information and the Corporation's reputation. Changes in accounting methods to mask unfavourable information will have similar detrimental effects.

Disclosure of Intended Corporate Actions

Many developments must be disclosed before an event actually occurs, if the development itself gives rise to material information. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been taken by the Board of Directors or by senior management, with the expectation of concurrence from the Board of Directors. Updates with respect to intended corporate actions should be announced periodically when deemed appropriate by the Disclosure Committee until the intended event actually occurs, unless the original announcement indicates that an update will be disclosed on another indicated date. In addition, prompt disclosure is required of any material change to the proposed transaction or to the previously disclosed information.

While material information must be released immediately, judgment must be exercised as to the timing and propriety of news releases concerning corporate developments to avoid the potential for misleading or premature disclosure. Announcements of an intention to proceed with a transaction or activity should not be made unless the Corporation has the ability to carry out its intent (even though proceeding may be subject to contingencies).

Information Updates

Prompt disclosure shall be made of significant changes to previously disclosed material information where the information becomes misleading as a result of subsequent events. If information was true at the time of its release but subsequently changes without becoming misleading, no updates are required, but may be warranted depending on the circumstances.

No Selective Disclosure

It is against the law, and contrary to Corporation policy, for any person acting on behalf of the Corporation to selectively disclose material, non-public information to securities professionals (including, for example, buy and sell-side analysts, institutional investment managers and investment companies), investors in the Corporation or other persons under circumstances where it is reasonably foreseeable that the investor may be likely to trade on the basis of such information, unless the information is simultaneously disclosed to the public generally.

There must be no selective disclosure of material information to third parties. If selective disclosure inadvertently occurs, the information shall be disclosed immediately to the public by issuing a press release and making any required filings under applicable securities laws. Pending such disclosure, the Corporation shall contact the Investment Industry Regulatory Organization of Canada (“**IIROC**”), or such other applicable market surveillance regulatory organization and, if necessary, request that trading in the Corporation’s securities be halted.

Notification of Market Surveillance

If required or if otherwise applicable in the circumstances, the Disclosure Committee shall supply an advance copy of news releases to IIROC, or such other applicable market surveillance regulatory organization prior to their dissemination.

Press Releases and Related Matters

Subject to the other requirements of this Disclosure Policy, once the Disclosure Committee determines that a development is material, it will authorize the issuance of a news release, unless the Disclosure Committee determines that such development should remain confidential for a period of time, in which case, if permitted under applicable laws, appropriate confidential filings will be made and controls of that

inside information will be instituted. Should material undisclosed information be inadvertently disclosed on a selective basis, the Corporation will issue a news release as soon as practicable in order to fully disclose that information. Pending the public release of any such material information, the parties who have knowledge of the information should be advised that the information is material and has not been generally disclosed.

Announcements of material information should be factual and balanced, neither over-emphasizing favourable news nor under-emphasizing unfavourable news. News releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of the information.

If any stock exchange upon which the Corporation's securities are listed is open for trading at the time of a proposed announcement, the Corporation will endeavour to provide prior notice of a news release announcing material information to the market surveillance division of the exchange to enable market surveillance to determine if a trading halt is in order. If a news release announcing material information is issued outside of trading hours, the Corporation will endeavour to provide notice to market surveillance before the news release is issued.

All other information of which Cardiol is required to notify any stock exchange on which its securities are traded by the rules of such stock exchange shall be given to the applicable stock exchange on a timely basis.

News releases containing guidance and financial results will be reviewed by the Audit Committee prior to issuance. News releases concerning financial results will be publicly released as soon as practicable following board approval of the applicable press release and related financial statements.

News releases will be disseminated through an approved news wire service that provides simultaneous national distribution. News releases will also be posted on the Corporation's website after release over the news wire.

All disseminated news releases will be filed on SEDAR and posted on the Corporation's website and delivered to employees via e-mail. In the event the Corporation is a reporting issuer under the *United States Securities Exchange Act of 1934*, as amended, all such news releases shall be promptly furnished to the Securities and Exchange Commission under cover of Form 6-K.

The Corporation must file a Material Change Report on SEDAR concerning any material change as soon as practicable and in any event within ten days of the date on which the change occurs. All material information (i) filed by the Corporation on SEDAR, (ii) filed with any stock exchange on which the Corporation's securities are traded and made public by the applicable exchange, or (iii) distributed to the Corporation's securityholders, shall be furnished to the United States Securities and Exchange Commission under cover of Form 6-K.

Conference Calls

Conference calls may be held to enable management to discuss quarterly earnings and major corporate developments. Conference calls shall be simultaneously accessible to all interested parties, whether they actively participate by telephone, or merely listen in by telephone or through an Internet webcast. Each such call will be preceded by a news release setting out relevant material information. At the beginning of the call, a spokesperson of the Corporation will provide appropriate cautionary language respecting any forward-looking information, and will direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties. In advance of a conference

call or industry conference call, to the extent practicable, the Corporation will endeavour to script comments and responses to anticipated questions to identify material information that should be publicly disclosed and will limit comments and responses to non-material information and material information that has previously been publicly disclosed.

The Corporation will provide advance notice of any conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, the Corporation may invite analysts, institutional investors, the media and other interested parties to participate. A tape recording of the conference call and/or an archived audio webcast will be made available for a minimum of 72 hours following the call.

The Disclosure Committee may hold a debriefing meeting immediately after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information, will immediately disclose such information broadly via news release, and otherwise comply with any applicable securities laws related thereto.

Delaying Disclosure of Material Information

Despite any statement to the contrary in this Policy, in certain circumstances, the Disclosure Committee may determine that the disclosure of material information may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the Corporation or would prejudice the ability of the Corporation to pursue its legitimate corporate objectives, such as:

- where a release would prejudice the ability to pursue specific and limited objectives or to complete a transaction that is under way (e.g., mergers and acquisitions);
- where disclosure would provide competitors with confidential corporate information that would be of significant benefit to them, if the detriment resulting from disclosure would outweigh the detriment to the market in not having access to the information (e.g., a decision to release a new service or details on its features might be withheld, unless available to competitors from other sources); and
- where disclosure of ongoing negotiations would prejudice successful completion; if the situation is likely to stabilize within a short period, disclosure may be delayed until a definitive announcement can be made.

In such circumstances, the Disclosure Committee will cause a confidential material change report to be filed with the applicable Canadian securities regulators and will periodically (at least every 10 days) review its decision to keep the information confidential. In addition, the Disclosure Committee will inform the Chairman of the Board of its decision prior to the filing of such report. It is a policy of the Toronto Stock Exchange (“TSX”) that withholding material information on the basis that disclosure would be unduly detrimental must be infrequent and can be justified only where the potential harm to the Corporation or to investors caused by immediate disclosure may reasonably be considered to outweigh the unfavourable consequences of delaying disclosure. TSX discourages delaying disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.

Under the NASDAQ Stock Market LLC (“NASDAQ”) rules, under unusual circumstances the Corporation may not be required to make public disclosure of material events, such as where it is possible to maintain confidentiality of those events and immediate public disclosure would prejudice the ability of the Corporation to pursue its legitimate corporate objectives. However, the Corporation remains obligated to disclose this information to NASDAQ upon request.

Where disclosure of a material change is delayed, the Corporation must maintain complete confidentiality. During the period before a material change is disclosed, market activity in the Corporation's securities should be carefully monitored. Any unusual market activity may mean that news of the matter has been leaked and that certain persons are taking advantage of it. If the confidential material change, or rumours about it, have leaked or appear to be impacting the price of the securities, the Corporation should immediately take steps to ensure that a full public announcement is made. This would include contacting the relevant stock exchange(s) and asking that trading be halted pending the issuance of a news release.

Where a material change is being kept confidential, persons with knowledge of the material change may not use such information in purchasing or selling its securities. Such information should not be disclosed to any person or Corporation, unless such disclosure is authorized by the Disclosure Committee or the Board and permitted by both Canadian and United States securities laws. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with the Corporation should be considered. Documents containing the material information should be marked as "Confidential".

Forward-looking Information

Should the Corporation elect to disclose "forward-looking information" or "forward-looking statements" (as such terms are defined in applicable Canadian and United States securities laws and as referred to together herein as "**FLI**") in Disclosure Statements the following guidelines will be observed:

- the information, if deemed material, will be broadly disseminated in accordance with this Disclosure Policy.
- the information will be published only if there is a reasonable basis for drawing the conclusions or making the forecast and projections and will be clearly identified as forward-looking.
- The Corporation will identify material factors and assumptions used in the preparation of the FLI.
- the information will be accompanied by meaningful cautionary statements and statements proximate to such information that identifies the information as FLI, states that actual results could differ materially from those contemplated in the FLI, and identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the FLI, which may include a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome.
- public oral statements also require a cautionary statement that actual results could differ materially and a reference to material factors and assumptions that could cause actual results to differ materially and that such factors or assumptions are contained in a readily available document.
- the information will be accompanied by a statement that disclaims the Corporation's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, The Corporation may issue a news release explaining the reasons for the difference; in such cases, it will update its guidance on the anticipated impact on production and distributions (or other key metrics).

If the Corporation provides material FLI or Future-Oriented Financial Information ("**FOFI**") (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**")), it will comply with the applicable provisions of NI 51-102 and the *United States Securities Exchange Act of 1934*, as

amended, with respect thereto, including in circumstances where actual results differ materially from the material FLI, any FOFI or financial outlook or if any material FLI is withdrawn.

Rumours

Rumours surrounding the Corporation may arise from time to time that may affect the Corporation's stock price. It is the Corporation's policy not to comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. Until the Corporation has conducted a reasonable investigation to ascertain whether there is validity to a particular rumour, the Corporation's spokespersons will respond consistently to those rumours, saying, "It is our policy not to comment on market rumours or speculation".

TSX and NASDAQ rules may require that the Corporation issue a clarifying statement or denial in response to rumours. Should TSX or NASDAQ request that the Corporation make a clarifying statement in response to a market rumour that is causing significant volatility in the stock, the Disclosure Committee will consider the matter and decide whether to make a Policy exception. If the rumour is true in whole or in part, the Corporation will immediately issue a news release disclosing the relevant material information.

Managing Expectations

If the Corporation will likely be reporting results materially below or above publicly held expectations in the near future, such as in the next fiscal quarter, the Disclosure Committee will consider disclosing this information in a news release. The Corporation will not confirm or express comfort on analyst earnings estimates (see "Reviewing Analyst Draft Reports and Models" below).

Contacts with Analysts, Investors and the Media

The Corporation will not disseminate material information at an analyst or shareholder meeting or a press conference unless the Corporation's announcement has been preceded by a news release.

The Corporation will not provide material non-public information to financial analysts and/or selected investors, except in accordance with applicable securities laws and unless a confidentiality agreement has been entered into with such financial analysts and investors, or to the media. The Corporation recognizes that meetings with analysts and significant investors are an important element of the Corporation's investor relations program. Material prepared for any such meetings should be circulated for review to all members of the Disclosure Committee prior to the meeting with a view to eliminating inadvertent selective disclosure and verifying the accuracy of any such materials. The Corporation will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy.

The Corporation will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information. The information disclosed by the Corporation must not result in inadvertent selective disclosure of material information. However, the Corporation is not prohibited from disclosing non-material information to an analyst or investor even if the analyst or investor has, through other sources, access to other information concerning the Corporation or the industry that together with the information disclosed by the Corporation is material undisclosed information about the Corporation. Note that the disclosure of information in small, non-material components may nevertheless result in inadvertent selective disclosure of material information if the non-material components considered in their totality would constitute material information.

The Corporation may maintain a "Frequently Asked Questions" section on its web site and will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts, investors and the media.

Reviewing Analyst Draft Reports and Models

Generally, the Corporation will not review analysts' draft research reports or models. However, in order to prevent dissemination of inaccurate information, the Corporation may, as necessary, review a report or model for the purpose of pointing out errors in fact based on publicly disclosed information. With respect to an analyst's estimates or projections, the Corporation's policy is not to comment on or question an analyst's assumptions unless they are not realistic in view of previously disclosed historical information or other publicly available information. The Corporation will not confirm, or attempt to influence, an analyst's opinions or conclusions and will limit its comments on the analyst's model and earnings estimates as described above. Under no circumstances should the designated spokesperson comment on any forecasts, projections or other forward-looking information contained in a draft analyst's report or model.

Distributing Analyst Reports

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by the Corporation of the report. For these reasons, the Corporation will not provide analyst reports through any means to persons outside of the Corporation, including posting such information on its web site. The Corporation may post on its web site a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Corporation. If provided, such list will not include links to the analysts' or any other third party web sites or publications.

The Corporation may distribute analyst reports internally to all staff, directors and senior officers, and to its financial and professional advisors.

Commentary on the Corporation's Stock Price

The Corporation, its employees and Board of Directors will not comment publicly on the value of the Corporation's securities. The Corporation must not provide any implicit or explicit recommendations to investors to trade in the Corporation's securities. There are many elements that impact the market price of the Corporation's stock, many of which the Corporation has little or no influence on. Accordingly, commentary on the Corporation's value of the Corporation's securities should be left to industry and financial analysts, institutional investors, financial media and other experts not engaged by the Corporation. The sole exception is in a Normal Course Issuer Bid or other stock repurchase program in which the Corporation would reasonably be asked to explain why it has decided to buy back its own shares.

Correcting Disclosure

Any director, officer or employee of the Corporation who believes that any public disclosure of the Corporation, including any documents released by Cardiol or any public oral statements, contains a misrepresentation in any material respect (by omission or otherwise) shall promptly notify a member of the Disclosure Committee of such misrepresentation, and the Disclosure Committee shall inform the Board and take appropriate steps to correct such misrepresentation promptly, and in any event within two business days. In addition, any director, officer or employee who has concerns about whether or not information is undisclosed material information, should contact a member of the Disclosure Committee in respect of such matter.

Quiet Periods

Refer to the Corporation's Insider Trading Policy.

Market Activity

During the period commencing when it is determined that the Corporation has an obligation to disclose material information until the time the material information is disclosed, market activity in the Corporation's securities will be closely monitored by the Disclosure Committee.

Distribution of Information during or in Anticipation of a Public Offering

The dissemination of material information prior to or during the course of any public offering is generally prohibited and, if made, must be carefully coordinated so that it cannot be viewed as "preparing" the market or "gun jumping". Care must also be taken to ensure that any information that is released during such period is consistent with the Corporation's prospectus or other offering documents. The Chief Financial Officer will co-ordinate the Corporation's disclosure during any such periods.

Maintaining Confidentiality

Any person subject to this Policy that is privy to confidential information concerning the Corporation is prohibited from communicating such confidential information to anyone else unless expressly authorized by the Chief Executive Officer and permitted by applicable Canadian and United States securities law. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential. With respect to material non-public information about the Corporation, persons subject to this Policy are prohibited from communicating such information to anyone inside or outside of the Corporation. For more information, please refer to the Corporation's Insider Trading Policy.

Outside parties privy to undisclosed material information concerning the Corporation will be told that they must not divulge such information to anyone else, and that they may not trade in the Corporation's securities until the information is publicly disclosed. Such outside parties may (or, if required under this Policy shall) also be asked to confirm their commitment to nondisclosure in the form of a written confidentiality agreement.

Procedures for Maintaining Confidentiality

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- Documents and files containing confidential information shall be kept in a safe place to which access is restricted to individuals who "need to know" that information and have executed any necessary confidentiality agreements (or are otherwise subject to a duty to maintain confidentiality), and code names should be used if necessary.
- Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.

- Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
- Transmission of documents by electronic means, such as by email or fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
- Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
- Access to confidential electronic data should be restricted through the use of passwords.

Exceptions to Confidentiality Requirements

There are circumstances where selective disclosure of material non-public information is required in order to enable the Corporation to complete certain transactions. Except for disclosure made to (i) employees, officers and directors of the Corporation (including, without limitation, experts, consultants, contractors and agents), (ii) to persons with a duty of trust or confidence to the issuer (such as an attorney, investment banker, or accountant) or (iii) credit rating agencies, in each case which shall be permitted, disclosure of material non-public information may be disclosed only to a person who expressly agrees to maintain the disclosed information in confidence. In such cases, the Corporation shall make clear to the recipient the confidential nature of the information and shall obtain the recipient's express undertaking not to disclose the information or engage in any trading in the Corporation's securities until the information has been publicly disclosed.

If the Corporation relies on an express oral undertaking, the Corporation will maintain a written record indicating:

1. when the undertaking was made and by whom; and
2. what information the undertaking covers.

Any confidentiality arrangements should remain in effect until the Corporation either determines that the information is not material non-public information or makes widespread dissemination of the material information.

Trading Restrictions and Black-out Periods

It is contrary to policy and illegal for anyone with knowledge of material information affecting the Corporation that has not been publicly disclosed to purchase or sell securities of the Corporation. Except as described above under "Exceptions to Confidentiality Requirements", it is also illegal for anyone to inform any other person of material non-public information. There are serious sanctions for these matters, including substantial fines and potential jail sentences in Canada and in the United States. Therefore, directors, officers and employees with knowledge of confidential or material information about Cardioli or counter-parties in negotiations of potentially material transactions are prohibited from trading securities of Cardioli or any counter-party until the information has been fully disclosed and a reasonable period has passed for the information to be widely disseminated. These restrictions are described in more detail in the Corporation's Insider Trading Policy, which applies to all employees, officers, directors, consultants, contractors and agents of Cardioli, and their respective "associates" and "affiliates" (as those terms are defined in the Corporation's Insider Trading Policy).

Trading black-out periods shall apply to those employees, officers, directors, experts, consultants, contractors and agents with access to material undisclosed information during periods when financial statements are being prepared but results have not yet been publicly disclosed. In addition, black-out periods may be prescribed from time to time as a result of special circumstances relating to the Corporation pursuant to which insiders of the Corporation would be precluded from trading in securities of the Corporation. These restrictions are described in more detail in the Insider Trading Policy.

Disclosure Record

The Chief Financial Officer will maintain for six years a file containing all public information about the Corporation, including, without limitation, all Disclosure Statements and any other continuous disclosure documents, filings with securities regulators, news releases, transcripts or tape recordings of conference calls. The Chief Financial Officer will also maintain a copy of all material back-up information relating to public disclosures and Disclosure Statements.

Web Site and Electronic Communications

This Policy also applies to electronic communications through the Corporation's web site, the Internet and email.

Web Site

The Corporation may supplement its distribution of material information through disclosures maintained on the Corporation's web site. However, disclosure on the Corporation's web site does not constitute adequate dissemination of material information. Any disclosure of material information on the Corporation's web site must be preceded by the issuance of a news release.

Appropriate disclaimers will be posted on the Corporation's web site and other steps will be taken to the effect that the disclosure of information on the Corporation's web site does not constitute an offering of securities contrary to any applicable securities laws or rules.

Investor relations material shall be contained within a separate section of the Corporation's web site and shall include a notice and reader disclaimer that advises the reader that the information may be superseded by subsequent disclosures. All data posted to the web site, including text and audio-visual material, shall show the date such material was issued. The minimum retention period for material corporate information on the web site shall be six years.

The Disclosure Committee shall implement and maintain a procedure for regularly reviewing the information on its web site for accuracy, completeness and currency. Press releases and securities filings shall be moved from the "current" to "historical" sections as time passes and the Corporation shall ensure that new releases are posted to the web site as material developments occur.

The Disclosure Committee must approve all links from the Corporation web site to a third party web site. Any such links will include a notice that advises the reader that he or she is leaving the Corporation's web site and that the Corporation is not responsible for the contents of the other site.

Participation in Chat Rooms or News Groups

Employees, officers, directors and consultants are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Corporation or its securities, with the exception of communications permitted under securities laws as authorized by the Disclosure Committee.

Inquiries

Any questions regarding the application of this Policy should be referred to the Chief Financial Officer.

Communication and Enforcement

This Policy will be provided to all employees, officers, directors, and consultants of the Corporation and its subsidiaries and those authorized to speak on the Corporation's behalf. A revised version of this Policy will be circulated to all such persons whenever changes are made.

Any employee, officer, director, expert, consultant, contractor or agent who violates this Policy may face disciplinary action up to and including termination of his or her employment or position with the Corporation without notice. The violation of this Policy may also violate certain securities laws. If it appears that an employee, officer, director, expert, contractor, consultant or agent may have violated such securities laws, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

APPENDIX A – DISCLOSURE COMMITTEE MANDATE

The Disclosure Committee is responsible:

1. to review, on an ongoing basis, Cardiol's Disclosure Policy to ensure that it addresses the Corporation's principal business risks, changes in operations or structure, and facilitates compliance with applicable legislative and regulatory reporting requirements.
2. for implementation of this Policy and the education of employees, officers and directors, experts, contractors, consultants and agents on matters related to this Policy and promoting an environment that encourages disclosure (e.g. employees must not anticipate being dismissed for disclosing that they have made a misrepresentation but rather should receive positive feedback for promptly informing the Disclosure Committee of the misrepresentation);
3. to assist the President and Chief Executive Officer and the Chief Financial Officer in designing, establishing and maintaining controls and other procedures that are designed to ensure that (i) information required to be disclosed by the Corporation to securities regulatory authorities and other written non-reportable information that the Corporation voluntarily discloses to the investment community and the public is recorded, processed, summarized and reported accurately on a timely basis, (ii) financial information disclosed by the Corporation fairly presents in all material respects the financial condition of the Corporation, and (iii) information is accumulated and communicated to the Corporation's management, including its principal executive officer and principal financial officer, in a manner that allows timely decisions regarding required disclosure ("**Disclosure Controls and Procedures**");
4. for monitoring the integrity and effectiveness of the Corporation's Disclosure Controls and Procedures and Disclosure Policy on an ongoing basis;
5. for reviewing and supervising the preparation of the Corporation's (i) financial statements, MD&A and all related financial reports, annual information forms, annual reports, management proxy circulars, material change reports, and all other reports and statements filed by the Corporation pursuant to securities legislation, regulations and rules, (ii) press releases and other communications to shareholders and the public, (iii) presentations to analysts, the investment community, rating agencies and lenders, and (iv) information to be included on the Corporation's web site or otherwise electronically communicated to the public (collectively, the "**Disclosure Statements**");
6. for maintaining written records of the Disclosure Controls and Procedures followed in connection with the preparation, approval and dissemination of the Disclosure Statements;
7. under the direction of the President and Chief Executive Officer and the Chief Financial Officer, to direct and supervise an annual evaluation of the effectiveness of the Corporation's disclosure controls and procedures; and
8. for making any required communications or disclosures, through the Corporation's authorized spokespersons, (i) to applicable regulatory authorities, including applicable securities regulatory authorities and stock exchanges, regarding disclosure of material information, unusual market activity or non-compliance with the corporate governance requirements of applicable securities regulatory authorities and stock exchanges, and (ii) to the public regarding any notification of deficiency from applicable securities regulatory authorities and stock exchanges.
9. for monitoring the disclosure made on the Corporation's website.