

# **MNP PETROLEUM CORPORATION**

## **INSIDER TRADING AND BLACKOUT POLICY**

**January 20, 2014**

## Executive Summary

<ul style="list-style-type: none"><li>● If you possess material, non-public information relating to MNP Petroleum Corporation (“<b>MNP Petroleum</b>”) or any of its subsidiaries or affiliated companies you may not pass any such information on to others.</li></ul>
<ul style="list-style-type: none"><li>● In general, persons or companies in a special relationship with MNP Petroleum may not trade their securities in MNP Petroleum during the period commencing two (2) weeks after the end of a fiscal quarter or year-end and ending at 5:00 pm (Eastern Standard Time) on the first business day following the public dissemination by MNP Petroleum of such results.</li></ul>
<ul style="list-style-type: none"><li>● If you have access to inside information or undisclosed <i>material information</i>, you may not trade in MNP Petroleum securities without the approval of the Trading Officer (as hereinafter defined).</li></ul>
<ul style="list-style-type: none"><li>● If you obtain material, undisclosed information relating to any other company, including customers or suppliers of MNP Petroleum, you may not buy or sell securities of that entity.</li></ul>
<ul style="list-style-type: none"><li>● You should not trade in call or put options or short-sell the securities of MNP Petroleum and should acquire these securities only as a long-term investment.</li></ul>
<ul style="list-style-type: none"><li>● <b>Failure to comply with this policy could result in disciplinary action, which may include termination of employment, the imposition of fines and the possibility of imprisonment.</b></li></ul>
<ul style="list-style-type: none"><li>● This policy should be viewed as the <u>minimum</u> criteria for compliance with insider trading laws. Seek additional guidance if you are uncertain about a contemplated transaction.</li></ul>
<ul style="list-style-type: none"><li>● This policy also applies to persons or companies who acquire information from a source known by them to be in a <i>special relationship</i> with MNP Petroleum (e.g. spouses and close friends).</li></ul>
<ul style="list-style-type: none"><li>● Insiders are required to file reports on EDGAR.</li></ul>
<ul style="list-style-type: none"><li>● Any inquiry as to the application of these policies should be directed to the Chief Financial Officer of MNP Petroleum or, in his absence, to the Junior Finance Manager of MNP Petroleum.</li></ul>

## Introduction

It is a cornerstone of the capital markets in the United States and 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 MNP Petroleum Corporation (“**MNP Petroleum**” or the “**Corporation**”), which is listed on the OTCBB and which has applied for a listing on the TSX Venture Exchange (“**TSX-V**”). Please note that the terms “MNP Petroleum” and the “Corporation” used herein shall include MNP Petroleum and all of its subsidiaries from time to time.

The directors of MNP Petroleum have, on behalf of the Corporation, appointed Peter-Mark Vogel, Chief Financial Officer of MNP Petroleum, as the Trading Officer (the “**Trading Officer**”). The Trading Officer, assisted by Bennet Scholz, the Corporation’s Junior Finance

Manager, 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, Mr. Bennet Scholz. In the event that an inquiry cannot be made to the Trading Officer or Mr. Bennet Scholz, individuals are recommended to contact the directors of MNP Petroleum directly.

## **Material Information**

*Material information* is any information relating to the business and affairs of MNP Petroleum that results in or would reasonably be expected to result in a significant change in the market price or value of MNP Petroleum's securities.

*Material information* consists of both *material changes* and *material facts* relating to the business and affairs of MNP Petroleum.

The *Securities Exchange Act of 1934* (the "**Exchange Act**") requires the disclosure of certain information by filing a Current Report on Form 8-K with the Securities and Exchange Commission (on its EDGAR database) within a specified period of time after the event (either two or four business days after the event, depending on the nature of the event). In addition, the *Securities Act* (British Columbia) (the "**Act**") requires the disclosure of any *material change* by filing a report with the British Columbia Securities Commission (on the SEDAR site) as soon as reasonably practicable and, in any event, within ten (10) days of the date on which such change occurs. The provisions of the Exchange Act and the Act are supplemented by the disclosure policies of the TSX-V, which contemplates that *material information* is broader than the term *material change* since it encompasses material facts that may not entail a *material change* (as that term is defined in the Act).<sup>1</sup> The TSX-V regulations require that *material information* concerning the business and affairs of a reporting issuer such as MNP Petroleum be disclosed forthwith upon the information becoming known. In addition, although not specifically outlined in the TSX-V policies, best practice suggests that where information is previously known, it must be disclosed forthwith upon it becoming apparent that the information is material. The directors of MNP Petroleum will determine what information is material according to the above definitions and will bear responsibility for compliance with the timely disclosure obligations under applicable securities laws and requirements of any stock exchange on which the securities of MNP Petroleum are listed.

Examples of developments in the business and affairs of MNP Petroleum which are likely to require prompt disclosure under the Canadian securities laws and the Policies of the TSX-V include:

1. any issuance of securities by way of statutory exemption or prospectus;

---

<sup>1</sup> *Material fact* means a fact that significantly affects, or could reasonably be expected to significantly affect, the market price or value of the securities.

*Material change* means a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer, and includes a decision to implement that change made by: (a) senior management of the issuer who believe that confirmation of the decision by the directors is probable; or (b) the directors of the issuer.

2. any change in the beneficial ownership of MNP Petroleum's securities that affects or is likely to affect the control of MNP Petroleum;
3. any change of name, capital reorganization, merger or amalgamation;
4. a change of auditor;
5. a take-over bid, issuer bid or insider bid;
6. any significant acquisition or disposition of assets, property or joint venture interests;
7. any stock split, share consolidation, stock dividend, exchange, redemption or other change in capital structure;
8. the borrowing or lending of a significant amount of funds or any mortgaging, hypothecating or encumbering in any way of any of the MNP Petroleum's assets;
9. the creation of an "off-balance sheet" arrangement;
10. any acquisition or disposition of MNP Petroleum's own securities;
11. the development of a new product or any development which affects MNP Petroleum's resources, technology, products or markets;
12. the entering into, amendment or termination of a material contract;
13. firm evidence of a significant increase or decrease in near-term earnings prospects or a material impairment of an asset;
14. a significant change in capital investment plans or corporate objectives;
15. any change in the board or directors or senior officers;
16. significant litigation, the appointment of a receiver or the filing of a proceeding in bankruptcy;
17. a significant labour dispute or a dispute with a major contractor or supplier;
18. a reverse take-over, change of business or other material information relating to the business, operations or assets of MNP Petroleum;
19. an event of default under a financing or other agreement;
20. a declaration or omission of dividends (either securities or cash);
21. a call of securities for redemption;
22. the results of any asset or property development, discovery or exploration by MNP Petroleum, whether positive or negative;

23. any oral or written agreement to enter into any management contract, investor relations agreement, service agreement not in the normal course of business, or related party transaction, including a transaction involving non arms length parties;
24. any amendment, termination, extension or failure to renew a renewable agreement for the provision of any service listed in section 21 above;
25. any delisting or failure to satisfy a standard required to maintain a listing;
26. the establishment of any special relationship or arrangement with another registrant; and
27. the designation or removal by the TSX-V of an issuer's inactive status.

A report on Form 8-K must be filed whenever one or more of the following specified events occurs:

Section 1 - Registrant's Business and Operations

- |           |  |
|-----------|--|
| Item 1.01 | Entry into a Material Definitive Agreement     |
| Item 1.02 | Termination of a Material Definitive Agreement |
| Item 1.03 | Bankruptcy or Receivership                     |

Section 2 - Financial Information

- |           |   |
|-----------|---|
| Item 2.01 | Completion of Acquisition or Disposition of Assets  |
| Item 2.02 | Results of Operations and Financial Condition   |
| Item 2.03 | Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant                   |
| Item 2.04 | Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement |
| Item 2.05 | Costs Associated with Exit or Disposal Activities   |
| Item 2.06 | Material Impairments  |

Section 3 - Securities and Trading Markets

- |           |   |
|-----------|---|
| Item 3.01 | Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing |
| Item 3.02 | Unregistered Sales of Equity Securities   |
| Item 3.03 | Material Modifications to Rights of Security Holders  |

Section 4 - Matters Related to Accountants and Financial Statements

- |           |  |
|-----------|--|
| Item 4.01 | Changes in Registrant's Certifying Accountant  |
| Item 4.02 | Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review |

#### Section 5 - Corporate Governance and Management

- Item 5.01 Changes in Control of Registrant
- Item 5.02 Departure of Directors or Principal Officers (or a person performing similar functions); Election of Directors; Appointment of Principal Officers (or a person performing similar functions); Compensatory Arrangements of Certain Officers (or a person performing similar functions)
- Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year
- Item 5.04 Temporary Suspension of Trading Under Registrant's Employee Benefit Plans
- Item 5.05 Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics
- Item 5.06 Change in Shell Company Status

#### Section 7 - Regulation FD

- Item 7.01 Regulation FD Disclosure

#### Section 8 - Other Events

- Item 8.01 Other Events and Information that the Company deems of importance to security holders.

### **Persons in a “*Special Relationship*” with the Corporation**

The restrictions on insider trading set out in section 86 of the Act apply to any person or company in a “*special relationship*” with a reporting issuer. For the purposes of this policy, persons in such a relationship with MNP Petroleum include<sup>2</sup>:

1. directors, officers and employees of the Corporation and its subsidiaries;
2. insiders of the Corporation and its subsidiaries;
3. a person or company that is or proposes to engage in any business or professional activity with or on behalf of MNP Petroleum; and
4. a person or company that learns of a *material fact* or *material change* from another person or company and knows or ought reasonably to have known that the other person or company is in a *special relationship* with MNP Petroleum.

Thus, each of the employees and insiders of the subsidiaries of MNP Petroleum are in a *special relationship* with the Corporation. As such, the provisions of this policy apply to each of them and they are all restricted from trading on the basis of *material information* regarding the

---

<sup>2</sup> Additional persons considered to be in a *special relationship* with MNP Petroleum will include those who are insiders, affiliates or associates of MNP Petroleum, a person or company proposing to make a take-over bid for securities of the Corporation, and a person or company proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination with MNP Petroleum or to acquire a substantial portion of its property.

business and affairs of the Corporation that is not generally disclosed. The policies set out herein are designed to assist the employees and insiders of the Corporation, in complying with applicable securities laws.

Please note that persons who learned of a *material fact* or *material change* while in a *special relationship* with the Corporation, but who are no longer in such a *special relationship*, are similarly prohibited from purchasing or selling securities of the Corporation, unless the material fact or material change has been generally disclosed.

The potential scope of a chain of tippees is significantly expanded by the inclusion in the definition of *special relationship* of persons or companies who acquire information from a source known to them to have a *special relationship* with the Corporation. It would, for example, also capture spouses and close friends.

MNP Petroleum has established a firm rule prohibiting all persons who have access to confidential information from making use of such information in trading in the Corporation's securities before such information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed. (See – “General Restrictions on Trading by Persons in a *Special Relationship* with the Corporation”).

### **Confidentiality**

No one in a *special relationship* with MNP Petroleum may inform or ‘tip’ another person or company of a previously undisclosed *material fact* or *material change* with respect to the business and affairs of MNP Petroleum, other than in the necessary course of business. Such tipping is in direct contravention of applicable securities laws and exposes the disclosing party to potential sanctions. Unless specifically authorized by the directors of MNP Petroleum or a member of senior management (where applicable), you must maintain undisclosed material information regarding the business and affairs of MNP Petroleum in strict confidence. The following questions should be considered prior to any disclosure being made:

1. Is the information a *material fact* or a *material change*?
2. Has the information in question been generally disclosed?
3. Is the contemplated disclosure in the necessary course of business?

Where you are uncertain about any of the above questions, the directors of MNP Petroleum or a member of senior management (where applicable) should be contacted prior to the disclosure of any information.

### **General Restrictions on Trading by Persons in a *Special Relationship* with the Corporation**

Persons or companies in a *special relationship* with MNP Petroleum and who either possess or have access to *material information* regarding the business and affairs of the Corporation are prohibited from trading until the *material information* has been fully disclosed to the public and a reasonable period of time has passed for the information to be disseminated. This prohibition applies not only to trading in the securities of MNP Petroleum but also to

trading in other securities whose value might be affected by changes in the price of MNP Petroleum securities. Furthermore, persons or companies in a *special relationship* with MNP Petroleum who possess material non-public information relating to the Corporation may not pass any such information onto others.

Persons or companies in a *special relationship* with MNP Petroleum who, while acting for the Corporation, obtain material undisclosed information which relates to any other company, including customers or suppliers of MNP Petroleum, may not buy or sell securities of that company, customer or supplier or otherwise misuse such information.

The restrictions on trading based on *material information* apply not only when such information is non-public, but also for a limited time after such information has been made public. MNP Petroleum shareholders and the investing public must be afforded time to receive and digest *material information*.

As a general rule, you should consider *material information* to be non-public from the time that you become aware of it until the completion of at least one (1) business day after it has been released by MNP Petroleum to the public. Accordingly, you should not engage in any transactions in securities of the Corporation until the second business day after *material information* has been released to the public. If the information is complex or is not widely disseminated, you should consider waiting for an even longer period of time.

The restrictions on trading set forth above apply not only to a person with *material information* but also to the members of that person's household. They are responsible for the compliance by such persons with these restrictions and should, if necessary, review this policy with them and the general prohibitions on insider trading.

The foregoing prohibition does not include the exercise of stock options granted under the Corporation's stock option plan. However, the sale of the underlying securities is not permitted without the permission of the Trading Officer. Please note, however, that a "same day cashless exercise" of stock options funded by a broker is considered a sale of securities for this purpose.

#### **"Blackout" Procedures**

In general, persons or companies in a special relationship with MNP Petroleum may not trade their securities in MNP Petroleum during the period commencing two (2) weeks after the end of a fiscal quarter or year-end and ending at 5:00 pm (Eastern Standard Time) on the first business day following the dissemination by MNP Petroleum of such results. In certain circumstances additional blackout periods may be set by the directors of MNP Petroleum or by members of senior management. Persons subject to such additional blackout periods will be notified in advance by the directors of MNP Petroleum or by a member of senior management. The foregoing periods will constitute the "Blackout Periods" of MNP Petroleum.

Note that the Corporation must release its interim financial statements no later than 45 days following the end of each three month period and must release its audited annual financial statements no later than 90 days following the end of its financial year end.

At the present time, the Corporation's fiscal periods are as follows:

<b>Interim Statements</b>
First Quarter - 3 months ended March 31
Second Quarter - 6 months ended June 30
Third Quarter - 9 months ended September 30
<b>Audited Financial Statements</b>
Year-End - 12 months ended December 31

However, no one in a *special relationship* with the Corporation having access to inside information or undisclosed *material information* or deemed to be an insider shall trade in MNP Petroleum securities during a *Blackout Period* without the approval of the Trading Officer.

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

Persons subject to this policy who wish to trade securities of MNP Petroleum during a Blackout Period should obtain approval from the Trading Officer by providing details of such request, in writing, to the Trading Officer prior to effecting the contemplated trade.

### **Responsibility**

The policies and procedures set forth herein present only a general framework within which a person or company in a *special relationship* with the Corporation may purchase and sell securities of MNP Petroleum without violating securities laws.

### **You bear the ultimate responsibility for complying with securities laws.**

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 the Corporation taking appropriate disciplinary action, which may include termination of employment.

U.S. and Canadian securities laws provide that 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 and/or a fine.

Penalties may also be levied by U.S. and Canadian securities regulatory authorities for not complying with the requirements to file insider reports. Please note that for so long as insiders of MNP Petroleum timely file the insider reports required to be filed on EDGAR

pursuant to the Exchange Act they are exempt from the requirement to file insider reports in Canada on the System for Electronic Disclosure by Insiders (“SEDI”).

## **Insiders**

Certain persons and companies who are in a *special relationship* with the Corporation are also considered *insiders* of MNP Petroleum and, as such, have certain reporting obligations.

Insider trading is strictly regulated.

The definition of the term *insider* will vary from statute to statute, but in any case will include the directors and officers of the Corporation and large shareholders (any shareholder that beneficially owns 10% or more of the Corporation’s voting securities is deemed to be an *insider*). Where a company is an *insider* of a reporting issuer, directors and senior officers of that company are also considered *insiders* of the reporting issuer.

In addition to complying with the restrictions imposed on persons and companies in a *special relationship* with the Corporation, insiders of MNP Petroleum are required to electronically file insider reports on EDGAR. The initial insider report is required to be filed on a Form 3, and is due within ten (10) calendar days of becoming an *insider*. Thereafter, material changes to an insider’s holdings must be reported on a Form 4 within two (2) business days of the date of a trade. *Insiders* who are not likely to need to file insider trade reports in the immediate future are encouraged to register only a few days in advance of their first anticipated insider report filing. In addition to Forms 3 and 4, Form 5 is available for certain insider transaction that are not required to be reported on Forms 3 or 4. These forms are filed after the end of the fiscal year but before the filing of the Corporation’s annual report.

Before an *insider* can file their insider reports on EDGAR, they must register with the Securities and Exchange Commission and obtain insider filing codes. *Insiders* can take these steps themselves or use an agent to register and file their insider profiles and insider reports for them. Please note that these forms cannot be filed in paper form. They must be filed electronically using special software that is not widely available.

Failure to file a report on time will result in late fees being levied on the *insider* and may cause future regulatory filings by MNP Petroleum to be reviewed or cleared on an untimely basis by securities regulators, thereby impairing the Corporation’s access to capital markets.

In addition to the obligation to file insider reports, insiders of MNP Petroleum are subject to the “short swing profit” rules of Section 16(b) of the Exchange Act.

The purpose of the short-swing profit rules is to prevent the unfair use of inside information by “insiders” when trading in the equity securities of MNP Petroleum. Consequently, all of the persons required to file reports on Forms 3, 4 and 5 are subject to the so-called “short-swing” profit rules of the Exchange Act.

The rules provide that any “profit” made by any officer, director or ten percent (10%) shareholder as a result of a purchase and sale (or a sale and purchase) of the Corporation’s securities (excluding debt securities) within any six-month period belongs not to that person but

to the Corporation. The requirement that the “insider” disgorge his or her profit to the Corporation is one of strict liability and does not depend upon whether that person has actually used inside information or made a “profit” in the accounting sense. It is important to note that the six-month period is calculated forward and backward from the date of any purchase or sale.

For example:

A person subject to the rules sells 50 of the Corporation’s common shares in December and purchases 100 of the Corporation’s common shares the following March. In such case, the shares sold in December would be “matched” to the extent of the shares purchased in March and the profit, if any, resulting from the transactions would be forfeited by such person to the Corporation.

Be aware that to be held liable under these rules, directors and officers need only be such either at the time of purchase or at the time of sale, but not necessarily both. In our hypothetical situation above, the same result would be reached if the person engaging in the transactions first became a director or officer of the Corporation in March, just prior to the time when he purchased the shares. Ten percent (10%) shareholders (assuming they are not also directors or officers), on the other hand, must hold ten percent (10%) or more both at the time of purchase and at the time of sale in order for liability to attach under these rules. In our hypothesis, a ten percent (10%) shareholder who was not an officer or director could not, for example, be held liable for the December and March transactions unless he or she was a ten percent (10%) shareholder when each transaction occurred.

As indicated, all “profits” resulting from transactions must be turned over to the Corporation and the Corporation generally cannot waive its right to such profits. All liabilities under these rules must be reported by the Corporation in its annual report on Form 10-K. It is also important to note that, due to strict court construction of these rules, the “profit” that must be turned over to the Corporation will be found whenever any sale price exceeds any purchase price within a six (6)-month period. That is, the purchase and sale prices of particular securities are not traced, but rather high sales prices and low purchase prices are matched. Thus, a profit may be found even where there is no profit in an accounting sense.

#### *Prohibitions on Short Sales*

While you should refrain from frequent buying and selling of the securities of MNP Petroleum for the purpose of realizing short-term profits, and should acquire securities only as a long-term investment, you should also be aware that officers, directors and ten percent (10%) shareholders are subject to prohibitions against “short sales” of the Corporation’s common shares. The prohibition against short sales means that an individual subject to the rule cannot sell common shares of the Corporation if he or she does not then own the securities he or she purports to sell, and even if he or she does own the securities sold, he or she must deliver the securities within twenty (20) days after the sale.

#### **Further Inquiries**

Any inquiry as to the application of these policies should be directed to Peter-Mark Vogel, the Chief Financial Officer of MNP Petroleum or, in his absence, Bennet Scholz, the

Junior Finance Manager of MNP Petroleum. Mr. Peter-Mark Vogel can be reached via telephone at +41 44 718 10 35 or via email at [mvogel@MNPpetroleum.com](mailto:mvogel@MNPpetroleum.com). Mr. Bennet Scholz can be reached via telephone at +41 44 718 10 36 or via email at [bscholz@MNPpetroleum.com](mailto:bscholz@MNPpetroleum.com).

### **Acknowledgement**

Please complete the form of acknowledgement attached hereto as Appendix A and return the completed acknowledgement to Peter-Mark Vogel, the Chief Financial Officer of MNP Petroleum, at [mvogel@MNPpetroleum.com](mailto:mvogel@MNPpetroleum.com), as soon as possible.

**APPENDIX A**

**ACKNOWLEDGEMENT**

**TO: MNP PETROLEUM CORPORATION (“MNP Petroleum”)**

Attention: Peter-Mark Vogel, the Chief Financial Officer

**RE: INSIDER TRADING AND BLACKOUT POLICY DATED September 03 2010**

---

The undersigned hereby acknowledges receipt from you of a copy of the above-referenced policy and confirms that the undersigned has read and is familiar with and agrees to be bound thereby.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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