



## TRADING AND BLACK-OUT POLICY FOR INSIDERS AND RESTRICTED PERSONS

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### OBJECTIVE AND SCOPE

This black-out policy applies to Imperial Metals Corporation (the “**Company**” or “**Reporting Issuer**” as the case may be), its subsidiaries and to Restricted Persons (as that term is defined herein).

The Company’s board of directors (“**Board**”) will review and update, if necessary, this policy on a regular basis to ensure compliance with changing regulatory requirements and to foster adherence to best practices. The Board will review corporate policy, protocols and disclosure practices on at least an annual basis and more frequently as required.

### DEFINITION OF INSIDERS AND RESTRICTED PERSONS

The definition of "Insiders" and “Restricted Persons” as used in this policy is as follows:

“**Insiders**” means all directors, senior officers and major shareholders (who own more than 10% of the voting rights attached to all outstanding voting securities) of the Company and its subsidiaries

“**Restricted Persons**” means all directors, officers, Insiders, and those employees and other persons who are aware of and have access to undisclosed material information

Because documents covering public offerings of the Company's securities have been filed in multiple jurisdictions, the Company and its Insiders are subject to the securities laws of British Columbia, Ontario, Saskatchewan and Quebec. All Insiders should familiarize themselves with the statutory definition of "insider" for each jurisdiction in which the Company files.

### INSIDER REPORTING

Not all Insiders are required to file reports as to their holdings or changes in holdings of the Company's securities. Specifically, those defined in applicable securities laws as “Reporting Insiders”, which includes Directors and specified Officers of the Company and Directors and specified Officers of a material subsidiary, have this obligation. A report is required to be filed within 5 calendar days after the person becomes a Reporting Insider and within 5 calendar days after any change in the person's holding of securities of the Company takes place (collectively, “**Insider Reports**”). The Insider Reports require disclosure as to direct or indirect holdings and as to options, rights, etc.

Filing of Insider Reports is done electronically as mandated by National Instrument 55-102 through the System for Electronic Disclosure by Insiders (“**SEDI**”) website, [www.sedi.ca](http://www.sedi.ca), and any information contained in the Insider Report (Form 55-102F6) once filed with SEDI is made available to the public.

It is the practice of the Company for the Reporting Insiders to complete and file their own Insider Reports with the securities commissions. With electronic filing through the “**SEDI**” system, Reporting Insiders may appoint an agent to complete and file the reports on their behalf. The agent cannot assume any responsibility attaching to any Reporting Insider in affording the service (including the payment of any late filing penalty fees that may be assessed by the securities commissions); it is the responsibility of each Reporting Insider to determine whether to report, what to report and when to report. Each province imposes penalties for default in filing Insider Reports consisting of fines or imprisonment or both.

In addition, Reporting Insiders must also file reports in respect of interest in, or right or obligation

associated with, a related financial instrument (i.e., a derivative) involving a security of the Company, as well as any monetization transaction, secured loan with recourse limited to securities of the Company, or similar arrangement, trade or transaction that changes the Reporting Insider's economic exposure to or interest in securities of the Company, which may not necessarily involve a purchase or sale.

## **"SPECIAL RELATIONSHIP" TRADING AND TIPPING PROHIBITION**

There are other statutory provisions dealing with prohibitions against and penalties pertaining to trading or tipping when in possession of material information that has not yet been publicly disclosed. As an example, the following is a provision of the Ontario Securities Act:

"... No person or company in a *special relationship* with a reporting issuer shall purchase or sell securities of the reporting issuer with the knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed."

"... No reporting issuer and no person or company in a *special relationship* with a reporting issuer shall inform, other than in the necessary course of business, another person or company of a material fact or material change with respect to the reporting issuer before the material fact or material change has been generally disclosed."

The group of persons deemed to be in a "special relationship" is very large and includes insiders, affiliates or employees of the issuing corporation or its affiliates (including subsidiaries), business associates of the corporation and an "associate" of any such person or corporation. The definition of special relationship generally includes any relatives, friends or "associates" in the widest possible interpretation of the term.

## **INSIDER INFORMATION AND DISCLOSURE**

Restricted Persons are prohibited from using "material information" which has not yet been made public to trade in securities.

**"Material changes"** are changes in the business, operations or capital of an issuer that would reasonably be expected to have a significant effect on the market price or value of any of its securities. Such changes trigger a timely disclosure obligation. The issuer must publish a press release as soon as possible, and file a material change report as soon as practicable but in any case within 10 calendar days of the change.

**"Material facts"** are facts that are likely to have a similar effect on the issuer's securities as material changes, but they need not constitute a change in its business, operations or affairs. It also includes information that is likely to affect the issuer's share price but that is not a change in its business or affairs.

Material changes and material facts are **"material information"** under stock exchange and timely disclosure policies and under National Instrument 51-201. Securities laws prohibit any trading by anyone in a special relationship who has knowledge of an undisclosed material change or a material fact about an issuer or its securities from trading, tipping or making recommendations regarding the issuer's securities. An underlying principle of securities legislation is that the public should be able to make a decision to buy or sell an issuer's securities on the basis of information equally available to all.

## TRADING BY RESTRICTED PERSONS AND BLACK-OUT PERIODS

Restricted Persons may trade in securities of the Company directly or indirectly, or in securities of the Company over which they exercise control or direction, except during the “black-out period” as follows:

1. No trading will take place by Directors, Officers or employees of the Corporate Financial Reporting and the Investor Relations departments (i) beginning 26 days after each financial quarter end and ending one business day after the release of the quarterly financial results of the Company through the appropriate press release; or, (ii) beginning 38 days after each financial year-end and ending one business day after the release of the year-end financial results of the Company through the appropriate press release.
2. Trading by Restricted Persons is prohibited when the Restricted Persons are in possession of material information which is being kept confidential and which has not yet been disclosed to the public.

When an Executive Officer believes a black-out period is required, the Executive Officer will consult with the President or Corporate Secretary to determine if a black-out period should be imposed and which employees and other persons should be deemed Restricted Persons in relation to such black-out period. The President or the Corporate Secretary will, by e-mail or other form of written communication, advise all those deemed Restricted Persons of the black-out period and to refrain from trading until otherwise advised or until one business day following the appropriate press release disseminating the information.

Restricted Persons, who are in possession of undisclosed material information that may affect current or future earnings of the Company, will consult with the President or Corporate Secretary to determine if a black-out period should be imposed and which employees should be deemed Restricted Persons in relation to a black-out period. The President or the Corporate Secretary will, by e-mail or other form of written communication, advise all those deemed Restricted Persons of the black-out period and to refrain from trading until otherwise advised.

3. In circumstances where the Company is contemplating a major transaction or activity that could raise the Company's profile in the marketplace, the President or the Corporate Secretary will, by e-mail or other form of written communication, advise all Directors, Officers and if deemed advisable or necessary all or certain employees of the black-out period and to refrain from trading.
4. If any person is notified that they are subject to a black-out they may not disclose the existence of the black-out to any person. The disclosure to any person of the existence of such a black-out may constitute a violation of the insider trading, tipping and/or special relationship regulations referred to in this trading and black-out policy.
5. Employees who feel they are in possession of material undisclosed information should consult with the Corporate Secretary or, in his or her absence, the President, prior to trading in securities of the Company.
6. Exercising options will constitute a trade for the purposes of this policy and accordingly, no option will be exercised by Restricted Persons in possession of undisclosed material information, Directors, officers and those employees who have been notified they are subject to a black-out, during a black-out period. If the expiry date of an option falls within the black-out period, then the expiry date will be adjusted to accommodate the exercise of the option in accordance with the Company's stock option plan.

7. In accordance with regulatory requirements, the restrictions contained in the policy also apply to, among others, family members and others living in the same household as the Insider. In addition, the restrictions contained in the policy apply to any third party that may be trading in securities of the Company for the benefit of Restricted Persons, family member and others living in the same household as Restricted Persons. Restricted Persons are expected to be responsible for the compliance of those living in their household and other third parties as mentioned above, with respect to the trading in securities of the Company during the black-out period.

Notwithstanding the above, Company personnel are never permitted to trade with knowledge of any undisclosed material information, regardless of whether or not there is a black-out period in effect.

## **ADDITIONAL TRADING RESTRICTIONS**

Directors and Officers (including family members sharing the same household) are prohibited from trading in financial instruments that are designed to hedge or offset any increase or decrease in the market value of the Company's common shares or other equity it may issue and which trades on a recognized stock exchange or in any other organized market. Transactions involving such financial instruments include prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivatives of the Company's securities. Short sales of the Company's securities (i.e., selling of the Company's securities that you do not already own at the time of sale) are also prohibited. This policy does not prohibit the pledging of the Company's securities as collateral for loans nor does it prohibit holding the Company's securities in brokerage margin accounts.

## **COMMUNICATION AND ENFORCEMENT**

This policy extends to all Restricted Persons as defined above. New Insiders will be provided with a copy of this policy and will be educated about its importance. This policy will be circulated to all Insiders whenever changes are made and to all those deemed Restricted Persons from time to time pursuant to this policy.

Any person covered by this policy who violates the policy may face disciplinary action up to and including termination of his or her employment with the Company without notice. The violation of this policy may also result in the breach of the Company's confidentiality obligations and/or violate certain securities laws, which could lead to penalties, fines or imprisonment.

## **SUMMATION**

The facility to capitalize on insider knowledge pertaining to the Company is not one of the perquisites of our respective positions. Insiders have an obligation to anticipate the market response to events involving or affecting the Company, to advise all other Insiders and those deemed Restricted Persons to govern their professional behaviour and dealings in the Company's securities and derivatives thereof in such manner as to preclude the exposure of themselves or the Company to penalty or adverse publicity. Observance of black-out periods does not remove the general obligation on any Director, Officer or employee not to trade while they are in possession of material information which is being kept confidential and which has not been disclosed to the public.

## **SUMMARY - BLACK-OUT PERIODS WHEN TRADING (BUYING OR SELLING) IN THE COMPANY'S SECURITIES IS PROHIBITED**

- Trading in securities of Imperial Metals Corporation by any Restricted Persons (*i.e.*, all Directors, Officers, Insiders and those employees and other persons who are aware of and have access to undisclosed material information) is prohibited when in possession of material undisclosed information and for one business day following the appropriate press release disseminating the information has been made.
- The financial results of Imperial Metals are made public after the financial statements of Imperial Metals are approved. No trading will take place by Directors, Officers or employees of the Corporate Financial Reporting and the Investor Relations departments (i) beginning 26 days after each financial quarter end and ending one business day after the release of the quarterly financial results of Imperial Metals through the appropriate press release; or, (ii) beginning 38 days after each financial year-end and ending one business day after the release of the year-end financial results of Imperial Metals through the appropriate press release.
- In circumstances where Imperial Metals is contemplating a major transaction or activity that could raise the profile of Imperial Metals in the marketplace, the President or the Corporate Secretary will, by e-mail or other form of written communication, advise all Directors, Officers and if deemed advisable or necessary, all or certain employees of the black-out period and to refrain from trading until otherwise advised. If any person is notified that they are subject to a black-out they may not disclose the existence of the black-out to any person. The disclosure to any person of the existence of such a black-out may constitute a violation of the Insider trading, tipping and/or special relationship regulations referred to in this trading and black-out policy.
- Employees who feel they are in possession of material undisclosed information should consult with the Corporate Secretary or, in his or her absence, the President, prior to trading in securities of Imperial Metals.
- Exercising options will constitute a trade for the purposes of this policy and accordingly, no option will be exercised by Directors, Officers and those employees who have been notified they are subject to a black-out during a black-out period. If the expiry date of an option falls within the black-out period, then the expiry date will be adjusted to accommodate the exercise of the option in accordance with the Imperial Metals' stock option plan.
- In accordance with regulatory requirements, the restrictions contained in the policy also apply to, among others, family members and others living in the same household as Restricted Persons. In addition, the restrictions contained in the policy apply to any third party that may be trading in securities of Imperial Metals for the benefit of Restricted Persons, family members and others living in the same household as Restricted Persons. Restricted Persons are expected to be responsible for the compliance of those living in their household and other third parties as mentioned above, with respect to the trading in securities of Imperial Metals during the black-out period.