

Insider Trading and Blackout Policy





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Document History

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Introduction

It is a cornerstone of the capital markets in Canada that all persons investing in securities listed on a public stock exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the capital markets requires timely disclosure of material information concerning the business and affairs of reporting issuers, such as Arianne Phosphate Inc. and its subsidiaries (collectively referred to as “Arianne”), which is listed on TSX Venture Exchange (“TSX-V”).

The directors of Arianne have, on behalf of Arianne, appointed the Chief Executive Officer of Arianne, as the trading officer (the “Trading Officer”) for the purposes of this policy. The Trading Officer, assisted by Arianne’s Controller, shall oversee the implementation of this policy and act as a resource to individuals subject to the policy. Any inquiries as to the application of this policy should be directed to the Trading Officer or, in his absence, the Chief Executive Officer or the Chairman of the board of directors of Arianne (the “Board of Directors”).

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Material information

A “Material Information” is any information relating to Arianne’s business and affairs that results in or would reasonably be expected to result in a significant change in the market price or value of any of Arianne’s listed securities, and includes “Material Facts” and “Material Changes”.

A “Material Fact” is a fact that may reasonable be expected to have a significant effect on the market price or value of securities issued or securities proposed to be issued.

A “Material Change” is (i) a change in Arianne’s business, operations or capital that would reasonably be expected to have a significant effect on the market price or value of any of Arianne’s securities; or (ii) a decision to implement a change referred to in (i) made by the Board of Directors or other persons acting in a similar capacity or by senior management of Arianne who believe that confirmation of the decision by the Board of Directors or any other persons acting in a similar capacity is probable.

Applicable securities legislation (the “Securities Legislation”) requires the disclosure of any Material Change by issuing and filing a news release authorized by an executive officer disclosing the nature and substance of the change; and, as soon as practicable, and in any event within 10 days of the date on which the change occurs, by filing a Material Change Report with respect to the material change. The provisions of the Securities Legislation are supplemented by the disclosure policies of the TSX-V or of any other stock exchange that Arianne is listed on, which contemplates that Material Information is broader than the term Material Change since it encompasses Material Facts that may not entail a Material Change. The policies of the TSX-V require that Material Information concerning the business and affairs of a reporting issuer such as Arianne be disclosed forthwith upon the information becoming known. In addition, although not specifically outlined in the policies of the TSX-V, best practice suggests that where information is previously known, it must be disclosed forthwith upon it becoming apparent that the information is material. Arianne must exercise judgement as to the timing, propriety and content of any news release concerning corporate developments in order to ensure compliance with the timely disclosure obligations under Securities Legislation and requirements of any stock exchange on which the securities of Arianne are listed.

Use of Privileged information and general restrictions on Trading

Pursuant to the Securities Legislation,

“Insider” means

- (1) every director or officer of an issuer;
- (2) every director or officer of a subsidiary of an issuer;
- (3) a person that exercises control over more than 10% of the voting rights attached to all outstanding voting securities of an issuer other than securities underwritten in the course of a distribution;
- (4) an issuer that holds any of its securities; or



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(5) a person prescribed by regulation or designated as an insider under section 272.2 of the *Securities Act* (Quebec).

“Insider” also means a director or officer of an insider of an issuer.

The prohibitions concerning the use of privileged information also apply to the following persons:

- (1) the officers and directors referred to in the definition of “insider”;
- (2) affiliates of Arianne;
- (3) an investment fund manager or a person responsible for providing financial advice to an investment fund or for investing its shares or units and every person who is an insider of the investment fund manager or of that person;
- (4) every person who has acquired privileged information in the course of his relations with or of working for Arianne, as a result of that person's functions or of his engaging in business or professional activities;
- (5) every person having privileged information that, to his knowledge, was disclosed by an insider or a person referred to in this section;
- (6) every person who has acquired privileged information that he knows to be such concerning Arianne;
- (7) every person who is an associate of Arianne, of an insider of the latter or of a person contemplated in this section.

“**privileged information**” means any information that has not been disclosed to the public and that could affect the decision of a reasonable investor;

Prohibitions

Insider Trading

No insider of Arianne having privileged information relating to the securities of Arianne may trade in such securities or change an economic interest in a related financial instrument, except if he can prove that:

- (1) he is justified in believing that the information is generally known or known to the other party;
- (2) he is availing himself of an automatic dividend reinvestment plan, automatic subscription plan or any other automatic plan established by Arianne, according to conditions set down in writing, before he learned the information; or
- (3) he is required to do so under a contract the terms of which are set out in writing and which was entered into before he became aware of the information.

In the case described in subparagraph 1 of the first paragraph, the insider may not trade in the securities if the other party to the transaction is Arianne and the transaction is not necessary in the course of Arianne's business.

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Tipping

No insider of Arianne having privileged information relating to securities of Arianne may disclose that information or recommend that another party trade in the securities of Arianne, except in the following cases:

- (1) he is justified in believing that the information is generally known or known to the other party;
- (2) he must disclose the information in the course of business, having no ground to believe it will be used or disclosed contrary to the prohibitions.

Indirect Use of Privileged Information

No person prohibited from trading in securities of Arianne or from changing an economic interest in a related financial instrument by the effect of the prohibitions may use the privileged information in any other manner unless he is justified in believing that the information is generally known to the public. Thus, no such person may trade in options or in other derivatives within the meaning of the *Derivatives Act* (R.S.Q., chapter I-14.01) concerning the securities of Arianne. Nor may the person trade in the securities of another issuer, in options or in other derivatives within the meaning of the *Derivatives Act* or in futures contracts concerning an index, once their market prices are likely to be influenced by the price fluctuations of Arianne's securities.

Short Selling

Arianne's directors, officers and employees must not, under any circumstance, *engage* in hedging activities or in any other type of operation with exchange-traded options of Arianne's securities or other types of derivative financial instruments related to Arianne's securities, including call and put options. In addition, these individuals must not sell securities of Arianne that they do not already own ("**short selling**").

Blackout Period and Blackout Procedures

In the case of directors, officers and personnel who have access to undisclosed Material Information, a blackout period on the sale or purchase of Arianne securities will commence on the day the Trading Officer advises such individuals (the "Blackout Notice") that the financial statements of Arianne for any given quarter or year end have been finalized and sent to the directors for approval and expire at the end of the second business day following the public release of the financial results for that quarter or year end (the "Blackout Period"). For their personal protection, these individuals are prohibited from buying, exercising or selling securities of Arianne except during the period commencing on the end of the Blackout Period and ending the last day before the next Blackout Notice is issued or immediately on the day the next Blackout Notice is issued if such notice is issued during the day (provided that, during such period, no event occurred of which such persons had knowledge and which could constitute Material non-public Information).

The directors of Arianne and the Trading Officer shall take reasonable precautions to ensure that access to undisclosed Material Information is restricted to those employees, officers, directors and others who must have access to such information for the purpose of performing the duties expected of them by Arianne.

Furthermore, if Arianne's management becomes aware of undisclosed Material Information, it must call for a Blackout Period (a "Discretionary Blackout Period"). In such a case, the Trading Officer will send out a Blackout Notice to all those



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concerned confirming the Discretionary Blackout Period and the nature of the undisclosed Material Information. The Discretionary Blackout Period will expire at the end of the second business day following the public release of the undisclosed Material Information for which such Discretionary Blackout Notice was issued. During such Discretionary Blackout Period, all those who have received the Blackout Notice are prohibited from buying, exercising or selling securities of Arianne.

Moreover, directors and officers of Arianne must consult the Trading Officer before engaging into trades in order to determine if there is undisclosed Material Information.

Responsibility

The policies and procedures set forth herein present only a general framework within which a person or company with knowledge of privileged information may purchase and sell securities of Arianne without violating Securities Legislation.

You bear the ultimate responsibility for complying with Securities Legislation.

You should therefore view this policy and the attendant procedures as the minimum criteria for compliance with insider trading laws and should obtain additional guidance when uncertainty exists regarding a contemplated transaction.

Sanctions

Failure to comply with this policy or the procedures set out herein may result in Arianne taking appropriate disciplinary action, which may include termination of employment or an independent contractor arrangement for cause.

Securities Legislation provide that breach of the prohibition against trading in securities with knowledge of privileged information or providing privileged information to others, in addition to civil liability for damages, may result in imprisonment and/or a fine.

Penalties may also be levied by Canadian securities regulatory authorities for not complying with the requirements to file insider reports.

Insider to File Insider Reports

Insiders of Arianne are required to electronically file insider reports on SEDI, the System of Electronic Disclosure by Insiders. Failure to file a report on time (initial report within 10 calendar days of becoming a reporting insider and within 5 calendar days thereafter) will result in late fees being levied on the insider and may cause future regulatory filings by Arianne to be reviewed or cleared on an untimely basis by securities regulators, thereby impairing Arianne's access to capital markets.