



PURE NICKEL INC.

INSIDER TRADING POLICY

OVERVIEW

Pure Nickel Inc. is a public company with shares traded in both Canada (TSX) and the United States (OTCBB). As a result it is governed by both Canadian and United States securities laws and regulations. It is illegal to buy or sell securities while aware of inside information. Inside information is a Material Fact or any Material Information about the company that is not generally known. This is also known as **Material Non-Public Information**. This Overview provides background but you should refer to the policy itself.

Material Non-Public Information is any information that is not generally known to the public, and which, if publicly known, would likely affect either the market price of Pure Nickel's shares or a person's decision to buy or sell our shares. The consequences of insider trading violations can be severe. For example, under U.S. securities laws, individuals who trade on inside information (or tip information to others) may be subject to:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to \$5 million; and
- A jail term of up to twenty years.

Under U.S. laws, a company or its management that fails to take appropriate steps to prevent illegal trading may be subject to:

- A civil penalty of the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$25 million.

Canadian securities laws have similar provisions. In either country, trading unlawfully based upon material non-public information is a serious matter.

Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators and others might view your transaction in hindsight. No one may discuss internal company matters or developments with anyone outside of the company, except as required in the performance of regular corporate duties.

These restrictions also apply to your immediate family members: that is, any spouse, parent, child or sibling, as well as others living in your household.

PURE NICKEL INC. – INSIDER TRADING POLICY

1. INTRODUCTION

Pure Nickel Inc. as a public company has internal guidelines to control transactions involving its securities by all team members to ensure Pure Nickel team members are aware of and comply with their legal obligations and Pure Nickel's policy with respect to "insider trading" and "tipping". ("Pure Nickel" or the "Company" refers to Pure Nickel Inc. and its subsidiaries.)

We expect every Pure Nickel team member to fully comply with all applicable legal requirements and this Insider Trading Policy ("Policy"). The objectives of this Policy are to:

- Educate Pure Nickel team members about their legal obligations with respect to insider trading and tipping.
- Foster and facilitate compliance with applicable laws to prevent transactions by Pure Nickel team members that would not be in full compliance with applicable legal requirements.
- Provide guidelines and courses of action
- Protect Pure Nickel team members as well as Pure Nickel from legal liability.
- Maintain the reputation of Pure Nickel team members as well as Pure Nickel for integrity and ethical conduct

1.1 Scope of this Policy

This Policy applies to all Pure Nickel team members.

2. LEGAL BACKGROUND

2.1 Insider Trading

- (a) Canadian securities legislation prohibits anyone in a "special relationship" with PURE NICKEL (as defined in Section 2.3 below) from trading in Pure Nickel securities with knowledge of a Material Fact or Material Change (as defined in Section 2.3 below) that has not been generally disclosed. U.S. legislation includes similar provisions.
- (b) Canadian securities legislation also prohibits anyone in a "special relationship" with Pure Nickel from trading in the securities of any public company other than Pure Nickel when he or she 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 Pure Nickel,
- 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.

This prohibited activity as set out in paragraphs (a) and (b) is commonly known as “insider trading”. U.S. legislation includes similar provisions.

2.2 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. U.S. legislation includes similar provisions. 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 securities.

2.3 Definitions

- “(b) **Beneficial Ownership**” includes ownership of shares (a) by a person directly (whether in bearer form or registered in his own name, and whether owned solely by him or jointly with another person); (b) by his spouse or minor children; (c) by relatives of his or his spouse who share his home; and (d) by other persons, if, by reason of any agreement, understanding, relationship or other arrangement he obtains therefrom benefits substantially equivalent to those of ownership
- “(b) **Blacked-out Team Member**” means a Pure Nickel team member who is described in Section 3.3(a) of this Policy.
- “(c) **Compliance Officer**” means the compliance officer designated under Pure Nickel’s Code of Business Conduct and Ethics OR Corporate Secretary.
- “(d) **Discretionary Blackout Periods**” are imposed from time to time on Pure Nickel team members, in addition to Regularly Scheduled Blackout Periods, following consultation with Pure Nickel’s Chief Executive Officer, Chief Financial Officer and/or Corporate Secretary.
- “(e) **Insider**” means a Pure Nickel team member who is described in Section 3.3(a)(i) of this Policy.
- “(f) **Material Change**” in relation to the affairs of Pure Nickel, means a change in the business, operations, or capital of Pure Nickel that would reasonably be expected to have a significant effect on the market price or value of any of the securities of Pure Nickel, or a decision to implement such a change made by: (a) senior management of Pure Nickel who believe that confirmation of the

decision by the board of directors of Pure Nickel is probable; or (b) the board of directors of Pure Nickel.

- (g) “**Material Fact**” in relation to securities issued or proposed to be issued by Pure Nickel, means a fact that would reasonably be expected to have a significant effect on the market price or value of such securities.
- (h) “**Material Information**” means any information relating to the business and affairs of Pure Nickel, 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 Pure Nickel or (ii) a prudent investor would find important in making an investment decision with respect to Pure Nickel securities. Material Information includes both Material Changes and Material Facts. (See attached Schedule A for examples of potential Material Information.)
- (i) “**Regularly Scheduled Blackout Period**” begins five business days before each quarter or year-end and ends on the close of business of the second business day following the day on which the Company discloses its annual or quarterly financial results.
- (j) “**Special Relationship**” for the purpose of this Policy, a person is in a special relationship with Pure Nickel if the person:
 - (i) is a Pure Nickel team member; or
 - (ii) is engaging in or is proposing to engage in any business or professional activity with or on behalf of any one of Pure Nickel or a Subsidiary, and includes, without limitation, a consultant.
- (k) “**Pure Nickel team member**” refers to each director, officer, employee or consultant of Pure Nickel or any of its Subsidiaries.
- (l) “**Subsidiary**” has the meaning given to that term in the *Securities Act* (Ontario).

3. OBLIGATIONS

3.1 Obligations on all Pure Nickel team members

- (a) Pure Nickel team members cannot trade in securities of Pure Nickel while in possession of Material Information with respect to Pure Nickel which has not yet been generally disclosed.
- (b) Pure Nickel team members 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 Pure Nickel, if the Material Information has not been generally disclosed to the public.

- (c) Pure Nickel team members cannot inform other people of Material Information regarding Pure Nickel before that Material Information has been generally disclosed, unless the Pure Nickel team member discloses that Material Information in the “necessary course of business”.
- (d) Pure Nickel team members 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 Pure Nickel before that Material Information has been generally disclosed, unless the Pure Nickel team member discloses that Material Information in the “necessary course of business”.

The restrictions on trading and use of Material Information set forth in paragraphs (a) to (d) above apply not only to each Pure Nickel team member in possession of Material Information not generally disclosed but also to the members of such person’s household including for greater certainty persons with Beneficial Ownership. Pure Nickel team members are responsible for the compliance of such persons and should, if necessary, review this policy with them and the general prohibitions on insider trading.

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 Pure Nickel with:

- vendors, suppliers or strategic partners;
- employees, officers and board members;
- lenders, legal counsel and underwriters, auditors and other professional advisors to a company;
- parties to negotiations;
- credit rating agencies;
- labour unions and industry associations; or
- government agencies.

Such persons must be made aware that they cannot pass the information on to 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 Pure Nickel team members must ensure that such disclosure is in the necessary course of business. Furthermore, there is no exception that would permit Pure Nickel to make selective disclosure of material corporate information to an analyst, institutional investor or other market professional.

3.2 Prohibitions against short selling and certain trading

In addition to the obligations set forth in Section 3.1 above, all Pure Nickel team members who are Insiders (as defined in Section 3.3(a) below), all Pure Nickel team members who hold Vice-President positions in Pure Nickel, including individuals in acting positions as well as consultants, and Pure Nickel team members who are employed at the corporate office location (Toronto), shall not engage in the short selling of, or trading in puts, calls or options in respect of the securities of Pure Nickel.

3.3 Additional Obligations on Insiders and Blacked-out Team Members

Additional obligations are imposed on Pure Nickel team members who are Insiders and Blacked-out Team Members, in the manners described in this Section 3.3.

(a) Definitions

(i) Who is an Insider?

Insiders are directors or officers of Pure Nickel or its subsidiaries. An Insider also includes a person who beneficially owns, directly or indirectly, more than 10% of the voting securities of Pure Nickel or who exercises control or direction over more than 10% of the votes attached to the voting securities of Pure Nickel, and also includes directors or senior officers of such Insider.

(ii) Who is a Blacked-out Team Member for the purposes of regularly scheduled blackout periods?

Blacked-out Team Members of Pure Nickel during Regularly Scheduled Blackout Periods:

- All Insiders and Senior Accounting managers, including members in acting positions
- All Pure Nickel team members who receive notice from the Compliance Officer that they are designated Blacked-out Team Members during such periods. Until further notice, all of the following are designated Blacked-out Team Members: (i) head office employees, (ii) consultants

(iii) Who is a Blacked-out Team Member for the purposes of Discretionary Blackout Periods?

All Pure Nickel team members who receive notice that they are designated Blacked-out Team Members during such periods.

(b) *Additional Obligations on Insiders*

(i) Insider Reports

Under securities laws, Insiders are required to file a report (the “Insider Report”) with securities regulators any time they trade in shares, debt securities, options (including the grant, exercise and expiry of options), deferred share units or restricted stock units of the Company, 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” (“SEDI”) within 10 days after each trade.

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

Note that ownership of 5% or more of Pure Nickel shares may be reportable under Canadian and/or United States law. Transactions by individuals who are required to report may require regular updating. Please contact the Compliance Officer for further information.

(ii) Notice to Compliance Officer

All Insiders must give prior notice to the Compliance Officer any time they wish to trade in any of securities of Pure Nickel.

(c) *Obligations on Blacked-out Team Members*

During Regularly Scheduled Blackout Periods, the affected Blacked-out Team Members cannot:

- (a) trade in any shares or debt securities of Pure Nickel;
- (b) engage in derivative based transactions or equity monetization transactions related to shares or debt securities of Pure Nickel; or
- (c) exercise stock options or other convertible securities of Pure Nickel.

During a Discretionary Blackout Period, the affected Blacked-out Team Members cannot:

- (a) trade in the securities specified in the blackout notice;
- (b) engage in derivative based transactions or equity monetization transactions related to shares or debt securities of Pure Nickel; or
- (c) exercise stock options or other convertible securities of Pure Nickel.

3.4 Waiver

Notwithstanding any of the prohibitions contained in Section 3.3, the Compliance Officer may, at his or her discretion, waive the prohibitions contained in Section 3.3 in exceptional circumstances, provided that the Pure Nickel team member seeking the waiver does not have 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 Audit Committee at the next regularly scheduled meeting of the Audit Committee.

3.5 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.

**Insider Trading
Quick Reference List**

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

- know Material Information about Pure Nickel which has not been generally disclosed and disseminated to the public
- know Material Information about another public company which has not been generally disclosed and disseminated to the public and you learned of such Material Information because of your business or dealings with Pure Nickel
- you are subject to a blackout period
- have received any other notice from the Compliance Officer that you cannot trade in securities

Schedule A

Excerpt from s. 4.3 of National Policy 51-201: Examples of Potentially Material Information

The following are examples of information that would be Material Information 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 Pure Nickel:

- Changes in share ownership that may affect control of a company
- Major reorganizations, amalgamations or mergers
- Takeover bids, issuer bids or insider bids
- Public or private sale of additional securities
- Planned repurchases or redemptions of securities
- Planned splits of common shares
- Changes in a company's dividend payments or policies
- Material modification to rights of security holders
- A significant increase or decrease in near-term earnings prospects
- Unexpected changes in financial results for any periods
- Changes in the value or composition of a company's assets
- Any development that affects the company's technology, products or markets
- Major labour disputes or disputes with major contractors or suppliers
- Significant new contracts, products, patents or services or significant losses of contracts or business
- The commencement of, or developments in, material legal proceedings or regulatory matters
- Significant acquisitions or dispositions of assets, property or joint venture interests
- The borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of a company's assets
- Changes in rating agency decisions
- Significant new credit arrangements

Certification

The undersigned hereby certifies that he/she has received, read, understands, and agrees to comply with, the Pure Nickel's Insider Trading Policy, a copy of which was distributed with this Certification.

Date: _____

Signature _____

Name: _____

(Please Print)