

BENNETT ENVIRONMENTAL INC.  
(the “Company”)

**DISCLOSURE POLICY**

(Adopted March 2, 2005)

The objective of this disclosure policy is to ensure that communications to the investing public about the Company are:

- timely, factual and accurate; and
- broadly disseminated in accordance with all applicable legal and regulatory requirements.

This disclosure policy confirms in writing our existing disclosure policies and practices. Its goal is to raise awareness of the Company’s approach to disclosure among the board of directors, senior management, employees and consultants.

This disclosure policy extends to all officers, employees and consultants of the Company, its board of directors and those authorized to speak on its behalf. It covers disclosures in documents filed with the securities commissions and written statements made in the Company’s annual and quarterly reports, news releases, letters to shareholders, speeches and presentations by senior management and information contained on the Company’s website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as press conferences and conference calls.

**CONFIDENTIALITY OF MATERIAL INFORMATION**

In general, material information is any information about the Company that has a significant effect, or would reasonably be expected to have a significant effect, on the market price of the Company’s securities, or that a reasonable shareholder would consider important in making a decision to buy or sell the Company’s securities.

It is somewhat difficult to define precisely the nature of material information and what might not be considered to be material. Some common examples of material information are:

**Changes in Corporate Structure**

- changes in share ownership that may affect control of the Company
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

**Changes in Capital Structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities

- planned splits of shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in the Company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to rights of security holders

### **Changes in Financial Results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Company's assets
- any material change in the Company's accounting policy
- receipt of an audit opinion that contains a going concern qualification<sup>1</sup>

### **Changes in Business Operations**

- any development that affects the Company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- changes to the board of directors or executive management, including the departure of the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or president (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company's securities or their movement from one quotation system or exchange to another

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<sup>1</sup> See American Stock Exchange Rule 610(b).

## **Acquisitions and Dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

## **Changes in Credit Arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

## **MAINTAIN CONFIDENTIALITY**

If you are in possession of material information that has not been publicly disclosed through the issuance of a press release or other accepted means, you are prohibited from discussing that information with anyone outside the Company unless specifically authorized to do so in the necessary course of business and you must limit discussions within the Company to a "need to know" basis. Furthermore, all persons with whom the information is discussed must be told that it is to be kept confidential.

The Company designates a limited number of spokespersons responsible for communication with the media, analysts, investors, brokers and other members of the investment community. The Chief Executive Officer and the Chief Financial Officer shall be the official spokespersons for the Company. **Individuals holding these offices may, from time to time, designate others within the Company to speak on behalf of the Company as back-ups or to respond to specific inquiries from the investment community or the media. Employees or consultants 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 shall be referred to the Chief Executive Officer, Chief Financial Officer or the Secretary.**

On an ongoing basis, quarterly and annual financial results of the Company will be confidential material information. Due to the process involved in preparing financial statements, the specific results are known to a number of people within the Company well in advance of the date on which the press release is issued. Consequently, all persons who are in possession of this information are prohibited for discussing the results with anyone outside the Company until after the press release has been issued. All inquiries from shareholders, analysts, the media, potential investors, etc., must be referred to the designated spokesperson even after the press release has been issued.

If you are not absolutely certain whether information you possess is material, whether it is to be kept confidential, or whether it has been publicly disclosed, please ask the Chief Executive Officer, Chief Financial Officer or the Secretary.

## **PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION**

In complying with the requirement to disclose forthwith all material information under applicable laws and stock exchange rules, the Company will adhere to the following basic disclosure rules:

- Material information will be publicly disclosed immediately via news release. In certain circumstances the Company's designated spokespersons may determine that such disclosure would be unduly detrimental to the Company, in which case the information will be kept confidential until publicly disclosed.
- Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half-truths are misleading).
- Unfavourable material information must be disclosed as promptly and completely as favourable information.
- No selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with a significant investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by a confidentiality obligation, such information must be broadly disclosed immediately via news release.
- Disclosure must be corrected if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

## **CONTACTS WITH INVESTMENT ANALYSTS, INVESTORS AND THE MEDIA**

### **General**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Company intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that analysts are important conduits for disseminating corporate information to the investing public and that analysts play a key role in interpreting and clarifying existing public data and in providing investors with background information and details that cannot practically be put in public documents.

The Company recognizes that meetings with significant investors are an important element of the Company's investor relations program. The Company 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 disclosure policy.

The Company will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information.

The Company will, upon request, provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors.

Where practicable, spokespersons will keep notes of telephone conversations with analysts and investors and more than one Company representative will be present at all individual and group meetings. Spokespersons will be advised that the Chief Executive Officer or the Chief Financial Officer will be available for debriefing if a question arises concerning the selective disclosure of previously undisclosed material information.

### **Quiet Periods**

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company will observe a quarterly quiet period, during which the Company will not initiate any meetings or telephone contacts with analysts and investors and no earnings guidance will be provided. The quiet period generally commences on or about the first day of the month following the end of a quarter and ends with the issuance of a news release disclosing quarterly results.

### **Reviewing Analyst Draft Reports and Models**

It is the Company's policy to review, upon request, analysts' draft research reports or models. The Company will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information. It is the Company's policy, when an analyst inquires with respect to his/her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates and/or the Company's published earnings guidance. The Company will limit its comments in responding to such inquiries to the correction of factual errors. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates.

In order to avoid appearing to "endorse" an analyst's report or model, the Company will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

### **Distributing Analyst Reports**

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

### **Conference Calls**

Conference calls may be held for quarterly earnings and major corporate developments, whereby discussion of key aspects is accessible simultaneously to all interested parties, some as participants by phone and others in a listen-only mode by phone or on the website. The call will be preceded by a news release. Conference calls about corporate developments and other material information likely to significantly affect the share price typically will be scheduled outside trading hours to avoid or minimize the risk of selective disclosure. At the beginning of the call, a Company spokesperson will provide appropriate cautionary language with respect to any forward-looking statements and direct participants to

publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties.

The Company will announce broadly the date and time of the call, by sending invitations to analysts, institutional investors, the media and others invited to phone in, and by news release and posting on the website for those invited to access the call real time or archived on the Company's or a third party's website. If non-material supplemental information is to be provided to the investment community, it is also to be posted on the website for others to view. A tape recording of the conference call and an archived audio web cast on the Internet will be made available following the call for anyone interested in listening to a replay.

A debriefing will be held after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information, the Company will immediately disclose such information broadly via news release.

## **RESTRICTIONS ON TRADING SECURITIES OF THE COMPANY**

### **Insider Trading**

The federal securities laws of the United States and applicable securities laws in Canada prohibit any director, officer or other employee or consultant of the Company from purchasing or selling the Company's securities on the basis of material non-public information concerning the Company, or from disclosing material non-public information to others who might trade on the basis of that information. These laws impose severe sanctions on individuals who violate them. In addition, the SEC and the applicable Canadian provincial securities commissions have the authority to impose large fines on the Company and on the Company's directors, executive officers and controlling shareholders if the Company's employees or consultants engage in insider trading and the Company has failed to take appropriate steps to prevent it (so-called "controlling person" liability).

In Canada, liability is imposed by the *Securities Act* (Ontario) (the "Act") on certain persons who, in connection with the purchase or sale of securities, make improper use of material information that has not been publicly disclosed. The relevant Canadian provincial securities legislation provides that persons such as yourself that are in a special relationship with the Company and purchase or sell securities of the Company with knowledge of material information which has not been generally disclosed may be liable for damages to the person on the other side of the trade. In addition, any such person who informs or tips a seller or a purchaser of securities of confidential material information may be liable for damages. The purchaser, vendor or informer is also liable to account to the Company for his or her gain. Under the Act, you could also be fined up to the greater of \$5,000,000 and three times any profit made and/or imprisoned for up to five years less a day.

Please note that anyone who learns of material undisclosed information from you or any other person in a special relationship with the Company is also considered to be in a special relationship with the Company.

### **What is a Security?**

The definition of "security" includes shares, options, subscriptions or other interests in or to a security and includes puts, calls, or other rights or obligations to purchase or sell securities, the market price of which varies materially with the market price of the securities of the Company.

## Defenses

Under Canadian law, there are two defenses available to a person or company in a special relationship with the Company who purchases or sells securities of the Company with knowledge of material information with respect to the Company that has not been generally disclosed:

- (a) the person or company in the special relationship with the reporting issuer proves that he reasonably believed that the material information had been generally disclosed; or
- (b) the material information was known or ought reasonably to have been known to the purchaser or seller, as the case may be.

There are also defenses for tippers when:

- (a) the tipper proves that he reasonably believed the material information had been generally disclosed;
- (b) the material information was known or ought reasonably to have been known to the seller or purchaser, as the case may be; or
- (c) in the case of an action against the Company or a person in a special relationship, the information was given in the necessary course of business.

Some of the above defenses may be available under U.S. law as well (e.g., reasonable belief that the material information had been generally disclosed). As well, Rule 10b5-1 under the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”), adopted in late October 2000, addresses the issue of when insider trading liability arises in connection with a trader’s “use” or “knowing possession” of material non-public information. This Rule provides that a person trades “on the basis of” material non-public information when the person purchases or sells securities while aware of the information. However, Rule 10b5-1 also sets forth affirmative defenses to permit individuals or entities to trade in certain circumstances where it is clear that the information was not a factor in the decision to trade.<sup>2</sup>

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<sup>2</sup> An individual who trades must establish each of the following in order to satisfy affirmative defense requirements under Rule 10b5-1:

- First, the person must demonstrate that before becoming aware of the information, he or she had entered into a binding contract to purchase or sell the security, provided instructions to another person to execute the trade for the instructing person’s account, or adopted a *written* [emphasis added] plan for trading securities.
- Second, the person must demonstrate that, with respect to the purchase or sale, the contract, instructions, or plan (collectively, “Contract”) either (1) expressly specified the amount, price, and date; (2) provided a written formula or algorithm, or computer program, for determining amounts, prices, and date; or (3) did not permit such a person to exercise any subsequent influence over how, when, or whether to effect purchases or sales; provided, in addition, that any other person who did exercise such influence was not aware of the material non-public information when doing so.
- Third, the person must demonstrate that the purchase or sale that occurred was pursuant to the prior Contract. A purchase or sale is not pursuant to a Contract if, among other things, the person who entered into the Contract altered or deviated from the Contract *or entered into or altered a corresponding or hedging transaction or position with respect to those securities* [emphasis added].

## **Prohibited Trading and “Blackout” Periods**

Due to the seriousness of the offence of trading or tipping when you are aware of material information that has not been generally disclosed and the embarrassment any allegations of insider trading would cause to you and the Company, we ask that you speak with the Chief Executive Officer, Chief Financial Officer or the Secretary prior to trading any securities of the Company.

The Company has determined in advance that you will be prohibited from trading the securities of the Company during a “blackout” period commencing on the first day of the month following the end of a quarter and ending on the second day after the issuance of the press release in respect of such financial quarter.

In addition, there will be a “blackout” period for two business days after the issuance of any other press release by the Company. There will also be a “blackout” period during any pension fund “blackout period” as defined in Section 306 of the U.S. *Sarbanes-Oxley Act* of 2002.

If you have placed buy or sell orders with a broker, you must cancel your orders immediately upon gaining knowledge of a material undisclosed fact and you must cancel your orders if they have not been filled by the last day prior to any “blackout” period. In addition, you are not permitted to inform a person not covered by this disclosure policy that a blackout period is in effect as a result of particular events or developments.

## **Applicability Post-Termination of Employment, Consultancy or Directorship Tenure**

If a person is subject to the blackout periods imposed by this disclosure policy and the person’s employment, consultancy or tenure as a director terminates during a blackout period (or if the person otherwise leaves the employment of the Company or ceases to be a consultant or director while in possession of material non-public information), such person will continue to be subject to this disclosure policy, and specifically to the ongoing prohibitions against trading and against communication to outsiders of material non-public information, until the blackout period ends (or otherwise until the close of the second full trading day following public announcement of the material non-public information). The Company may institute stop-transfer instructions to its transfer agent in order to enforce this provision.

## **Insider Reporting**

In addition to the obligations described above, insiders are subject to additional reporting obligations. Please read Schedule “A” if you are an insider, or to determine whether you are an insider.

If you are an insider, it is your obligation to ensure that an insider report is completed and filed by you with the securities commission within ten days of any change in your holdings of the securities of the Company. The Secretary is able to assist you with competing and filing your insider reports. Even if you file your insider reports yourself, you must provide a copy to the Secretary at the time you file your insider report with the securities commissions. Please see Schedule “A” for further details regarding insider reporting obligations.

In addition, U.S. law imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in the Rule 13d-3 under the Exchange Act) of more than 5 per cent of the Company’s common shares. In general, such persons must file, within 10 days after such acquisition, a report of

beneficial ownership with the SEC containing the information prescribed by the regulations under Section 13 of the Exchange Act.

## **RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

This disclosure policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures shall also be responsible for electronic communications. The Chief Financial Officer is responsible for updating the investor relations section of the Company's website and is responsible, along with the corporate secretary, for monitoring all Company information placed on the website to ensure that it is accurate, complete and up to date. The investor relations section of the website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent events. All data posted to the website, including text and audio-visual material, shall show the date that such material was posted. Any material changes in information must be updated promptly.

Links from the Company website to a third party website must be approved by the Chief Financial Officer. Any such links will include a notice that advises the reader that he or she is leaving the Company's website and that the Company is not responsible for the contents of the other site, does not attest in any way to their accuracy, and assumes no duty to correct any errors contained in those documents.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on its website will be preceded by a news release.

The Chief Financial Officer shall also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this disclosure policy shall be utilized in responding to electronic inquiries.

Employees, consultants and directors are prohibited from participating in Internet chat room or newsgroup discussions on matters pertaining to the Company's activities or its securities. Employees, consultants or directors who encounter a discussion pertaining to the Company should advise the Chief Financial Officer immediately, so the discussion may be monitored.

## **ANNUAL BOARD REVIEW**

This disclosure policy shall be reviewed by the Corporate Governance and Nominating Committee and by the board of directors annually.

## **COMMUNICATION AND ENFORCEMENT**

New directors, officers, employees and consultants will be advised of this disclosure policy and its importance and this disclosure policy will be brought to the attention of all employees, consultants and directors on an annual basis.

An employee, consultant or director who violates this disclosure policy may face disciplinary action up to and including termination of his or her employment or consulting arrangement with the Company. The violation of this disclosure policy may also violate certain securities laws. If the Company discovers that a director, officer, employee or consultant has violated such securities laws, it may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

## **ACKNOWLEDGEMENT**

Once you have read this disclosure policy, please sign and date the acknowledgement at the next page and provide a copy of the page to the Secretary.

**ACKNOWLEDGEMENT  
RE  
DISCLOSURE POLICY  
OF  
BENNETT ENVIRONMENTAL INC.**

I have read the entire policy entitled "Disclosure Policy" of Bennett Environmental Inc. adopted on March 2, 2005. I understand my obligations and accept my responsibilities described in such policy.

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**Signature**

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**Name (print)**

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**Date**

**Capacity:**        **Employee or Officer**  
                      **Consultant**  
                      **Director**

## SCHEDULE “A”

### Reporting Obligations of Insiders

Insiders of the Company are required to file insider reports disclosing their direct or indirect beneficial ownership of or control or direction over the securities of the Company<sup>3</sup>. An insider includes:

1. directors<sup>4</sup> and senior officers<sup>5</sup> of:
  - (a) the Company,
  - (b) its subsidiaries, and
  - (c) a company which beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Company’s voting securities; and
2. any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Company’s voting securities is also an insider of the Company.

Therefore, all directors and senior officers must file insider reports disclosing their holdings of securities of the Company but officers who are not “senior officers” are not required to file insider reports. Please note that directors and senior officers of any subsidiary of the Company (as well as the Company itself) are considered insiders of the Company who must file insider reports with respect to security holdings in the Company, subject to certain exemptions that may be available to directors and senior officers of minor subsidiaries or affiliates of the Company. Please speak to the Secretary if you believe you may be exempt. Where an individual is an insider by virtue of holding one or more offices, he or she need only file one report indicating each office held.

In addition, because a company is deemed to beneficially own or exercise control or direction over securities which are beneficially owned, controlled or directed by its affiliates, affiliates of a company that beneficially owns more than 10% of the Company’s voting securities (and their directors and senior officers) are also insiders of the Company who must file insider reports. (A company is an “affiliate” of another company if one is the subsidiary of the other, both are subsidiaries of the same company or if each of them is controlled by the same person or company.

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<sup>3</sup> A person is deemed to beneficially own or exercise control or direction over securities which are beneficially owned, controlled or directed (i) by a company controlled by him or her, (ii) by an affiliate of such company, or (iii) through his or her trustee, legal representative, agent or other intermediary. In general, a company is controlled by a person or another company if voting securities of the company carrying more than 50% of the votes are held by or for the benefit of the person or other company.

<sup>4</sup> A “director” includes a person acting in a capacity similar to that of a director of a company.

<sup>5</sup> A “senior officer” is (i) the chairman or vice-chairman of the board of directors, the president, any vice-president, the secretary, the treasurer or the general manager of a company or any other individual who performs functions similar to those normally performed by an individual holding such offices, and (ii) each of the five highest paid employees of a company including any individual referred to in (i).

## **When Reports Must Be Filed**

Insider reports must be filed in three circumstances.

First, when a person or company becomes an insider of the Company, an initial insider report must be filed disclosing the person or company's direct or indirect beneficial ownership of or control or direction over securities of the Company as of the date such person or company became an insider. However, if the new insider is a company, the initial report filed by the directors and senior officers of the new insider company must also disclose their security holdings in the Company for the past six months or such shorter time as they were directors or senior officers of the new insider company. No report is required to be filed if no securities of the Company are beneficially owned, controlled, or directed by the insider as of the date such person became an insider or during the six month period prior to such date, as the case may be.

Secondly, when an insider's beneficial ownership of or control or direction over any securities of the Company changes, an insider report must be filed disclosing the details of such change or changes which occurred and the insider's resultant security holdings.

Thirdly, other than transfers for the purpose of giving collateral for a bona fide debt, an insider is prohibited from transferring or causing to be transferred any securities of the Company into the name of an agent, nominee or custodian unless an insider report is filed.

Insider reports must be filed within ten days after the event, transaction or change occurred.

The System for Electronic Disclosure by Insiders ("SEDI") is the insider trade reporting system available over the Internet at [www.sedi.ca](http://www.sedi.ca). Generally, insiders of all reporting issuers (other than mutual funds) must file their insider reports electronically via SEDI. Insider reports may be filed with all Canadian securities jurisdictions via SEDI. The public will also be able to search for and look at public information filed on SEDI on the same website. Before an insider report can be filed, an insider must register on SEDI and file an insider profile.

The filing of insider reports does not give license to insiders to trade or tip with knowledge of confidential information.

## **Report by Registered Owner**

Where voting securities are registered in the name of a person or company who is not the beneficial owner thereof, and such registered owner knows that the beneficial owner is an insider and the insider has not filed an insider report, the registered owner is under an obligation to file a report, except where the transfer was for the purpose of giving collateral for a bona fide debt.

## **Early Warning Filings**

The foregoing does not describe the obligations of a person or company to report when such person or company has acquired beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities that together with his, her or its presently held securities, would constitute 10% or more of the outstanding securities of the applicable class. In these

circumstances, it is necessary immediately to file a press release containing the information required by the relevant securities acts and the regulations made thereunder and within two business days file a report containing the same information as in the press release. The foregoing does not purport to describe in full the obligations in such a situation. You should speak to the Secretary or Chief Financial Officer to discuss any questions or concerns you may have with respect to these obligations.