

# EMBER RESOURCES INC.

## POLICY ON TRADING IN SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES

### I. PURPOSE

The purpose of this Policy is to promote investor confidence in the securities of the Corporation by requiring that Restricted Persons and Employees who have access to Material Non-Public Information will not make use of it by trading or tipping in securities of the Corporation before the information has been fully disclosed to the public and a reasonable period of time for the dissemination of that information has passed.

### II. SCOPE

This policy covers all employees, officers and directors of the Corporation. Employees, officers and directors are responsible for ensuring compliance by their families and other members of their households.

This policy applies to any transactions in any securities of the Corporation, including options, warrants, preferred shares and debentures, as well as any exchange traded options or other derivative securities that are not issued by the Corporation but are based on securities of the Corporation.

This policy applies not only to the securities of the Corporation which an employee, officer or director owns, but also those over which control or direction is exercised (for example as a trustee or executor of an estate) and also to the securities of the Corporation that are indirectly owned (for example by a corporation controlled by an employee, officer or director).

These procedures may be changed or other procedures adopted in the future as considered appropriate in order to carry out the purposes of this policy.

### III. DEFINITIONS USED IN THIS POLICY

**“Blackout”** means the period during which Employees and Restricted Persons are prohibited from trading in the Corporation’s securities;

**“Employees”** means all individuals currently employed by the Corporation who may become aware of Material Non-Public Information;

**“Information Officer”** means the individual whom Employees or Restricted Persons may contact to determine whether or not they may execute trades in the market or reveal Material Non-Public Information in the necessary course of business;

**“Insider”** means every director and senior officer of the Corporation and every director and senior officer of any subsidiary of the Corporation and any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all voting securities.

**“Material Change”** means a change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Corporation;

**“Material Fact”** means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Corporation’s securities;

**“Material Information”** means any information (including a Material Fact or a Material Change) relating to the business and affairs of the Corporation that an investor could reasonably be expected to take into account in making an investment decision regarding the Corporation’s securities, or that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Corporation’s securities. Both positive and negative information may be material. The following is a non-exhaustive list of some types of information that would ordinarily be considered Material Information:

- financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity,
- company projections and strategic plans,
- potential mergers and acquisitions,
- public or private securities/debt offerings,
- actual or threatened litigation, or the resolution of such litigation;

**“Material Non-Public Information”** means Material Information that has not been widely disseminated to the public through a major newswire service or Material Information that has been widely disseminated to the public through a major newswire service, but a reasonable period of time for its dissemination has not passed. For the purposes of this policy, information will be considered public (ie. no longer “non-public”) after the close of trading on the first full trading day following dissemination of the information to the public through a major newswire service.

**“Pending Material Developments”** means a transaction that would constitute Material Information, however, a decision to proceed with the transaction has not been made by the board of directors or by senior management with the expectation of concurrence from the board;

**“Restricted Persons”** means directors, officers and Employees of the Corporation who are routinely in possession of Material Non-Public Information.

**“Senior Officer”** means the chair or vice-chair of the board of directors, the president, vice-president, secretary, comptroller, treasurer or general manager of the Corporation or any other individual who performs functions for the Corporation similar to those named officers, and each of the five highest paid employees of the Corporation, including such named officers.

## IV. STATEMENT OF POLICIES AND PROCEDURES

### 1. General Prohibition

**No Employee or Restricted Persons shall trade in the securities of the Corporation while they are aware of Material Non-Public Information.** Employees or Restricted Persons are also prohibited from informing, or “tipping”, anyone else about Material Non-Public Information. This prohibition extends to other securities whose price or value may reasonably be expected to be affected by changes in the price of the Corporation’s securities and includes the granting or exercise of stock options.

In order to avoid possible inadvertent conflict with this policy, it is recommended that Employees and Restricted Persons do not leave any outstanding sale or purchase orders with any broker.

### 2. Information Officer

For purposes of this policy, the CEO and the CFO of the Corporation have been designated as the Information Officers. When Employees or Restricted Persons have concerns about whether or not certain information is Material Non-Public Information, they should contact the Information Officer to obtain permission before executing any trades in securities of the Corporation. If the information is such that it would influence Employees or Restricted Persons to buy or sell securities of the Corporation, then that fact alone suggests that it is Material Information.

### 3. Confidentiality of Material Non-Public Information

**No Employee or Restricted Person shall reveal Material Non-Public Information to any outside person (including family members, analysts, individual investors and members of the investment community and news media) unless the disclosure occurs in the necessary course of business** (for example discussions with the Corporation’s bankers or advisors). The Information Officer should be consulted to determine if it is appropriate to reveal the Material Non-Public Information in the circumstances. In any instance where such information is disclosed to outsiders, the outsider should be advised that they must not disclose the information to any one else, other than in the necessary course of business of the Corporation, and that they may not trade in securities of the Corporation until the information has been generally disclosed.

No Employee or Restricted Person may give trading advice of any kind about the Corporation to any one while possessing Material Non-Public Information.

### 4. Material Non-Public Information of Other Corporations

Where Employees or Restricted Persons become aware of Material Non-Public Information concerning another public corporation, they shall not trade in the securities of that corporation or “tip” or disclose such Material Non-Public Information about the other public corporation or give trading advice of any kind about the other public corporation, until such information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, a “reasonable period of time” will be after the close of trading on the first full trading day following the public release of the information.

## **5. Restricted Persons**

**Restricted Persons are prohibited from trading whenever there are Pending Material Developments, even if they are unaware of them.** From time to time, a confidential memo may be sent by the Information Officer to all Restricted Persons informing them that they should cease trading until further notice and no reason for the trading restriction need be provided.

In order to further ensure compliance with this prohibition, Restricted Persons must not trade in securities of the Corporation until they have obtained the advance approval of the Information Officer.

## **6. Trading Windows and Blackout Periods**

**No Employee or Restricted Person shall trade in the Corporation's securities when Material Information has not been disclosed or for a reasonable period of time following the disclosure of that information.** The purpose of the Blackout Period is to allow the market to fully reflect the Material Information in the price of the Corporation's securities. The Information Officer will be responsible for setting the length of any Blackout Period and for notifying Employees and Restricted Persons of it.

Restricted Persons are subject to the routine Blackout Period around quarterly and annual financial results which Blackout Period begins two weeks prior to the scheduled release of any quarterly or annual financial statements or operating results and ends on the close of trading on the day following the widespread public dissemination of such quarterly or year-end financial statements or operating results.

Employees who are not Restricted Persons may trade in securities of the Corporation at any time, provided they are not in possession of Material Non-Public Information and no Blackout Period applicable to such Employee is in place. Notwithstanding this, it is recommended that, if possible, Employees not trade on the day on which quarterly or year-end financial statements or operating results or other Non-Public Information is released.

No Employee or Restricted Person possessing Material Non-Public Information about the Corporation may trade in securities of the Corporation even outside of Blackout Periods. Persons possessing such information may trade outside of Blackout Periods only after the close of trading on the next full trading day following the widespread public release of the information.

No Employee or Restricted Person may disclose to any outside party that a Blackout Period has been designated.

## **7. Insider Trading and Reporting**

Once a person becomes an Insider, his or her holdings in the securities of the Corporation and any changes therein must be reported to the appropriate securities commissions under applicable insider trading reporting requirements. The responsibility for compliance with insider reporting obligations rests with each Insider and not with the Corporation. However, the Corporation has an interest in monitoring the holdings of its Insiders and ensuring that Insider holdings are accurately reported.

Initial Reports: An initial report must be filed within 10 days of the date on which a person or company becomes an Insider. An initial report is not required, however, when a person becomes an Insider if he or she has no direct or indirect beneficial ownership, control or direction over any securities of the Corporation.

Changes in Beneficial Ownership: A person or company who is an Insider must report any changes in his, her or its direct or indirect beneficial ownership of, or control over, securities of the Corporation within 10 days of the date that any such change takes place.

Stock Options: Insiders are reminded that the grant of an option, or the exercise of an option, gives rise to reporting obligations and an insider report must be filed with respect to these matters within 10 days of the date such transaction takes place.

Filing: Insiders of the Corporation are required to use the System for Electronic Disclosure by Insiders (“SEDI”) for reporting insider trades. Reporting through SEDI can be completed by insiders themselves through the internet or through an agent. Insiders are referred to the internet website at [www.sedi.ca](http://www.sedi.ca). As well, Insiders are encouraged to contact the Chief Financial Officer or the Corporate Secretary with respect to any questions about filing through the SEDI system.

## **V. ENFORCEMENT POLICIES**

### **1. Penalties Under Securities Laws**

The prohibition against trading or tipping on Material Non-Public Information as set forth in Canadian securities legislation can be enforced through a wide range of penalties including:

- (a) disgorge the profit made or the loss avoided by trading;
- (b) pay the loss suffered by the persons who purchased securities from or sold securities to the insider tippee;
- (c) pay fines of up to the greater of \$1,000,000 and three times the profit made or loss avoided;
- (d) pay administrative penalties of up to \$500,000;
- (e) jail term of up to 5 years less a day;
- (f) administrative sanctions by securities commissions such as cease trade orders and removal of exemptions.

The Corporation may also be required to pay penalties and could, under circumstances, be subject to private law suits by traders for damages suffered as a result of illegal insider trading or tipping by persons under the Corporation’s control.

### **2. Communication and Enforcement**

All directors, officers and employees of the Corporation will be advised of this policy and its importance. This policy will be brought to the attention of all employees on an annual basis.

Violation of this policy or any applicable insider or tipping laws by any Insider, employee or Restricted Person may subject such person to disciplinary action by the Corporation up to and including termination for cause or implementation of a probationary period.

If it is discovered that anyone subject to this policy has violated securities laws, the matter may be referred to the appropriate regulatory authorities.

The trading prohibitions and restrictions set forth in this policy will be superseded by any greater prohibition or restrictions prescribed by applicable securities laws and regulations.

The Corporation will review this policy annually to ensure that it is achieving its purpose. Based on the results of the review, the policy may be revised accordingly.