

KING GEORGE FINANCIAL Corporation
(the “Corporation”)

CORPORATE GOVERNANCE POLICY

March, 2007

Introduction

The Corporation’s board of directors (the “Board”) and senior management considers sound corporate governance to be a central component in the effective and efficient operation of the Corporation. Therefore, the Corporation has established the following Statement of Corporate Governance Policies (the “Statement”). The Statement describes the basic approach of the Corporation to corporate governance and is set out below.

Mandate and Responsibilities of the Board of Directors

The mandate of the Board shall be to oversee the management of the business and affairs of the Corporation. The Board shall have responsibility for the stewardship of the Corporation and shall assume responsibility for the following matters:

- i) the adoption of a strategic planning process;
- ii) the identification of the principal risks to the business of the Corporation and the implementation of systems to manage such risks;
- iii) appointing, training and monitoring senior management and planning for succession of senior management;
- iv) establishing a communications policy for the Corporation;
- v) ensuring the integrity of the Corporation’s internal control and management information systems.

Board Independence From Management

A minimum of two members of the Board should be unrelated directors (as that term is hereinafter defined). If at any time the Board should not be comprised of a majority of unrelated directors, the next director appointed to the board shall be an unrelated director. The Board shall meet on a regular basis, the frequency of which shall be determined by the Board, with management involved only as necessary, to ensure the independence of the Board from management.

Board’s Expectations of Management

The Board shall carry out its mandate and responsibilities through directives and delegation of authority to the senior ranking officer of the Corporation (the “Senior Officer”). The Board shall set out the duties, responsibilities and performance objectives of the Senior Officer with the assistance of the Governance Committee (as defined below). The Board and the Senior Officer shall develop position descriptions for the Board and for the Senior Officer involving the definition of the limits to management’s responsibilities. The Board shall expect the Senior Officer and any other officers and executive management to manage all aspects of the Corporation’s business and affairs, to carry out strategic plans that have been approved by the Board, to achieve established objectives and to report regularly on their progress to the Board and its committees.

Composition of the Board

A minimum of two members of the Board should be unrelated directors. An “unrelated director” is a director who is independent of management and is free from any interest and any business or other relationships 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 Corporation, other than interests and relationships arising from shareholding.

If the Board at any time does not have a minimum of two independent directors, the next director appointed to the Board shall be an unrelated director. The timing of the appointment of directors shall be at the sole discretion of the Board.

If the Corporation at any time has a significant shareholder, the Board must be comprised of a number of directors who do not have interests in or relationships with either the Corporation or the significant shareholder and which fairly reflects the investment in the Corporation by shareholders other than the significant shareholder. A significant shareholder is one who has the ability to exercise a majority of votes for the election of the Board.

The application of the term unrelated director to the circumstances of each individual director shall be the responsibility of the Board, which will be required to disclose whether the Board has a minimum of two independent directors should that be requested.

The Board will from time to time examine its size to ensure that it continues to operate efficiently and effectively and where necessary, undertake to reduce the size of the Board to foster more effective and timely decision-making.

Meetings of the Board of Directors

Each year there shall be at least four meetings of the Board at which the directors shall receive and review in detail, financial statements, operating reports, forecasts, budgets, strategic planning initiatives and reports

from the Corporation's committees. The frequency of meetings and the nature of the agenda items shall change depending upon the state of the Corporation's affairs and in light of opportunities or issues which the Corporation must face.

Meetings of the Board may be called by the President or any two officers or directors of the Corporation.

Committees of the Board

The Board shall establish certain committees to assist it in carrying out its mandate and responsibilities. A description of each committee is set out below.

Audit Committee

The Corporation shall at all times maintain an audit committee (the "Audit Committee"). The Audit Committee shall be comprised only of non-management directors, a majority of whom shall be independent directors. The mandate of the Audit Committee shall be to ensure that appropriate due diligence is directed towards the control, accountability and reporting functions of the Corporation, including its quarterly and annual consolidated financial statements. The specific responsibilities of the Audit Committee shall include the following: reviewing and recommending approval of the interim and annual financial statements of the Corporation; meeting with the Corporation's auditors; monitoring the operations of the Corporation in relation to corporate and financial objectives, the annual strategic business plan and the annual operating budget approved by the Board; ensuring that appropriate internal controls and procedures are in place in relating to legal, regulatory, ethical and environmental requirements; reviewing expenditure limits and authorizations; and reviewing overall policies and procedures relating to controlling and safeguarding corporate assets and implementing appropriate disaster recovery procedures. The Audit Committee shall also be responsible for conducting such special studies and reviews as may be required from time to time.

Corporate Governance Committee

The Corporation shall at all times maintain a corporate governance committee (the "Governance Committee") which shall be comprised of a minimum of two independent directors. The mandate of the Governance Committee is to provide a nomination and governance function for the Board.

The Governance Committee shall be responsible for recruiting new members to the Board and planning for the succession of Board members. It will also have the task of assessing the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors along with operating a program of orientation and education for all new recruits to the Board.

The role of the Governance Committee also include responding to any changes in the corporate governance guidelines of the TSX Venture Exchange or any other applicable exchange; establishing criteria to determine the independence of directors; monitoring the ethics, conflict of interest and privacy guidelines of the

Corporation; and recommending changes to the governance of the Corporation.

The Governance Committee shall at all times maintain a procedure to permit a Board member to engage an outside advisor at the expense of the Corporation in order to better perform their duties. Such an engagement shall only be permitted in appropriate circumstances and with the approval of the Governance Committee.

Executive Compensation Committee

The Executive Compensation Committee shall be responsible for assessing the performance and remuneration of the officers and senior managers of the Corporation, and for reviewing the adequacy and the form of compensation to directors to ensure that the compensation realistically reflects the responsibilities and risk involved in being an effective director.

Shareholder Communication

The Board shall report quarterly and annually to shareholders of the Corporation in compliance with all applicable statutes, regulations and stock exchange rules and policies to which the Corporation is subject. The Board shall welcome inquiries from shareholders and shall give them serious consideration.

Amendments to this Statement

This Statement may be amended from time to time by the Board.

DISCLOSURE POLICY

KING GEORGE FINANCIAL CORPORATION (the “Company”)

OBJECTIVE AND APPLICATION OF POLICY

The objective of this Disclosure Policy (this “**Policy**”) is to ensure that communications to the investing public about the Company are:

- (a) timely, factual and accurate; and
- (b) consistently and broadly disseminated in accordance with all applicable legal and regulatory requirements.

Everyone who invests in securities of the Company should have equal access to information that may affect their investment decisions. The intent of this Policy is to ensure that disclosure of material information is in conformity with Canadian and other applicable securities laws and regulations, and the policies of the Toronto Stock Exchange (the “**TSX**”) or any other stock exchange on which the securities of the Company become listed.

Under Canadian securities and corporate legislation as well as the policies of the TSX the purchase or sale of securities of a public company by persons who use material information which has not been generally disclosed to the public may result in such persons, as well as the Company, incurring substantial liability. The additional objective of this Policy is to ensure that the Company and persons associated with the Company avoid any trading or other activity (or the appearance of any such activity) based on an improper use of material information that has not been generally disclose.

This Policy applies to:

- (a) insiders of the Company (defined below);
- (b) employees of the Company or any of its subsidiaries (“**Employees**”),
- (c) other persons in a special relationship with the Company (as defined in Schedule A), and
- (d) an associate of any person described in (a), (b) or (c) (see Schedule A for definition of associate), and
- (e) persons who receive material information from any person described in (a), (b), (c) or (d).

Insiders of the Company include the following persons (“**Insiders**”):

- (a) officers and directors of the Company,
- (b) officers and directors of a person that is itself an Insider or subsidiary of the Company; and
- (c) persons that have direct or indirect beneficial ownership of, and/or control or direction over, more than 10% of the voting securities of the Company.

This Policy covers disclosure in documents filed by the Company with the securities regulators and written statements made in the Company’s annual and interim financial statements and related management’s discussion and analysis, news releases, letters to shareholders, speeches and presentations by senior management or other persons speaking on behalf of the Company, and information contained on the Company’s Website and other electronic communications. It also 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.

This Policy extends to and must be provided to all Insiders, Employees and persons in a special relationship with the Company and such persons will be reminded of the provisions of this Policy on a regular basis. New Insiders, Employees and persons in a special relationship with the Company will be provided with a copy of this Policy and will be educated about its importance. This Policy will be updated on a regular basis and will be circulated to all Insiders, Employees and persons in a special relationship with the Company on an annual basis and whenever changes are made.

OVERSIGHT BY CORPORATE GOVERNANCE COMMITTEE

The Company’s Board of Directors has established a Corporate Governance Committee (the “**Committee**”) responsible, among other things, for overseeing the Company’s disclosure practices. The Committee’s responsibilities include:

- (a) updating this Policy regularly, including to take account of new developments and standards of practice;
- (b) monitoring the effectiveness of and compliance with this Policy;
- (c) educating our directors, officers and other employees about the matters covered by this Policy;
- (d) reviewing and authorizing all written, electronic and oral disclosure before it is publicly disclosed;

- (e) monitoring the Company's Website;
- (f) meeting as needed, but at least quarterly, to discuss drafting responsibilities for disclosure documents and to identify any areas of particular risk and sensitivity that require special care;
- (g) documenting, monitoring and evaluating the disclosure controls and procedures and internal controls and procedures for financial reporting of the Company; and
- (h) providing, as required, a certification to the senior officers of the Company prior to the filing with the securities regulatory authorities of each periodic report as to the Committee's compliance with its policies and procedures and proper performance of its responsibilities and its conclusions resulting from its evaluation of the effectiveness of the Company's disclosure controls and procedures and internal controls and procedures for financial reporting.

The Committee must report any significant deficiencies and material weaknesses in the design or operation of the Company's disclosure controls, procedures for internal controls, procedures for financial reporting and any fraud (whether or not material) involving any Insider, Employee or person in a special relationship with the Company with a significant role in the Company's disclosure controls to the Company's Board of Directors. In addition, the Committee must report to the Board of Directors any significant changes in the Company's internal controls and procedures for financial reporting or any factors that could affect such controls and procedures during the period covered by the applicable periodic report, including corrective actions taken.

DETERMINATION OF WHAT CONSTITUTES MATERIAL INFORMATION

The Chairman of the Company together with senior management will determine what information is material and therefore must be disclosed to the public. If any Employee is unsure as to whether information in their possession is material, they should ask the Chairman for clarification.

The Company is not required to interpret the impact of external political, economic and social developments on its affairs, unless those developments have a direct impact on its business and affairs and is uncharacteristic of the effect generally experienced by other companies engaged in the same business or industry.

The following is a non-exhaustive list of developments, which will likely, although not absolutely always, require prompt disclosure:

- (a) changes in share ownership that may affect control of the Company;
- (b) changes in corporate structure, such as reorganizations, amalgamations, etc.;
- (c) take-over bids or issuer bids;
- (d) major corporate acquisitions or dispositions;
- (e) changes in capital structure;
- (f) borrowing of a significant amount of funds;
- (g) public or private sale of additional securities;
- (h) development of new products and developments affecting the Company's resources, technology, products or market;
- (i) entering into or loss of significant contracts;
- (j) firm evidence of significant increases or decreases in near-term earnings prospects;
- (k) changes in capital investment plans or corporate objectives;
- (l) significant changes in management;
- (m) significant litigation;
- (n) major labour disputes or disputes with major contractors or suppliers;
- (o) events of default under financing or other agreements; and
- (p) any other developments relating to the business and affairs of the Company that would reasonably be expected to significantly affect the market price or value of any of the Company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the Company. If disclosed, they should be generally disclosed via news release or other disclosure document.

This list is not exhaustive, and other events and other developments may be considered to be material information as well.

The Chairman of the Company together with senior management will determine when and how the material information is to be disclosed. If the Chairman is unavailable, the President will be responsible for determining what constitutes material information.

Announcements of an intention to proceed with a transaction or activity must not be made until a decision has been made to proceed with such action by the board of directors of the Company or by senior management with the expectation of the board of directors of the Company or by senior management with the expectation of the concurrence of the board of directors. Updates on any proposed transaction should be announced at least every thirty days following the announcement of the transaction unless a different period of time has been specified for the updates. Prompt disclosure is also required whenever there is a material change to the proposed transaction or to the previously disclosed information.

In order to assist the Chairman and President in their duties regarding the disclosure of material information, the Company will maintain a file containing all relevant public information about the Company. This file will include news releases, other disclosure documents, brokerage research reports and debriefing notes following analyst contacts. The Chairman and the President will have access to this file at all times.

DISCLOSURE OF MATERIAL INFORMATION

Material information must be released immediately by news release, except in unusual circumstances. If material information is to be released during trading hours the Company must notify Market Regulation Services Inc., the company which the TSX has retained as its agent to monitor the continuous disclosure of its issuers, prior to the issuance of a news release. Market Regulation Services Inc. may then determine whether or not trading in the Company's securities should be halted.

Whether during trading hours or not, Market Regulation Services Inc. must be provided with a copy of a news release for its review and approval must be received prior to release by the Company when disclosing the following:

- (i) a reverse take-over, change of business or other reorganization of the Company;
- (ii) a major transaction involving the Company, including corporate acquisitions or dispositions;
- (iii) a change of control of the Company; and
- (iv) the announcement of future oriented financial information or other operating projections.

Market Regulation Services Inc. must be provided with a copy of all news releases issued by the Company after they are released.

A news release must be transmitted to the media by the quickest possible method and which provides the widest possible dissemination. Any news services used by the Company to disseminate material information must meet the following criteria:

- (a) it must disseminate the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
- (b) it must disseminate to all members of the TSX;
- (c) it must disseminate to all relevant regulatory bodies.

The Chairman and senior management will also determine the content of any news release or other disclosure document issued by the Company. News releases and other disclosure documents 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.

New releases or other disclosure documents containing material information must be factual and balanced, neither over-emphasizing favourable news or under-emphasizing unfavourable news. Unfavourable material information must be disclosed as promptly and completely as favourable information.

Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading). Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

Disclosure on the Company's Website alone does not constitute adequate disclosure of material information.

There will be 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 an investor). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such information must be broadly disclosed immediately via a news release.

Everyone to whom this Policy applies who becomes aware of information that appears to be material must immediately disclose that information to the President or Chairman.

DESIGNATED SPOKESPERSONS

The Company designates a limited number of spokespersons responsible for communication with the investment community, media and regulators. The President or Chief Executive Officer will be the official spokesperson for the Company. Except in exceptional circumstances, no representative of the Corporation may comment on material corporate developments other than the President, the Chief Executive Officer or the Chairman. The President or the Chief Executive Officer may, from time to time, designate others within the Company to speak on behalf of the Company as back-up or to respond to specific inquiries.

Employees and other persons in a special relationship with the Company 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 must be referred to the official spokesperson. The name and telephone number of the authorized spokesperson must be provided to Market Regulation Services Inc. and the TSX, as required.

MAINTAINING CONFIDENTIALITY OF INFORMATION

The number of people with access to confidential information pertaining or relating to the Company must be as few as possible. Confidential information must not be disclosed to any person other than in the necessary course of business. If confidential information must be disclosed in the course of business, all persons to whom the confidential information has been disclosed must be made aware of the fact that the information is to be kept confidential.

Any person who is privy to confidential information pertaining or relating to the Company must not discuss such information with any other person, save those Insiders or Employees who are specifically permitted to have access to confidential information by the Chairman and senior management of the Company. Any person who overhears confidential information or learns confidential information pertaining or relating to the Company in any other accidental way must not divulge this information to any other person.

Outside parties privy to undisclosed material information concerning the Company will be advised that they must not divulge such information to any other person, other than in the necessary course of the Company's business, and that they may not trade in securities of the Company until the information is publicly disclosed. Such outside parties will confirm their commitment to non-disclosure in a written confidentiality agreement.

To prevent the misuse or inadvertent disclosure of material information, the following procedures should be observed:

- (a) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.

- (b) Confidential matters should only be discussed on wireless telephones and communication devices when reasonable precautions are taken to avoid inadvertent disclosure.
- (c) Confidential documents should not be read in public places and should not be discarded where others can retrieve them.
- (d) Insiders, Employees and persons in a special relationship must ensure they maintain the confidentiality of information in their possession outside of the Company's offices or project sites.
- (e) Transmission of documents by electronic means, such as by 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.
- (f) Unnecessary copying of confidential documents, including assay data, and other exploration data, should be avoided, and extra copies of confidential documents should be shredded or otherwise destroyed..
- (g) Confidential documents should be kept locked up whenever possible. Documents containing confidential information should be promptly removed from conference rooms, project offices, project sites and work areas after meetings have concluded and kept in secure locations bearing in mind that exploration and development project sites may not always have secure locations in which case, reasonable precautions should be taken.
- (h) Code names may be used in certain instances to describe very sensitive project of the Company. Confidential documents must not be accessible through technology such as shared servers. Access to confidential electronic data should be restricted through the use of passwords.
- (i) Documents and files containing confidential information should be kept in a safe place where access is restricted to individuals who "need to know" that information in the necessary course of business.
- (j) All proprietary information, including computer programs and other records, remain the property of the Company and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with the prior permission of the President or Chairman.

RUMOURS

The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Company's spokesperson will respond consistently to rumours, saying, "It is our policy not to comment on market rumours or speculation". If a stock exchange upon which securities of the Company are listed requests that the Company make a definitive statement in response to a market rumour that is causing significant volatility in securities of the Company, the Chairman and senior management will consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, the Company will immediately issue a news release disclosing the relevant material information.

Rumours or speculation that appears on bulletin boards or chat lines on Internet sites should not be responded to on such sites.

CONTACTS WITH INVESTORS AND THE MEDIA

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 a shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that meetings with significant investors are an important element of the Company's investor relations program. The Company will meet with investors on an individual or small group basis as needed, and will initiate contacts or respond to investor calls in a timely, consistent and accurate fashion in accordance with this Policy.

The Company will provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an investor may construct this information into a mosaic that could result in material information. The Company cannot alter the materiality of information by breaking down the information into smaller, non-material components.

FORWARD-LOOKING INFORMATION

If the Company elects to disclose forward-looking information ("FLI") in continuous disclosure documents, speeches, conference calls, etc., the following guidelines will be observed:

- (a) The information, if deemed material, will be broadly disseminated via news release, in accordance with this Policy.
- (b) The information will be clearly identified as forward-looking.
- (c) The Company will identify all material assumptions used in the preparation of the FLI.

- (d) The information must be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement.
- (e) The information must be accompanied by a statement that disclaims the Company's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, if subsequent events prove past statements about current trends to be materially off target, the Company may choose to issue a news release explaining the reasons for the difference in accordance with the Company's past practice in these matters.
- (f) The Committee must obtain the approval of the Audit Committee before issuing a news release containing FLI or financial information which is based on or derived from financial statements that have not been released.

If the Company has issued a forecast or projection in connection with an offering document covered by National Policy 48, "Future-Oriented Financial Information", the Company will update that forecast or projection periodically, as required by that policy.

MANAGING EXPECTATIONS

If the Company has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in order to enable discussion without risk of selective disclosure when confirmation of such results has been determined.

TRADING RESTRICTIONS AND BLACKOUT PERIODS

General Guidelines

This Policy contains five general guidelines:

1. An Insider or an Employee or a person in a special relationship with the Company should not trade in securities of the Company at any time if he or she is in possession of material information about the Company that has not been generally disclosed to the public. Generally speaking, "material information" means information that:
 - (a) is in relation to the affairs, business, operations, assets or ownership of the Company; and
 - (b) would reasonably be expected to have a significant effect on the market price or value of the Company's securities .

2. Information provided to non-Insider Employees should be limited to non-material information whenever possible.
3. The Chairman will determine what information is material and when and how such information will be disclosed to the public. When the Chairman is not available, the President will determine what information is material and when and how such information will be disclosed. At all times the Chairman and the President may be assisted by the senior management of the Company in determining what constitutes material information.
4. The number of Employees with access to material information must be limited to as few as possible. Those Employees who are granted access to material information or come across material information must not divulge such material information to any person other than as approved by the Chairman and senior management of the Company.
5. The consequences of the violation of this Policy, which will in most cases also constitute a violation of applicable securities laws, may include termination of employment or association with the Company and further civil and criminal penalties.

Specific Rules

A. Insiders, Employees and Persons in a Special Relationship with the Company

No trading by Insiders, Employees or persons in a special relationship with the Company who have access to material information that has not been generally disclosed to the public should take place in securities of the Company for five trading days prior to and two trading days following the release of the Company's annual and interim financial statements (the "**Closed Period**").

If an Insider or an Employee or a person in a special relationship with the Company has a pressing need to sell any securities of the Company during the Closed Periods, the proposed transaction should first be approved by the Chairman of the Company or the President, in writing.

If an Insider or an Employee or a person in a special relationship with the Company knows that the Company is about to make a news release or publish or file any other disclosure document containing material information, at any time, that person should not trade in the Company's securities from the time of acquiring such knowledge of the news release or other disclosure document until the material information has been fully disclosed to the public and a reasonable period of time has passed (two trading days) for the information to be disseminated to the public. Since the Company is not a large issuer and is not followed closely by analysts and institutional investors, it may take several trading days for the information contained in the news release or other disclosure document to be disseminated to the public.

No Insider nor Employee nor any person in a special relationship with the Company may inform another person of any material information about the Company before the material information has been generally disclosed to the public.

No Insider or Employee or any person in a special relationship with the Company may at any time sell short the securities of the Company or buy and sell put or call options on the securities of the Company.

In order to avoid possible inadvertent conflict with this Policy, standing sell orders or standing purchase orders should not be left with a broker.

In case an Insider or an Employee or a person in a special relationship with the Company is unsure as to whether or not he or she may trade in the securities of a Company at a particular time, he or she may ask the Chairman or President of the Company whether or not he or she may trade. The Chairman or President will notify Insiders, Employees and persons in a special relationship with the Company of blackout periods.

All Insiders, Employees and persons in a special relationship with the Company must report details of their trading in the securities of the Company to the President of the Company, who will be responsible for reviewing the trades to ensure that such persons have complied with all Company policy and disclosure rules.

Insiders and Employees are prohibited from trading on material information that has not been generally disclosed to the public relating to any other listed company where such material information has been obtained in the course of employment or office with the Company.

The Committee may prescribe from time to time further blackout periods as a result of special circumstances relating to the Company pursuant to which Insiders, Employees and other persons to whom the Policy applies would be precluded from trading in securities of the Company. All parties to whom such special circumstances apply should be subject to and bound by the blackout in trading. Such parties may include persons in a special relationship with the Company, such as consultants, employees and external advisors such as legal counsel, investment bankers and counter-parties in negotiations of material potential transactions.

B. Non-Insider Employees

Financial information provided to non-Insider Employees should be restricted to operational statements related to the Employee's business unit. A non-Insider Employee should not have access to operating statements from other business units nor should the Employee have access to corporate financial results.

If other business unit or corporate financial information is required to be communicated to a non-Insider Employee the Chairman should contact the President prior to disclosure of such information.

A non-Insider Employee who comes into possession of Company information which he or she believes to be confidential and material should immediately contact the President directly.

CONSEQUENCES OF VIOLATION OF THIS POLICY

Any person who violates of this Policy may face disciplinary action up to and including immediate termination of his or her office, employment, engagement or other association with the Company without notice.

In addition to possible termination of office, employment, engagement or other association with the Company, the Company may refer any violation of this Policy or applicable securities laws to the appropriate regulatory authorities and any person who violates this Policy or such laws may face criminal and civil penalties, including without limitation fines and imprisonment.

Schedule A

“**Associate**”, where used to indicate a relationship with any person or company, means,

- (a) any partner, other than a limited partner, of that person or company,
- (b) any trust or estate in which such person or company has a substantial beneficial interest or for which such person or company serves as trustee or in a similar capacity,
- (c) any company of which such person or company beneficially owns or controls, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all outstanding voting securities of the Company,
- (d) any relative of that person, including the spouse, of such person or a relative of such person’s spouse, if the relative has the same home as that person.

“**Spouse**” means a person who:

- (a) is married to another person, and is not living separate and apart, within the meaning of the *Divorce Act* (Canada), from the other person, or
- (b) is living and cohabiting with another person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender.

“**Person in a special relationship with the Company**” means a person who is:

- (a) an insider, affiliate or associate of
 - (i) the Company,
 - (ii) a person that is proposing to make a take over bid for securities of the Company, or
 - (iii) a person that is proposing to become a party to a reorganization, amalgamation, merger, arrangement or similar business combination with the Company, or to acquire a substantial portion of the property of the Company,
- (b) is engaging in or is proposing to engage in any business or professional activity with or on behalf of the Company or with a person described in paragraph (a)(ii) or (iii),
- (c) is a director, officer or employee of the Company or a person described in paragraph (a)(ii) or (iii) or (b),
- (d) knows of material information with respect to the Company, having acquired the knowledge while

in a relationship described in paragraph (a), (b) or (c) with the Company, or

- (e) knows of material information with respect to the Company, having acquired the knowledge from another person at a time when
 - (i) that other person was in a relationship with the Company, whether under this paragraph (e) or any of paragraphs (a) to (d), and
 - (ii) the person that acquired knowledge of the material information from that other person knew or reasonably ought to have known of the special relationship referred to in paragraph (e)(i).

KING GEORGE FINANCIAL CORPORATION
(the “Corporation”)

PRE-APPROVAL OF ACCOUNTING SERVICES PROVIDED BY AUDITOR POLICY

BACKGROUND

On January 1, 2004, the Canadian Institute of Chartered Accountants revised Rules of Professional Conduct on auditor independence become effective. As they relate to public companies these new rules are very similar to the revised independence rules of the Securities and Exchange Commission (“SEC”) that became effective on May 6, 2003. As they relate to public companies these new rules are very similar to the revised independence rules of the SEC that became effective on May 6, 2003. They include prohibitions or restrictions on services that may be provided by auditors to their audit clients and require that all services provided to a listed entity audit client, including its subsidiaries, be pre-approved by the client’s audit committee.

In addition, under Canadian Securities Administrators (“CSA”) rules, a public company’s Audit Committee will be responsible for pre-approving all non-audit services to be provided to the company or its subsidiaries by the company’s external auditors or the external auditors of the company’s subsidiaries.

Under both the Institute and CSA rules pro-approval of services by the Audit Committee may be accomplished either by specific approval of each engagement or by adopting pro-approval policies and procedures. The CSA rules require public companies to disclose in their Annual Information Form a description of the policies and procedures their Audit Committee has established to pre-approve non-audit services. The CSA rules also require public disclosure of fees paid to the external auditors under the captions Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees. The four categories of service, as defined in the CSA rules are:

Audit Services

Include services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

Audit Related Services

Include services by an external auditor that are reasonably related to the performance of the audit of the issuer’s financial statements and are not reported as Audit Statements.

Tax Services

Include professional services rendered by an external auditor for tax compliance, tax advice, and tax

planning.

All Other Services

Include products and services provided by the external auditor not included in the previous three categories.

POLICY REQUIREMENTS

The Audit Committee will consider the pre-approval of permitted services to be performed by the external auditor in each of the broad categories illustrated in the following list:

LIST OF SERVICES PROVIDED BY AUDIT COMPANY (the "List"):

- Audit Services
- Audit Related Services
- Tax Services
 - Compliance Services
 - Canadian & US Tax Planning Services
 - Commodity Tax Services
 - Executive Tax Services
- Other Services
 - Valuation Services
 - Information Technology Advisory and Risk Management Services
 - Forensic and Related Services
 - Corporate Recovery Services
 - Transaction Services
 - Corporate Finance Services
 - Project Risk Management Services
 - Operational Advisory and Risk Management Services
 - Regulatory and Compliance Services

The rules also identify the following ten types of non-audit services that are deemed inconsistent with an auditor's independence ("Prohibited Services")

1. Bookkeeping or other services related to the audit client's accounting records or financial statements.
2. Financial information systems design and implementation.
3. Appraisal or valuation services for financial reporting purposes.

4. Actuarial services for items recorded in the financial statements.
5. Internal audit outsourcing services.
6. Management functions.
7. Human resources.
8. Certain corporate finance and other services
9. Legal services
10. Certain expert services unrelated to the audit.

The rules provide further details as to the specific nature of services within these categories that are prohibited.

POLICY STATEMENT

The Company and its subsidiaries will not engage Auditor to carry out any Prohibited Service as defined in the CICA's Rules of Professional Conduct.

For permitted services the following pro-approval policies will apply:

A. Audit Services

The Audit Committee will pro-approve all Audit Services provided by the auditor through their recommendation that the auditor be approved as shareholders' auditors at the Company's annual meeting and through the Audit Committee's review of the auditor's annual audit plan.

B. Pre-Approval of Audit Related, Tax and Other Non-Audit Services

Periodically (e.g. annually), the Audit Committee will review the List and pre-approve the approved services that are recurring or otherwise reasonably expected to be provided in the following period.

The Audit Committee will be subsequently informed annually of the services for which the auditor has been actually engaged.

Any additional requests for pre-approval will be addressed on a case-by-case specific engagement basis as described in (C) below.

C. Approval of Additional Services

The Company employee making the request will submit the request for service to the Chief Financial Officer. The request for service should include a description of the service, the estimated fee, a statement that the service is not a Prohibited Service and the reason Morgan & Company is being engaged.

Services where the aggregate fees are estimated to be less than or equal to \$10,000.

Recommendations, in respect of each engagement, will be submitted by the Chief Financial Officer to the Chairman of the Audit Committee (the “Chair”) for consideration and approval. The full Audit Committee will subsequently be informed of the service, at its next meeting. The engagement may commence upon approval of Chair.

Services where the aggregate fees are estimated to be greater than to \$10,000.

Recommendations, in respect of each engagement, will be submitted by the Chief Financial Officer to the full Audit Committee for consideration and approval, generally at its next meeting or at a special meeting called for the purpose of approving such services. The engagement may commence upon approval of the full Committee.