

CAUTIVO MINING INC.
INSIDER TRADING POLICY

1. Introduction

As a public company, Cautivo Mining Inc. (“**Cautivo**”) has adopted this insider trading policy to educate you about your legal obligation with respect to “insider trading” and “tipping” and to assist you in complying with applicable laws to avoid personal liability and potential criminal penalties.

This Policy applies to all directors, officers and employees of Cautivo and its subsidiaries (“**Representatives**”). References to “Cautivo” in this Policy include its subsidiaries, unless the context otherwise requires.

Summary

- **You must not trade securities of Cautivo during certain blackout periods.**
- **You must not trade securities of any company when you have certain non-public material information.**
- **You must not tell other people about this material information.**
- **Some of you must file insider reports when you trade securities of Cautivo**

2. Legal Background

(a) Insider Trading

- (i) Canadian securities legislation prohibits anyone in a “**special relationship**” with Cautivo (as defined in subsection 2(c)(ix) below) from trading in Cautivo’s securities with knowledge of a “**material fact**” or “**material change**” (as defined in subsection 2(c) below) that has not been generally disclosed.
- (ii) Under Canadian securities legislation, Cautivo may itself be considered to be in a “special relationship” with another public company in certain circumstances such as where Cautivo intends to make a take-over bid for that other company or intends to be a party to an amalgamation, merger, arrangement or similar business combination with such other company. In such circumstances, a Representative who has knowledge of a material fact or material change regarding that other public company which has not been generally disclosed and which knowledge was gained:
 - during the course of his or her work at Cautivo;
 - because he or she is in a “special relationship” with that other public company; or
 - because he or she was “tipped” by another person who was in a “special relationship” with that other public company,

is prohibited from trading in the securities of such other public company with knowledge of a “material fact” or “material change” that has not been generally disclosed.

This prohibited activity, as set out in clauses (i) and (ii) above, is commonly known as “**insider trading**”.

(b) Tipping

Canadian securities legislation prohibits a public company or any person in a “special relationship” with a public company from informing any other person, other than in the “**necessary course of business**”, of a material fact or material change before the material fact or material change has been generally disclosed. This prohibited activity is commonly known as “**tipping**”. Both the person who provides the information and the person who receives the information could be liable under securities laws if the person who receives the information trades in the securities.

(c) Definitions

- (i) “**Blacked-out Employee**” means a Representative who is described in subclause 3(c)(i)(B) of this Policy.
- (ii) “**Board**” means the board of directors of Cautivo.
- (iii) “**Compliance Officer**” means the Chief Financial Officer of Cautivo or such other person designated by the Board.
- (iv) “**discretionary blackout periods**” means blackout periods imposed from time to time on Representatives, in addition to regularly scheduled blackout periods, following consultation with Cautivo’s Chief Executive Officer and Chief Financial Officer.
- (v) “**Insider**” means a Representative who is described in subclause 3(c)(i)(A) of this Policy.
- (vi) “**material change**” in relation to the affairs of Cautivo, means a change in the business, operations or capital of Cautivo that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Cautivo, or a decision to implement such a change made by: (a) senior management of Cautivo who believe that confirmation of the decision by the Board is probable; or (b) the Board.
- (vii) “**material fact**” in relation to securities issued or proposed to be issued by Cautivo, means a fact that would reasonably be expected to have a significant effect on the market price or value of such securities.
- (viii) “**Material Information**” means any information relating to the business and affairs of Cautivo, that (i) results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of Cautivo or (ii) a prudent investor would find significant in making an investment decision with respect to Cautivo’s securities. Material Information includes both material changes and material facts. (See attached Schedule A for examples of potentially Material Information.)

- (ix) “**regularly scheduled blackout periods**” begin 15 days and 30 days after the end of the quarter or the year, respectively, and terminate on the close of business on the first full business day following the day on which Cautivo discloses its quarterly or annual financial results, as the case may be.
- (x) “**special relationship**” includes, among others, for the purpose of determining whether a person is in a special relationship with Cautivo, situations where a person:
 - (A) is a Representative or a 10% shareholder (as defined below);
 - (B) is engaging in or is proposing to engage in any business or professional activity with or on behalf of any of Cautivo (or a subsidiary), and includes, without limitation, a consultant;
 - (C) is a person or company that learned of Material Information with respect to Cautivo while the person or company was a person or company described above, and
 - (D) is a person or company that learns of Material Information with respect to Cautivo from any other person or company described above and knows or ought reasonably to have known that the other person or company is a person or company in such a relationship (eg. family members of Insiders).
- (xi) “**subsidiary**” has the meaning given to that term in the *Securities Act* (Ontario).

3. **Obligations**

(a) **Obligations on all Representatives**

- (i) Representatives cannot trade in securities of Cautivo while in possession of Material Information with respect to Cautivo which has not yet been generally disclosed.
- (ii) Representatives cannot trade in the securities of another public company while in possession of Material Information regarding that public company which knowledge was gained during the course of their work at Cautivo, if the Material Information has not been generally disclosed to the public.
- (iii) Representatives cannot inform other people of Material Information regarding Cautivo before that Material Information has been generally disclosed, unless the Representative discloses that Material Information in the “necessary course of business” (as described below).
- (iv) Representatives cannot inform other people of Material Information regarding a public company where they have gained knowledge of Material Information regarding that public company in the course of their work at Cautivo before that Material Information has been generally disclosed, unless the Representative discloses that Material Information in the “necessary course of business”.
- (v) If a Representative knows that Cautivo is about to issue a news release of Material Information, at any time, the Representative should not trade from the

time of such knowledge of the release until the close of business on the first full business day following the date of issue of the release.

- (vi) If a Representative knows that drilling results are to be announced, the Representative should not trade from the time of such knowledge until the close of business on the first full business day following the date of issue of the announcement.

The restrictions on trading and use of Material Information set forth in clauses 3(a)(i) to (v) above apply not only to each Representative in possession of Material Information which has not been generally disclosed but also to the members of such person's household (including spouses, family members and others). Representatives are responsible for the compliance of such persons and should, if necessary, review this policy with them and the general prohibitions on insider trading. **In any event, Representatives should avoid disclosing any confidential information to such persons and any business partners, friends and others.**

The “**necessary course of business**” exception is a limited one and exists so as not to unduly interfere with a company's ordinary business activities. The exception could cover communications that are required to be made to further the business purposes of Cautivo with:

- vendors, suppliers or strategic partners on issues such as joint venture, technical consulting, service, research and development, sales and marketing and supply contracts;
- employees, officers and Board members;
- lenders, legal counsel, auditors, underwriters and financial and other professional advisors;
- parties to negotiations;
- labour unions and industry associations;
- government agencies and non-governmental regulators; or
- credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency's ratings generally are or will be publicly available).

Such persons must be made aware that they cannot pass the information onto anyone else (except in the “necessary course of business”) until it has generally been disclosed. There is no exception to the prohibition against “tipping” for disclosure made pursuant to a confidentiality agreement, so the Representative must ensure that such disclosure is in the “necessary course of business”. Furthermore, there is no exception that would permit Cautivo to make selective disclosure of material corporate information to an analyst, institutional investor or other market professional.

To avoid possible inadvertent conflict with this Policy, a Representative must not leave standing sell orders or standing purchase orders with a broker.

(b) Prohibitions Against Short Selling and Certain Trading

In addition to the obligations set forth in subsection 3(a) above, all Representatives who are Insiders (as defined in clause 3(c)(i) below) shall not engage in (i) the short selling of, or trading in puts, calls or options in respect of the securities of Cautivo; and (ii) in the purchase of financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities as compensation or held, directly or indirectly by them.

(c) Additional Obligations on Insiders and Blacked-out Employees

Additional obligations are imposed on Representatives who are Insiders and Blacked-out Employees, in the manner described in this subsection 3(c).

(i) Definitions

(A) Who is an Insider?

Insiders of Cautivo include:

- directors and officers of Cautivo
- directors and officers of subsidiaries of Cautivo
- a person who beneficially owns, directly or indirectly, more than 10% of the voting securities of Cautivo or who exercises control or direction over more than 10% of the votes attached to the voting securities of Cautivo (a “10% shareholder”)
- a director or officer of a 10% shareholder

(B) Who is a Blacked-out Employee for the purposes of regularly scheduled blackout periods?

The following are Blacked-out Employees of Cautivo during regularly scheduled blackout periods:

- all Insiders, including members in acting positions
- all Representatives who receive notice from the Compliance Officer that they are designated Blacked-out Employees during such periods

(C) Who is a Blacked-out Employee for the purposes of discretionary blackout periods?

All Representatives who receive notice that they are designated Blacked-out Employees during such periods.

(ii) Additional Obligations on Insiders

(A) Insider Reports

Under securities laws and this policy, most Insiders are required to file a report (the “**Insider Report**”) with securities regulators **within 10 days**

of becoming an Insider (if they hold securities of Cautivo) and **within 5 days of any trade in securities** of Cautivo, including shares, debt securities, options (including the grant and exercise of options), deferred share units or restricted stock units of Cautivo, including certain derivative-based transactions and equity monetization transactions related thereto. Examples of such derivative-based transactions include total return swaps and credit default swaps. Insiders must file an Insider Report electronically through the “System for Electronic Disclosure by Insiders” (also known as “SEDI”) within 5 days after each trade.

Canadian securities legislation provides some exemptions from filing insider reports. Please contact the Compliance Officer for further information on exemptions.

It is each Insider’s own responsibility to prepare and file the required Insider Reports. Cautivo does not assume this responsibility on behalf of its Insiders.

(B) Notice to Compliance Officer

All Insiders and Blacked-out Employees must give prior written notice to the Compliance Officer any time within and outside the blackout periods they wish to trade in any securities of Cautivo and obtain the written authorization from the Compliance Officer regarding same, which authorization shall be valid for three days from the date of issuance.

(C) Officers, directors and employees leaving Cautivo

Officers, directors and employees shall continue to be bound by this Policy for a period of 30 days following their termination of employment directorship or position with Cautivo, as the case may be.

(iii) Obligations on Blacked-out Employees

During regularly scheduled or discretionary blackout periods, the affected Blacked-out Employees cannot:

- trade in any securities of Cautivo, including shares, convertible securities or debt securities;
- engage in derivative-based transactions or equity monetization transactions related to shares or debt securities of Cautivo; or
- exercise stock options or other convertible securities of Cautivo.

(d) Waiver

Notwithstanding any of the prohibitions contained in subsection 3(c), the Compliance Officer may, at his or her discretion, waive the prohibitions contained in subsection 3(c) in exceptional circumstances, provided that the Representative seeking the waiver does not have knowledge of any undisclosed Material Information and that making such an exception would not violate any applicable securities laws. The Compliance Officer will report any such waivers to the Board at its next regularly scheduled meeting.

(e) Potential Civil and Criminal Penalties

The consequences of prohibited insider trading, tipping or a failure to file an Insider Report where required on a timely basis can be severe and may include dismissal, fines, and criminal sanctions and may also damage the reputation of Cautivo.

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 for up to five years 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 requirements to file Insider Reports.

(f) Responsibility of the Compliance Officer

The Compliance Officer shall send out a memo to all Insiders and Blacked-out Employees to inform of the beginning and the end of both discretionary and regularly scheduled blackout periods.

January 7, 2017

Insider Trading

Quick reference list

DO NOT TRADE IN SECURITIES OF CAUTIVO WHEN YOU:

- know Material Information about Cautivo which has not been generally disclosed and disseminated to the public;
- are subject to a blackout period; or
- have received any other notice from the Compliance Officer that you cannot trade in securities.

REGULARLY SCHEDULED BLACKOUT PERIODS

- begin 15 days and 30 days after the end of the quarter or the year, respectively, and terminate on the close of business on the first full business day following the day on which Cautivo discloses its quarterly or annual financial results, as the case may be.

DO NOT TRADE IN SECURITIES OF ANOTHER PUBLIC COMPANY WHEN YOU:

- know Material Information about another public company which has not been generally disclosed and disseminated to the public especially if you learned of such Material Information because of your business or dealings with Cautivo.

Schedule A

Examples of Potentially Material Information

(Including excerpts from s. 4.3 of National Policy 51-201 - Disclosure Standards)

The following are examples of events or information that would be material if they result in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of Cautivo. This list is not exhaustive.

Changes in Corporate Structure

- Changes in share ownership that may affect control of Cautivo
- Major reorganizations, amalgamations or mergers
- Take-over bids, issuer bids or insider bids

Changes in Capital Structure

- Public or private sale of additional securities
- Planned repurchases or redemptions of securities
- Planned splits of shares or offerings of warrants or rights to buy shares
- Any share consolidation, share exchange, or stock dividend
- Changes in dividend payments or policies
- Possible initiation of a proxy fight
- Material modification to rights of security holders

Changes in Financial Results

- A significant increase or decrease in near-term earnings prospects
- Unexpected changes in 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 Cautivo's assets
- Any material change in Cautivo's accounting policies

Changes in Business and Operations

- Any development that affects Cautivo's resources, technology, products or markets
- A significant change in capital investment plans or corporate objectives
- Significant litigation
- Major labour disputes or disputes with major contractors or suppliers

- Significant new contracts, products, patents or services or significant losses of contracts or business
- Significant resource discoveries or exploration results, both positive and negative
- Changes to the Board or executive management, including the departure of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, President or Senior Vice-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 Cautivo'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 mortgaging or encumbering of Cautivo's assets
- Defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- Changes in rating agency decisions
- Significant new credit arrangements