



Code of Ethics and Corporate Conduct

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Introduction

At Cannara Biotech Inc. (“Cannara ” or the “**Company**”) we have always understood that our success is possible because of our values: **integrity, accountability, trust, transparency, teamwork.**

This Code of Ethics and Business Conduct (the “**Code**”) requires that we exercise the highest degree of ethical conduct in all our dealings with, or on behalf of Cannara. The interests of Cannara and those of fellow employees, customers, suppliers, families, communities and ourselves may seem to conflict at times.

This Code contains guidelines intended to help you make the correct decisions and can serve only as a supplement to good judgment and common sense. It also serves to help identify those times when you must seek guidance, or report a situation, and sets out the channels and procedures that we have established to help answer questions or address concerns.

As it is not possible to list every conceivable act of misconduct, the following guidelines should not be considered exclusive or complete. Ignorance of the provisions of the Code cannot be accepted as an excuse for their non-observance. All employees, consultants, contract personnel as well as suppliers, are all expected to adhere to the Code in their dealings with, and on behalf of, Cannara.

It is the Company’s firm conviction that compliance with this Code is so important that all employees are required to sign the following declaration on a yearly basis. In the event that Cannara modifies the Code, you may be required to execute a new declaration.

Insider Trading

The text below represents the highlights; we refer you to the complete Cannara Insider Trading Policy for more information.

Confidential information about the Company’s affairs shall not be used by employees for their own gain, or for the gain of others, such as friends or relatives. Individuals who are in possession of any such confidential information which is not generally available to the community at large - so-called ‘insider’ information - are prohibited from disclosing it to any unauthorized person or using it as a basis for trading in Cannara’s securities or in the securities of any corporation which the Company is contemplating acquiring.

Employees must also respect the confidential nature of any similar information concerning organizations with which Cannara has business dealings as a supplier, customer or competitor.

In the event of any doubt, insiders should seek guidance from the Company's Chief Financial Officer (the "CFO") or from its Director, Finance & Administration.

In the event privileged information is used by an insider to engage in insider trading, both the person disclosing the information and the person using it for prohibited trading purposes are considered parties to prohibited insider trading and thereby subject to civil and penal liabilities, in addition to corporate disciplinary measures.

Business Ethics

All employees shall maintain the highest ethical standards in the conduct of the Company's affairs. Employees are in a position of trust with respect to Cannara and in every transaction they are expected to act in the best interests of Cannara, to the exclusion of considerations of all personal preference or advantage.

The use of funds or assets of the Company for any unlawful purpose, including illegal payments made to influence individuals through bribes, is prohibited. No transaction shall be affected, and no payment shall be approved or made with the intention or undertaking that the transaction be other than as documented or that any part of such payment is to be used for a purpose other than that documented.

Fees, commissions or discounts paid to agents or consultants are to be in accordance with sound business practice and reasonably related in value to the services performed; shall be in writing; shall specify the services to be provided and the fee to be paid; and shall be properly approved.

No illicit or improper means shall be used to obtain information relating to competitive organizations or to potential acquisitions.

Corporate Communications

It is the policy of Cannara to communicate openly with the investment community and to provide timely and accurate disclosure of information in accordance with regulatory requirements. The CFO and the CEO are designated as the primary company spokespersons. No other employee is entitled to talk with financial analysts, stockbrokers and financial reporters unless they are designated by the spokespersons to respond to specific inquiries.

Any employee contacted by the media should respond by saying that: "It is our policy at Cannara to let the CEO respond to inquiries".

All requests for information from the financial community, or any governmental authority, must be immediately referred to the employee's immediate supervisor and reported to the CEO or to the CFO.

Conflict of interest

No employee should be subject, or even appear to be subject, to influences, interests, or relationships which conflict with the best interests of the Company. This means any activity which might compromise or appear to compromise the Company or the employee's credibility must be avoided. Employees must not only avoid conflicts of interests, but also must avoid placing themselves in a position which is likely to create a conflict of interest, or which could be perceived as such, and which might tarnish their reputation or that of Cannara.

Examples of conflict of interest are but are not limited to: when the employee has, directly or indirectly, a personal interest which is in conflict with that of Cannara, or where his or her independence of judgment is affected, or when his or her loyalty towards the Company is likely to be compromised by real or possible benefits that the employee or a third party might gain from the transaction.

The employee must also avoid any investment, action or omission, which may prejudice the impartiality of the decisions made on behalf of Cannara. In the decision-making process the employee must ensure that all conditions are favourable to exercise free judgment.

Any employee who believes he may be affected by a conflict of interest must immediately disclose all relevant details to his immediate supervisor, who will discuss with the division Vice-President and the CFO or Director, Finance & Administration.

Gifts and Favours

Any acceptance of benefits other than modest gifts and entertainment from a person or organization dealing or expecting to deal with Cannara employees, must be free from any obligation in return, or from presenting a conflict of interest. Common sense and good judgment must be exercised to avoid any perception of impropriety or conflict of interest.

Cannara expects that all employees will use prudence and discernment in their relations with all third parties, including, without limitation, suppliers, customers and government agencies, to ensure that their judgement remains independent and will not be influenced or impaired in any way by the acceptance or grant of whatever benefit, and that their behaviour will not give this impression.

For the purpose of this policy, the term 'gift or favour' includes goods, entertainment, services, loans, pleasure or vacation trips or accommodations, the use of property and the like. Payment in cash or cash equivalent in any amount is prohibited.

No payment, gift or favour is to be made to any person in a position of trust, such as a government or corporate official, or suppliers or potential suppliers of goods or services, or to their employees or agents, or to any persons with whom the Company has contractual relations or intends to negotiate agreements.

Confidentiality & Loyalty

Cannara considers the protection of confidential information and trade secrets of utmost importance. To that effect, each employee must sign a Confidential and Proprietary Information Agreement at time of hiring and may periodically thereafter be required to enter into specific covenants based on his or her changing responsibilities within the Company. The contents of this agreement ensure that all employees will act responsibly and protect the interests of Cannara.

In all communications or dealings with the Company, an employee must adhere to the truth and not mislead directly or indirectly. This rule includes not only the avoidance of actual false statements, but also is intended to rule out misleading information by omission. Dishonesty will not be tolerated.

Without limiting the generality of the above, an employee shall not falsify any reports or records or make false statements or fail to report any damage or loss of Company equipment or property.

Non-solicitation

Throughout the employment period it is expected that an employee will devote all of his or her efforts to the affairs of Cannara, and subsequent to leaving the company, an ex-employee will not encourage or solicit any employee of the company to leave Cannara.

Corporate Assets

Everyone working for the Company has a duty to safeguard the company's assets against theft, loss or misuse. These assets belong to the Company's shareholders, and provide Cannara employees with their means of livelihood. These assets include inventory, as well as money, information, equipment, supplies, facilities and materials.

All assets, liabilities and financial transactions shall be accurately recorded and reflected in the Company's regular books of account and records. Normal accounting and auditing procedures and controls are to be maintained. No false or artificial entry that obscures the purpose of the underlying transaction shall be made for any reason.

Any act by an employee which involves theft, fraud, embezzlement, misappropriation, alteration, destruction, or misuse of Cannara property for personal benefit or for wrongful conversion of any property belonging to the Company is expressly prohibited, regardless of whether or not the act results or could result in criminal proceeding. The use of the Company's assets or property for any unauthorized purpose will result in disciplinary measures being invoked, up to and including dismissal, and the employee may be subject to applicable civil and criminal liability. Any suspected fraud or theft by employees or third parties must be reported to the division Vice President and the Director, Finance & Administration.

Reporting Malfeasance and Accounting or Auditing Irregularities or Concerns

Malfeasance is the deliberate and concerted effort to falsify information, to distort the truth or in some way present an inaccurate view of a fact, issue or concept. If the situation should arise that an employee is aware of malfeasance or accounting or auditing irregularities or concerns, and that reporting it to the normal chain of command (up to and including the CEO) is NOT an option, the employee should relay the alleged malfeasance to Cannara's Audit Committee Chairman (as identified in the most recent proxy circular). The employee may elect to report such information in an anonymous manner.

Compliance with Documentation

All forms and reports submitted with regard to personnel records, such as background, employment history, credentials and qualifications for employment, government taxation forms and insurance sign-on forms must be accurate and truthfully completed. All documentation of sick days, vacation days or absences in general must be completed in a timely fashion and forwarded to Payroll or Human Resources.

If an employee intentionally provides false essential information, the Company may discipline the employee regardless of the time elapsed, up to and including termination of employment. It is also the employee's responsibility to update his/her personal data information with the Director, human resources.

All accounting procedures, including those regarding the refund of incurred expenses, shall be strictly respected. Any false declaration wilfully made on an expense account could lead to disciplinary measures up to and including termination.

Compliance with Instructions

An employee is expected to comply with all instructions from a higher authority, except when doing so would violate existing Company rules, or result in placing the employee or others in physical danger, or if the request is to do something illegal or unethical. In these situations, the employee will refuse to respond, and tell the person making the improper request why they are not complying, as it is against Company policy. He or she should then report it to his or her immediate supervisor, or to the Vice-President of his or her division and to the Director, Human Resources. Depending on the situation, it may need to be reported to the Company's CEO.

Compliance with Corporate policies

Corporate policies are intended to clarify the benefits and expectations of both employer and employee and to provide guidance as to ethical actions and generally accepted methods of procedure. Corporate policies are available electronically and may be updated from time to time. It is the responsibility of the employee to keep him/herself up to date on current policies.

In the event a clarification is needed on a corporate policy, the employee should refer themselves to the Director, Human Resources for more information.

Policy Violation

Violation of this Code, other company policies or applicable rules or regulations may result in disciplinary measures, ranging from a simple warning or reprimand to the termination of employment.

Disciplinary measures may be taken against any employee for directly violating or directing others to violate this Code, other company policies or applicable laws, rules or regulations. An employee will also be the subject of disciplinary actions if he or she fails to cooperate with an investigation of such violation, knowingly falsely accuses another employee of a violation or retaliates against a person who reports a violation or suspected or potential violation to this Code.

Disciplinary action will also apply to managers who, with respect to the employees reporting to them, know that prohibited conduct is contemplated by such employees and do nothing to prevent such conduct, or who know that prohibited conduct has been engaged in by such employees and fail to take appropriate corrective action. Managers may also be subject to disciplinary action for their failure to effectively monitor the actions of their subordinates.

In addition, violations of legal and regulatory requirements may carry their own civil and criminal penalties, including fines and imprisonment.

Certificate of Understanding

The individual hereby agrees to comply with all of the provisions of Cannara's Code of Ethics and Business Conduct, with the Confidential and Proprietary Information Agreement signed with Cannara when hiring. All employees having supervisory functions are responsible for the implementation and enforcement of these Politics by the employees under his or her supervision.

Employees will indicate their understanding and commitment to these Politics and will renew their acceptance by signing this Certificate of Understanding.

Any employee who is uncertain as to whether something is prohibited or required by this Policy is obligated to immediately seek advice from his immediate supervisor, or the Vice-President of his or her department.

Without restricting the generality of the foregoing, please note that certain policies and practices outlined herein may change from time to time. Employees will be informed of these changes as they occur and may be asked to sign a new certificate of understanding.

* * * * *

Date: _____

Name (printed letters): _____

Signature: _____