



INSIDER TRADING POLICY

POLICY OWNER:  
HUMAN RESOURCES  
LAST UPDATED – 2 AUGUST 2018  
JSE003/2018

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## **JADESTONE ENERGY INC INSIDER TRADING POLICY**

This policy describes the legal issues and internal governance standards connected with insider trading. In this document, the term “Jadestone” shall refer to Jadestone Energy Inc. and all or any of its subsidiaries. This document provides the framework behind Jadestone’s Code for Dealing in Securities (the “**Dealing Code**”) and must be read alongside the Dealing Code.

### **1. LEGAL PROHIBITIONS**

Canadian securities laws contain three fundamental prohibitions relating to insider trading:

- 1.1 A person in a special relationship with Jadestone cannot purchase or sell Jadestone securities if the person has knowledge of a material fact or a material change in respect of Jadestone that has not been generally disclosed to the public.
- 1.2 A person in a special relationship with Jadestone cannot, other than as necessary in the course of business inform anyone of a material fact or a material change related to Jadestone that has not been generally disclosed to the public.
- 1.3 A person in a special relationship with Jadestone who has knowledge of a material fact or material change in respect of Jadestone that has not been generally disclosed to the public cannot recommend or encourage anyone to (a) purchase or sell a Jadestone security; or (b) enter into a transaction involving a security the value of which is derived from or varies materially with the market price or value of a Jadestone security.

Jadestone’s common shares are listed on the TSX-V market and the AIM Market of the London Stock Exchange. Accordingly, the Market Abuse Regulation (“**MAR**”) will apply to Jadestone. MAR contains stringent prohibitions on insider trading and compliance with Jadestone’s Dealing Code is mandatory for any dealing in Jadestone’s securities.

**NOTE THAT REGARDLESS OF WHICH MARKET THE COMPANY’S SHARES ARE TRADED ON OR ON WHICH MARKET TRANSACTIONS ARE EXECUTED, THE DEALING CODE MUST BE COMPLIED WITH IN FULL.**

### **2. WHO IS IN A SPECIAL RELATIONSHIP WITH JADESTONE?**

**The following people are deemed to be in a special relationship with Jadestone:**

- 2.1 Jadestone Employees;
- 2.2 Jadestone Officers;
- 2.3 Jadestone Directors;
- 2.4 A person or company (a “Professional Advisor”) who has engaged, is engaging or proposes to engage in any business or professional activity with or on behalf of Jadestone;
- 2.5 A director, officer or employee of a Professional Advisor; and
- 2.6 Any person or company (a “Tippee”) who learns of a material change with respect to Jadestone from any of the above persons (a “Tippor”) when the Tippee knows or ought reasonably to know that the Tippor is in special relationship with Jadestone.

People who fall into any of the above categories are subject to the three prohibitions listed in section 1. This policy extends to trading by family members and by others living in the household of a person in a special relationship with Jadestone. Persons in a special relationship with Jadestone are expected to ensure that their families and other members of their households comply with this policy.

This policy also extends to the purchase of securities by Jadestone, including without limitation by means of a normal course issuer bid or any other arrangement by which Jadestone re-purchases its own shares on the open market.

### 3. WHAT TYPES OF JADESTONE SECURITIES ARE COVERED?

A “security” is defined very broadly in securities legislation. All securities of Jadestone are covered by this policy, including:

- common shares;
- share options;
- any other equity or debt securities which derive or base their value or price from the value of Jadestone securities.

In addition, since the acquisition or disposition of a put, call, or other transferable option is deemed to be a change in the beneficial ownership of the underlying security to which the put, call or other transferable option relates, such an acquisition or disposition is also subject to the requirements of this policy. This policy also covers agreements or arrangements of insiders the effect of which is to alter the insider’s economic interest in a Jadestone security, or the insider’s economic exposure to Jadestone (commonly referred to as “equity monetisation”).

### 4. CLEARANCE TO DEAL IN JADESTONE SECURITIES

**Any Jadestone director and people in a special relationship with Jadestone may deal in Jadestone securities in certain circumstances provided they first receive clearance under the Dealing Code.** Each director or person in a special relationship must obtain clearance individually and it cannot be assumed that clearance given to one person will be given to another.

Please refer to the Dealing Code for further information about the clearance procedure.

### 5. WHAT IS A MATERIAL FACT OR A MATERIAL CHANGE?

A “material fact” is a fact that would reasonably be expected to have a significant effect on the market price or value of Jadestone securities, or in respect of which there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell or hold a security

A “material change” is a change in the business, operations or capital of Jadestone that would reasonably be expected to have a significant effect on the market price or value of any Jadestone securities. A “material change” may even occur before the actual change is implemented since “material change” includes a board decision to implement such a change or a senior management decision to implement such change if they believe that confirmation by the board is probable.

There is no mechanical rule or formula for determining whether any particular fact or change is material. Each situation requires an element of judgement. Typical examples of information that may constitute a material fact or material change may include, but are not limited to:

- quarterly or annual financial results;
- major corporate acquisitions or dispositions;
- takeover bids in respect of Jadestone securities or a change of control of Jadestone;
- changes in capital structure or constating documents such as share splits, amalgamations and dividend; decisions or modifications to the rights of security holders;
- appointment or departure of key management personnel or directors;
- public or private sale of Jadestone securities;
- significant oil and gas discoveries or changes to the nature of them;
- significant litigation or disputes with major contractors;
- significant change to previously release guidance such as significant changes to earnings or cash flow;
- commencement or termination of significant licenses or contracts; and events of default under financing or other agreements.

## **6. WHEN IS A MATERIAL FACT OR MATERIAL CHANGE GENERALLY DISCLOSED TO THE PUBLIC?**

Facts contained in Jadestone’s publicly filed disclosures documents are considered to be generally disclosed one full business day after the documents are posted on the System for Electronic Document Analysis and Retrieval (“SEDAR”). Such publicly filed disclosure documents includes Jadestone’s annual and quarterly financial statements and related management’s discussion and analysis, and material change reports. SEDAR is the Canadian computer system for the transmission, receipt and dissemination of documents filed in electronic format by Canadian reporting issuers such as Jadestone.

In addition, Jadestone considers facts or changes relating to it which are contained in a press release to be “generally disclosed” one full business day after issuance of the press release. This means that if a filing is posted or a press release is issued before the market opens on a Monday, the information is deemed “generally disclosed” at market opening on Tuesday. If the filing is posted or a press release issued on a Monday after the market has opened, the information is deemed “generally disclosed” at market opening on Wednesday.

## **7. WHEN CAN I DISCLOSE IN THE NECESSARY COURSE OF BUSINESS?**

The meaning of “necessary in the course of business” is a matter of interpretation on a situation-specific basis. Generally, this permits disclosures of material undisclosed information to:

- employees, officers and directors;
- lenders, legal counsel, auditors, underwriters, and financial or other professional advisors to Jadestone;
- government agencies and non-government regulators;
- parties to a private placement for the purposes of raising financing; and
- credit rating agencies, provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency’s ratings generally are or will be publicly available.

If you have any questions to the “necessary course of business” exemption, please contact the General Counsel.

“Necessary course of business” does NOT permit Jadestone to make a selective disclosure of material undisclosed information to analysts, institutional investors or other market professionals. In addition, it generally does not permit these types of disclosures to the media.

The purpose of this exception is to allow the degree of information disclosure necessary to enable Jadestone to conduct its business activities. To ensure compliance with the prohibitions listed in Section 1, it is advisable to ensure that any person receiving confidential information has signed a written confidentiality agreement with Jadestone or is in a relationship with Jadestone that imposes a duty of confidentiality on the recipient. Confidential information may not be conveyed to someone simply by virtue of the fact that that person is under a duty of confidentiality with Jadestone. The disclosure must also be necessary in the course of business.

## 8. BLACKOUT PERIODS

Canadian securities regulators recommend that public companies adopt trading “blackout” periods. Accordingly, it is Jadestone’s policy that no officer or director of Jadestone, nor any Jadestone employee who has access to quarterly or annual financial statements prior to their release, shall trade in Jadestone securities during the following periods:

- the period of 30 calendar days before the release of the preliminary announcement of Jadestone’s annual results (or, where no such announcement is released, the period of 30 calendar days before the publication of Jadestone’s annual financial report);
- the period of 30 calendar days before the release of Jadestone’s half-yearly financial report; and
- the period of 30 calendar days before the release of each of Jadestone’s first quarter report and third quarter report.

An exception applies for exercises of share options under Jadestone’s share option plan when such options are scheduled to expire during the blackout period. In such a case, purchases or exercises are permitted during the blackout period; however, these exceptions do not permit the sale during the blackout period of the securities so acquired.

The CFO or General Counsel may impose additional blackout periods on officers, directors and certain other employees from time to time when a material fact about Jadestone has not been disclosed publicly. If any person is notified that he or she is subject to a blackout, that person may not trade in Jadestone securities and may not disclose the existence of the blackout to any person. The disclosure to any person of the existence of such a blackout period may constitute a violation of the insider trading prohibitions listed on Section 1.

**NOTWITHSTANDING THE FOREGOING SYSTEM OF BLACKOUT PERIODS, IF A PERSON HAD KNOWLEDGE OF A MATERIAL FACT OR MATERIAL CHANGE THAT HAS NOT BEEN GENERALLY DISCLOSED, HE OR SHE MAY NOT TRADE, EVEN IF NO BLACKOUT PERIOD IS IN EFFECT.**

## 9. TRADING IN OTHER ISSUERS’ SECURITIES

Jadestone does not prohibit its employees, officers, directors or contractors from trading in securities of other issuers.

However, if a Jadestone employee, officer, director, Professional Advisor, or any other person deemed to be in a special relationship with Jadestone (including their family or members of their household) is in possession of non-public material information relating to the securities of another public entity as a result of a business relationship or potential transaction between Jadestone and

that other entity, the insider trading prohibitions listed in Section 1 are applicable to trading in securities of that other entity.

## 10. CONSEQUENCES OF ILLEGAL INSIDER TRADING

Breaches of this policy will be taken seriously.

A person in a special relationship with Jadestone who violates the insider trading rules or the speculative provisions of the CBCA and/or MAR is exposed to potentially significant civil liability, and regulatory or criminal prosecution resulting in fines, disgorgement of profits and/or imprisonment.

The reputation of the relevant person and/or Jadestone may be severely and irreparably damaged by insider trading. Any individuals involved in insider trading may also be exposed to personal criminal liability in Canada or the United Kingdom. The Financial Conduct Authority of the United Kingdom has wide investigatory powers and can impose a financial penalty of any amount for market abuse and issue public censure of persons or companies found to have committed, or assisted others to commit, market abuse.

In addition to civil and/or criminal penalties, a breach of this policy is considered a breach of Jadestone's Policy on Business Conduct and Ethics and may result in sanctions under that policy. Those sanctions may, include, depending on the circumstances, immediate termination of your employment with Jadestone and reporting to the relevant regulatory authorities.

## 11. SAFEGUARDS

The CEO and General Counsel are responsible for monitoring insider trading within Jadestone and in that capacity, may impose blackout periods as contemplated in Section 8 above. Any person in a special relationship with Jadestone who wishes to trade outside of blackout periods must follow the procedures set out in the Dealing Code.

## 12. FURTHER INFORMATION

**If you are in any doubt about the requirements of this Insider Trading Policy or Jadestone's Dealing Code or whether you can trade in any Jadestone securities, you must contact the Company Secretary or General Counsel BEFORE trading in Jadestone securities.** Failure to do so may expose you to significant personal civil and/or criminal liability.

**Approval Date:** 2 August, 2018  
**Approved by:** Board of Directors