



## INSIDER TRADING POLICY

*(To be read in conjunction with the Disclosure Policy)*

### **A. Statement of Purpose**

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The Insider Trading Policy (the “Policy”) exists to advise all directors, officers, employees and consultants (“Employees”) of Lupaka Gold Corp. (collectively with its subsidiaries, “Lupaka” or the “Company”), of their responsibilities regarding Lupaka’s continuous disclosure obligations, confidentiality and insider trading. Lupaka takes continuous disclosure and insider trading very seriously. It expects its Employees to do the same. This document outlines Lupaka’s policy and procedures for compliance with the laws concerning continuous disclosure and insider trading and is intended to protect Employees from inadvertently breaching those rules.

All Employees of Lupaka are subject to this Policy. In addition to applying to all Employees, the restrictions on trading in securities of the Company set out in this Policy apply to:

- a) securities of the Company over which an Employee has or shares, directly or indirectly, control or direction (which includes the power to vote, or to direct the voting of, the securities or the power to acquire or dispose, or to direct the acquisition or disposition of, the securities) (such securities are referred to herein as “**Controlled Securities**”); and
- b) the spouse and other immediate family members of an Employee and any other people who reside with an Employee (such persons are referred to herein as “**Family and Household Members**”).

### **B. Overview**

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Lupaka is a reporting issuer and its common shares are publicly traded and presently listed on the Toronto Stock Exchange (“TSX”). As such, the law regulates the use and disclosure of information concerning Lupaka’s business and activities. The laws on continuous disclosure and insider trading exist to ensure full disclosure by public companies of material information and to prevent people who have material information that is not known to the market (insiders) from selectively disclosing or taking advantage of it.

Employees who have or have access to material information which has not been disclosed to the market, and misuse it by trading or passing it on except in certain permitted circumstances, are subject to serious penalties.

Securities legislation that applies to Lupaka is subject to change. An attempt will be made to update this Policy to reflect any changes in such laws, however no assurance can be made that at any point this policy will be up to date and will accurately reflect applicable securities law. Compliance with this policy does not necessarily equate to compliance with applicable legislation. Any questions or



uncertainty whether any particular information is material or whether it has been disclosed to the public as required should be directed to the Company's Chief Executive Officer or Chief Financial Officer.

Although the disclosure and insider trading rules involve the concept of "material" information, as a starting point, all information about Lupaka and its business and activities should be considered and treated as confidential, unless the information is in the public domain.

### **C. Material Information**

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In this Policy, "**material information**" means any information (Material Fact or Material Change) relating to the business and affairs of the Company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Company's securities. A "Material Fact" is a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Company's securities and "Material Change" means a change in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Company and includes a decision by the directors or senior management of the Company to implement a change, when confirmation of the decision by the directors or senior management, as applicable, is probable.

Any information that could be expected to affect Lupaka's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are:

- Changes in resources and reserves;
- Exploration results;
- Projections of future earnings or losses or other earnings guidance;
- Earnings inconsistent with a consensus of expectations of the investment community;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A change in senior management; and
- Impending bankruptcy or the existence of severe liquidity problems.

### **D. Restrictions on Dealing in Lupaka**

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In order to enhance compliance with insider trading legislation and to avoid the appearance of improper trading in its securities, Employees are required to comply with the restrictions on trading described in this section and elsewhere in this Policy in respect of securities they hold directly and any Controlled Securities. In addition, these restrictions extend to Family and Household Members. Employees are responsible for the transactions of their Family and Household Members and therefore should make them aware of the need to confer with the Employee before they enter into transactions involving securities of Lupaka.



## 1. *Blackout Periods*

At times when there are pending developments involving the Company which may constitute material information, which have not been disclosed, a confidential “blackout” memorandum or email will be sent by the Chief Executive Officer, Chief Financial Officer or their designate to all Employees informing them that a Blackout Period is in force. The memo may not set out the reason for the Blackout Period. A Blackout Period will only end when a subsequent memorandum or email is sent by the Chief Executive Officer, Chief Financial Officer or their designate notifying Employees of the cessation of the Blackout Period.

Employees and Family and Household Members are prohibited from trading (entering into a transaction (or, in the case of Controlled Securities, causing a transaction to be entered into) involving a security of the Company) during Blackout Periods, even if they are unaware of the details of the pending development.

Examples of pending developments that may warrant the imposition of a Blackout Period include significant corporate acquisitions and divestitures, contract negotiations, exploration results, material new information regarding Lupaka’s resources or reserves, asset write downs or similar transactions that may result in a material change in the affairs of Lupaka. Where the operations and stage of development of the Company warrant, Blackout Periods may be instituted in connection with the preparation and issuance of the Company’s financial statements and MD&A.

## 2. *Additional Prohibited Transactions*

- **Short Sales and other Speculative Transactions**

Lupaka considers it improper and inappropriate for any Employee to engage in short-term or speculative transactions in the Lupaka’s securities. Short sales of Lupaka’s securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in Lupaka or its short term prospects. In addition, short sales may reduce the seller’s incentive to improve Lupaka’s performance. For these reasons, Employees are prohibited from engaging in short sales and other speculative transactions involving Lupaka’s securities, whether directly or indirectly. An Employee short selling Company shares to raise funds necessary to acquire shares purchased under share options exercised concurrently is exempted from this prohibition against short sales.

- **Post-Termination Transactions**

The Policy and securities laws continue to apply to transactions in Lupaka stock even after employment is terminated. An Employee in possession of material non-public



information after employment terminates may not trade in Lupaka stock until that information has become public. Accordingly, the risk of a violation and the imposition of penalties as outlined below does not end after termination of employment with Lupaka.

### *3. Trading Clarification and Waiver of Blackout Period*

If you are unsure whether or not a trade may take place in a given circumstance, you should contact the Company's Chief Executive Officer or Chief Financial Officer.

During a Blackout Period, the Chief Executive Officer or Chief Financial Officer may determine that special circumstances warrant permitting a specific trade to occur during the Blackout Period and may approve that trade. If Employees believe that such circumstances may apply to them in a particular instance, they may present their circumstances to the Chief Executive Officer or the Chief Financial Officer.

#### *E. Insider Trading and Tipping- Relevant Legislation*

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Securities legislation prohibits any person who is in a "special relationship" with the Company from:

- Purchasing or selling or otherwise entering into a transaction involving Company securities or a related financial instrument, with the knowledge of a material fact or material change concerning the Company that has not been generally disclosed;
- Informing (or "tipping"), other than when necessary in the course of business, another person or company of a material fact or material change concerning the Company before the material fact or material change has been generally disclosed; and
- Recommending or encouraging another person to enter into a transaction involving a security of the Company or a related financial instrument, with knowledge of a material fact or a material change that has not been generally disclosed.

Those people deemed to be in a "special relationship" with the Company include all Employees.

If an Employee or another person in a special relationship with the Company informs a second person of a material fact or material change with respect to the Company and the second person knew or reasonably ought to have known of that special relationship, the second person will also be deemed to be in a special relationship with the Company.

A breach of this prohibition can be enforced through a wide range of penalties, which can be severe. A breach may render an insider personally liable to prosecution and, upon conviction, to fines or penal sanctions, or both, sanctions by securities commissions and civil actions initiated by securityholders or the Company.



## F. Insider Reporting Obligations

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A person or company who becomes a “reporting insider” (as defined in attached Schedule “A”) of Lupaka is required by securities laws to file an initial insider report within ten days of the date of becoming a reporting insider (an initial report is not required, however, when a person becomes a reporting insider if he/she has no direct or indirect beneficial ownership, control or direction over securities of the Company). An insider whose direct or indirect beneficial ownership of or control or direction over securities of Lupaka or a related financial instrument changes must file an insider report of the change within five days of the date of the change.

With prior arrangements, assistance in filing the insider report can be provided by the Company’s Corporate Secretary. However, the obligation to report still falls on the insider. If you would like assistance, you must provide all details of any transaction to the Company’s Corporate Secretary within 24 hours of the transaction taking place.

## G. Further Information

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The following notes are provided as additional information to help clarify certain aspects related to insider trading rules and this Policy.

### 1. *Disclosure of Information to Others*

Lupaka has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. Employees may not, therefore, disclose information to anyone outside the Company, including Family and Household Members and friends, other than information that has already been released by Lupaka in accordance with those procedures. An Employee also may not discuss Lupaka or its business in an internet “chat room” or similar internet-based forum.

The requirements of this Policy are in addition to existing policies and agreements with respect to the non-disclosure of confidential information and the general rule that Lupaka business is not to be discussed with anyone outside Lupaka except as necessary in connection with the conduct of Company business. Many people, including stockbrokers, market analysts, journalists and stockholders have an interest in information about the Company and may seek to obtain it from you. Any inquiries of this kind should be referred to the person designated to speak on behalf of the Company from time to time. The Chief Executive Officer, Chief Financial Officer, and the employees or consultants engaged in investor relations activities are currently designated as the official spokespersons for the Company.

### 2. *Twenty-Twenty Hindsight*



Before engaging in any transaction of the Company's securities an Employee should consider how enforcement authorities and others might view the transaction in hindsight and with access to Company files, including emails, correspondence, statements and corresponding paper trails.

### *3. Continuous Disclosure*

The general rule is that if a material change occurs in Lupaka's affairs then Lupaka must immediately issue and file a news release, inform the TSX and comply with other regulatory requirements. This general rule does not apply only in certain, very limited circumstances.

Lupaka has a committee and policy outlining how information is disclosed and released to the public. The protocol of the Disclosure Policy focuses on continuous disclosure and improving access to information for all investors.

### *4. When Information is "Public"*

An Employee aware of material non-public information may not trade until a notice is received signifying the end of the Blackout period which is typically when the information has been disclosed broadly to the marketplace (such as by press release or a SEDAR filing) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace until a full two trading days (48 hours) have lapsed after the information is released. If, for example, Lupaka was to make an announcement on a Monday before the market opened, do not trade in Lupaka's securities until Wednesday. If an announcement was made on a Friday after the market has closed, Wednesday generally would be the first eligible trading day. Holidays in which securities markets are closed are not business days and therefore extend the applicable period.

### *5. Stock Option Exercises*

Lupaka's insider trading policy applies to the exercise of an employee stock option and any sale of Lupaka securities acquired on exercise of stock options, including sales as part of a broker assisted exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price or personal income taxes associated with an option. In accordance with the 2010 Stock Option Incentive Plan, if the ending date of the term of option would otherwise occur during a Blackout Period or within 10 business days following such period, the ending date of the term of the option will be deemed to be the date that is the tenth business day following the end of such Blackout Period.

### *6. Questions.*



Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Company Chief Executive Officer or Chief Financial Officer. Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual.

#### ***H. Enforcement***

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When Employees violate this policy it causes embarrassment and other harm to the Company. As a result, the Company may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period. The Company is also entitled to pursue legal remedies through the courts. If appropriate, the Company will also report the matter to the appropriate regulatory authorities.

*Reviewed by the Compensation Committee on March 21, 2014.*

*Approved by the Board of Directors on March 26, 2014.*

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**LUPAKA GOLD CORP.**

**INSIDER TRADING POLICY**

#### **ACKNOWLEDGEMENT:**

The undersigned has received a copy of this Insider Trading Policy, has read this Insider Trading Policy and agrees to abide by the terms of this Insider Trading Policy.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Please print)



## SCHEDULE "A"

An insider of a reporting issuer will be a "reporting insider" if the insider is:

- a) the CEO, CFO or COO of the reporting issuer, of a "significant shareholder" of the reporting issuer or of a "major subsidiary" of the reporting issuer (as such terms are defined below);
- b) a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- c) a person or company responsible for a principal business unit, division or function of the reporting issuer;  
a significant shareholder of the reporting issuer;
- d) a management company that provides significant management or administrative services to the reporting issuer or a "major subsidiary" of the reporting issuer, and the CEO, CFO, COO and every director of the management company, and every significant shareholder of the management company;
- e) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (e);
- f) the reporting issuer itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
- g) any other insider that
  - i. in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and
  - ii. directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer.

In determining whether an insider satisfies the "significant influence" criterion, the insider should consider whether he or she exercises, or has the ability to exercise, significant influence over the business, operations, capital or development of the issuer that is reasonably comparable to that exercised by one or more of the enumerated positions in the definition of "reporting insider".

For the purposes of the definition of a reporting issuer, a subsidiary of an issuer will be considered a "major subsidiary" of a reporting issuer if the assets or revenues of the subsidiary represent 30% or more of the consolidated assets or revenues of the reporting issuer on its most recent financial statements. This requirement will increase the threshold required to be considered a "major subsidiary" from the current threshold of 20%.