



## **WESTERN METALLICA RESOURCES CORP.**

### **INSIDER TRADING POLICY AND BLACKOUT POLICY**

#### **I. INTRODUCTION**

The Western Metallica Resources Corp. Insider Trading Policy and Blackout Policy (the “Policy”) has been adopted by the board of directors (the “Board”) of Western Metallica Resources Corp. (the “Company”). The Policy incorporates the rules on trading and dealings in securities included in applicable securities legislation and the rules of the TSXV.

Canadian securities laws prohibit the misstatement of, or failure to disclose, a material fact in connection with the purchase or sale of securities. A summary of the insider reporting obligations and trading restrictions under Canadian law is set out in Appendix 1 to the Policy.

As a consequence of these provisions, if an individual who possesses material information (the “insider”) not known to the public buys or sells the Company’s securities without adequate disclosure, the person who bought from or sold to the “Insider” may sue for damages, and an administrative or regulatory agency (i.e., the Ontario Securities Commission or the TSXV) may institute injunctive, criminal or quasi-criminal proceedings or seek a civil penalty of up to three times the trading gain or losses avoided against the Insider (such individual is referred to as an “insider” because he has “inside” information; he may be someone other than an officer or director).

Moreover, liability may be imposed on an Insider who leaks non-public information to others who use it in their trading activities. The receiver of the tip, the “tippee”, is also subject to liability for trading on confidential information received from an Insider.

It should be emphasized that the obligations imposed by these disclosure requirements may result in personal liability to management and directors, who have the responsibility for taking reasonable steps to ensure that their company complies with existing disclosure requirements.

For further information regarding these guidelines, please contact the Corporate Secretary of the Company.

#### **II. POLICY AND CODE**

1. All directors, senior officers and major shareholders (over 10%) of the Company and its subsidiaries must comply with the provisions of applicable securities laws and the rules of the TSX from time to time in force in relation to trading and dealings in the Company’s securities. Please refer to Appendix 1.

### III. GUIDELINES REGARDING TRADING OR DEALINGS IN COMPANY SECURITIES

1. Inside Information. No Insider of the Company or any of its subsidiaries may trade, sell, purchase or otherwise monetize the Company's securities if such person has knowledge of material information concerning the Company that has not been generally disclosed to the investing public. In general, this will require waiting for 48 hours after release of the information by the Company. Material information is information that affects, or would reasonably be expected to have a significant effect on the market price or value of any of the Company's securities. Examples of material information include, but are not limited to:

- major acquisitions or dispositions by the Company
- the signing of important contracts involving the Company or the loss of important contracts;
- exploration, mining, permitting, environmental or financial matters; or
- significant changes in management at senior levels or on the board of directors.

No Insider shall pass on material information to other people before the material fact or material change has been generally disclosed (i.e. no "tipping"). There is an exception from this restriction on tipping which applies if material information is provided to another person "in the necessary course of business". Such circumstances would include disclosure of material information to the Company's bankers, lawyers and other persons having a business association with the Company where it is necessary to make such disclosure. Please contact the Corporate Secretary before making any such disclosure.

2. Blackout Period. No Insider shall trade, without prior clearance by the Chief Executive Officer, during any period designated as a "Blackout Period". "Blackout Period" shall be designated by the Chief Executive Officer, the Chief Financial Officer or any two directors of the Company from time to time, regardless of whether such Insider possesses undisclosed material. An Insider may purchase or sell securities during a Blackout Period with the prior written consent of the Chief Executive Officer provided that Item 1 does not apply. The Chief Executive Officer may grant permission to purchase and sell securities during a Blackout Period only in the case of unusual, exceptional circumstances. Unusual, exceptional circumstances may include the sale of securities in the case of severe financial hardship or where the timing of the sale is critical for significant tax planning purposes.

3. Trading Windows. Assuming that neither of Items 1 nor 2 applies, trading and dealings in securities of the Company will generally be appropriate for insiders only during the period commencing two full business days after a release of quarterly or annual results, which includes adequate comment on new developments during the period (particularly if results have been mailed to shareholders), and ending on the date that is one month preceding the release of quarterly results or two months preceding the release of annual results; provided that the trading or dealing is reported to the Chief Executive Officer and Chief Financial Officer as described in Part IV below.

#### **IV. NOTIFICATION OF TRADING BY INSIDERS**

It is the policy of the Company that Insiders report any proposed trading or dealing in Company securities to the Chief Executive Officer or, in his absence, the Chief Financial Officer prior to effecting such trading or dealing in Company securities to determine whether or not they may complete the trade by written authorization from the Chief Financial Officer. The Corporate Secretary shall be responsible for monitoring and ensuring compliance with this Insider Trading and Blackout Policy.

## APPENDIX 1

### **Insider Reporting Obligations and Trading Restrictions under Ontario law**

The legislation governing the insiders of the Company includes the *Ontario Business Corporations Act*, (Ontario) the *Securities Act* (Ontario) and the securities legislation of the other provinces of Canada.

#### ***Insiders***

"Insider" means, generally, with respect to the various insider reporting requirements:-

- (a) any director or senior officer of the Company or of any corporation which is an insider or subsidiary of the Company;
- (b) every subsidiary company of the Company (including affiliated corporations);
- (c) the Company itself if it has purchased, redeemed or otherwise acquired securities issued by it (unless they were cancelled and returned to treasury);
- (d) the Company itself when it purchases or otherwise acquires or sells shares issued by any of its affiliated corporations; or
- (e) any person or company, or any director or officer of such company, who beneficially owns, directly or indirectly, or who exercises control or direction over, or a combination of both with respect to, more than 10% of the voting securities of the Company.

#### ***Insider Trading Reporting Obligations***

A person who is an insider of the Company must, within 10 days of becoming an insider, file an insider report on [www.sedi.com](http://www.sedi.com) in the required form effective the date on which the person became an insider disclosing any direct or indirect beneficial ownership or control or direction over securities of the Company (provided however that it is not necessary for an individual who has become an insider to file a "nil" insider report).

In addition, insiders must file an insider report disclosing a change in such insider's securities holdings (including the grant or exercise of stock options). Insider reports disclosing changes in an insider's securities holdings must be filed on [www.sedi.com](http://www.sedi.com) within 10 days after the date of a trade, or within such shorter period as may be prescribed.

#### ***Trading Based On Undisclosed Material Information***

The legislation generally prohibits a "person or company in a special relationship" with the Company from purchasing or selling securities of the Company with knowledge of a material fact or material change with respect to the Company that has not been generally disclosed and which would significantly affect, or would reasonably be expected to have a significant effect on, the market price or value of such securities were it publicly known.

The legislation requires that any material change that occurs in the affairs of the Company be disclosed by the Company.

The prohibitions against trading based on undisclosed material information apply to "persons or companies in a special relationship" with the Company. This phrase is defined as being, among other things:

- (a) a person or company that is an "insider", "affiliate" or "associate" of the Company;
- (b) a person or company that is engaging in or proposes to engage in any business or professional activity with or on behalf of the Company;
- (c) a person who is a director, officer or employee of the Company or of a person or company described in paragraphs (a) or (b) above;
- (d) a person or company that learned of the material fact or material change with respect to the Company while the person or company was a person or company described in paragraphs (a), (b) or (c) above; or
- (e) a person or company that learns of a material fact or material change with respect to the Company from any other person or company described in paragraphs (a) to (d) herein and knows or ought reasonably to have known that the other person or company is a person or company in such a relationship.

The prohibitions not only create liability for a person effecting a trade based on undisclosed material information, but they also create liability for "tipping" others of such information and the use of such information by those receiving such information ("tippees").

The prohibitions in place against trading based on undisclosed material information generally apply to the following three situations:

1. Persons and companies in a special relationship with the Company may not buy or sell securities of the Company with knowledge of any undisclosed material fact or material change.
2. Neither the Company nor persons or companies in a special relationship with the Company may inform, other than in the necessary course of business, another person or company of any undisclosed material fact or material change.
3. No person or company proposing to make a takeover bid for the Company's securities, to become a party to a reorganisation, amalgamation, merger, arrangement or similar business combination with the Company, or to acquire a substantial portion of the property of the Company, may inform another person or company of any undisclosed material fact or material change with respect to the Company, except where the information is given in the necessary course of business to effect the takeover bid, business combination or acquisition.

### ***Liability***

The legislation provides a number of sanctions to enforce compliance with its provisions and to punish non-compliance, including application to the courts for an order directing an insider to comply with, or to restrain from acting in breach of, the provisions of the legislation, and cease trade orders by securities regulatory authorities.

Among other things, the legislation imposes criminal and civil liability upon an insider and every person or company in a special relationship with the Company who purchases or sells securities of the Company with knowledge of a material fact or material change with respect to the Company that has not been generally disclosed. For the purpose of civil liability, the definition of an "insider" includes all employees of the Company and persons retained by the Company, such as the Company's lawyers and accountants.

Any person in a special relationship with the Company who discloses the inside information is also accountable to the Company for any benefit or advantage received or receivable by him as a result of the purchase, sale or communication. Criminal sanctions and civil liability may also be imposed on any insider or other person or company in a special relationship with the Company for "tipping". For the purposes of civil liability, the informant may be liable to pay damages suffered by the seller or purchaser, as the case may be, in connection with any trade resulting from the tip. The informant may also be liable to account to the Company for gains realised by "tippees" in connection with any trade resulting from the tip.

A person will not be found to have contravened the prohibitions against insider trading in certain limited circumstances. Generally, a person will not be liable if the person proves that he reasonably believed that the material fact or material change had been generally disclosed.

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**Attn: James Walker**  
**Chairman of the Audit Committee**  
**[jwalker@aresmining.com](mailto:jwalker@aresmining.com)**

**ACKNOWLEDGEMENT AND RECEIPT OF INSIDER TRADING AND BLACKOUT  
POLICY**

To the Board of Directors of Western Metallica Resources Corp.:

I, \_\_\_\_\_ have received the Insider Trading and Blackout Policy relating to material, non-public information and applicable securities laws and regulations. By my signature below, I acknowledge that I have read and understand its content and agree to abide by its provisions. I further acknowledge that I have been advised that if I have a question about the meaning of the Insider Trading and Blackout Policy or how it applies in a particular instance, I may ask the Company's Chief Financial Officer or Corporate Secretary to advise me

Dated \_\_\_\_\_

\_\_\_\_\_

Signature

Name (please print):

\_\_\_\_\_

Witness