

NUCRYST PHARMACEUTICALS CORP.

COMPLAINT PROCEDURES FOR ACCOUNTING AND AUDITING MATTERS

PURPOSE

It is the responsibility of the Audit Committee (the “Committee”) to establish procedures for: (a) the receipt, retention, and treatment of complaints from employees and others received by NUCRYST Pharmaceuticals Corp. (“the Company”) regarding the Company’s accounting, internal accounting controls, or auditing matters (“Accounting Matters”); and (b) the confidential, anonymous submission by employees of the Company of good faith concerns regarding Accounting Matters without fear of dismissal or retaliation of any kind. In order to fulfill these responsibilities and to ensure that any such complaints and concerns are promptly and effectively addressed, the Committee has established the procedures below.

PROCEDURES

1. Submission and Receipt of Complaints

- a. Employees may report any concerns that relate to Accounting Matters (“Complaints”) to the General Counsel of the Company.
- b. To ensure that Complaints can be submitted confidentially or anonymously when employee complainants so choose, employees may communicate Complaints by interoffice mail (or regular mail or other means of delivery, addressed to the Fort Saskatchewan, Alberta address of the Company) in a sealed envelope marked “Private and Strictly Confidential – Attention: General Counsel” which envelope shall be forwarded unopened to the General Counsel.
- c. Non-employees may submit Complaints by mail (or other means of delivery) to the Fort Saskatchewan, Alberta address of the Company, marked “Private and Strictly Confidential – Attention: General Counsel of NUCRYST Pharmaceuticals Corp.” These procedures shall be posted on the Company’s external website.

2. Scope of Matters Covered by These Procedures

These procedures relate to Complaints by employees or others relating to any questionable accounting or auditing matters, including, without limitation, the following:

- a. fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;

- b. fraud or deliberate error in the recording and maintaining of financial records of the Company;
- c. deficiencies in or noncompliance with the Company's internal accounting controls;
- d. misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- e. deviation from full and fair reporting of the Company's financial condition.

3. Treatment of Complaints

- a. All Complaints, whether received anonymously or otherwise, will be treated as confidential to the fullest extent possible, consistent with the need to conduct an adequate review.
- b. Although a person making an anonymous Complaint may be advised that maintaining anonymity could hinder an effective investigation, the anonymity of the person making the Complaint shall be maintained until the person indicates that he or she does not wish to remain anonymous. Any system established for exchanging information with a complainant shall be designated to maintain anonymity.
- c. Upon receipt of a Complaint, the General Counsel will: (i) determine whether the complaint actually pertains to a matter covered by these procedures and, if not, advise the sender, if possible, and redirect the complaint to be dealt with in accordance with the appropriate Company policy; (ii) when possible, acknowledge receipt of the Complaint to the sender; and (iii) promptly inform the Committee, in summary form or otherwise, of the nature of the Complaint received and the recommended strategy for investigating the Complaint.
- d. Assessment, investigation, and evaluation of Complaints will be conducted, under Committee direction and oversight, by the General Counsel, or such other persons as the Committee determines to be appropriate. If the Committee deems it appropriate, the Committee may engage, at the Company's expense, independent advisors, such as outside legal counsel or auditors who are not affiliated with the Company's auditor for the purpose of undertaking an investigation and/or recommending appropriate action.
- e. Following investigation and evaluation of a Complaint, the General Counsel shall report to the Committee on recommended disciplinary or remedial action, if any. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Committee.

- f. Reasonable and necessary steps will also be taken to prevent any further violations of policy.
 - g. Any effort to retaliate, discharge, demote, suspend, threaten, harass or in any manner discriminate against any person making a Complaint in good faith is strictly prohibited and shall be reported immediately to the Chair of the Committee or the General Counsel. Any allegations regarding such retaliation will be investigated and dealt with in accordance with this policy.
4. Reporting and Retention of Records of Complaints and Investigations

The General Counsel will maintain a log of all Complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Committee. Records pertaining to a Complaint are the property of the Company and shall be: (i) retained in compliance with applicable laws and with the Company's document retention policy; (ii) subject to safeguards that ensure their confidentiality and, when applicable, the anonymity of the person making the Complaint.