Whistleblower Policy

PURPOSE

The purpose of this policy is to establish procedures for (a) the receipt, retention, and treatment of complaints received by DEFSEC Technologies Inc. (the "Company") regarding accounting, internal accounting controls, auditing matters or violations to the Company's Code of Business Conduct and Ethics; and (b) the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations to the Company's Code of Business Conduct and Ethics.

The purpose of this policy is also to state clearly and unequivocally that the Company prohibits discrimination, harassment and/or retaliation against any employee, director or officer who (a) reports complaints to the Audit Committee regarding accounting, internal accounting controls, auditing matters or violations of the Code of Business Conduct and Ethics or (b) provides information or otherwise assists in an investigation or proceeding regarding any conduct which he or she reasonably believes to be a violation of employment or labour laws; securities laws, and laws regarding fraud or the commission or possible commission of a criminal offence. Everyone at the Company is responsible for ensuring that the workplace is free from all forms of discrimination, harassment and retaliation prohibited by this policy. No employee, director or officer of the Company has the authority to engage in any conduct prohibited by this policy.

This policy protects:

a) any employee, director or officer who legitimately and in good faith discloses an alleged violation of employment or labour laws, securities laws, laws regarding fraud or the commission or possible commission of a criminal offense, by any person with supervisory authority over the employee, director or officer, or any other person working for the Company who has the authority to investigate, discover or terminate conduct prohibited by this policy;

b) any employee, director or officer who legitimately and in good faith files, causes to be filed, testifies, participates in, or otherwise assists in a proceeding filed under employment or labour laws, securities laws or laws regarding fraud;

c) any employee who legitimately and in good faith provides information, causes information to be provided, or otherwise assists in an investigation regarding any conduct which the employee reasonably believes constitutes fraud when the information or assistance is provided to or the investigation is conducted by law enforcement, regulatory authorities, a legislature, or the Company; or

d) any employee who in good faith submits any complaint to the Audit Committee, regarding financial statements disclosures, accounting, internal accounting controls, auditing matters or violations to the Company's Code of Business Conduct and Ethics in accordance with the procedures set out herein.

If an employee, director or officer legitimately and in good faith engages in any of the activities listed above, the Company will not discharge, demote, suspend, threaten, harass or otherwise discriminate or

retaliate against him or her in the terms or conditions of employment because of that activity. However, since such allegation of impropriety may result in serious personal repercussions for the target person or entity, the employee, director or officer making the allegation of impropriety should have reasonable and probable grounds before reporting such impropriety and should undertake such reporting in good faith, for the best interests of the Company and not for personal gain or motivation.

COMPLAINT PROCEDURES

a) Any employee, director or officer who legitimately and in good faith believes that he or she may have been the subject of prohibited discrimination, harassment and/or retaliation or is aware of any conduct which may be prohibited by this policy is strongly encouraged to report such belief to the Chair of the Audit Committee who will immediately forward the report to the Audit Committee. Any employee, director or officer who receives such a complaint or witnesses any conduct which he or she legitimately and in good faith believes may be prohibited by this policy must immediately notify the Chair of the Audit Committee of the Company. Such concerns and/or complaints may be communicated anonymously if desired.

b) Upon receiving a complaint, the Audit Committee will promptly conduct a thorough investigation. The Audit Committee shall notify the Board of Directors and the Chief Executive Officer of such investigations. It is the obligation of all employees, directors and officers to cooperate in such investigation. Those responsible for the investigation will maintain the confidentiality of the allegations of the complaint and the identity of the persons involved, subject to the need to conduct a full and impartial investigation, remedy any violations of the Company's policies, or monitor compliance with or administer the Company's policies.

c) The investigation generally will include, but will not be limited to, discussion with the complainant (unless the complaint was submitted on an anonymous basis), the party against whom allegations have been made, and witnesses, as appropriate.

d) In the event that an investigation establishes that an employee, director or officer has engaged in conduct or actions constituting discrimination, harassment and/or retaliation in violation of this policy, the Company will take immediate and appropriate corrective action up to and including termination of an employee's employment.

e) In the event that the investigation reveals that the complaint was frivolously made or undertaken for improper motives or made in bad faith or without a reasonable and probable basis, that complainant's supervisor will take whatever disciplinary action may be appropriate in the circumstances.

AUDIT COMMITTEE PROCEDURES

The Audit Committee has adopted the following procedures:

a) management of the Company shall promptly forward to the Audit Committee any complaints that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters;

b) any employee of the Company may submit, on a confidential, anonymous basis if the employee so desires, any concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics. All such concerns shall be set forth in writing and forwarded in a sealed envelope to the Chair of the Audit Committee in an envelope labeled with a legend such as "To be opened by the Audit Committee only, being submitted pursuant to the "Whistleblower Policy" adopted by the Company". If an employee would like to discuss any matter with the Audit Committee, the employee should indicate this in the submission and include a telephone number at which he or she might be contacted if the Audit Committee deems it appropriate. If any such envelope is received by the management, it shall be forwarded promptly and unopened to the Chair of the Audit Committee. The Chair of the Audit Committee can be reached as follows:

PRIVATE AND CONFIDENTIAL
Attn: Chair of the Audit Committee
DEFSEC Technologies Inc. Head Office
80 Hines Road, Suite #300
Ottawa, Ontario K2K 2T8 Canada

yersh@defsectec.com

c) following the receipt of any complaints submitted hereunder, the Audit Committee will investigate each matter so reported and take corrective and disciplinary actions, if appropriate, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment. The Audit Committee shall notify the Board of Directors and the Chief Executive Officer of such investigations;

d) during investigations, the Audit Committee shall endeavour to act in a prudent and reasonable manner, with minimal disruption to the business and affairs of the Company and with sensitivity to the personal circumstances of the individual being investigated;

e) in circumstances of impropriety alleged against the Board of Directors, as a whole or any member thereof, external legal counsel shall be engaged to investigate such allegations and report to the Board of Directors and the Chief Executive Officer its findings;

f) the Audit Committee may enlist employees of the Company and/or outside legal, accounting or other advisors, as appropriate, to conduct any investigation of complaints regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Company's Code of Business Conduct and Ethics. In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the confidentiality and anonymity of the complainant;

g) the Audit Committee shall retain as a part of the records of the Audit Committee any such complaints or concerns for a period of no less than seven (7) years; and

h) the Audit Committee will review and evaluate this Policy on an annual basis to determine whether the Policy is effective in providing appropriate procedures to report violations or complaints regarding Accounting Standards or the Code of Business Conduct & Ethics. The Audit Committee will submit recommended changes to the Board for Approval.