

CANADA STRATEGIC METALS

(the “Corporation”)

TRADING AND BLACKOUT POLICY

This Policy provides guidelines to directors, Officers (as defined below), employees and consultants of Canada Strategic Metals (“CSM” or the “Corporation”) and their respective spouses, children and siblings (“**Immediate Family Members**”) to ensure strict compliance with the prohibition against trading securities of the Corporation while in possession of material, non-public information relating to CSM.

Application of the Policy

This Policy applies to all directors, Officers, employees and consultants of CSM (and their Immediate Family Members). This Policy applies to all transactions in securities of CSM, including the acquisition or disposal of, or agreement to acquire or dispose of, any securities of CSM and the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put, or both) or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities, or any interest in securities of the Corporation. This Policy applies to securities which are owned directly by a director, Officer, employee or consultant of CSM (and their Immediate Family Members), as well as to securities which a director, Officer, employee or consultant (and their Immediate Family Members) exercises control or direction over (such as in relation to a trust or in relation to minor children or a spouse) or owns indirectly (such as in RRSPs or through a wholly-owned company).

Definitions

(a) **“Insiders”; Officer; Reporting Insider; consultant**

All directors, Officers and significant shareholders of the Corporation (having beneficial ownership of, or control or direction over, directly or indirectly, 10% or more of the voting securities of the Corporation), as well as the Corporation itself for so long as it holds its own securities, are “**Insiders**” of the Corporation under Canadian securities laws.

The term “**Officer**” includes the Corporation’s Chairman; President; Chief Executive Officer; Corporate Secretary; Chief Financial Officer; Chief Operating Officer; Vice President, and any other individual who performs functions for the Corporation similar to those normally performed by an individual occupying such office.

The above mentioned persons also constitute “**Reporting Insiders**” who are obligated to file Insider Trading Reports. Significant shareholders and all management companies that provide significant management or administrative services to CSM, and their significant shareholders, directors, chief executive officers, chief operating officers and chief financial officers, and any individual performing functions similar to the functions described above or of an Officer, are also considered to be “**Reporting Insiders**”.

The term “**consultant**” includes, in the case of a consultant company, directors, officers and employees of the consultant.

(b) “Special Relationship”

Any person or company that is in a “special relationship” with CSM is prohibited under Canadian securities laws from trading securities of the Corporation while in possession of undisclosed Material Information concerning the affairs of the Corporation. The following persons and companies are among those considered to be in a “special relationship” with CSM:

- i) Insiders;
- ii) employees of the Corporation;
- iii) any individual or company engaging in or proposing to engage in business or other professional activities with or on behalf of the Corporation, and in the case of a company, each director, officer and employee of such company; and
- iv) “tippees” who learn of Material Information from someone that the tippee knows or should know is in a special relationship with the Corporation.

If you are uncertain as to the scope of the definition of “special relationship”, you should contact the Chief Financial Officer of the Corporation, and in his absence, the Corporate Secretary, as to the existence of any trading restrictions before entering into a transaction.

(c) “Material Information”

For the purposes of this Policy, “**Material Information**” means any information relating to the business and affairs of CSM that results in or would reasonably be expected to result in a significant change in the market price or the value of the Corporation’s securities, or would reasonably be expected to have a significant influence on a reasonable investor’s decisions or a reasonable investor would consider important in making an investment decision with respect to the Corporation’s securities. Material Information includes both “material changes” (i.e., a change in the business, operations or capital of CSM that would reasonably be expected to have a significant effect on the market price or value of any of the securities of CSM) and “material facts” (i.e., a fact that would reasonably be expected to have a significant effect on the market price or value of any of the securities of CSM). Examples include quarterly and annual financial results, developments in operations, changes to the Corporation’s dividend policy, dividend declarations and changes in the board of directors or executive management. While some situations clearly represent Material Information, the Corporation wants to provide examples of situations that might not be as clear. Accordingly, a more detailed list of what may constitute Material Information is set forth in Schedule “A”.

Trading Restrictions and Blackout Periods

Insiders, employees and consultants of the Corporation may trade in the Corporation’s securities, either directly or indirectly, or may exercise direction or control over the trading of its securities, except as follows:

- (a) Under Canadian securities laws, a person or company that is in a special relationship with the Corporation (which includes Insiders, employees and consultants of the Corporation (as well as their Immediate Family Members) is

prohibited from entering into a transaction involving a security of the Corporation when the person or company is in possession of Material Information which is being kept confidential and/or which has not been generally disclosed to the public. Except in the necessary course of business, it is also illegal for any person or company that is in a special relationship with the Corporation to inform any other person or company of undisclosed Material Information (referred to as “tipping”). Each person or company that is in a special relationship with the Corporation, with knowledge of confidential and/or undisclosed Material Information about the Corporation is prohibited from tipping, and from trading in the Corporation’s securities until 24 hours after the information has been fully disclosed to the public. Any person or company who is not sure whether he, she or it should be trading in the Corporation’s securities at any particular time should contact the Chief Financial Officer or the Corporate Secretary.

- (b) None of the following persons or companies may enter into a transaction involving a security of the Corporation during the periods when quarterly and annual financial statements are being prepared: (a) directors and Officers of the Corporation (and their Immediate Family Member); (b) employees and consultants of the Corporation who have access to undisclosed Material Information. Financial statement blackout periods commence on the earlier of the date the financial statements are presented to directors or the due date of the statements. Financial statement blackout periods end after the first full trading day following the public disclosure of such financial statements.
- (c) Ontario Securities Commission Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions (“**OSC Rule 48-501**”) imposes restrictions on the ability of certain Insiders of CSM to purchase or sell securities of the Corporation during certain restricted periods including those during which the Corporation is involved in an offering of its securities by way of a prospectus or a private placement. OSC Rule 48-501 provides for a number of exemptions from the trading restrictions. CSM will institute a trading blackout for such periods during which the Corporation is in the course of distributing its securities.
- (d) Blackout periods may be prescribed from time to time as a result of special circumstances relating to CSM pursuant to which directors, Officers, employees and/or consultants of CSM, as well as their Immediate Family Members, may be precluded from trading in securities of CSM, in which case the Corporation will inform you of the trading blackout.
- (e) This Policy also applies to undisclosed Material Information relating to other companies, including the Corporation’s business partners, when that information is obtained in the course of employment with, or other services performed on behalf of, CSM. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Corporation’s business partners. All directors, Officers, employees and consultants of CSM (and their Immediate Family Members) should treat undisclosed Material Information about the Corporation’s business partners with the same care required with respect to information related directly to the Corporation.

- (f) The Chief Financial Officer of the Corporation and/or another duly authorized representative shall provide notice by email of the date when a blackout period commenced as well as when it has ended.

Prohibition of Short Selling

Directors, Officers, employees, and consultants of the Corporation must not, at any time, sell “short” (i.e. sell, directly or indirectly, a security of the Corporation if the individual or company does not own or has not fully paid for the security) or sell a “call option” or purchase a “put option”, or enter into any derivative transaction having a similar effect, with respect to any of CSM’s securities.

Insider Reporting Requirements

(a) *Filing of an Initial Insider Report*

Securities regulations stipulate that if a person or company: (a) beneficially owns, or has control or direction over, directly or indirectly, securities of the Corporation; or (b) has an interest in, or right or obligation associated with, a related financial instrument involving a security of CSM (for example, a derivative), at the time the person or company becomes a Reporting Insider, then within 10 calendar days of becoming a Reporting Insider, the person or company must file an initial Insider Report with the securities commissions in the Corporation’s reporting jurisdictions. Thereafter, the Reporting Insider must file an initial Insider Report within 5 calendar days of the Reporting Insider’s first transaction involving a security of the Corporation or a related financial instrument.

(b) *Filing of a Subsequent Insider Report*

Insider reports should be filed for all changes in a Reporting Insider’s beneficial ownership of, or control or direction over, securities of the Corporation (including all purchase and sale transactions of the Corporation’s securities, option grants and exercises of options, and changes in the nature of ownership) or in the Reporting Insider’s interest in, or right or obligation associated with, a related financial instrument involving a security of CSM, within 5 calendar days of the trade.

(c) *Preparation and Filing of Insider Reports*

Insider Reports are required to be filed electronically on the “System for Electronic Disclosure by Insiders” or “SEDI”. SEDI is an Internet-based system for reporting trading information for Reporting Insiders and can be located at www.sedi.ca. Insider Reports (excluding certain personal information) that are filed on SEDI are accessible to the public via the Internet.

Insider Liability

The *Autorité des marchés financiers* or other securities regulatory authority having jurisdiction will levy fees for late filing of Insider Reports. It is the Reporting Insider’s obligation to pay any fees resulting from failure to file Insider Reports within the time limit.

Further Information

Any questions concerning Insider Trading matters should be directed to the Chief Financial Officer or Corporate Secretary of the Corporation.

This Policy was approved by the Board on July 28, 2014.

The undersigned acknowledges having received, read and understood the above Trading and Blackout Policy of Canada Strategic Metals.

(signature)

Name: _____

Title: _____

Date: _____