



## **PERSHING RESOURCES COMPANY INC.**

**Adopted as of April 9, 2018**

**TO: All Employees, Officers and Directors, and Contractors**

**RE: Pershing Resources Company Insider Trading Policy Statement**

*This Policy Statement applies to all officers, directors and employees of Pershing Resources Company Inc. and its subsidiaries (collectively the “Company”) and supersedes all prior insider trading policies.*

### **The Need For A Policy Statement**

The purchase or sale of the Company’s securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company's securities, is prohibited by the federal securities laws of the United States. Insider trading violations are pursued vigorously by the United States Securities and Exchange Commission the “SEC”) and the U.S. Attorneys and are punished severely. The NYSE American, TSX Venture Exchange, OTCQB and the Financial Industry Regulatory Authority, Inc. investigate and are effective at detecting insider trading. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by Company personnel.

The Company's Board of Directors has adopted this Insider Trading Policy Statement (the “**Policy Statement**”) both to satisfy the Company's obligation to prevent insider trading and to help Company personnel avoid the severe consequences associated with violations of insider trading laws. The Policy Statement is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (not just so-called insiders). The Company has worked hard over the years to establish a reputation for integrity and ethical conduct, and we can not afford to have that reputation damaged. It is your obligation to understand and comply with this Policy Statement.

### **Penalties for Noncompliance**

The consequences of an insider trading violation can be severe:

*Traders and Tippees.* Company personnel (or their tippees) who trade on inside information are subject to the following penalties: (a) a civil penalty of up to three times the profit gained or loss avoided; (b) a criminal fine of up to \$5,000,000 (no matter how small the profit); and (c) a jail term of up to twenty years.

An employee who tips information to a person who then trades on such information is subject to the same penalties as the tippee, even if the employee did not trade and did not profit from the tippee's trading.

## Pershing Resources



*Controlling Persons.* The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, are subject to the following penalties:

- (a) A civil penalty of up to \$1,000,000 or, if greater, three times the profit gained or loss avoided as a result of the insider trading violation; and:
- (b) a criminal penalty of up to \$2,500,000 dollars.

*Company-Imposed Sanctions.* An employee's failure to comply with this Policy Statement may subject the employee to Company-imposed sanctions, including dismissal for cause, regardless of whether or not the employee's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish one's reputation and irreparably damage a career.



### **Scope of Policy**

*Persons Covered.* As a director, officer, employee or consultant of the Company, this Policy Statement applies to you. This Policy Statement also applies to your family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in the Company's securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in the Company's securities). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in the Company's securities.

*Companies Covered.* The prohibition on insider trading in this Policy Statement is not limited to trading in the Company's securities. It includes trading in the securities of other companies, such as customers or suppliers of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other companies.

### **Transactions Covered**

*Transactions Under Company Plans, Stock Option Exercises.* This Policy Statement does not apply to the exercise of an employee stock option, or to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares subject to an option to satisfy tax withholding requirements. The Policy Statement does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

*US 401(k) Plan.* This Policy Statement does not apply to purchases of Company stock in your 401(k) plan, currently in existence or hereafter established, resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. The Policy Statement does apply, however, to certain elections you may make under your 401(k) plan, including (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance, and (d) your election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.



Canadian Registered Retirement Savings Plan. This Policy Statement does not apply to purchases of Company stock in your Canadian Registered Retirement Savings Plan, (RRSP), currently in existence or hereafter established, resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. The Policy Statement does apply, however, to certain elections you may make under your RRSP , including (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against your RRSP account if the loan will result in a liquidation of some or all of your Company stock fund balance, and (d) your election to pre-pay a plan loan if the pre- payment will result in allocation of loan proceeds to the Company stock fund.



*Employee Stock Purchase Plan.* This Policy Statement does not apply to purchases of Company stock in the Company's employee stock purchase plan, currently in existence or hereafter established, resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. The Policy Statement also does not apply to purchases of Company stock resulting from lump sum contributions to the plan, provided that you elected to participate by lump-sum payment at the beginning of the applicable enrollment period. The Policy Statement does apply, however, to your election to participate in the plan for any enrollment period, and to your sales of Company stock purchased pursuant to the plan.

*Dividend Reinvestment Plan.* This Policy Statement does not apply to purchases of Company stock under the Company's dividend reinvestment plan, currently in existence or hereafter established, resulting from your reinvestment of dividends paid on Company securities. The Policy Statement does apply, however, to voluntary purchases of Company stock resulting from additional contributions you choose to make to the plan, and to your election to participate in the plan or increase your level of participation in the plan. The Policy Statement also applies to your sale of any Company stock purchased pursuant to the plan.

### **Statement of Policy**

*No Trading on Inside Information.* It is the policy of the Company that no director, officer or other employee of the Company who is aware of material nonpublic information relating to the Company may, directly or through family members or other persons or entities, (a) buy or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends. In addition, it is the policy of the Company that no director, officer or other employee of the Company who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities until the information becomes public or is no longer material.

*No Exception for Hardship.* Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from this Policy Statement. Federal securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

*Blackout and Pre-Clearance Procedures.* To help prevent inadvertent violations of federal securities laws and to avoid even the appearance of trading on the basis of inside information, the Company's Board of Directors has adopted an Addendum to Insider Trading Policy Statement (the "**Addendum**") that applies to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and certain designated employees and consultants of the Company who may have access to material nonpublic information about the Company. The Company will notify you if you are subject to the Addendum.

The Addendum generally prohibits persons covered by it from trading in the Company's securities during regular quarterly blackout periods (as described in the Addendum) and during

certain event-specific blackouts. Directors and executive officers also must pre-clear all transactions in the Company's securities.

### **Definition of Material Information**

Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are set forth on Exhibit A to this Policy Statement.

*Twenty-Twenty Hindsight.* Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

*When Information is "Public".* If you are aware of material nonpublic information, you may not trade until the information has been disclosed broadly to the marketplace (such as by press release or an SEC filing) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace until after the first full business day after the information is released. If, for example, the Company were to make an announcement on a Monday, you should not trade in the Company's securities until the open of business on Wednesday.

### **Additional Guidance**

The Company considers it improper and inappropriate for any director, officer or other employee of the Company to engage in short-term or speculative transactions in the Company's securities. It is, therefore, the Company's policy that directors, officers and other employees may not engage in any of the following transactions:

*Short-term Trading.* An employee's short-term trading of the Company's securities may be distracting to the employee and may unduly focus the employee on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director, officer or other employee of the Company who purchases Company securities in the open market may not sell any Company securities of the same class during the six months following the purchase. In addition, Section 16(b) of the Exchange Act prohibits officers and directors from engaging in transactions involving the purchase and sale or sale and purchase of the Company's securities within any six month period and requires officers and directors to return any profits made from the purchase and sale or sale and purchase of the Company's securities during such six-month period.

*Short Sales.* Short sales of the Company's securities evidence an expectation on the part of the seller that the Company's securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy Statement. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales.



*Publicly Traded Options.* A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy Statement. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

*Hedging Transactions.* Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the director or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors and employees are prohibited from engaging in any such transactions.

*Margin Accounts and Pledges.* Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, directors, officers and other employees are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan must submit a request for approval to the Company's Chief Executive Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

*Post-Termination Transactions.* The Policy Statement continues to apply to your transactions in Company securities even after you have terminated employment. If you are in possession of material nonpublic information when your employment terminates, you may not trade in Company securities until that information has become public or is no longer material.

### **Unauthorized Disclosure of Information to Others**

The Company is required under Regulation FD of the United States federal securities laws to avoid the selective disclosure of material nonpublic information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including family members and friends, other than in accordance with those procedures. You also may not discuss the Company or its business in an internet "chat room" or similar internet-based forum.



**Company Assistance**

Any person who has a question about this Policy Statement or its application to any proposed transaction may obtain additional guidance from Joel Adams, the Company's Chief Operating Officer, Stephen D Plumb, the Chairman of the Company's Audit Committee, or Dwight Kinsey of Satterlee, Stephens, Burke & Burke LLP, the Company's outside legal counsel. Ultimately, however, the responsibility for adhering to this Policy Statement and avoiding unlawful transactions rests with the individual director, officer, or employee.

**Certification**

All directors, officers, and employees must certify their understanding of, and intent to comply with, this Policy Statement. A copy of the certification that all employees (other than executive officers) must sign is enclosed with this Policy Statement. Please return an executed copy of the attached certification immediately.

Directors and executive officers are subject to additional restrictions on their transactions in Company securities, which are described in the Addendum. Directors and executive officers should sign the certification attached to the Addendum instead of the one enclosed with this Policy Statement.



**CERTIFICATION**

I certify that:

1. I have read and understand the Company's Insider Trading Policy Statement. I understand that the Chief Executive Officer, Audit Committee Chairman, and outside legal counsel are available to answer to any questions I have regarding the Policy Statement.
2. Since I have been an employee of the Company, I have complied with the Policy Statement.
3. I will continue to comply with the Policy Statement for as long as I am subject to the Policy Statement.
4. I understand that my failure to comply in all respects with the Policy Statement is a basis for termination for cause of my employment or other service relationship with the Company.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Exhibit A  
Examples of Information That May Be Material

**Changes in corporate structure**

- changes in share ownership that may affect control of the Company
- changes in corporate structure such as reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

**Changes in capital structure**

- 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
- significant changes in the Company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

**Changes in financial results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- significant shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- significant changes in the value or composition of the Company's assets
- any material change in the Company's accounting policies

**Changes in business and operations**

- any significant development that affects the Company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labor disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or significant losses of contracts or business
- significant discoveries by resource companies
- changes to the Board or executive management, including the departure of the Company's Chairman, CEO, CFO, COO or President (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company'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
- acquisitions of other companies, including a take-over bid for, or merger with, another company

**Changes in credit arrangements**

- the borrowing or lending of a significant amount of money
- any significant mortgaging or encumbering of the Company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- significant changes in rating agency decisions
- significant new credit arrangements

**PERSHING RESOURCES COMPANY INC.**

**April 09, 2018**

**TO: Directors, Executive Officers and Designated Employees and Consultants**

**RE: Addendum to Insider Trading Policy Statement-Pre-clearance and Blackout Procedures**

*This Addendum relates to the Pre-Clearance Procedures and Blackout Periods applicable to the directors, executives officers, designated employees, and consultants of*

*Pershing Resources Company and its subsidiaries (collectively the “**Company**”).*

The Company’s Board of Directors (the “Board”) recently adopted a new Insider Trading Policy Statement (“**Policy Statement**”). At the same time, the Board also adopted new procedures governing transactions in Company securities by directors, executive officers and designated employees and consultants. This Addendum supplements the Policy Statement and describes these new procedures.

This addendum applies to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended (“**executive officers**”), and certain designated employees and consultants of the Company (“**covered persons**”) who have access to material nonpublic information about the Company.

**Pre-clearance Procedures**

To help prevent inadvertent violations of United States federal securities laws and to avoid even the appearance of trading on inside information, directors and executive officers of the Company and any other persons designated by the Company’s Chief Executive Officer, Executive or Chief Financial Officer as being subject to the Company’s pre-clearance procedures, together with their family members, may not engage in any transaction involving the Company’s securities (including a stock plan transaction such as an option exercise, gift, loan or pledge or hedge, contribution to a trust, or any other transfer) without first obtaining pre- clearance of the transaction from the Chief Executive Officer.

A request for pre-clearance should be submitted to the Chief Executive Officer at least two days in advance of the proposed transaction. The Chief Executive Officer is under no obligation to approve a trade submitted for pre-clearance, and may determine not to permit the trade. The Chief Executive Officer may not himself or herself trade in Company securities unless the Chairman of the Board of Directors or the Audit Committee Chairman has approved the trade(s) in accordance with the procedures set forth in this Addendum.

Any person subject to the pre-clearance requirements of this Addendum who wishes to implement a trading plan under SEC Rule 10b5-1 must first pre-clear the plan with the Chief Executive Officer. As required by Rule 10b5-1, you may enter into a trading plan only when you are not in possession of material nonpublic information. In addition, you may not enter into a trading plan during a blackout period. Transactions effected pursuant to a pre-cleared trading



plan will not require further pre-clearance at the time of the transaction if the plan specifies the

dates, prices and amounts of the contemplated trades, or establishes a formula for determining the dates, prices and amounts.

### **Blackout Periods**

All directors, executive officers and covered persons are subject to the following blackout procedures:

*Quarterly Blackout Periods.* The Company's announcement of its quarterly financial results has the potential to have a material effect on the market for the Company's securities due to the disclosure of available cash, levels of expenditures, impairments, property valuations, etc. Therefore, you can anticipate that, to avoid even the appearance of trading while aware of material nonpublic information, persons who are or may be expected to be aware of the Company's quarterly financial results generally will not be pre-cleared to trade in the Company's securities during

- (i) for those persons listed on Schedule A to this Addendum, the period beginning on the 30th business day following the end of each fiscal quarter or
- (ii) for those persons listed on Schedule B to this Addendum, the period beginning on the day draft financial statements are provided to those persons following the end of each fiscal quarter,

and ending, for persons listed on Schedule A and Schedule B, on the second business day after the earlier of the date the Company (i) publicly discloses its fiscal results for the quarter or fiscal year, as applicable, or (ii) files its periodic report with the SEC for the corresponding quarter or year end, as applicable.

Persons subject to these quarterly blackout periods include all directors and executive officers, all employees of the accounting department, and all other persons who are informed by the Chief Executive Officer, Chief Operating Officer, or Chief Financial Officer that they are subject to the quarterly blackout periods.

The Company may on occasion issue interim financial guidance or other potentially material information by means of a press release, SEC filing on Form 8-K or other means designed to achieve widespread dissemination of the information. You should anticipate that trades are unlikely to be pre-cleared while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

*Event-specific Blackout Periods.* From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. So long as the event remains material and nonpublic, directors, executive officers, and such other persons as are designated by the Chief Executive Officer, Chief Executive Officer, or Chief Financial Officer may not trade in the Company's securities. The existence of an event-specific blackout will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company's securities during an event-specific blackout, the Chief Executive Officer will inform the requester of the existence of a blackout period, without disclosing the reason for the blackout. Any person made



aware of the existence of an event-specific blackout should not disclose the existence of the



blackout to any other person. The failure of the Chief Executive Officer, Chief Executive Officer, or Chief Financial Officer to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material nonpublic information.

***Hardship Exceptions.*** A person who is subject to a quarterly blackout period and who has an unexpected and urgent need to sell Company stock to generate cash may, in appropriate circumstances, be permitted to sell Company stock even during the blackout period. Hardship exceptions may be granted only by the Company's Audit Committee and must be requested at least two days in advance of the proposed trade. A hardship exception may be granted only if the Audit Committee concludes that the Company's financial information for the applicable quarter does not constitute material nonpublic information or if the person does not have sufficient insight as to the Company's financial information as of that time. It is highly unlikely that a hardship exception will be granted, and under no circumstance will a hardship exception be granted during an event-specific blackout period.

### **Section 16 Reporting**

Directors and executive officers are also subject to additional procedures designed to address the two-day Form 4 filing requirement under Section 16 of the Securities Exchange Act of 1934, as amended. The filing of a Form 4 will be coordinated with the Chief Financial Officer. Accordingly, the Chief Financial Officer must be advised immediately of any changes (direct or indirect) in a director's or executive officer's ownership of Company securities so that the necessary Form 4 may be completed and filed with two business days of such change. Each director or executive officer is responsible for the accuracy and timeliness of his or her Section 16 filing requirements.

### **Post-Termination Transactions**

If you are aware of material nonpublic information when you terminate service as a director, officer or other employee of the Company, you may not trade in the Company securities until that information has become public or is no longer material. In all other respects, the procedures set forth in this Addendum will cease to apply to your transactions in Company securities upon the expiration of any "blackout period" that is applicable to your transactions at the time of your termination of service.

### **Company Assistance**

Any person who has a question about this memorandum or its application to any proposed transaction may obtain additional guidance from the Chief Executive Officer, the Audit Committee Chairman, or the Company's outside legal counsel.

### **Certification**

All directors, officers and other employees subject to the procedures set forth in this Addendum must certify their understanding of, and intent to comply with, the Company's insider trading policy, including the procedures set forth in this Addendum. Please return the enclosed certification immediately.



**CERTIFICATION**

I certify that:

1. I have read and understand the Company’s Insider Trading Policy Statement and the Addendum to Insider Trading Policy Statement- Pre-clearance and Blackout Procedures, covering pre-clearance and blackout periods (collectively, the “Insider Trading Policies”). I understand that the Chief Executive Officer, Audit Committee Chairman, and outside legal counsel are available to answer any questions I have regarding the Insider Trading Policies.
2. Since I have been an employee or director of the Company, I have complied with the Insider Trading Policies.
3. I will continue to comply with the Insider Trading Policies for as long as I am subject to the Insider Trading Policies.
4. I understand that all of my trades must be pre-approved by the Company’s Chief Executive Officer or such other person as the Company may designate from time to time.
5. I understand that my failure to comply in all respects with the Insider Trading Policies is a basis for termination for cause of my employment or other service relationship with the Company.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_



Schedule A

Chief Executive Officer

Chief Financial Officer

Controller

Accountant

Accounting Clerk

Financial Consultant



Schedule B

Director