

**CHAKANA COPPER CORP.  
(the "Corporation")**

**Blackout Policy**

**(Adopted by the Board of Directors on November 30, 2018)**

**1.2 Trading Blackout Policy**

**1.2.1 Introduction**

A Blackout Policy is a policy that describes periods of time, called "**trading blackouts**", during which the Corporation's directors, officers, employees, and their family members, may not trade the Corporation's securities, or any other securities whose price may be affected by a pending corporate announcement.

Every public company must have a policy in place prohibiting those with access to confidential information from making use of such information in trading in the Corporation's securities before the information has been fully disclosed to the public.

A reasonable period of time allowing for dissemination of the information to the general public must have passed before any confidential information about the Corporation can be relied on in making a trade in the Corporation's securities.

*\*For further information on when and how material information is to be disclosed by management, and for management guidelines on maintaining the confidentiality of Corporation information, please see attached "Appendix A".*

**1.2.2 Scope**

- This Blackout Policy applies to the following parties associated with the Corporation (all of whom are "**Corporation Associates**");
  - All members of the Board of Directors
  - All members of any Advisory Committees
  - All Senior Officers
  - All "Insiders"
  - All full and part-time employees
  - All independent contractors
  - Any company, partnership, trust or other organized legal entity controlled by any one or more of the Corporation Associates listed above
  - Any other party associated with the Corporation that may, from time to time, be designated by the Board as a party to whom this Policy should apply.

### 1.2.3 Purpose

The purpose of the policy is two-fold:

- To ensure compliance with federal and provincial securities law that govern (a) trading in Corporation securities while in possession of “material non-public information” concerning the Corporation, and (b) tipping or disclosing of material nonpublic information to outsiders; and
- To prevent even an appearance of improper insider trading or tipping, which is strictly prohibited by law, any breach of which may result in fines and/or imprisonment.

This policy extends beyond the Corporation’s legal obligation of ensuring that applicable insider trading laws, regulations and policies are being met.

It is intended to cover practical situations where, from a market perspective, the Board concludes that it is inappropriate, and therefore prohibited, for parties closely associated with the Corporation to be trading in securities.

A blackout is also a restriction over and above “insider trading” restrictions. Therefore any Corporation Associate that is also an “insider” of the Corporation will have to comply with the Corporation’s “Disclosure, Confidentiality and Insider Trading Policy” as well as this Policy.

### 1.2.4 What are Securities?

This Policy governs all “**Securities**” which is a very broadly defined term, and includes:

- common and preferred shares and shares of any other class;
- stock options and warrants;
- securities convertible into shares or other securities such as convertible notes and debentures;
- rights and obligations exercisable for shares or other securities; and
- any other right which would constitute a security under securities legislation

### 1.2.5 What happens during a trading blackout?

1.2.5.1 A blackout is a situation that will be imposed by management, typically the Chief Executive Officer or the Chief Financial Officer, on all Corporation Associates from time to time. Until the blackout is lifted, no Corporation Associate will be entitled to:

- convert or exercise any convertible or exercisable securities of the Corporation, including stock options;
- sell any securities of the Corporation whether privately or through the market; or
- purchase any securities of the Corporation whether privately or through the market.

1.2.5.2 Once the blackout is lifted, Corporation Associates will again be entitled to exercise options, and purchase and sell securities.

1.2.5.3 All Corporation Associates will be advised when a blackout is invoked and when it has been lifted. In certain situations, management will be able to advise *in advance* when it is to be lifted. Otherwise, Corporation Associates will have to wait to be advised.

1.2.5.4 Corporation Associates can expect a blackout to be invoked:

- Five trading days before the announcement of any financial results, such as the quarterly financial results and annual financial results, until one (1) complete trading day has elapsed following the trading day on which the results were announced.
- During negotiations of any transaction that might involve the issuance of securities until it has been determined that the transaction will go ahead or not proceed. A blackout will stay in effect until two full trading days have elapsed following the trading day on which the transaction is publicly announced, if it is proceeding, or until the trading day following the day discussions about the transaction have terminated, if it is not proceeding.
- While there is a “Material Change” pending which has not yet been publicly announced. Once announced, a blackout will remain in effect until one (1) complete trading day has elapsed following the trading day on which the material change was announced.
- At any other time management deems it appropriate to invoke a trading blackout. The Corporation retains the full, unfettered right to determine *if and when* a blackout will be imposed and when it will be lifted.

#### **1.2.6 What are the consequences for failure to comply with this policy?**

Failure to comply with this Policy may result in any one or more of the following consequences:

- Constitute grounds for the Corporation Associate’s dismissal for cause.
- Entitle the Corporation to terminate any independent contractor agreement with a Corporation Associate.
- Entitle the Corporation to be indemnified by the Corporation Associate for any liability or damages the Corporation may incur as a result of the Corporation Associate’s breach of this Policy.

*\*The obligation to comply with this Policy is solely the responsibility of the Corporation Associate.*

The Corporation assumes no liability on behalf of the Corporation Associate of any kind whatsoever should the Corporation Associate fail to comply with this Policy and incur liability or suffer damages.

The Corporation may include a cross-reference to this Policy in its employment and independent contractor agreements whereby the Corporation Associate will be asked to acknowledge this Policy and agree to abide by it. Notwithstanding this, all Corporation Associates will be asked to sign the Acknowledgement attached, and by doing so agree that this serves as an amendment to any employment agreement or independent contractor agreement that they may have signed with any member of the Corporation Group.

### **1.2.7 Importance of Confidentiality**

Corporation Associates should refer to the terms set out in the Corporation's policies regarding confidentiality, including Appendix A to this Blackout Policy. In addition, individual agreements between the Corporation and a Corporation Associate may have additional terms regarding confidentiality.

### **1.2.8 Important Definitions**

#### **"Insider Trading"**

*means* buying or selling shares or other securities on the basis of price sensitive information that is not generally available to others. It includes procuring or inducing another person to buy or sell securities about which insider information is known.

#### **An "Insider"**

*is* any person who possesses information that is not generally available where that information would reasonably be expected to have a material effect on the price or value of the securities of the Corporation. Anyone who has inside information about the Corporation, whether or not they are associated in any way with the Corporation concerned, qualifies as an insider. It is irrelevant how the information was obtained.

#### **"Tipping"**

*occurs* when an insider communicates inside information to another person, either directly or indirectly, when the insider knows or should reasonably know that the other person would or is likely to use that information to deal in securities or to induce a third party to deal in the securities. It is a form of insider trading and is prohibited by law.

#### **"Material Change"**

*means*, if used in relation to the affairs of the Corporation, a change in the business, operations, assets or ownership 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, and includes a decision to implement that change, as it may be made by either:

- Senior management of the Corporation who believe that confirmation of the decision by the directors is probable; or
- The directors of the Corporation.

#### **"Material Fact"**

*means*, where used in relation to securities issued or proposed to be issued, a fact that significantly affects, or could reasonably be expected to significantly affect, the market price or value of those securities. While it is not possible to identify all information that would be deemed "material", the following types of information ordinarily would be considered material:

- Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity;
- Corporation projections and strategic plans;
- Potential mergers and acquisitions or the sale of Corporation assets or subsidiaries;

- New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof;
- Major discoveries or significant changes or developments in products or product lines, research or technologies;
- Significant pricing changes;
- Stock splits, public or private securities/debt offerings, or changes in Corporation dividend policies or amounts;
- Significant changes in senior management;
- Significant labour disputes or negotiations;
- Actual or threatened major litigation, or the resolution of such litigation.

**“Material Non-public Information”**

*means* material information that has not been widely disseminated to the public through major newswire services, national news services and financial news services. For the purposes of this Policy, information will be considered public, i.e. no longer “nonpublic”, after the close of trading on the second full trading day following the Corporation’s widespread public release of the information.

**“Trading Day”**

*means* any day of the week on which the stock market, or trading facility that lists any of the Corporation’s securities, is open, whether or not the Corporation’s securities actually trade on that day or not.

**“Elapse of One Full Trading Day”**

*means* that if, for example, the Corporation announces the transaction on a Monday and a blackout is invoked, no trading can occur until the opening of the market on Wednesday. In this example, Tuesday would be the one full trading day that must elapse before trading can occur. If there were a holiday during this period resulting in the market being closed on one or more of those days, then the holiday days do not count and the period would have to be extended accordingly. Only trading days are counted.

## **“Appendix A”**

### **MANAGEMENT GUIDELINES**

#### **Public Release of Corporation Information**

Management may consider designating specific corporate officers to be responsible for disclosing corporate information. These officers would:

- Be completely familiar with the Corporation’s operations
- Be kept up to date and fully informed of any pending material developments
- Have a sufficient understanding of the Disclosure Rules and Corporation Blackout Policy to be able to determine whether or not a piece of information is material
- Be responsible for communication with the media, shareholders and securities analysts
- Have back-up officers familiar with the terms and importance of Disclosure Rules in case such officers are unavailable.

Management may also want to ensure that these officers have access to a file containing all relevant public information about the Corporation, including news releases, brokerage research reports and debriefing notes following analyst contacts.

#### **Confidentiality**

Management may also consider taking the following steps to ensure the complete confidentiality of the Corporation’s material information:

- All staff are aware that no disclosure of material information ought to be made except in the ordinary course of business;
- If information has been disclosed in the necessary course of business, all Corporation Associates understand and agree to keep it confidential;
- No select disclosure of confidential information should be made to third parties. For example, where material information is disclosed to an analyst in a Corporation meeting, this constitutes tipping, and is prohibited by law.
- Where the selective disclosure of confidential information inadvertently occurs, the Corporation must immediately disclose the information publicly by issuing a press release.

As an additional guideline, Management should also take steps to:

- Limit the number of people with access to confidential information
- Require confidential documents to be locked up and code names used if necessary
- Ensure that confidential documents cannot be accessed through technology such as shared servers
- Educate all staff about the importance of keeping certain Corporation information confidential and that no discussion of confidential information should be undertaken where the individuals may be overheard.