

# **ENERGOLD MINING LTD.**

## **Policy on Trading in Securities by Directors, Officers, Employees and Consultants (Insider Trading and Blackout Policy)**

May 30, 2005

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### **Purpose**

The purpose of this Policy is to ensure (a) compliance with applicable Canadian securities laws governing trading in securities of Energold Mining Ltd. ("Energold" or the "Corporation") while in possession of material non public information concerning the Corporation, and tipping or disclosing material non-public information to outsiders; and (b) avoidance of embarrassment by preventing the appearance of improper trading or tipping.

In conjunction with regulatory requirements, it is the policy of Energold that, once a person becomes an insider (as described below), his or her security holdings in Energold, and any change therein, must be reported to the appropriate securities commissions. The responsibility for compliance with insider reporting obligations rests with the insiders and not with Energold. However, Energold has an interest in monitoring the holdings of its insiders and ensuring that insider holdings are accurately reported, as the identity of insiders and the size of their holdings may be relevant in determining whether Energold is permitted, under applicable securities laws and stock exchange rules, to undertake certain types of transactions.

### **Scope**

- A. This Policy covers all officers and directors of the Corporation and all employees and consultants of Energold. Directors, officers, employees and consultants are responsible for ensuring compliance by their families and other members of their households.
- B. This Policy applies to any transactions in any securities of Energold, including common shares, debentures, options or other securities exchangeable or exercisable into common shares, as well as exchange-traded options or other derivative securities that are not issued by Energold but are based on securities of Energold.
- C. This Policy applies not only to the securities of Energold which a director, officer, employee or consultant owns, but also those over which control or direction is exercised (for example, as a trustee or executor of an estate) and also to the securities of Energold that are indirectly owned (for example, by a corporation controlled by a director, officer, employee or consultant or by an immediate family member of a director, officer, employee or consultant).
- D. This Policy applies not only during the course of a director's, officer's, employee's or consultant's service to Energold, but also after the completion of such service to the extent the relevant person possesses material non-public information at the time such service is completed.

## **Insiders**

The directors and senior officers of the Corporation are considered to be insiders of Energold pursuant to applicable securities laws and as such are subject to a higher standard of scrutiny and disclosure requirements than other people who may trade in securities of Energold. *Insiders should contact the Chief Executive Officer, the Chief Financial Officer or the Corporate Secretary of the Corporation when considering a transaction in securities of Energold to ensure that there is no material non-public information that has not been widely disseminated.*

## **Reporting by Insiders – Canadian Requirements**

### A. Initial Reports

An initial report must be filed within ten days of the date on which a person or corporation becomes an insider. An initial report is not required, however, when a person becomes an insider if he or she has no direct or indirect beneficial ownership, control or direction over securities of Energold.

### B. Changes in Beneficial Ownership

A person or corporation who is an insider must report any changes in his or her direct or indirect beneficial ownership of, or control over, securities of Energold within ten days of the date such change takes place.

### C. Stock Options

A person or corporation who is an insider is reminded that the grant of an option, or the exercise of an option, gives rise to reporting obligations and an insider report must be filed with respect to these matters within ten days of the date such transaction takes place.

### D. Filing

A person or corporation who is an insider is required to use the System for Electronic Disclosure by Insiders ("SEDI") for reporting insider trades. Reporting through SEDI can be completed by insiders themselves through the internet or through an agent, such as Energold's legal counsel, Macleod Dixon LLP. Insiders are referred to the Internet website for SEDI at [www.sedi.ca](http://www.sedi.ca). As well, insiders are encouraged to contact the Assistant Corporate Secretary with respect to any questions about filing through the SEDI system.

## **Definition of Material Non-Public Information and Non-public Information**

### A. Material Information

Securities legislation and this Policy make frequent reference to material information. In this Policy, material information is any information relating to the business and affairs of Energold that results in, or would reasonably be expected to affect the investment decisions of a reasonable holder of securities of Energold or an investor or if the information would reasonably be expected to affect the market price or value of any of the securities of Energold.

B. Non-public Information

Material information is "non-public" if it has not been generally disclosed. Information is considered to have been generally disclosed if: (i) the information has been disseminated in a manner calculated to effectively reach the marketplace, and (ii) public investors have been given a reasonable amount of time to analyze the information. For the purposes of this Policy, *information will be considered public; for example, no longer non-public, after information has been generally disclosed by means of a broadly disseminated press release and the trading has closed on the first full trading day following such press release.*

If you are unsure whether the information that you possess is material or non-public, the Chief Executive Officer, Chief Financial Officer or the Corporate Secretary of the Corporation should be consulted before trading in any securities of Energold.

**Statement of Policy and Procedures**

C. Prohibited Activities

1. No insider, employee or consultant may trade in securities of Energold while in possession of material non-public information concerning Energold.
2. No insider, employee or consultant may trade in securities of Energold outside of the "trading windows" described below, or during any designated special trading blackout periods.
2. No insider, employee or consultant may trade in securities of Energold during any trading blackout period imposed on employees and consultants of Energold generally.
4. No insider, employee or consultant may disclose material non-public information concerning Energold to any outside person (including family members, analysts, individual investors and members of the investment community and news media) unless such disclosure is necessary in the course of business and in accordance with Energold's Disclosure Policy. In any instance where such information is disclosed to outsiders, the outsider must be advised that they must not disclose the information to anyone else, other than in the necessary course of business, and they may not trade in securities of Energold until the information has been generally disclosed.
5. No insider, employee or consultant may give trading advice of any kind relating to securities of Energold to anyone while possessing material non-public information about Energold, except that insiders, employees and consultants should advise others not to trade securities of Energold if such trade might violate the law or this Policy.
6. No insider, employee or consultant may (a) trade in securities of any other public company, trust, partnership or other entity (a "company") while possessing material non-public information concerning that company; (b) "tip" or disclose material non-public information concerning any company to anyone; or (c) give trading advice of any kind to anyone concerning any other company while possessing material non-public information about that company that such insider, employee or consultant learned in the course of service to Energold.

7. In order to avoid possible inadvertent conflict with this Policy, it is recommended that, outside of any stock option plans, no insider leave with a broker any outstanding sell or purchase orders.
8. No insider, employee or consultant may (a) engage in short sales of securities of Energold, or (b) buy or sell puts, calls or other derivatives in respect of securities of Energold.

E. Trading Windows and Blackout Periods

1. *Definition of Blackout Period and Trading Window*

A "blackout period" is any time where an insider, employee or consultant is restricted by the terms of this Policy or applicable securities law from trading in securities of Energold. Alternatively, a "trading window" is the period of time between blackout periods where an insider, employee or consultant is not restricted by the terms of this Policy or applicable securities law from trading in securities of Energold.

2. *Designation of Blackout Periods*

Energold will use reasonable efforts to notify insiders, employees and consultants by e-mail when a general blackout period is in effect. However, it is the obligation of every insider, employee and consultant to ensure, prior to effecting a trade, that a blackout period is not in effect or such person is not otherwise restricted from trading in securities of Energold. In the event that an insider, employee or consultant is unsure whether they may trade in securities of Energold, they should contact the Chief Executive Officer, Chief Financial Officer or the Corporate Secretary of the Corporation to determine if a general blackout period is in effect or if the insider, employee or consultant is in possession of material undisclosed information.

3. *Trading Windows for Insiders*

Insiders may trade in securities of Energold only during the period beginning after the close of business, one day following widespread public release of quarterly or year-end operating results and ending at the close of trading on the earlier to occur of the fifth day preceding a meeting of the board of directors of the Corporation or the Audit Committee to approve any distribution or earnings press release or any financial statements reflecting Energold's operating results. However, such trading windows may be modified at any time.

4. *Trading Windows for Employees and Consultants*

All other employees and consultants who are not insiders may trade in securities of Energold at any time, provided they are not in possession of material non-public information and no blackout period applicable to such employee or consultant is in place.

5. *No Trading While in Possession of Material Non-public Information or During Blackout Periods*

No insider, employee or consultant possessing material non-public information concerning Energold may trade in securities of Energold even during applicable trading

windows. Persons possessing such information may trade during a trading window only after the close of trading on the next full trading day following the widespread public release of the information.

No insider, employee or consultant may trade in securities of Energold outside of applicable trading windows or during any designated blackout periods. No insider, employee or consultant may disclose to any outside third party that a special blackout period has been designated.

F. Priority of Statutory or Regulatory Trading Restrictions

The trading prohibitions and restrictions set forth in this Policy will be superseded by any greater prohibition or restrictions prescribed by applicable Canadian and United States securities laws and regulations.

**Enforcement**

The consequences of prohibited insider trading or tipping can be severe. Below are the penalties under Canadian and United States securities legislation for insider trading.

F. Penalties Under Canadian Securities Laws

Under securities laws, persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by trading, pay the loss suffered by the persons who purchased securities from or sold securities to the insider tippee, pay fines up to the greater of \$1,000,000 and three times the profit made or loss avoided, pay administrative penalties of up to \$500,000 and serve a jail term of up to five years less a day. Energold may also be required to pay penalties and could, under certain circumstances, be subject to private lawsuits by traders for damages suffered as a result of illegal insider trading or tipping by persons under Energold's control.

G. Discipline of Insider, Employee or Consultant by Energold

Violation of this Policy or Canadian or United States insider or tipping laws by any insider, employee or consultant may subject such person to disciplinary action up to and including termination for cause in the case of an insider or employee or termination of the consulting contract in the case of a consultant.

If it is discovered that anyone subject to these policies has violated applicable securities laws, the matter may be referred to the appropriate regulatory authorities.