

# INSIDER TRADING



Approved by the Board of Directors:

December 11, 2009

POLICY

## Introduction

St Andrew Goldfields Ltd. (the “Company”) and its subsidiaries and their respective directors, officers, employees and others are subject to securities legislation with respect to the preservation of confidential information and certain restrictions on trading in the Company’s securities. This Insider Trading Policy (the “Policy”) has been adopted to protect the Company and its directors, officers and employees. It is essential that everyone understand and comply with this Policy.

## 1. Offences

- 1.1 It is an offence for any person in a “**special relationship**” with the Company to purchase or sell any securities of the Company with knowledge of material information that has not been publicly disclosed (herein referred to as “**material non-public information**”).
- 1.2 It is an offence for the Company or any person in a “**special relationship**” with the Company to inform (or “**tip**”) another person or company of material non-public information with respect to the Company, other than in the necessary course of business.

## 2. Definitions

- 2.1 “**Material information**” is a fact or a change (or a decision by the board of directors or senior management to implement 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 the Company’s securities. In other words, material information is information that a reasonable investor would consider to be important in reaching an investment decision.
- 2.2 Persons in a “**special relationship**” with the Company (or as referred to herein, “**Deemed Insiders**”) include:
  - (a) all directors, officers or employees of the Company;
  - (b) all directors or officers of a subsidiary of the Company;
  - (c) any person or company who beneficially owns, controls or directs more than 10% of the common shares of the Company;

- (d) every director or officer of a company referred to in (c);
- (e) a person or company that is: (i) proposing to make a takeover bid for the shares of the Company; or (ii) proposing to become a party to a reorganization, amalgamation, merger, arrangement, or other business combination with the Company; or (iii) proposing to acquire a substantial portion of the Company's property; (each of (i), (ii), or (iii) is herein referred to as a "**Merger Partner**"), and every director, officer or employee of a Merger Partner and any person who beneficially owns, controls or directs more than 10% of the voting shares of the Merger Partner;
- (f) a person or company (for example, consultants, advisers, contractors) that is engaging or proposes to engage in any business or professional activity with or on behalf of the Company or a Merger Partner, and every director, officer or employee thereof;
- (g) a person or company that learns of material non-public information while the person or company was any of the persons or companies described in (a), (b), (c), (d), (e) or (f); and
- (h) a person or company that learns of material non-public information with respect to the Company (a "**tippee**") from any other person or company in a special relationship with the Company (a "**tipper**") where the tippee knows or ought reasonably to have known that the tipper is in a special relationship with the Company. This includes a "tippee" who is tipped by a previous "tippee". The significance of clause (h) is that it creates an indefinite chain so that any person who either trades on or discloses material non-public information acquired directly or indirectly from someone "on the inside" will be subject to the criminal and/or civil liabilities described in Section 5 below.

### **3. Rules of the Company**

**In light of the restrictions set forth in Part 1 above and the severe penalties under Canadian securities laws for breaching such restrictions, the following rules will apply to all directors, officers and employees of the Company:**

#### **3.1 Confidentiality of Non-public Information**

Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. Care must be taken by all who have access to such information to prevent the unauthorized access to such information. Non-public information must not be discussed in situations where it could be overheard.

#### **3.2 No Tipping**

No Deemed Insider shall communicate (or "tip") material non-public information with respect to the Company or any Merger Partner to any other person, including family members, neighbours, friends or acquaintances, nor shall any Deemed Insider make recommendations or express opinions on the basis of material non-public information for the purpose of or in the context of trading in the Company's securities.

### 3.3 **No Trading on Material Non-public Information**

No Deemed Insider (including members of his or her immediate family who reside with him or her) shall engage in any transaction involving a purchase or sale of the Company's securities with knowledge of any material non-public information concerning the Company. This restriction also applies to trading in the securities of any Merger Partner with knowledge of any material non-public information concerning the Merger Partner.

This restriction applies during any period commencing with the date that the Deemed Insider first possesses material non-public information concerning the Company, and ending 48 hours following the time of public disclosure by the Company of such information, or at such time as such non-public information no longer constitutes material information.

Additionally, certain circumstances will give rise to periods of time ("**Blackout Periods**") during which no trading of securities is to take place at all by directors, officers, head office employees and senior staff who are routinely (or in the special circumstances at hand) in possession of undisclosed material information ("**Restricted Persons**"). A Blackout Period will begin immediately following the completion of a fiscal quarter (i.e. beginning on the first days of January, April, July and October) and generally will end 48 hours after the public release of the Company's financial results for such fiscal quarter or year-end, as the case may be. In addition to the regularly scheduled Blackout Periods, a non-scheduled Blackout Period shall also be declared by the Chief Executive Officer pending the announcement of any material undisclosed development effecting the Company or following the crystallization of a material transaction involving the Company. Restricted Persons will be advised by electronic mail of the commencement and cessation of the non-scheduled Blackout Periods, which shall remain in effect until 48 hours following release of the material information concerned or a determination by the Company that the undisclosed development is no longer material information. Restricted Persons are prohibited from advising other persons of the existence of a non-scheduled Blackout Period.

## 4. **Implementation and Compliance**

- 4.1 To help ensure that all directors, officers and employees of the Company are in a position to comply with the rules of the Company set out in Section 3, and to avoid, through inadvertence, any breach or appearance of breach of such rules, the Secretary of the Company will advise by electronic mail of the commencement and cessation of the Blackout Periods during which personnel are prohibited from trading in the Company's securities.
- 4.2 Each Deemed Insider has the individual responsibility to comply with this Policy and applicable securities laws. Even in the absence of a Blackout Period, any person possessing material non-public information must not engage in any transactions involving the Company's securities until 48 hours after such information has been publicly disclosed by the Company or until such information has ceased to be material information. Questions on whether information has ceased to be material should be directed to the Chief Executive Officer or Chief Financial Officer of the Company. A Deemed Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to complete the transaction before learning of the material non-public information.

## **5. Penalties**

- 5.1 Failure to comply with this Policy may result in disciplinary action up to and including termination of office or employment with the Company, referring the matter to securities regulatory authorities and legal proceedings.
- 5.2 Trading on material non-public information and tipping are serious offences under Canadian provincial securities laws and persons contravening the rules are currently subject to:
  - (a) fines of up to \$5 million or triple the profit made or loss avoided, whichever is greater;
  - (b) imprisonment for up to 5 years; and
  - (c) the responsibility to compensate the other party to the illegal transaction for damages.
- 5.3 Where a corporation contravenes the rules, each director or officer of that corporation who authorized, permitted or acquiesced in the offence is also guilty of an offence and is liable to a fine of up to \$5 million and/or imprisonment for up to 5 years.
- 5.4 Trading on material non-public information and tipping are also criminal offences under the laws of Canada. Persons found guilty of insider trading are subject to imprisonment for up to 10 years and persons found guilty of tipping are subject to imprisonment for up to 5 years.