



## Success Through Exploration

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### Insider Trading Policy for PELANGIO EXPLORATION INC. Made as of November 20, 2011

Pelangio Exploration Inc. ("Pelangio" or the "Company") is a "reporting issuer" under the Securities Act (Ontario) and in British Columbia, Alberta and Nova Scotia. Pelangio's common shares are listed on the TSX Venture Exchange and trade in Canadian dollars.

The Board of Directors of Pelangio has adopted this Insider Trading Policy (the "Policy") to provide guidelines to members of its Board of Directors and its officers, employees and consultants with respect to transactions in the securities of the Company.

Under Canadian securities laws, it is illegal for any person, either personally or on behalf of others, to trade in securities on the basis of material non-public information (as herein defined). It is also illegal to communicate or "tip" material non-public information to others so that they may trade in securities on the basis of that information. These illegal activities are commonly referred to as "insider trading."

#### 1. Compliance

The objective of the Policy is to help prevent any actual or apparent impropriety, either of which could lead to allegations of insider trading and the potential for significant liability on the part of any implicated parties. This Policy does not replace your responsibility to understand and comply with applicable insider trading laws. If you have any questions about any of the matters discussed in this Policy, a particular transaction or insider trading laws generally, please contact the Chief Executive Officer or Corporate Secretary. Note that you are ultimately responsible for compliance with this Policy and all applicable laws.

The Company takes its obligations under applicable securities laws very seriously, and any violation or suspected violation of this or any other company policy could subject you to disciplinary action, up to and including termination of your employment or retainer for cause.

#### 2. Definitions

The following definitions apply for the purposes of this Policy, but do not in any way modify or detract from similar definitions found in applicable securities legislation:

All of the following persons are considered "insiders":

- (i) All employees, managers, executives, officers and directors of Pelangio;
- (ii) Partners, trusts, and corporations, over which the insider has control, direction or ownership; and
- (iii) Any person who is a "reporting insider" as defined below.

The following persons are considered "reporting insiders":

- (i) Officers of the Company and members of Pelangio's Board of Directors who are required to file "insider reports" in accordance with applicable Canadian securities legislation; and
- (ii) A director or officer of a person or company that is itself an insider or subsidiary of the Company.

Reporting insiders under category (i), above, are required to read, understand, and comply fully with all the terms of this Policy. A reporting insider of the Company is personally responsible for filing an initial insider report within ten (10) days of becoming an insider and subsequent insider reports within five (5) days following any trade of securities of the Company or within such other period as prescribed by law.

**"senior management"** includes those persons who have been designated by Pelangio as being members of senior management and those persons who have acknowledged that they are members of senior management.

The term **"material non-public information"** means material information that has not been generally disclosed to the public by means of a press release or other means of widespread distribution. Material information consists of both "material facts" and "material changes" as such terms are defined below.

**"material fact"**, when used in relation to securities issued or proposed to be issued, means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities of Pelangio.

**"material change"** means, (i) a change in the business, operations or capital of Pelangio that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Pelangio, or (ii) a decision to implement a change referred to in subclause (i) made by the board of directors or other persons acting in a similar capacity or by senior management of Pelangio who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable.

### 3. General Policy

No insider of the Company who has knowledge of material non-public information regarding the Company may, directly or indirectly:

- Advise another person or entity, whether directly or indirectly, of such material non-public information;
- Buy or sell securities of the Company, whether in the form of common shares, options or any other type of security;
- Indirectly trade in securities of the Company through a corporation or other entity that he, she or it controls, family or any other trust, or otherwise;
- Advise others to buy, hold or sell securities of the Company. Even if no material non-public information is actually disclosed, an insider may not suggest buying or selling any securities of the Company while in possession of material non-public information;
- Have others trade for him or her in the securities of the Company. An insider may not authorize any member of his or her immediately family or anyone acting on his or her behalf to trade in the securities of the Company;
- Disclose any material non-public information to another person or entity who might then trade ("tipping") or pass material non-public information on to a friend, relative or anyone else that buys or sells a security on the basis of that information; and

- Assist anyone in any of the above-listed activities. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency) are not an exception to the prohibition on insider trading.

Insiders also become aware of material non-public information about other companies from time to time as a result of their jobs or affiliation to other insiders. The Company's prohibitions against insider trading in the Company's securities apply equally to transactions in those companies' securities while the insider is in possession of their material non-public information.

#### **4. Speculative Transaction Prohibitions**

Any investing by any insider in the securities of the Company, or the securities of any company that has a significant relationship with the Company, must be on a "buy and hold" basis. Active trading, or short-term speculation, is improper. Short-term speculation can harm the Company by sending inappropriate or potentially misleading signals to the market. Insiders, regardless of whether or not they are aware of material non-public information about the Company, may not at any time (i) sell securities of the Company short, (ii) engage in any transaction in publicly traded options on Company shares, including put or call options, or (iii) engage in short-term, speculative trading in Company securities.

#### **5. Trading Window Restrictions**

Trading window restrictions ("blackout periods") will apply to applicable insiders during those periods that are prescribed from time to time by the Chief Executive Officer or Corporate Secretary. The Chief Executive Officer or Corporate Secretary will notify insiders to whom the blackout period applies, by electronic media, advising as to the commencement and termination of the trading blackout period. The existence of a blackout period is itself an item of confidential information that is not to be disclosed to persons outside of the Company. During the blackout period, insiders to whom such period applies may not purchase or sell securities of the Company.

All parties with knowledge of special circumstances will be covered by the blackout period and may include external advisors such as legal counsel, investment bankers and counter-parties in negotiations of potential material transactions. Insiders are prohibited from trading for one trading day after the announcement of the material information has been made by way of press release, provided that in certain circumstances such post announcement prohibition may be extended at the discretion of the Chief Executive Officer and communicated to applicable insiders by the Chief Executive Officer or Corporate Secretary.

Insiders are responsible for confirming whether a blackout period is in effect prior to making a trade. If an insider is unsure about whether a blackout period is in effect, he or she should contact the Chief Executive Officer or Corporate Secretary.

#### **6. Special Situations Pre-clearance of Trades**

Occasionally, certain individuals may have access to material non-public information for a limited period of time. During such a period, such persons may be notified in writing or by electronic media by the Chief Executive Officer or Corporate Secretary that they must obtain pre-clearance at any time prior to buying or selling securities of the Company. Examples of persons subject to pre-clearance by virtue of their jobs are members of the executive team and their administrative staff, geological team, investor relations, and finance departments.

#### **Suspension of Trading**

During certain periods, the Chief Executive Officer may recommend that directors, officers, selected employees and other persons suspend trading because of developments that have not yet been disclosed

to the public. All those affected will be notified in writing or by electronic media (with acknowledgment of receipt) by the Chief Executive Officer or Corporate Secretary and should not trade while the suspension is in effect nor disclose to others that trading has been suspended.

## **7. Exceptions**

Other than in the Province of Québec, an insider may sell securities pursuant to a previously existing automatic trading plan ("ATP") provided the insider complies with applicable securities laws and that he or she was not in possession of material non-public information (unless it has since been disclosed) at the time the insider established the ATP. This Policy requires that ATPs:

- (i) be written,
- (ii) specify the amount of, date(s) on, and price(s) at which the securities are to be traded, or establish a formula for determining such items,
- (iii) contain meaningful restrictions on the ability of the insider to vary, suspend or terminate the ATP that have the effect of ensuring that the insider cannot profit from material non-public information through a decision to vary, suspend or terminate the ATP,
- (iv) provide that the broker is not permitted to consult with the insider regarding any sales under the ATP and that the insider cannot disclose to the broker any information concerning the Company that might influence the execution of the ATP, and
- (v) be given or entered into in good faith and not as part of a plan or scheme to evade the insider trading prohibitions.

In the case of ATPs that have not been established by the Company, the insider must provide the broker, at the time of entry into the ATP, with a certificate from the Company confirming that the Company is aware of the ATP and certifying that, to the best of its knowledge, the insider is not in possession of material non-public information about the Company.

Insiders who wish to establish an ATP must contact the Chief Executive Officer of the Company prior to the establishment of the ATP.

## **8. Legal Review and Reporting Violations**

Any insider who becomes aware of a violation of this Policy should immediately (i) report such violation to a member of the Audit Committee, or (ii) submit a report (on an anonymous basis, if so desired) to the the Audit Committee.

Whenever an insider has any questions about a transaction, or whether a blackout period is in effect, or compliance with this Policy or seeks an exception from this Policy, he or she should consult with the Chief Executive Officer and/or Corporate Secretary before the transaction takes place. Although their advice should not be considered investment advice or a guarantee that no liability will arise, all decisions by the Chief Executive Officer and/or Corporate Secretary with respect to this Policy will be final.

## **9. Liability for Insider Trading**

Pelangio expects the strictest compliance with these procedures by all insiders at every level. Failure to comply with this Policy may subject the insider as well as Pelangio to serious legal issues with governmental and/or regulatory authorities. Non-compliance is also grounds for dismissal, regardless of whether or not the insider's failure to comply with this Policy results in a violation of law.

**10. Commitment**

All directors, officers, employees and consultants of the Company will receive a copy of this Policy upon its initial adoption by the Board of Directors and will be educated about its importance. New directors, officers, employees and consultants will be given a copy of this Policy upon commencing employment or service with Pelangio.

**11. Review of Insider Trading Policy**

This Policy shall be reviewed by the Board of Directors at least every year following its approval. In conducting the review, the Board of Directors will consult with external counsel as required, to ensure continued compliance with regulatory standards for policies of this nature.

An amended insider trading policy will be circulated whenever changes are made to this Policy.

Approved by the Board of Directors  
Pelangio Exploration Inc. November 20, 2011.

**ACKNOWLEDGEMENT**

I, \_\_\_\_\_, hereby acknowledge that I have received Pelangio Corporation’s Insider Trading Policy dated November 20, 2011 and that I have read and understand the policy statement relating to the trading of Pelangio Exploration Inc.’s securities, and agree to comply with the procedures and policies set forth therein. I further acknowledge that:

- ( ) I am a member of senior management.
- ( ) I am not a member of senior management.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Please return the completed acknowledgment form to the Chief Executive Officer or Corporate Secretary.