



**GALLEON GOLD**

## **GALLEON GOLD CORP. – INSIDER TRADING POLICY**

### **PURPOSE OF THE POLICY**

Galleon Gold Corp. as a public company has internal guidelines to control transactions involving its securities by all team members to ensure Galleon Gold team members are aware of and comply with their legal obligations and Galleon Gold's policy with respect to "insider trading" and "tipping". ("Galleon Gold" or the "Company" refers to Galleon Gold Corp. and its subsidiaries.)

We expect every Galleon Gold team member to fully comply with all applicable legal requirements and this Insider Trading Policy ("Policy"). The objectives of this Policy are to:

- Educate Galleon Gold team members about their legal obligations with respect to insider trading and tipping
- Foster and facilitate compliance with applicable laws to prevent transactions by Galleon Gold team members that would not be in full compliance with applicable legal requirements
- Provide guidelines and courses of action
- Protect Galleon Gold team members as well as Galleon Gold from legal liability
- Maintain the reputation of Galleon Gold team members as well as Galleon Gold for integrity and ethical conduct

### **LEGAL BACKGROUND**

#### **Definitions**

- **"Beneficial Ownership"** includes ownership of shares (a) by a person directly (whether in bearer form or registered in his or her own name, and whether owned solely or jointly with another person); (b) by his or her spouse or minor children; (c) by relatives of his or his spouse who share his home; and (d) by other persons, if, by reason of any agreement, understanding, relationship or other arrangement s/he obtains therefrom benefits substantially equivalent to those of ownership.
- **"Blacked-out Team Member"** means a Galleon Gold team member who receive notice that they are designated Black-out Team Members.
- **"Compliance Officer"** means the compliance officer designated under Galleon Gold's Code of Business Conduct and Ethics or Corporate Secretary.

- **“Discretionary Blackout Periods”** are imposed from time to time on Galleon Gold team members, in addition to Regularly Scheduled Blackout Periods, following consultation with Galleon Gold’s Chief Executive Officer, Chief Financial Officer and/or Corporate Secretary.
- **“Insider”** means a Galleon Gold team member who is a director or officer of Galleon Gold or any of its subsidiaries. An Insider also includes a person who beneficially owns, directly or indirectly, more than 10% of the voting securities of Galleon Gold or who exercises control or direction over more than 10% of the votes attached to the voting securities of Galleon Gold, and also includes directors or senior officers of such Insider.
- **“Material Information”** means any information relating to the business and affairs of Galleon Gold, that (i) results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of Galleon Gold or (ii) a prudent investor would find important in making an investment decision with respect to Galleon Gold securities. Material Information includes both material changes and material facts. (See attached Schedule A for examples of potential Material Information.)
- **“Regularly Scheduled Blackout Period”** will commence following the dissemination of the financial statements to the Audit Committee for review and ends at the opening of business on the second business day following the day on which the Company discloses its annual or quarterly financial results.
- **“Special Relationship”** for the purpose of this Policy, a person is in a special relationship with Galleon Gold if the person is: i) a Galleon Gold team member; or ii) engaging in or is proposing to engage in any business or professional activity with or on behalf of any one of Galleon Gold or a Subsidiary, and includes, without limitation, a consultant.
- **“Tipping”** is when any person in a Special Relationship with a public company informs any other person, other than in the “necessary course of business”, of Material Information before the Material Information has been generally disclosed.
- **“Galleon Gold team member”** refers to each director, officer, employee or consultant of Galleon Gold or any of its Subsidiaries.
- **“Subsidiary”** has the meaning given to that term in the *Securities Act* (Ontario).

### **Insider Trading**

- Canadian securities legislation prohibits anyone in a Special Relationship with Galleon Gold from trading in Galleon Gold securities with knowledge of Material Information that has not been generally disclosed.
- Canadian securities legislation also prohibits anyone in a Special Relationship with Galleon Gold from trading in the securities of any public company other than Galleon

Gold when he or she has knowledge of Material Information regarding that other public company which has not been generally disclosed and which knowledge was gained:

- during the course of his or her work at Galleon Gold,
  - because he or she is in a Special Relationship with that other public company; or
  - because he or she was “tipped” by another person who was in a Special Relationship with that other public company.
- This prohibited activity as set out in paragraphs (a) and (b) is commonly known as “insider trading”.

### **Tipping**

- Canadian securities legislation prohibits a public company or any person in a Special Relationship with a public company from informing any other person, other than in the “necessary course of business”, of Material Information before the Material Information has been generally disclosed. U.S. legislation includes similar provisions. This prohibited activity is commonly known as Tipping. Both the person who provides the information and the person who receives the information could be liable under securities laws if the person who receives the information trades in securities.

### **OBLIGATIONS**

#### **Obligations on all Galleon Gold team members**

- Galleon Gold team members cannot trade in securities of Galleon Gold while in possession of Material Information with respect to Galleon Gold which has not yet been generally disclosed.
- Galleon Gold team members cannot trade in the securities of another public company while in possession of Material Information regarding that public company which knowledge was gained during the course of their work at Galleon Gold, if the Material Information has not been generally disclosed to the public.
- Galleon Gold team members cannot inform other people of Material Information regarding Galleon Gold before that Material Information has been generally disclosed, unless the Galleon Gold team member discloses that Material Information in the “necessary course of business”.
- Galleon Gold team members cannot inform other people of Material Information regarding a public company where they have gained knowledge of Material Information regarding that public company in the course of their work at Galleon Gold before that Material Information has been generally disclosed, unless the Galleon Gold team member discloses that Material Information in the “necessary course of business”.
- The restrictions on trading and use of Material Information set forth in paragraphs (a) to (d) above apply not only to each Galleon Gold team member in possession of Material

Information not generally disclosed but also to the members of such person's household including for greater certainty persons with Beneficial Ownership. Galleon Gold team members are responsible for the compliance of such persons and should, if necessary, review this policy with them and the general prohibitions on insider trading.

- The “necessary course of business” exception is a limited one and exists so as not to unduly interfere with a company's ordinary business activities. The exception could cover communications that are required to be made to further the business purposes of Galleon Gold with:
  - vendors, suppliers or strategic partners;
  - employees, officers and board members;
  - lenders, legal counsel and underwriters, auditors and other professional advisors to a company;
  - parties to negotiations;
  - credit rating agencies;
  - labour unions and industry associations; or
  - government agencies.

Such persons must be made aware that they cannot pass the information on to anyone else (except in the necessary course of business) until it has generally been disclosed. There is no exception to the prohibition against Tipping for disclosure made pursuant to a confidentiality agreement, so the Galleon Gold team members must ensure that such disclosure is in the necessary course of business. Furthermore, there is no exception that would permit Galleon Gold to make selective disclosure of material corporate information to an analyst, institutional investor or other market professional.

### **Prohibitions against short selling and certain trading**

All Galleon Gold team members who are Insiders, all Galleon Gold team members who hold Vice-President positions in Galleon Gold, including individuals in acting positions as well as consultants, and Galleon Gold team members who are employed at the corporate office location (Toronto), shall not engage in the short selling of, or trading in puts, calls or options in respect of the securities of Galleon Gold.

### **Additional Obligations on Insiders and Blacked-out Team Members**

Additional obligations are imposed on Galleon Gold team members who are Insiders and Blacked-out Team Members.

#### *(a) Obligations on Insiders*

- Insider Reports: Under securities laws, Insiders are required to file a report (the “Insider Report”) with securities regulators any time they trade in shares, debt securities, options (including the grant, exercise and expiry of options), deferred share units or restricted stock units of the Company, including certain derivative based transactions

and equity monetization transactions related thereto. Insiders must file an Insider Report electronically through the “System for Electronic Disclosure by Insiders” (“SEDI”) within 5 days after each trade.

Canadian securities legislation provides some exemptions from filing Insider Reports. Please contact the Compliance Officer for further information on exemptions.

Note that ownership of 5% or more of Galleon Gold shares may be reportable under Canadian law. Transactions by individuals who are required to report may require regular updating. Please contact the Compliance Officer for further information.

- Notice to Compliance Officer: All Insiders must give prior notice to the Compliance Officer any time they wish to trade in any of securities of Galleon Gold.

*(b) Obligations on Blacked-out Team Members*

During Regularly Scheduled Blackout Periods, the affected Blacked-out Team Members are all Insiders and senior accounting managers, including members in acting positions. Blacked-out Team Members cannot:

- trade in any shares or debt securities of Galleon Gold;
- engage in derivative based transactions or equity monetization transactions related to shares or debt securities of Galleon Gold; or
- exercise stock options or other convertible securities of Galleon Gold.

During a Discretionary Blackout Period, the affected Blacked-out Team Members cannot:

- trade in the securities specified in the blackout notice;
- engage in derivative based transactions or equity monetization transactions related to shares or debt securities of Galleon Gold; or
- exercise stock options or other convertible securities of Galleon Gold.

## **Waiver**

Notwithstanding any of the prohibitions contained in this policy, the Compliance Officer may, at his or her discretion, waive the prohibitions contained in this policy in exceptional circumstances, provided that the Galleon Gold team member seeking the waiver does not have any undisclosed Material Information and that making such an exception would not violate any applicable securities laws. The Compliance Officer will report any such waivers to the Audit Committee at the next regularly scheduled meeting of the Audit Committee.

## **Potential Civil and Criminal Penalties**

The consequences of prohibited insider trading, Tipping or a failure to file an Insider Report where required on a timely basis can be severe, and may include dismissal, fines, and criminal sanctions.

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## Schedule A

### Excerpt from s. 4.3 of National Policy 51-201: Examples of Potentially Material Information

The following are examples of information that would be Material Information if they result in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of Galleon Gold:

- Changes in share ownership that may affect control of a company
- Major reorganizations, amalgamations or mergers
- Takeover bids, issuer bids or insider bids
- Public or private sale of additional securities
- Planned repurchases or redemptions of securities
- Planned splits of common shares
- Changes in a company's dividend payments or policies
- Material modification to rights of security holders
- A significant increase or decrease in near-term earnings prospects
- Unexpected changes in financial results for any periods
- Changes in the value or composition of a company's assets
- Any development that affects the company's technology, products or markets
- Major labour disputes or disputes with major contractors or suppliers
- Significant new contracts, products, patents or services or significant losses of contracts or business
- The commencement of, or developments in, material legal proceedings or regulatory matters
- Significant acquisitions or dispositions of assets, property or joint venture interests
- The borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of a company's assets
- Changes in rating agency decisions
- Significant new credit arrangements