



## MEXICAN GOLD CORP.

### INSIDER TRADING POLICY

#### Purpose

1. The trading of securities is governed by extensive and complex securities legislation, the fundamental premise of which is that everyone investing in securities should have equal access to information that may affect their investment decisions.
2. To support the objective of equal access to information, and to ensure that Mexican Gold Corp. (the "**Corporation**") and the directors, officers and other employees of the Corporation comply with securities legislation, the Board of Directors of the Corporation has approved, and the Corporation has adopted, a Disclosure Policy. One of the purposes of the Disclosure Policy is to ensure that the Corporation makes timely disclosure of material changes affecting the business or affairs of the Corporation in order to prevent disclosure of such material changes being made on a selective basis. The purpose of this Insider Trading Policy (the "**Policy**") is to ensure that the directors, officers and other employees of the Corporation do not trade in securities of the Corporation while in possession of material information affecting the business or affairs of the Corporation that has not been generally disclosed to the public which would, itself, undermine the principle purpose of securities legislation relating to insider trading (within the meaning set forth below).
3. This Policy is intended not only to ensure that the directors, officers and other employees of the Corporation act, but also that they are perceived to act, in accordance with applicable laws and high standards of ethical and professional behaviour in order to protect the reputation of the Corporation.

#### Prohibited Trading

4. Trading While In Possession of Undisclosed Material Information: Securities legislation prohibits a reporting issuer and any person in a "**special relationship**" with a reporting issuer (which includes, but is not limited to, directors, officers and other employees) from trading in securities of the reporting issuer (including the granting of stock options) with knowledge of a "**material fact**" or a "**material change**" (collectively "**material information**") about the reporting issuer that has not been generally disclosed (known as "**insider trading**"). The definitions of "material fact" and "material change" are based on a market impact test in that the fact or change would (or would reasonably be expected to) significantly affect the market price or value of a security. Examples of potentially material information include:

- (a) a change in share ownership that may affect control of the Corporation;
- (b) a change in the corporate structure of the Corporation, such as a reorganization or amalgamation;
- (c) a take-over bid or an issuer bid involving the Corporation;
- (d) a material acquisition or disposition by the Corporation;
- (e) a material change in the capital structure of the Corporation;
- (f) borrowing, or establishing a facility which allows the borrowing of, a material amount of funds by the Corporation;
- (g) a public or private sale of a material number of additional securities of the Corporation;
- (h) a material change in the reserves or resources of the Corporation;
- (i) firm evidence of a material increase or decrease in the near-term earnings prospects of the Corporation;
- (j) a change in the capital investment plans or corporate objectives of the Corporation;
- (k) a material change in the management of the Corporation;
- (l) litigation which may have a material impact on the Corporation;
- (m) a major labour dispute involving, or a dispute with major contractors or suppliers of, the Corporation;
- (n) the occurrence of a material event of default under any material financing or other agreement to which the Corporation is a party; and
- (o) any other matter relating to the business and affairs of the Corporation that would reasonably be expected to significantly affect the market price or value of any securities of the Corporation or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

The prohibition on trading applies not only to trading in the securities of the reporting issuer but also to trading in the securities of another reporting issuer if the person wishing to trade possesses undisclosed material information about that reporting issuer (for example, a reporting issuer that the other reporting issuer is doing business with).

Securities laws also prohibit "tipping", defined as communicating non-public material information, other than in the necessary course of business, to another person. All directors, officers and other employees of the Corporation must ensure that they do not divulge such non-public information to any unauthorized person, whether or not such person may trade on the information.

5. Blackout Periods: Blackout periods, due to material developments which may arise, as specified by the Chief Executive Officer or the Chief Financial Officer, may be imposed from time to time. All directors, officers and other employees of the Corporation with knowledge of such material developments will be covered by the blackout.

### **Trading Procedures**

6. In order to prevent violations of applicable securities legislation and to avoid any perception of impropriety, prior notice of the intention to carry out a purchase or sale of securities of the Corporation or the exercise of any stock option by a director or officer must be provided to one of the Chief Executive Officer or the Chief Financial Officer and no trade shall be carried out without the prior approval of one of them. Any approval granted for any proposed trade will be valid for a period of seven days, unless revoked prior to that time. No trade may be carried out after the expiry of seven days following the receipt of approval unless such approval is renewed.

### **Public Reporting Requirements**

7. Directors and certain officers are required to electronically file insider reports through the System for Electronic Disclosure by Insiders ("**SEDI**"). Such reports are due within five days of becoming an insider disclosing such person's beneficial ownership of, or control or direction over, securities of the Corporation and within five days of the date on which a change in such ownership, or control or direction, occurs. A trade includes the grant of options or the exercise thereof as well as a change in the nature of the ownership, or control or direction over, securities (e.g. a disposition to a company controlled by the insider or a determination that the securities are held in trust for another person). Failure to file a report on time will result in late fees being levied on the insider and may cause future regulatory filings by the Corporation to be reviewed or cleared on an untimely basis by securities regulators, thereby potentially impairing its access to capital markets.

### **Questions & Enforcement**

8. This Policy presents only a general framework of the restrictions imposed by securities legislation. The directors, officers and other employees of the Corporation bear the ultimate responsibility for complying with securities legislation and should therefore view this Policy as the minimum criteria for compliance with such securities legislation and should obtain additional guidance when uncertainty exists regarding a contemplated transaction.
9. Failure to comply with this Policy or the procedures set out herein may result in disciplinary action, which may include termination of employment. Canadian securities legislation provides that a breach of the prohibition against trading in securities with knowledge of undisclosed material information or providing undisclosed material information to others, in addition to civil liability for damages, may result in imprisonment for up to five years less a day and/or a fine of up to the greater of (i) \$5 million, and (ii) an amount equal to three times the profit obtained or loss avoided by reason of the contravention. Penalties may also be levied by Canadian securities regulatory authorities for not complying with the requirement to file insider reports.
10. Any questions concerning this Policy should be directed to the Chief Executive Officer or the Chief Financial Officer of the Corporation.

11. Violations or suspected violations of this Policy should be reported to the Chair of the Audit Committee of the Corporation.

Agreed by the Board of Directors on October 24<sup>th</sup>, 2012.