ACT AURORA CONTROL TECHNOLOGIES CORP.

CORPORATE GOVERNANCE POLICY

December 2011

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STATEMENT OF CORPORATE GOVERNANCE

Corporate governance refers to the processes and structures used to direct and manage the business and affairs of a company. Corporate governance processes and structures define the division of authority and responsibilities among the shareholders, the board of directors and the management of a company and establish accountability.

The board of directors (the "Board") of ACT Aurora Control Technologies Corp. and its subsidiaries (collectively, the “Company”) encourages sound corporate governance practices designed to promote the well being and ongoing development of the Company, having always as its ultimate objective the best long term interests of the Company and the enhancement of shareholder value. The Board believes that sound corporate governance benefits the Company's employees and communities in which the Company operates.

In order to fulfill the objectives referred to above, the Board has adopted this Corporate Governance Policy (the "Policy") and established a Corporate Governance Committee to ensure the practices and procedures described in the Policy are complied with.

The Board is of the view that the policies and procedures described in this Policy are comprehensive and consistent with the guidelines for improved corporate governance in Canada as adopted by the TSX Venture Exchange (the "TSXV") as well as the proposed policies of various securities regulatory authorities in Canada.

DIRECTORS AND OFFICERS OF THE COMPANY

Board of Directors of the Company

The directors of the Company are as set forth below:

Name	Unrelated	Independent
Gordon Deans	No	No
D. Grant Macdonald	No	No
David Toyoda	No	Yes
Michael Heaven	Yes	Yes

Pursuant to the policies of the TSXV, an "unrelated director" is defined as a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests arising from shareholdings.

Pursuant to National Policy 58-201, an "independent director" is defined as a director who has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, reasonably interfere with exercise of the director's independent judgment.

Officers of the Company

The officers of the Company are as set forth below:

Name	Position Held
Gordon Deans	President and Chief Executive Officer
D. Grant Macdonald	Chief Financial Officer
Stephen Blaine	Vice-President, Engineering
Shirley Kancs	Secretary

THE BOARD OF DIRECTORS

Mandate of the Board

The Board oversees the management of the Company's affairs directly and through its committees. In doing so, the Board acts at all times with a view to the best interests of the Company and its shareholders. The responsibilities of the Board and each Committee of the Board are set out in written mandates and reviewed and approved annually.

In fulfilling its mandate, the Board is, among other matters, responsible for: (1) reviewing the Company's overall business strategies and its annual business plan; (2) reviewing the principal risks of the Company's business to ensure that these risks are within acceptable limits and appropriate systems are in place to manage these risks; (3) reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; (4) appointing the Chief Executive Officer and other members of senior management and reviewing succession planning; (5) assessing management's performance against approved business plans and industry standards; (6) reviewing and approving the reports issued to shareholders, including annual and interim financial statements; (7) ensuring effective operation of the Board; and (8) safeguarding shareholders' equity interests through the utilization of the Company's capital resources.

Independence of the Board

The Board will be constituted with at least a majority of directors who qualify as "unrelated directors" and a majority who qualify as "independent directors", as those terms are defined in the Policy. If the Company has a significant shareholder (i.e. holding 50% or more of the votes), the Board will be constituted with a number of directors who do not have interests in or relationships with either the Company or the significant shareholders and which fairly reflects the investment in the Company by shareholders other than the significant shareholders.

The Chair of the Board will be an independent director. Where this is not appropriate, an independent director may be appointed to act as "lead director".

Board Meetings

The Board will, on or before each annual general meeting of the shareholders of the Company, adopt a timetable of meetings of the Board for the following year. The Board meets at least once each quarter, with additional meetings held when appropriate. In advance of each Board meeting each of the directors will be provided with a notice setting out the items to be addressed at the meeting and the materials to be reviewed at the meeting. Other than the Secretary of the meeting, legal counsel to the Company and designated observers, persons who are not directors will not attend closed sessions of the meetings of the Board.

The "independent directors" will meet in separate regularly scheduled executive sessions at which members of management of the Company are not in attendance.

Decisions and Transactions Requiring the Approval of the Board

Certain decisions and transactions of the Company must receive the approval of the Board prior to becoming executed. The CEO and his management team may not proceed with any of the following transactions without the prior approval of the Board or a Committee of the Board that has been delegated the requisite authority:

- approval of the annual and quarterly financial statements;
- approval of the annual budget;
- approval of the annual business plan;
- any equity or debt financing, other than debt incurred in the ordinary course of business;
- any material strategic alliance, partnership or the establishment of a contractual relationship, outside of the Company's business plan;
- acquisition and assignment of material assets (including fixed assets), outside of the Company's business plan;
- the creation of subsidiaries;
- payment of dividends;
- approval of proxy solicitation material;
- any issuance or redemption of securities by the Company;
- making expenditures or borrowing in excess of $50,000 outside of the annual budget;
- entering into any guarantee or other arrangement such that the Company is contingently bound, financially or otherwise, in excess of $50,000, other than pursuant to product guarantees;
- determining the salary, bonus and all other compensation paid to the CEO;
- initiating or defending any material law suits or other legal actions;
- entering into any engagements with lawyers or accountants where the fee is likely to exceed $50,000 per annum; and
- transactions involving management of the Company and any of its subsidiaries (e.g. loans, advances, etc.).

The CEO will submit to the Board an annual budget and operating plan for each upcoming fiscal year of the Company and have the annual budget and operating plan submitted to, and approved by, the Board prior to the start of that fiscal year.

Recruitment, Orientation and Training of Directors

The Corporate Governance Committee will identify and recommend candidates for election to the Board. The recruitment of members of the Board is based upon the capabilities and experience of the candidates in relation to the needs of the Company. The Board will ensure that all new members of the Board receive a comprehensive orientation. The Board will further ensure that all directors are provided with continuing educational opportunities, so that individuals may maintain or enhance their skills and abilities as directors as well as to ensure their knowledge and understanding of the Company's business remains current.

Assessment of the Board

The Corporate Governance Committee will carry out an annual review of the effectiveness of the Board as a whole and of each director's contribution to the Board and will provide such information to the directors for their review.

Position Descriptions

The Board will, together with the CEO, develop position descriptions for the members of the Board and the CEO, including the definition of the limits to management's responsibilities.

Engagement of Outside Advisors

Individual directors concerned about their own personal liability or who wish to dissent to certain actions of the Board are entitled, with the prior approval of the Corporate Governance Committee, to engage outside advisors at the expense of the Company.

Code of Business Conduct

The Board has adopted a code of Business Conduct (the "Code"), a copy of which is attached hereto as Schedule "A", for the directors, officers and employees of the Company and its wholly-owned subsidiaries. It has always been the policy of the Company that all of its activities be conducted with the highest standards of honesty and integrity and in compliance with all legal requirements. This Code is reviewed annually by the Board.

COMMITTEES

The Board believes that Committees of the Board assist in the effective functioning of the Board.

The Board may, from time to time, designate one or more Committees, each Committee to consist of one or more of the directors of the Company to serve at the pleasure of the Board. Any such Committee may exercise all of the powers and authority of the Board, as have been delegated by the Board, in the management of the business and affairs of the Company and may authorize the seal of the Company to be affixed to all papers which may require it.

The Board has three standing Committees: the Audit Committee, the Compensation Committee and the Corporate Governance Committee. The responsibilities of these three Committees are set out below.

Audit Committee

Audit Committee Charter

The Audit Committee will be governed by the following charter:

> The Audit Committee of the Board will be a standing Committee and will be responsible for oversight of all account reporting, financial and internal control practices of the Company and its subsidiaries. The Audit Committee will report to the Board and its primary function will be to assist the Board in fulfilling its responsibilities to shareholders related to financial accounting and reporting, the system of internal controls established by management and the adequacy of internal and independent auditing relative to these activities. The Audit Committee will have the authority to retain persons having special competence as necessary to assist the Audit Committee in fulfilling its responsibilities.

The Audit Committee will:

1. Be composed of at least three members, the majority of whom will be independent, non-management and financially literate directors and a majority of whom will be unrelated directors.

2. Meet quarterly and otherwise as required. Minutes will be recorded and reports of Audit Committee meetings will be presented at the next regularly scheduled Board meeting.

3. Be directly responsible for monitoring the Company's systems and procedures for financial reporting, risk management and internal controls, reviewing all public disclosure documents and monitoring the performance of the Company's auditors.

4. Be responsible for recommending to the Board the appointment and compensation of the Company's external auditors.

5. Be directly responsible for the auditors oversight (including the resolution of any disagreements between management and the auditors regarding financial reporting), and the auditors will report directly to the Audit Committee.

6. Have the authority to engage independent counsel and other advisors with the prior approval of the Board.

7. Be provided by the Company with appropriate funding, as determined by the Board and the Audit Committee, for payment of compensation to the auditors and advisors to the Audit Committee.

8. Provide for an open avenue of communications between the independent auditors, management and the Board and, at least once annually, meet with the Company's auditors in a private session.

9. Review the qualifications and evaluate the performance of the independent auditors and make recommendations to the Board regarding the selection, fee arrangements, appointment or termination of the auditors.

10. Establish procedures for the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

11. Review and pre-approve all audit and non-audit services, including tax services, provided by the auditors to the Company, or delegate such authority to one or more designated members of the Audit Committee who are independent directors.

12. Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information attracted or derived from the Company's financial statements. The Audit Committee shall periodically review these procedures.

13. Review with the independent auditors (a) the proposed scope of their examination with emphasis on accounting and financial areas where the Audit Committee, the independent auditors or management believe special attention should be directed, (b) results of their audit, including a letter of recommendations for management (c) their evaluation of the adequacy of the system of internal controls, (d) significant areas of disagreement, if any, with management and (e) cooperation received from management in the conduct of the audit.

14. Review significant accounting, reporting, regulatory or industry developments affecting the Company.

15. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

16. Discuss with management and the independent auditors any issues regarding significant business risks or exposure and assess the steps management has taken to minimize such risk.

17. Review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

18. Ascertain that significant matters identified as a result of interim review procedures have been brought to the attention of the Audit Committee.

19. Perform such other functions as assigned by law, the Company's bylaws or as the Board deems necessary and appropriate.

20. Review the Company's hiring policies regarding current and former partners and employees of the Company's current and former auditors.

Compensation Committee

The Compensation Committee will:

1. Be composed of at least three members, the majority of whom will be "independent" and non-management directors and a majority of whom will be unrelated directors.

2. Meet quarterly and otherwise as required. Minutes will be recorded and reports of Compensation Committee meetings will be presented at the next regularly scheduled Board meeting.

3. Annually review and approve the salary, bonus and all other compensation paid to the CEO.

4. Annually review and approve the CEO's bonus objectives.

5. Annually review and approve the aggregate cost of compensation set out in the budget.

6. Periodically make recommendations to the Board with respect to new CEO compensation, incentive compensation plans and equity based plans.

7. Grant incentive stock options to purchase common stock of the Company to eligible individuals under the stock option plan of the Company.

8. Periodically review executive compensation disclosure before the Company publicly discloses this information.

9. Amend and otherwise administer the stock option plan of the Company.

10. Have the authority to engage independent advisors and outside counsel.

Corporate Governance Committee

The Corporate Governance Committee will:

1. Be composed of at least three members, the majority of whom will be "independent" and non-management directors and a majority of whom will be unrelated directors.

2. Meet quarterly and otherwise as required. Minutes will be recorded and reports of Corporate Governance Committee meetings will be presented at the next regularly scheduled Board meeting.

3. Identify and recommend candidates for election to the Board. The Corporate Governance Committee should consult fully with the CEO in its process of recruiting new directors.

4. Oversee the creation of a Directors' Briefing Binder.

5. Advise the Board and the Company, as applicable, on all matters relating to corporate governance directorship practices, including the criteria for selecting directors, policies relating to tenure and retirement of directors, and compensation and benefit programs for non-employee directors.

6. Recommend processes to evaluate the performance and contributions of individual directors and approve procedures designed to provide that adequate orientation and training are provided to new members of the Board.

7. Work with management to ensure adequate succession plans are in place.

8. Provide a forum for concerns of individual outside directors about matters not easily or readily discussed in a full Board meeting.

9. At the beginning of each financial year, review the size of the Board, its composition and its efficiency in order to make the necessary corrections in relation to the long-term needs of the Company and in accordance with the strategic development plan of the Company.

10. Ensure that the Company's policies on continuous disclosure and communications with analysts are updated as required and are provided to all new directors and senior officers.

11. Have the authority to engage independent advisors and outside counsel.

SCHEDULE "A"

CODE OF BUSINESS CONDUCT

To all Directors and Employees of ACT Aurora Control Technologies Corp. and its subsidiaries (collectively, the “Comapny"):

It has always been the policy of the Company that all its activities should be conducted with the highest standards of honesty and integrity and in compliance with all legal requirements. In varying degrees, each director and employee represents the Company in his or her dealings with others, whether they be other employees, customers, suppliers, competitors, governments or the general public.

The Company expects each director and employee to conduct his or her dealings on behalf of the Company in accordance with this policy. So that there can be no doubt as to what is expected of each director and employee in this regard, the Board of Directors of the Company has endorsed this Code of Business Conduct which is to be followed by each the Company director and employee.

CODE OF BUSINESS CONDUCT

All directors and employees, when acting on behalf of the Company:

1. Must comply with all laws applicable to the Company's business.
2. Must not offer expensive gifts or other benefits to persons, including public officials and political parties, that might influence or be perceived as influencing a business decision.
3. Must not accept expensive gifts or other benefits from persons doing or seeking to do business with the Company.
4. Must avoid all situations in which their personal interests conflict or might conflict with the interests of the Company.
5. Must not use for their own financial gain, or disclose for the use of others, information obtained as a result of their employment that has not been disclosed to the public.
6. Must ensure that the books and records of the Company accurately reflect all transactions.
7. Have the obligation to report any violation of laws or this code of business conduct.
8. Must comply with the policy of the Company to provide an environment free of discrimination and harassment.
9. Should use the Internet access provided by the Company only for business-related purposes.

EXPLANATION OF CODE

The Code of Business Conduct (the "Code") prescribes the minimum moral and ethical standards of conduct required of all directors and employees of the Company. Failure to comply with the Code can have severe consequences. Violations of the Code will result in appropriate discipline, which may include discharge.

A brief explanation of each of the rules constituting the Code is set forth below. Any employee who has questions regarding the application of any rule should seek guidance from his or her supervisor. Directors should seek guidance from the Chairman of the Company's Board of Directors.

COMPLIANCE WITH THE LAW

Many of the Company's activities are subject to complex and changing laws. Ignorance of the law is not, in general, a defense to an action for contravention of a law. We expect directors and employees to make every reasonable effort to become familiar with laws and regulations affecting their activities and to exert due diligence in complying with these laws, and, in the case of employees, to ensure that those reporting to them are also aware of these laws and regulations. Our objective is to restrict willful or negligent violations of these laws and regulations.

the Company's policy is to meet or exceed all applicable governmental requirements regarding its activities. Employees must be aware of the applicable governmental requirements and report any violations thereof to their superiors, or to a senior officer of the Company. Similarly, no employee may make any agreement or enter into any arrangement contrary to applicable requirements or laws.

The Company will make information concerning applicable laws available to its directors and employees. If any employee has any doubts as to the applicability of any law, he or she should refer the matter to his or her supervisor who may obtain advice from the Company's counsel. Directors should seek guidance from the Chairman of the Company's Board of Directors.

GIFTS TO PERSONS

Employees whose duties permit them to do so, such as employees in marketing, may offer modest gifts, entertainment or other benefits to persons who have a business relationship with the Company. The benefits must be given in accordance with generally accepted ethical business practices. For example, it is acceptable to take a client to dinner but it is not acceptable to give a client cash.

Any donation or benefit to a public official or political party must be in accordance with the policy established by the Board of Directors to deal with such matters. The Company encourages its directors and employees to become involved in political activity acting on their own behalf, but not as representatives of the Company.

GIFTS FROM PERSONS

Employees may accept modest gifts, entertainment or other benefits from persons doing or seeking to do business with the Company provided the benefits are given in accordance with generally accepted business practices.

For example, a pair of tickets to a hockey game may be accepted from a supplier. However, it is not appropriate to accept a trip from a supplier, unless there is a specific business purpose and the trip has been approved by the appropriate officer.

CONFLICTS OF INTEREST

A conflict of interest arises where a director's or an employee's judgment in acting on behalf of the Company is or may be influenced by an actual or potential personal benefit from an investment or business. These benefits may be financial or non-financial, direct or indirect, through family connections or personal associations, or otherwise. Directors or employees have a conflict of interest if they are involved in any activity that prevents them from performing their duties properly, or that may create a situation that would affect their judgment or ability to act in the best interests of the Company. For example, no employee should have a significant interest in a business that supplies goods or services to, or secures goods or services from, the Company. Criteria regarding the relationship between directors and the Company are set out in the Company's Corporate Governance Guidelines.

CONFIDENTIAL INFORMATION

All directors and employees must keep confidential, and not use for themselves or others, all information concerning the Company or its business that has not been disclosed to the public, unless such disclosure is authorized by a senior officer of the Company. Information is considered to be disclosed to the public if it is in the Company's annual report, annual information form, management information circular, press releases, interim reports and other communications made by management to the public. For example, no director or employee who has material confidential information concerning the Company may buy or sell securities of the Company until such information has been disclosed to the public. Similarly, if a director or employee, in the course of a review of a client's or potential client's affairs, becomes aware of significant non-public information, the director or employee should not trade in the client's securities.

This non-disclosure obligation applies both during appointment or employment with the Company, and after termination of appointment, employment or retirement.

ACCURACY OF BOOKS AND RECORDS

The books and records of the Company must reflect all its transactions in a timely and accurate manner in order to, among other things, permit the preparation of accurate financial statements. All assets and liabilities of the Company must be recorded.

WHISTLE BLOWING

Each director or employee must report any violation of law or of this code. In most cases, the employee should report his or her concern to their immediate supervisor. However, if the employee considers that the supervisor is not the appropriate individual to address the matter, or if the supervisor is not dealing with the issues raised in an appropriate manner, the employee should report the matter to the Chairman or CEO of the Company. Similarly, if the employee believes that the Chairman or CEO is not the person to address the matter or if the employee is not satisfied with the response from the Chairman or CEO, he or she should advise the Chair of the Audit Committee. The phone number of the Chair of the Audit Committee is available in the Company corporate directory.

There shall be no reprisal or other action taken against any employee who, in good faith, brings forward concerns about actual or potential violations of laws or the code of business conduct.

DISCRIMINATION AND HARASSMENT FREE ENVIRONMENT

Each employee must comply with the Company's policy of providing an environment free of discrimination and harassment based on race, sex, sexual orientation, colour, national or ethnic origin, religion, marital status, family status, age or disability. Harassment may occur in a variety of ways and may, in some circumstances, be unintentional.

Regardless of intent, such conduct is not acceptable and may also constitute a violation of human rights legislation.

INTERNET POLICY

the Company provides its employees with access to the Internet for business purposes. These purposes include researching and downloading business-related information and files. Internet use must be conducted in a professional manner, e.g., accessing Internet sites containing obscene or offensive material is prohibited. In addition, employees must be vigilant to ensure that network security is maintained.

COMPLIANCE WITH CODE

Each director and each employee of the Company will be provided with a copy of this Code. At commencement of appointment or employment and each year thereafter, each such director or employee will be required to sign an acknowledgement in the form attached hereto as a schedule, which will be retained by the Chairman of the Board.

In addition, all directors and employees must disclose in writing to the Chief Executive Officer all activities, investments or businesses that might create, or reasonably be regarded as creating, an actual or potential conflict of interest with their duties for the Company.

Directors and employees are encouraged to report any apparent violations of this Code to the Chief Financial Officer of the Company or to the Audit Committee. The identity of directors or employees who report such information will be treated as confidential and no reprisal may be taken against them. Any reprisal will itself be considered a violation of the Code.

Directors or employees may also submit written reports of alleged misconduct to the attention of the legal counsel to the Company. These reports may be anonymous and can be sent to:

Boughton Law Corporation
Suite 1000 – 595 Burrard Street
Vancouver, BC V7X 1S8

Attention: David Toyoda

Tel: (604) 647-4176 Fax: (604) 683-5317

ACKNOWLEDGMENT

TO: **ACT Aurora Control Technologies Corp.** (the "Company")

FROM: The undersigned signatory (the "Insider")

RE: **CORPORATE GOVERNANCE POLICY**

The undersigned Insider hereby acknowledges to and agrees with the Company that:

1. he, she or it has been advised that the Company wishes to regulate the processes and structures used to direct and manage the business and affairs of the Company;
2. the Company has implemented a Corporate Governance Policy to address the matter referred to in paragraph 1 above and the Company requires that any party that is an employee or director of the Company be apprised of its Corporate Governance Policy and agree to abide by it;
3. each employee or director been given a copy of the Company's Corporate Governance Policy and has read it, understood it and agrees to abide by it; and
4. if the employee or director is party to an employment agreement or independent contractor agreement with the Company or any of its wholly-owned or controlled subsidiary companies, corporations, partnerships, (limited or otherwise) or other similar legal entities (the "Corporate Group"), then the employee or director acknowledges and agrees that such agreement is hereby amended by the Corporate Governance Policy.

Dated this _____ day of ____________________, 20____.

SIGNED, SEALED and DELIVERED by the Insider:

____
Signature of Insider

____
Name of Insider

Acknowledged and agreed to by **ACT Aurora Control Technologies Corp.**

Per:

____
Authorized Signatory