

CODE OF ETHICS FOR DIRECTORS, OFFICERS AND EMPLOYEES

1. Purpose of the Code

The purpose of this Code of Ethics (the “Code”) is to define the legal, ethical and regulatory standards applicable to the directors, officers and employees (the “Representatives”) of Ondine Biopharma Corporation and its subsidiaries and affiliates (collectively, the “Company”), to promote:

- 1.1 honest and ethical conduct;
- 1.2 avoidance of conflicts of interest, whether actual or potential;
- 1.3 full, fair, accurate, timely and understandable disclosure in financial statements, reports and documents that the Company files with, or submits to, shareholders and securities authorities, as well as in other public communications made by the Company;
- 1.4 compliance with various legislation and regulations applicable to the Company;
- 1.5 prompt internal disclosure of any violation of the Code; and
- 1.6 accountability for any failure to respect the Code.

The Code is not a comprehensive guide to all of the Company’s policies or to all of the Representatives’ responsibilities under any applicable laws or regulations under which the Company is governed. Instead, the Code is intended to provide general parameters to help resolve the legal and ethical issues that Representatives may encounter when conducting the Company’s business.

The Company expects each Representative to read and become familiar with the ethical standards described in the Code and to affirm his or her agreement to adhere to these standards by signing, on an annual basis, a Compliance Certificate. Violations of law, the Company’s corporate policies, or the Code may lead to disciplinary action, including, but not limited to, the dismissal of the affected Representative(s).

2. Honest and Ethical Conduct

Representatives are vested with the responsibility of protecting, balancing, and preserving the assets and interests of all of the Company’s stakeholders, including shareholders, clients, employees and suppliers. Representatives fulfill this responsibility by adhering to and enforcing the policies and procedures employed in the operation of the Company and by exhibiting and promoting the highest standards of honest and ethical conduct.

In this regard, Representatives shall:

- not abuse their position to obtain advantage for themselves, family members or close associates, or otherwise abuse their authority;
- refrain from engaging in conduct that would discredit and/or compromise the integrity and reputation of the Company, including: neglect of duty, deceit, breach of confidence, corrupt or other unlawful practices, or abuse of authority;
- serve loyally, without self-interest and free from conflicts with other commitments;
- avoid any conflict of interest with respect to their fiduciary responsibilities and disclose actual and potential conflicts of interest in accordance with the Code; and
- reporting any illegal or unethical behaviour to their supervisors or to the Company's board of directors.

3. Precautions, Rules and Obligations in Case of Conflicts of Interest

Generally, a Representative must not place themselves in a situation of conflict of interest, whether actual or potential, and must not take into consideration, in the performance of his or her functions, interests that are not exclusively the best interests of the Company. In circumstances where a Representative has a conflict of interest or becomes aware of a potential conflict of interest, the Representative shall report the conflict or potential conflict to the chairperson (the "Chairperson") of the Corporate Governance Committee (the "Committee") and fully inform the Chairperson of the facts and circumstances related to the conflict or potential conflict. The Chairperson, in consultation with the other members of the Committee, shall review the matter and report to the Company's board of directors (the "Board"). The Representative shall not take any further action in respect of the matter or transaction giving rise to such conflict or potential conflict unless and until he or she is authorized to do so by the Board.

The following guidelines describe more precise rules in this regard. However, these rules are not exhaustive and must not be interpreted so as to restrict the general rule.

Every Representative must promptly disclose in writing to his or her immediate superior and to the Chairperson, the existence of the following:

- 3.1 any position that he or she holds as an officer, director or employee with any other company, any public or non-profit organization;
- 3.2 any business relationship he or she has with clients, suppliers or competitors of the Company, other than as a Representative of the Company;
- 3.3 any relationship he or she has with persons working for any external auditor of the Company, or any of its subsidiaries, other than relationships directly and exclusively related to the performance of the external audit mandates;

- 3.4 any business relationship of an entity with the Company, its subsidiaries, or with clients, suppliers or competitors of the Company where he or she directly or indirectly, including through a holding or management company, or any associate of his or hers, as defined in the Securities Act (British Columbia), holds an interest in such entity (as shareholder, lender, creditor, debtor, investor). Notwithstanding the foregoing, in the event the only interest of the Representative in such entity is that of a shareholder holding less than 3% of the shares of the capital stock of such entity, no disclosure is required;
- 3.5 all business relationships he or she has with the Company or its subsidiaries, other than as a Representative of the Company;
- 3.6 any profit that the Representative or an associate of the Representative is likely to derive from a transaction concluded or planned by the Company with a third party, other than in his or her capacity as a shareholder of the Company;
- 3.7 any circumstance, fact or event that is likely to render him or her unable to properly and fully fulfill the functions of his or her position or to comply with applicable laws or regulations, or policies of the Company, or that could materially and adversely affect the reputation or the best interests of the Company; and
- 3.8 any circumstance, fact or event of which he or she becomes aware, regarding the Company, a director, an officer, or any other person, that is likely to materially and negatively affect the reputation or best interests of the Company.

For the purpose of the Code, conflict of interest means every situation in which a Representative could be inclined to favour his or her own interests or those of a third party in a manner that is contrary or in preference to the interests of the Company. It is understood that apparent conflicts of interest can also cause harm to the Company and Representatives should be conscious of how their conduct is likely to be perceived by others both within and outside the Company and avoid conduct, circumstances or events which could reasonably be expected to be perceived as placing such Representative or the Company in a conflict of interest position.

4. Full, Fair, Accurate, Timely and Understandable Disclosure

The Company is committed to providing its shareholders and investors with full, fair, accurate, timely and understandable disclosure in the reports that it files with Canadian regulatory authorities, with the Toronto Stock Exchange, and with the AIM market of the London Stock Exchange in the United Kingdom. To this end, each Representative shall:

- 4.1 not make false or misleading entries in the Company's books and records for any reason;
- 4.2 not condone any undisclosed or unrecorded bank accounts or assets established for any purpose;

- 4.3 notify the Chairperson and the Company's Chief Financial Officer ("CFO") if there is an unreported transaction;
- 4.4 adhere to the Company's system of internal accounting controls that is designed to provide reasonable assurances to management that all transactions are properly recorded;
- 4.5 assist in the maintenance of the Company's books and records that accurately and fairly reflect the Company's transactions;
- 4.6 prohibit the establishment of any undisclosed or unrecorded funds or assets;
- 4.7 adhere to the Company's system of internal controls that is designed to provide reasonable assurances to management that material information about the Company is made known to management, particularly during the periods in which the Company's periodic reports are being prepared;
- 4.8 present information in a clear and orderly manner and avoid the use of unnecessary legal and financial language in the Company's periodic reports; and
- 4.9 comply with the Company's Disclosure Policy.

5. Compliance with All Laws, Rules and Regulations, and Policies and Procedures

The Company will comply with all laws and governmental regulations that are applicable to its activities, and it expects all of its Representatives to obey the law. Specifically, the Company is committed to:

- 5.1 maintaining a safe and healthy work environment;
- 5.2 promoting a workplace that is free from discrimination or harassment based on race, color, religion, sex, sexual orientation, age, national origin, disability or other factors that are unrelated to the Company's business interests;
- 5.3 supporting fair competition and laws prohibiting restraints of trade and other unfair trade practices;
- 5.4 conducting the Company's activities in full compliance with the highest standard of environmental protection;
- 5.5 keeping the political activities of the Company's directors, officers and employees separate from the Company's business;
- 5.6 prohibiting any illegal payments, gifts, or gratuities to any government officials or political party;

- 5.7 prohibiting the unauthorized use, reproduction, or distribution of any third party's trade secrets, copyrighted information or confidential information;
- 5.9 complying with all applicable Canadian federal and provincial laws; and
- 5.10 complying with all applicable United States federal and state securities laws.

Representatives shall comply with all of the the Company's polices and procedures as established from time to time, including but not limited to, complying with the Company's Insider Trading Policy. If in the opinion of a Representative a Company policy or procedure is at variance with this Code, such variance should be brought to the attention of the CFO or the Company's Corporate Secretary ("CS") for review and further action. The CFO or CS must report any material variations and resolution of those variances to the Committee for review and approval.

6. Procedure and Sanctions

- 6.1 In any case where a more specific procedure has not been established in the Code or in another official communication of the Company, any questions related to the application of the Code must be submitted to the attention of one of the Chairperson, the CFO, the CS, or to the person appointed by Committee for such purpose.
- 6.2 A Representative or any other officer that has a well founded suspicion and/or knowledge of any violation of the Code must immediately report and bring this alleged violation to the attention of the Committee. Any reports to the Committee can be made anonymously. All reports will be treated confidentially to every extent possible.
- 6.3 Every violation of the Code shall be disclosed to the Chairperson in a timely manner. The Chairperson, in consultation with the other members of the Committee, will investigate any reported violations and will recommend an appropriate response to the Board. Any disciplinary sanctions taken by the Company under this Code shall be authorized by resolution of the Board.
- 6.4 Any Representative who does not comply with the Code is subject to disciplinary sanctions that could include the termination of his or her employment.
- 6.5 In no circumstance, and without restricting the protections granted by law, will the good faith reporting of potential violations of the Code be considered as a motive for disciplinary sanctions or the termination of employment of the Representative(s) who reported such conduct.
- 6.6 The rules set out in the Code are not exhaustive and must not be interpreted as a limitation to the other policies and rules applicable to the Representatives.

7. Certificate, Review and Disclosure

- 7.1 Each Representative shall sign, on an annual basis, a certificate undertaking to comply with the Code and shall file said certificate with the CFO or the CS.
- 7.2 The Committee shall review and reassess the adequacy of the Code at least annually and otherwise as it deems appropriate, and propose recommended changes, if any, to the Committee.
- 7.3 The provisions of the Code may be waived or amended for a Representative only by resolution of the Board. Any waiver or amendment of the Code granted to a director or executive officer of the Company will be publicly disclosed.

THE FOREGOING IS A POLICY STATEMENT ONLY AND DOES NOT CREATE A CONTRACTUAL RIGHT, COMMITMENT OR OBLIGATION ON BEHALF OF OR ENFORCEABLE AGAINST THE COMPANY OR ANY THIRD-PARTY.

The Code of Ethics for Directors, Officers and Employees was reviewed by the Committee and adopted by the Board as of the 15th day of January, 2007.