



WHISTLE BLOWER POLICY

PREAMBLE

Medical Facilities Corporation (“**Company**”) and its subsidiaries (including Medical Facilities America, Inc. (“**MFA**”), Medical Facilities (USA) Holdings, Inc. (“**MFH**”), Medical Facilities IMD Holdings, Inc. (“**MF IMD**”) and their respective subsidiaries, (all collectively designated as the “**MFC Group**”)) are committed to the highest standards of integrity in pursuing its Corporate Mission and expect all persons employed by and representing the MFC Group to embrace this principle and conform to it. The Code of Business Conduct and Ethics that has been adopted sets out basic principles of ethical behaviour to guide all directors, officers and employees of the Company, MFA, MFH and MF IMD (“**MFC Personnel**”).

The MFC Group is committed to providing the best possible working conditions for its employees and as part of this commitment encourages an open and honest atmosphere in which any problem, complaint, suggestion, or question receives a timely response. In order to facilitate the reporting by all personnel of the MFC Group (collectively, the “**Group Personnel**”) of any complaints in this area, the Company has established the following procedures for the receipt, retention and treatment of complaints and a procedure to effectively resolve any complaints or issues that may arise.

This Policy is to be communicated to all Group Personnel and to all new Group Personnel. The Company may change this Policy and the procedures that it contemplates as appropriate to carry out the purposes of this Policy and applicable legal requirements.

Medical Facilities

The Company’s medical facility subsidiaries, including Arkansas Surgical Hospital, LLC, Oklahoma Spine Hospital, LLC, Black Hills Surgical Hospital, LLP, Sioux Falls Specialty Hospital, LLP, and The Surgery Center of Newport Coast, LLC (collectively, the “**Facilities**”), each have in place their own Codes of Conduct.

Group Personnel that are not MFC Personnel should comply with the internal procedures of their respective Facility, as applicable. If, however, such person is not satisfied with the resolution of the issue at the applicable Facility, such person may avail himself or herself of the procedures set out in this Policy, as if such person were MFC Personnel, to bring the issue to the attention of the Company.

The legal counsel of each Facility will report to the Compliance Advisor on a timely basis any activities that are reported under this Whistle Blower Policy (a) that have been confirmed or

corroborated at any level or to any degree as a result of the Facility's investigation or (b) that have not been so confirmed or corroborated, but the absence of which has not been confirmed as a result of the Facility's investigation within 30 days of the chief compliance officer (or equivalent) having been informed of such activities. Matters so submitted will be transmitted to MFC in a protected and confidential manner.

POLICY

General

MFC Personnel have an ongoing responsibility to report any activity or suspected activity of which he or she may have knowledge relating to the integrity of the Company's business, operations and/or financial reporting or which might otherwise be considered sensitive in preserving the reputation of the Company.

The following items is a non-exhaustive, illustrative list of matters that should be reported:

- instances of fraud or unethical business conduct;
- any violation of U.S. or Canadian, federal, state or provincial law;
- material misrepresentation or false statement to or by MFC Personnel concerning the business or operations of the MFC Group;
- any activity or suspected activity relating to the integrity of the Company's financial reporting or which might otherwise be considered sensitive in preserving the reputation of the Company such as:
 - fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the MFC Group;
 - fraud, deliberate error or deficiencies in the accounting, internal controls or disclosure controls of the MFC Group;
 - 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 MFC Group;
 - deviation from full and fair reporting of the MFC Group's financial condition;
- any act of discrimination, harassment or violence against any employee or member of the public;
- any specific danger to employee or public health and safety; or
- a violation of the Code of Business Conduct and Ethics adopted by the Company (or by any of its subsidiaries).

In addition, all Group Personnel that are not MFC Personnel are required to abide by the policies of the Facility at which they are employed or otherwise engaged, as applicable.

PROBLEM RESOLUTION PROCEDURE

The Company has adopted the following procedures for MFC Personnel to effectively resolve any issues or complaints that may occur. MFC Personnel will not be penalized, formally or informally, for voicing a complaint in good faith, or for filing a good faith complaint under this problem resolution procedure. The employee may discontinue this procedure at any time.

Preliminary Steps

To facilitate accurate reporting and proper redress of potential issues, MFC Personnel should complete the following steps before initiating formal procedures:

- Try to ensure that you have all the facts. In order to reach the right solutions, the Company must be as fully informed as possible. Please take all reasonable and appropriate steps within your power to ascertain the necessary information.
- Ask yourself whether the relevant conduct seems unethical or improper. This will help you to focus on the specific question you are faced with and the alternatives you have.
- Clarify your responsibility and role.

Reporting – Operational Issues

With respect to matters relating to the conduct of the business of the MFC Group, but not including Accounting Matters (as defined below) (“**Operational Matters**”), reporting should proceed as follows:

- MFC Personnel who have any concerns regarding Operational Matters may report their concerns on a confidential or anonymous basis to the Compliance Advisor. Alternatively, MFC Personnel may report their concerns on a confidential or anonymous basis to the Company’s external legal counsel. (See Appendix for contact details.)
- Following the receipt of any complaints submitted hereunder, action will be taken as deemed appropriate.

Reporting – Public Disclosure and Accounting Matters

The Board of Directors of the Company has appointed the Audit Committee to assist the Board in its oversight and evaluation of the quality and integrity of financial statements and the compliance by the Company with legal and regulatory requirements in respect of financial disclosure.

Any complaint regarding public disclosure, accounting, internal accounting controls, auditing matters or other concerns regarding questionable accounting practices (“**Accounting Matters**”) will require that the following procedures be followed:

- MFC Personnel who suspect the occurrence of any of the activities outlined above or who have any concerns regarding Accounting Matters may report their concerns on a confidential or anonymous basis to the Chair of the Audit Committee. Alternatively, MFC Personnel may report their concerns on a confidential or anonymous basis to the Company’s external legal counsel. (See Appendix for contact details.)
- Complaints or issues regarding Accounting Matters made to MFC Personnel must be promptly forwarded to the Chair of the Audit Committee.
- Following the receipt of any complaints submitted hereunder, the Audit Committee will take such action as it deems appropriate, including corrective and disciplinary actions, 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.

No Retaliation

The MFC Group will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any Group Personnel based upon any lawful actions of such Group Personnel with respect to good faith reporting of complaints or issues in accordance with this Policy. Group Personnel found to have engaged in retaliatory behaviour against such employee may be subject to discipline up to and including termination.

Group Personnel are free to make anonymous reports, with the understanding that any investigation may be hampered due to the inability to identify the employee in order to obtain a full and complete account of relevant and necessary facts from the employee or to ask additional questions or seek clarification as any investigation proceeds.

Retention of Complaints

The Compliance Advisor and the Chair of the Audit Committee shall maintain a log of all complaints or issues raised directly with such person, tracking their receipt, investigation and resolution and in consultation with the Chief Financial Officer, prepare a periodic summary report thereof to the Audit Committee.

On a strictly confidential basis, the Chief Financial Officer will maintain a master log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Board of Directors and the Audit Committee, as the case may require.

Appendix

Contacts

Compliance Advisor

Craig Holden
Baker Donelson
100 Light Street
Baltimore, Maryland 21202
USA
Email: cholden@bakerdonelson.com
Phone: 410-862-1122

Chair of the Audit Committee

Yanick Blanchard
c/o Medical Facilities Corporation
4576 Yonge Street
Suite 701
Toronto, Ontario M2N 6N4
Canada
Email: yanick.blanchard@medicalfc.com
Phone: 514-796-0250

Legal Counsel

Michelle Vigod
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7
Canada
Email: mvigod@goodmans.ca
Phone: 416-849-6024