
CERRO DE PASCO RESOURCES INC.

TRADING RESTRICTIONS POLICY

The rules set forth in the laws and case law pertaining to transactions in which directors have a personal interest or to the use, by a director, of privileged information received in connection with his or her duties are strict. The Corporation expects directors to comply with these rules.

Directors are, for instance, precluded from:

- a) using any property of the Corporation for their own benefit or to the benefit of a third party without paying an adequate consideration or indemnity;
- b) using for their own benefit or for the benefit of their families or third parties confidential information learned through employment or performance of duties for the purposes of transactions on securities of the Corporation or otherwise, unless such use is permitted by law or the shareholders of the Corporation consent thereto and, in the latter case, only to the extent that using such information does not prejudice the creditors of the Corporation.

IMPORTANT

The Corporation is a reporting issuer as defined in securities laws. Directors are thus insiders and, as a result, must comply with even more specific rules. These rules are set forth in the following paragraphs.

As soon as they become insiders, directors must file insider reports relating to the securities of the Corporation that they hold, directly or through a third party. In addition, insiders are precluded from dealing on securities of the Corporation by using privileged information as defined in the following paragraphs.

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OBLIGATION TO FILE AN INSIDER REPORT

The Corporation's insiders must inform securities regulatory authorities in each Canadian province where the Corporation is a reporting issuer (the “**Regulators**”) of their interest pertaining to the control they exercise over the Corporation securities and of any change in this control.

This obligation to file an insider report is personal to each insider as an individual, regardless of the fact that he or she holds securities personally or indirectly through a third party or corporation. An insider who fails to disclose control or a change in control over securities is liable to an administrative monetary penalty of \$100 for each day during which such failure to report occurs or judicial proceedings can be instituted and a fine or a sentence of imprisonment may be imposed.

Insider reports must be filed with the Regulators through the “*system for electronic data on insiders*” (SEDI).

DEFINITION OF "REPORTING INSIDER":

"reporting insider" means an insider of a reporting issuer if the insider is:

- a) the CEO, CFO or COO of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- b) a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;
- c) a person or company responsible for a principal business unit, division or function of the reporting issuer;
- d) a significant shareholder of the reporting issuer;
- e) a significant shareholder based on post-conversion beneficial ownership of the reporting issuer's securities and the CEO, CFO, COO and every director of the significant shareholder based on post-conversion beneficial ownership;
- f) a management company that provides significant management or administrative services to the reporting issuer or a major subsidiary of the reporting issuer, every director of the management company, every CEO, CFO and COO of the management company, and every significant shareholder of the management company;
- g) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (f);
- h) the reporting issuer itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or
 - i. any other insider that

- ii. in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and
- iii. directly or indirectly, exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer;

INITIAL REPORT

The initial report must be filed through SEDI within **10 days** following the date at which a person becomes an insider.

REPORT ON SUBSEQUENT CHANGES

Reports on changes on the interest of each insider with regard to ownership or control on securities of the Corporation must also be filed with the Regulators within **five days** following the date of such changes.

This obligation applies to any purchase or sale of securities of the Corporation. It also applies to any grant and exercise of options under the Stock Option Plan of the Corporation.

SPECIAL REPORTS

Where an insider acquires 10% or more of the shares of the share capital of the Corporation, or, after having reached this first milestone, each time that the insider acquires an additional interest of 2% in such shares, a press release must be issued and filed with the Regulators immediately (unless the acquisition is made through a formal take-over bid). Within two business days from the issue of this press release, a statement containing the information required by regulation must be filed with the Regulators.

FALSE STATEMENTS

Every report must be made in good faith and contain all the required information. One must answer all the questions and declare all the relevant facts to make it so that the report is not misleading in the light of the circumstances in which it is made.

FEES AND PUBLICATION

There is no fee for filing an insider report. Once filed, the report becomes a public document, available to anyone.

PROHIBITION TO TRADE ON THE BASIS OF PRIVILEGED INFORMATION

Anyone who possesses privileged information is precluded from trading in the securities of the Corporation on the basis of such information. The law simply aims at protecting investors who do not have access to privileged information on the Corporation by prohibiting the person who possesses such information from using it for the purposes of trading in the securities of the Corporation.

PRIVILEGED INFORMATION

In this matter, and without restricting the larger definition set out in other documents issued by the Corporation or in undertakings of the insider to the Corporation, an information is considered privileged when:

- it has not been disclosed to the public; and
- it could affect the decision of a reasonable investor.

It is difficult to give specific examples of what may constitute privileged information, each case having to be analysed in light of the facts. The information pertaining to future possibilities would generally be too uncertain to have a material effect on the market price or value of the shares. An information becomes precise only when the possibilities become “probabilities” or “certainties”.

The information must also be relevant, meaning that it must be of such a nature that if it was generally known, one could reasonably expect that it would have an impact on the value or the market price of the shares.

There is no distinction between “corporate” information (i.e., the information from internal sources relating to the business and affairs of the Corporation) and the information “relating to the market” (i.e., the information from external sources concerning the market for the shares of the Corporation).

For instance, a person may be in possession of privileged information to the effect that the Corporation will, in the near future, enter into an important contract, or that an important client of the Corporation does not intend to do business with the Corporation anymore. An information relating to the market may, for instance, take the form of an information that a person obtains to the effect that a financial analyst will soon publish a favourable report praising the merits of an investment in the shares of the Corporation. The person who obtains such information must abstain from trading securities of the Corporation until such information is publicly announced.

DUTY TO ABSTAIN FROM TRADING ON THE BASIS OF PRIVILEGED INFORMATION

Trading in the securities of the Corporation on the basis of privileged information is forbidden until such information has been disclosed to the public (either through press releases of the Corporation, news articles or news disseminated through other publicly accessible means of communication). In addition, this privileged information cannot be used in any other manner, for instance, for trading in securities of another public corporation, if the value or the market price of the shares of this corporation may be affected by the variation of the value or the market price of the Corporation shares.

DUTY TO ABSTAIN FROM DIVULGING PRIVILEGED INFORMATION

If an insider is in possession of privileged information, he is prohibited by law from communicating or divulging such information to anyone unless the insider believes in good faith that the information is generally known, or that such divulgence or communication is in the necessary course of business and, in good faith, nothing leads him to believe that the information will be illegally used or disclosed. This legal prohibition, applicable to insiders, does in no way restrict the scope of the wider duty of confidentiality imposed by other documents issued by the Corporation or undertaken by the insider under specific agreements.

Any communication or divulgence of privileged information, such as information concerning the income, pricing and other financial subjects must be made exclusively through the Chairman of the Board or the President and Chief Executive Officer or the Chief Financial Officer. Furthermore, in no event may a director, officer or employee disseminate any information if such information is false or misleading.

Certain information can be so sensitive that it should not be disclosed even within the Corporation, unless such disclosure is necessary to enable an employee to perform his or her duties (on a "need to know" basis). Such information includes, for instance, proposed transactions on securities, significant capital expenditures, mergers or acquisitions prior public announcement. So-called "Chinese Walls" must be maintained around employees working on such projects. No director, officer or employee should be provided with information about such projects unless authorized by the project coordinator. Accordingly, persons inside the "Chinese Wall" may not, by discussion or otherwise, disclose information concerning such projects to employees outside the "Chinese Wall". Appropriate security measures must be employed by those within the "Chinese Wall" to preserve secrecy.

Appropriate measures must be taken to avoid disclosure of privileged information to outsiders. Particular care must be taken to guard against inadvertent disclosure of privileged information by discussing in public places such as taxis, elevators or restaurants, by discussing on cellular phones, by discussing with friends or by reading confidential documents on planes, trains or other places where their contents may be seen by outsiders. Care must also be taken to prevent the dissemination of privileged information to people outside the Corporation who are frequently on the premises of the Corporation for conferences or other meetings.

BLACKOUT PERIODS

The appropriate person with overall responsibility for a project as well as an insider who is in possession of undisclosed material information that may affect current or future earnings of the Corporation, will consult with the Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") to determine if there is privileged information and if a blackout period should be imposed and which employees would be affected by such a blackout period. The CEO or CFO will, by email or other form of written communication, advise all Directors, Officers and those employees deemed to be in possession of undisclosed material information to refrain from trading until otherwise advised, or two business days after the release of the appropriate news release, whichever is the earlier.

In circumstances where the Corporation is contemplating a major transaction or activity that could raise the Corporation's profile in the marketplace, the CEO or CFO will, by email or other form of written

communication, advise all Directors, Officers and if deemed advisable or necessary, all or certain employees to refrain from trading.

Even in the absence of privileged information, the directors and officers of the Corporation are prohibited from trading in the Corporation's securities **for a period commencing 10 days before (20 days in the case of the annual financial statements) and ending one day after the public dissemination of the financial statements.**

Such a trading prohibition is also applicable for a period commencing **a week preceding** the disclosure of information relating to a dividend, a material acquisition or financing or any other material information as well **as a week preceding** the meeting of the board of directors and ending **after one day of trading activities have elapsed following their public dissemination.**

The following table represents the prohibited period for each financial year. This table is based on the public dissemination of financial results at the latest 60 days after the end of each quarter and 120 days after the financial year end:

Period	Trading
January 1 - April 10	Authorized ⁽¹⁾
April 11 – May 2	Prohibited
May 3 – May 19	Authorized ⁽¹⁾
May 20 – June 1	Prohibited
June 2 – August 18	Authorized ⁽¹⁾
August 19 – August 30	Prohibited
August 31 – November 18	Authorized ⁽¹⁾
November 19 – November 30	Prohibited
December 1 - December 31	Authorized ⁽¹⁾

⁽¹⁾ Unless in possession of privileged information.

Notwithstanding the foregoing, the Corporation reserves the right to issue a notice from the Chairman of the Board or the President and Chief Executive Officer to allow trading on securities of the Corporation within these blackout periods.

CIRCUMSTANCES WHERE AN INSIDER MAY TRADE IN SECURITIES ON THE BASIS OF PRIVILEGED INFORMATION

If an insider trades in the Corporation securities where he is in possession of privileged information, he will not be held liable to the extent that he can prove that he was, in good faith, under the impression that the information had been divulged to the public or the other party.

PENALTIES

If an insider fails to file an insider report, makes a false statement or trades on the basis of privileged information, judicial proceedings can be instituted against the insider and a fine or a sentence of imprisonment may be imposed by the courts. An administrative monetary penalty of \$100 for each day during which a failure to report occurs may be imposed subject to a maximum of \$5,000.

The minimum fine for failure to file a report is \$1,000 with a maximum of \$20,000 for a natural person and \$50,000 in other cases. The minimum fine for making a false statement is \$5,000 with a maximum of \$5,000,000.

In the case of illegal use of a privileged information, the courts can force the insider to indemnify the persons who suffered direct damages or to compensate the Corporation for profits or direct benefits obtained from such illegal use. They may also impose a fine equal to double the profit that may be realized from the illegal action or \$5,000 up to a maximum amount equal to four times the profit that was realized or \$5,000,000, whichever is greater. The prison term shall not exceed five years.

Every person who aids a person in the commission of an offence is guilty of the offence as if he had committed it himself.

CONCLUSION

It is very important to file all the required insider reports, including the initial report and the following reports on the change in the interest or control that any insider may exercise on the Corporation securities and to be careful with regard to transactions on the Corporation securities or on securities of the Corporation affiliates, if the insider holds privileged information.

If the insider has doubt as to the need for filing a report, he or she should consult with the Chairman of the Board or the President and Chief Executive Officer.

A copy of this document must be delivered to each director and officer of the Corporation.