

## **SECURITIES TRADING POLICY**

### **MIDLAND EXPLORATION INC.**

**(the “Corporation”)**

#### **1. PURPOSE OF THE POLICY**

Directors, officers, and others in possession of privileged information cannot trade securities when they have knowledge of material facts that are unknown to the general public and that, if known, could affect the decision of a reasonable investor to trade in the security.

Moreover, securities regulators enforce insider reporting obligations by requiring that all reporting insider trading information is supplied to the market by those who manage or control the reporting issuers.

The rules and procedures outlined below have been approved by the Corporate Governance Committee and by Board of Directors of the Corporation in order to ensure that the directors, officers and employees of the Corporation and persons or companies related to or controlled by them act, and are perceived to act, and are perceived to act, in accordance with applicable laws and the highest standards of ethical and professional behaviour.

#### **2. USE OF PRIVILEGED INFORMATION**

No one can, for their purposes or for others, use or disclose any privileged information on the Corporation, i.e., material information not yet known to the public and which is likely to influence the decision of a reasonable investor. Material information consists of both material facts and material changes. Examples of material information are set out in Schedule A. Material information, material changes and material facts are hereinafter collectively called “Privileged Information.”

#### **3. TRADING GUIDELINES**

The Corporation’s directors, officers and employees may not trade in the Corporation’s securities (including exercising Options) from the date it is reasonably expected that a material business development (that is not publicly known) may occur and the day following the public disclosure of the business development.

The Corporation’s directors and officers shall not use any strategy relating to or use derivatives instruments in respect of securities of the Corporation.

The Corporation’s directors, officers or employees, acting alone or together with any other person or corporation, must not directly or indirectly engage in any activity: (i) that creates or may create a false or misleading appearance of trading activity in the shares of the Corporation; (ii) that has the direct or indirect effect of setting an artificial price for those shares; or (iii) that otherwise interferes with the free determination by the market of the market price for those shares. While it is not possible to list all of the trading activities prohibited by the foregoing, the activities listed below are typical of the type of activities that are prohibited and consequently should not be engaged in:

- selling shares of the Corporation short (i.e. selling shares not owned by the seller in anticipation of the falling price of the shares of the Corporation);
- purchasing or selling shares or other securities of the Corporation primarily for the purpose of influencing the price or the volume of trading of those shares or other securities;
- being both a buyer and a seller (directly or indirectly) of the shares or other securities of the Corporation at the same time or at approximately the same time; or
- retaining, on a personal basis and not on behalf of the Corporation, or causing to be retained any person or corporation to engage in any form of stock promotion in respect of the shares or other securities of the Corporation.

#### **4. INSIDER REPORTS**

Every reporting insider (within the meaning of *Regulation 55-104 respecting Insider Reporting Requirements and Exemptions*) must file an insider report when they first become an insider of the Corporation, and thereafter within 5 calendar days after a change occurs in their holdings of the Corporation securities.

##### **4.1 Initial Reports**

Every reporting insider must register as such and file an initial report within ten calendar days of becoming a reporting insider of the Corporation. This report must disclose:

- (a) any beneficial ownership of, or control or direction over, whether direct or indirect, securities of the Corporation; and
- (b) any interest in, or right or obligation associated with, a related financial instrument involving a security of the Corporation.

Accordingly, the Canadian Securities Administrators have implemented the System for Electronic Disclosure by Insiders (“SEDI”), which all reporting insiders must use to file insider reports ([www.sedi.ca](http://www.sedi.ca)).

##### **4.2 Subsequent Trades**

Reporting insiders have a period of five calendar days from the date of the trade to declare any trades involving a change in:

- (a) beneficial ownership of, or control or direction over, whether direct or indirect, securities of the Corporation; and
- (b) interest in, or right or obligation associated with, a related financial instrument involving a security of the Corporation.

#### **5. BLACKOUT PERIODS**

The Chairman of the Board or the President and Chief Executive Officer may announce from time to time the dates of any blackout period that coincide with unscheduled corporate developments, the availability of new inside information or other such material undisclosed

information or potential transaction details. Usually a blackout period will commence on the date the Corporation becomes aware of or is notified of material information and end on the day following the public disclosure of the material information.

Anyone with knowledge of the special circumstances or corporate developments is subject to the blackout period. This can include, but not limited to, external advisors such as the Corporation's legal counsel and financial advisors. The length of the blackout and waiting period between the dissemination of the material information and resumption of trading rights will be determined by the Chairman of the Board and the President and Chief Executive Officer and will be communicated to affected officers, directors, employees and other individuals, as considered appropriate in the circumstances.

Directors, officers, employees or any other person affected by the implementation of a trading blackout will be notified by the Chairman of the Board and/or the President and Chief Executive Officer and/or the Corporate Secretary. Should a trade have been initiated before such notification but not completed by the time trading blackout takes effect, that trade may be completed; however, no new trades may be initiated. Any person affected by a trading blackout that has a trade outstanding must notify Chairman of the Board and/or the President and Chief Executive Officer.

The above rules are designed to assist the Corporation's directors, officers and employees in assuring themselves and third parties that they are trading in securities of the Corporation only at moments where it is reasonable for them to believe that any Privileged Information concerning the Corporation has been publicly disclosed.

It is the duty of all directors and officers to whom this Policy applies to make prior verifications to avoid a situation incompatible with their duties and any use of Privileged Information and to contact the President and Chief Executive Officer for pre-authorization of all personal transactions involving the Corporation's securities.

## **6. REPORTING INSIDERS' RESPONSIBILITIES**

Reporting insiders are responsible for filing all reports relative to their status.

The information in each reporting insider report and the transmission of the report to the regulatory authorities within the prescribed timeframe, following a trade of Corporation securities, remains the personal responsibility of each reporting insider.

All reporting insiders are required to comply with this policy. Any failure to do so could constitute a violation of applicable laws, result in sanctions and have severe consequences for the Corporation.

## **7. COMMUNICATION**

New directors, officers and employees will be informed of securities trading policy and its importance. This securities trading policy will be brought to the attention of all employees.

APPROVED BY THE CORPORATE GOVERNANCE COMMITTEE ON SEPTEMBER 25, 2012  
APPROVED BY THE BOARD OF DIRECTORS ON DECEMBER 20, 2012

*(S) Gino Roger*

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Gino Roger, Chief Executive Officer

*(S) René Branchaud*

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René Branchaud, Secretary

## SCHEDULE A

### MATERIAL INFORMATION

*National Policy 51-201 - Disclosure Standards*, is used to determine Material Information.

#### Examples of Potentially Material Information

The following are examples of the types of events or information which may be material. This list is not exhaustive and any questions regarding materiality should be referred to the Corporate Governance Committee.

#### Changes in Corporate or Capital Structure

- changes in share ownership that may affect control of the Corporation;
- major reorganizations, amalgamations, or mergers;
- take-over bids, issuer bids, or insider bids;
- the public or private sale of additional securities;
- planned repurchases or redemptions of securities;
- planned splits of common shares or offerings of warrants or rights to buy shares;
- any share consolidation, share exchange, or stock dividend;
- changes in the Corporation's dividend payments or policies;
- the possible initiation of a proxy fight; and
- substantial modifications to the rights of security holders.

#### Changes in Financial Results

- a significant increase or decrease in earnings prospects;
- unexpected changes in the financial results for any periods;
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs;
- changes in the value or composition of the Corporation's assets; and
- any substantial change in the Corporation's accounting policy.

#### Changes in Business and Operations

- any development that affects the issuer's resources, technology, products or markets;
- a significant change in capital investment plans or corporate objectives;
- major labour disputes or disputes with major contractors or suppliers;
- significant new contracts or significant losses of contracts or business;
- significant discoveries;
- changes to the board of directors or executive management, including the departure of the Corporation's CEO, CFO, COO or president (or persons in equivalent positions);
- the commencement of, or developments in, material legal proceedings or regulatory matters;
- any notice that reliance on a prior audit is no longer permissible;
- de-listing of the Corporation's securities or their movement from one quotation system or exchange to another;

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests; and
- acquisitions of other companies, including a take-over bid for, or merger with, another corporation.

Changes in Credit Arrangements

- the borrowing or lending of a significant amount of money;
- any mortgaging or encumbering of the Corporation's assets;
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors; and
- significant new credit arrangements.