

**PHOENIX OILFIELD HAULING INC.
AUDIT COMMITTEE "WHISTLE-BLOWER" PROCEDURES POLICY**

December 1, 2010

As a publicly traded Corporation, the integrity of the financial information of Phoenix Oilfield Hauling Inc., including its subsidiary Companies, ("**Corporation**") is paramount. The Corporation's financial information guides the decisions of the board of directors of the Corporation (the "**Board of Directors**" or the "**Board**"), and is relied upon by shareholders of the Corporation and the financial markets. With this in mind, the Corporation has created a process providing for the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls or auditing matters, or the reporting of fraudulent financial information (the "**Accounting Related Complaint(s)**").

Therefore, the audit committee of the Corporation (the "**Audit Committee**") has developed and adopted the following Audit Committee "Whistle-Blower" Procedures Policy (the "**Policy**"). This Policy is subject to modification from time to time by the Audit Committee, as the Audit Committee deems appropriate in the best interest of the Corporation or as required by applicable laws and regulations.

NI 52-110 Requirement

Pursuant to National Instrument 52-110, the Audit Committee is required to establish procedures for:

- (a) the receipt, retention, and treatment of Accounting Related Complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

This Policy is designed to achieve this purpose.

Accounting Related Complaints Received By the Corporation

Any Director, officer or employee of the Corporation, who receives a submission from any person, directly or indirectly, anonymously or openly, regarding an Accounting Related Complaint must follow these procedures for the receipt, retention, and treatment of such Accounting Related Complaint:

- Any Director, officer or employee of the Corporation, who receives an Accounting Related Complaint must immediately report such Accounting Related Complaint to the Chair of the Audit Committee (the "**Committee Chair**" or the "**Chair**").
- Accounting Related Complaints could be received by a Director, officer or employee from another Director, officer or employee or from a third party, and could be received either directly or indirectly, anonymously or openly, and in writing or verbally. Complainants may be asked to document their Accounting Related Complaint in writing.
- Accounting Related Complaints and/or the complainant's identity should be treated with confidentiality to the maximum extent possible, consistent with the need to conduct an adequate investigation as outlined in this Policy as determined by the Audit Committee, and in accordance with applicable laws, subject to the confidentiality protections for employees contained in this Policy under "Accounting Related Complaints by Employees".

- Upon being advised of an Accounting Related Complaint, the Committee Chair must confer with the other members of the Audit Committee. The Audit Committee must conduct or coordinate a timely and impartial investigation of the Accounting Related Complaint. A written record of the investigation process should be kept. The Audit Committee will, on an as needed basis but at least annually, provide the Board of Directors with a report on the Accounting Related Complaints received and the related resolution thereof.
- In discharging their responsibilities hereunder the Audit Committee may request and obtain assistance from the Board, officers and employees and/or may retain an independent accountant, independent legal counsel or other experts to assist in the investigation of the Accounting Related Complaint. The cost of independent accountants, independent legal counsel and experts shall be borne by the Corporation. The Board, officers and employees must cooperate with such investigation and must truthfully disclose what they know about the matters under investigation.
- During the investigation, the Audit Committee should diligently seek to obtain as much evidence as is reasonably possible, both from documents and individuals, regarding the subject matter of the Complaint. All relevant evidence must be analyzed and evaluated, and the Audit Committee shall determine an appropriate remedy and/or disciplinary action to the extent the Audit Committee deems necessary or desirable.
- The Committee Chair should, to the extent possible, advise the complainant of the results of the investigation and its resolution.
- All records regarding any Accounting Related Complaint, investigation and its results shall be retained by the Corporation's legal counsel under the direction of the Chair for a period of 10 years.

Accounting Related Complaints by Employees

Any employee of the Corporation who has concerns regarding auditing and accounting matters of the Corporation may submit such concerns, either anonymously or openly, in accordance with these procedures.

- Any employee of the Corporation who has concerns regarding auditing and accounting matters of the Corporation should report such concerns to the Chair or any member of the Board, who must report such concerns to the Committee Chair upon becoming advised of such concerns.
- An employee may report concerns either directly or indirectly, anonymously or openly, and in writing or verbally. The employee may be asked to document their concerns in writing. The employee may request, either in writing or verbally, that such concerns and/or the employee's identity be treated anonymously and confidentially and knowledge of such person's identity will be limited to the director receiving such information and members of the Audit Committee.
- Any concerns reported by an employee and the employee's identity must be treated anonymously and confidentially (even if the employee has not requested anonymity and confidentiality), unless the employee agrees in writing that such concerns and/or the employee's identity may be treated openly (or the employee specifies the extent to which they may be treated openly), except in accordance with applicable laws. Anonymous and confidential reports should only be disclosed to those persons who have a need to know in order to carry out the investigation of the concerns in accordance with the procedures contained in this Policy under "Accounting Related Complaints Received by the Corporation".

- Upon being advised of concerns of an employee, the Committee Chair and the Audit Committee must follow the same procedures with respect to the concerns as contained in this Policy under "Accounting Related Complaints Received by the Corporation", with the same cooperation from all directors, officers and employees of the Corporation.

No Discrimination, Retaliation or Harassment

The Corporation strictly prohibits any discrimination, retaliation or harassment against any employee who reports concerns regarding auditing and accounting matters, based on the employee's reasonable belief that such misconduct occurred. In addition, the Corporation strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of an Accounting Related Complaint.

Employees who believe that they have been subjected to discrimination, retaliation or harassment must immediately report the matter to the Committee Chair or to an officer of the Corporation, who must report such matter to the Committee Chair upon becoming advised of such matter.

Upon being advised of an allegation of discrimination, retaliation or harassment the Chair and the Audit Committee must follow the same procedures with respect to such allegation as contained in this Policy under "Accounting Related Complaints Received by the Corporation", with the same cooperation from all directors, officers and employees of the Corporation. If an Accounting Related Complaint of discrimination, retaliation or harassment is substantiated appropriate disciplinary action, up to and including dismissal, will be taken.

Contact Information

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