



Xtraction Services Holdings Corp.

INSIDER TRADING POLICY

As adopted by the Directors of Xtraction Services Holdings Corp.

Dated: March 2020

PURPOSE OF THE POLICY

The purpose of this policy is to prescribe rules for directors, officers, employees (as defined below), agents, consultants and contractors (considered "Restricted Persons") of Xtraction Services Holdings Corp. (the "Company") with respect to trading in securities of the Company by these individuals when there is Undisclosed Material Information or Pending Material Developments with respect to the Company. Strict adherence to this policy and included guidelines will promote investor confidence in securities of the Company by assuring the investing community that Restricted Persons who have access to Undisclosed Material Information will not make use of it by trading in securities of the Company before the information has been fully disclosed to the public and a reasonable period of time for the dissemination of that information has passed.

COMMUNICATION OF THE POLICY

A copy of the Policy will be distributed from time to time to all Restricted Persons to ensure they are all aware of the Policy. All Restricted Persons will be informed whenever significant changes are made to the Policy. New Restricted Persons will be provided with a copy of this Policy and educated about its importance.

DEFINITIONS USED IN THIS POLICY

"Blackout Period" means the period during which Restricted Persons are prohibited from trading in the Company's securities;

"Employees" includes all permanent, contracted, seconded and temporary agency employees who are on assignments with the Company;

"Information Officer" means the individual whom Restricted Persons may contact to determine whether or not they may execute trades in the market or reveal Undisclosed Material Information in the necessary course of business;

"Material Change" means a change in the business, operations, assets or ownership of the Company that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the



Company and includes a decision to implement the change made by the board of directors of the Company or by senior management of the Company who believe that confirmation of the decision by the board is probable;

“Material Fact” means a fact that significantly affects or could reasonably be expected to significantly affect the market price or value of the Company's securities;

“Material Information” means any information (Material Fact or Material Change) relating to the business, operations, assets or ownership of the Company that results in or could reasonably be expected to result in a significant change in the market price or value of any of the Company's securities;

“Pending Material Developments” means a proposed transaction of the Company, information with respect to which would constitute Material Information, however, a decision to proceed with the transaction has not been made by the board of directors or by senior management with the expectation of concurrence from the board;

“Restricted Persons” means:

1. directors and officers and employees of the Company; and
2. contractors and or consultants of the Company who are routinely in possession of Undisclosed Material Information; and

“Tipping” means

"Undisclosed Material Information" means Material Information pertaining to the Company that has not been publicly disclosed or information that has been publicly disclosed, but a reasonable period of time for its dissemination has not passed.

TERMS OF THIS POLICY

If there is any question or concern with respect to the application of this policy or to any particular circumstance, the Information Officer should be contacted for guidance.

1. General Prohibition

No Restricted Person shall trade in the securities of the Company when they are aware of Undisclosed Material Information. In addition, Restricted Persons are prohibited from informing, or "tipping", anyone else about that



information. This prohibition extends to other securities whose price or value may reasonably be expected to be affected by changes in the price of the Company's securities and includes the granting or exercise of stock options.

2. Information Officer

For purposes of this Policy, the Secretary and General Counsel of the Company has been appointed as the information Officer. If, for any reason, the Information Officer is not available, the Chief Executive Officer is the designated backup for the Information Officer. When Restricted Persons have concerns about whether or not certain information is Undisclosed Material Information, they should contact the Information Officer or, if he/she is not available, his/her backup, to obtain permission before executing any trades in securities of the Company. If the information is such that it would influence Restricted Persons to buy or sell securities of the Company, then that fact alone suggests that it is Material Information. Restricted Persons should err on the side of caution in such matters.

3. Undisclosed Material Information

No Restricted Person shall reveal Undisclosed Material Information to any person unless the disclosure must occur in the necessary course of business (e.g. discussions with the Company's bankers or advisers where the disclosure of such information is necessary). The Information Officer or, if he/she is not available, his/her backup, should be consulted to determine if it is appropriate to reveal the Undisclosed Material Information in the specific circumstance.

4. Undisclosed Material Information of Other Companies

Where Restricted Persons become aware of Undisclosed Material Information concerning another public corporation, they shall not trade in the securities of that entity until the information is publicly disclosed and a reasonable period of time for its dissemination has passed. Generally, a "reasonable period of time" will be twenty-four (24) hours; however, it may be longer depending upon the particular market following of that other corporation. The Information Officer or, if he/she is not available, his/her backup, should be consulted to determine what would be a "reasonable period of time" in the specific circumstance.

5. Restricted Persons

Restricted Persons are prohibited from trading whenever there are Pending Material Developments, even if they are unaware of the details of the same.

In the circumstances where there is Pending Material Information with respect to the Company, a confidential memo will be sent to all Restricted Persons, as well



as to other employees if it is determined appropriate, informing them as to the Blackout Period with respect to such Pending Material Development at which time they shall cease trading until further notice. No reason for the trading restriction will need to be provided.

As an alternative to a total prohibition on trading during a Blackout Period, senior management may make the determination that trades may occur during the Blackout Period but only with the express prior approval by the Information Officer of each such trade. This alternative will only be available during a Blackout Period if the written notice of such Blackout Period so states.

It is the responsibility of senior management to make the determination as to when a pending transaction would constitute a Pending Material Development. As guidance, a Blackout Period must commence at the very least, once negotiations on a proposed transaction have progressed to a point where it reasonably could be expected that the market price of the Company's securities would materially change if the status of the transaction were publicly disclosed.

1. INSIDER TRADING

- a) All those with access to material confidential information are prohibited from using such information in trading in the Corporation's securities until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated.
- b) In general, the Corporation has stipulated that a minimum of one clear trading day be allowed after the release of all such disclosures, including after the release of financial statements as well as certain black-out periods noted below.
- c) This prohibition applies not only to trading in the Corporation's securities, but also to trading in other securities whose value may be affected by changes in the price of the Corporation's securities.
- d) Insider trading is strictly regulated by the corporate and securities laws in Canada, as well as the Toronto Stock Exchange.

6. Insiders

Reporting insiders must file an initial report with the applicable securities commissions and with all other securities regulatory authorities in Canada within 10 days of becoming a reporting insider and report all trades made in the securities of the Company within five days of the day any trade is made. Trades include a change in nature of the ownership of the securities (e.g. a disposition to an entity controlled by the insider or a determination that the securities are to be held in trust for another person) and a change in interest in a related financial instrument involving a security of the Company.



A “reporting insider” includes:

- e) the CEO, CFO or chief operating officer of the Company, of a significant shareholder (over 10%) of the Company or of a major subsidiary (assets or revenues that are at least 30% of the consolidated assets or revenues) of the Company;
- f) a director of the Company, of a significant shareholder of the Company or of a major subsidiary of the Company;
- g) a person or company responsible for a principal business unit, division or function of the Company;
- h) a significant shareholder of the Company;
- (i) a management company that provides significant management or administrative services to the Company or a major subsidiary of the Company, every director of the management company, every chief executive officer, chief financial officer and chief operating officer of the management company, and every significant shareholder of the management company; or
- i) any other insider that
 - (i) in the ordinary course receives or has access to information as to material facts or materials changes concerning the Company before the material facts or the material changes are generally disclosed; and
 - (ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the Company.

Each person that is obligated to file a report is responsible for filing his or her own report.

7. Special Relationship

Any person or entity that is in a “**special relationship**” with the Company is prohibited from trading on the basis of Undisclosed Material Information concerning the affairs of the Company. A person or Company considered to be in a “**special relationship**” includes the following:

- j) a person or entity that is an insider, affiliate or associate of,
 - (i) the Company;
 - (ii) a person or entity that is proposing to make a take-over bid for the securities of the Company; or



- (iii) a person or entity that is proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination with the Company or to acquire a substantial portion of its business;
- k) a person or entity that is engaging in or proposes to engage in any business or professional activity with or on behalf of the Company or with or on behalf of a person or entity as described in sub clause (a) (ii) or (iii);
- l) a person who is a director, officer or employee of the Company or of a person or entity as described in sub clause (a) (ii) or (iii) or clause (b);
- m) a person or entity that learned of the material fact or material change with respect to the Company while the person or entity was a person or entity described in clause (a), (b) or (c); and
- n) a person or entity that learns of a material fact or material change with respect to the Company from any other person or entity described in this subsection, including a person or entity described in this clause, and knows or ought reasonably to have known that the other person or entity is a person or entity in such a relationship.

8. Speculation in Securities

In order to ensure that perceptions of improper insider trading do not arise, insiders should not “**speculate**” in securities of the Company. For the purpose of this Policy, the word “**speculate**” means the purchase or sale of securities with the intention of reselling or buying back in a relatively short period of time in the expectation of a rise or fall in the market price of such securities. Speculating in such securities for a short-term profit is distinguished from purchasing and selling securities as part of a long-term investment program.

Insiders shall not at any time sell securities of the Company short or sell a call option or buy a put option in respect of securities of the Company or any of its affiliates or engage in any other transaction to synthetically monetize securities of the Company.

9. Blackout Period and Trading Blackout

No Restricted Person shall trade in the Company’s securities when Material Information has not been disclosed and for a reasonable period of time following the disclosure of that information. The purpose of the Blackout Period is to allow the market to fully reflect the Material Information in the price of the Company's securities. The Information Officer(s), in consultation with senior



management, will be responsible for setting the length of the Blackout Period and notifying Employees and Restricted Persons of it.

Blackout Periods apply to all directors and officers of the Company as well as those employees responsible for financial reporting during periods when financial statements are being prepared, but results have not yet been publicly disclosed. The quarterly blackout period commences 14 days prior to the date of the normal quarterly earnings announcements (and 20 days prior to year-end results) and ends 24 hours after disclosing quarterly results or annual financial results.

a) **General**

A Blackout Period prohibits trading:

- (i) before a material announcement is made; and
- (ii) for a specific period of time after a material announcement has been made.

Management will consider pending transactions to determine when to prohibit trading. In some cases, the prohibition on trading may occur as soon as discussions about a transaction begin. During Blackout Periods, the Company must also avoid discussions with analysts, private briefings and interviews to the maximum extent reasonable. An appropriate response (not involving disclosure of material and/or non-public information) should be developed ahead of meetings that cannot be avoided to handle questions about the information that is the subject of the blackout.

b) **Pre-announcement Trading Blackout**

Undisclosed Material Information

The Company will impose a Blackout Period on all Restricted Persons if there is Undisclosed Material Information where they are prohibited from trading. The Blackout Period will commence at the time that an individual designated by the CEO disseminates an e-mail to all of Restricted Persons of the Company confirming same.

The absence of a formal Blackout Period is no excuse for a Restricted Person to trade on Undisclosed Material Information in violation of their obligations under this policy.

The Company may also impose Blackout Period to certain employees with access to Undisclosed Material Information during the period such



information is known but not publicly disclosed. Notice of such blackout shall be communicated to affected persons.

c) **Post-announcement Trading Blackout**

The Company must allow the market time to absorb the information before Restricted Persons can resume trading after the release of Material Information.

All Restricted Persons subject to this policy are prohibited from trading until the earlier of:

- (i) one clear trading day after the announcement of previously Undisclosed Material Information is made; and,
- (ii) the dissemination of an e-mail from the CEO of the Company, the Information Officer, or another employee of the Company directed by the CEO, confirming that the information in question is no longer material.

9. Quiet Period

Restricted Persons and anyone named as Spokesperson must not provide any Forward-Looking Information relating to the business and affairs of the Company or any of its subsidiaries during any Blackout Period imposed pursuant to the Policy (a “quiet period”), except as provided herein. Notwithstanding these restrictions:

- a) the Company may generally disclose FLI during the quiet period when it does not constitute Undisclosed Material Information;
- b) An appointed Spokesperson may respond to unsolicited inquiries about non-Material Information or Material Information or that has been generally disclosed; and
- c) Company representatives may honour previously committed meetings and speaking engagements provided they ensure that disclosure is not made of any Undisclosed Material Information.

The Company must also avoid discussions with analysts, private briefings and interviews during a quiet period to the extent reasonable. An appropriate response that does not involve material or non-public information should be developed ahead of any un-avoidable meetings to handle questions that are the subject of the blackout.

10. Rumours

The Company shall not comment, affirmatively or negatively, on rumours, including those rumours disseminated on the Internet. Spokespersons will respond



consistently to those rumours, saying “It is our policy not to comment on market rumours or speculation.”

If a securities regulatory authority requests that the Company make a statement in response to a market rumour, the appointed Spokesperson(s) will consider the matter and make a recommendation to the CEO as to the nature and context of any response. If the rumour is true in whole or in part, this may be evidence of a leak, and the Company will first determine whether a leak of information has occurred, and immediately thereafter, issue a news release disclosing the relevant Material Information.

11. Insider Trading Reports

Directors, senior officers and any persons beneficially owning or controlling more than 10% of the voting rights of a public entity are required to file insider trading reports on SEDI (System for Electronic Disclosure by Insiders) within five (5) days of a change in their ownership position in any securities of the Company (this includes the grant of options or other convertible securities to such persons or the exercise by them of such options or convertible securities). If some individual falls into one of these categories, that individual should consult the Information Officer, or if he/she is not available, his/her backup, if he/she has any questions with respect to any individual proposed trades in securities or with respect to his/her statutory obligations regarding insider trading report filings in general.

12. Penalties and Liability for Insider Trading

When Restricted Persons are shown to have been trading on Undisclosed Material Information it causes great embarrassment to the Company. As a result, the Company may take its own disciplinary actions, which could result in termination of employment or implementation of a probationary period. The Company will also report the matter to the appropriate regulatory authorities.

The Securities Act imposes liability on certain persons who, in connection with the purchase or sale of securities, make improper use of Material Information that has not been publicly disclosed.

The relevant provincial securities legislation provides that persons who are in a special relationship with the Company and purchase or sell securities of the Company with knowledge of Material Information which has not been generally disclosed may be liable for damages to the person on the other side of the trade. In addition, any such person who informs or tips a seller or a purchaser of securities of confidential Material Information may be liable for damages.



The prohibition against trading on Undisclosed Material Information as set forth in Canadian securities legislation can be enforced through a wide range of penalties, including:

1. (a) fines and penal sanctions;
2. (b) civil actions for damages;
3. (c) an accounting to the Company for any benefit or advantage received;
and
4. (d) administrative sanctions by securities commissions, such as cease trade orders and removal of trading exemptions.

13. Policy Review

The Company will review this policy annually to ensure that it is achieving its purpose. Based on the results of the review, the policy may be revised accordingly.

This Policy was last revised and approved by the Board on February 19, 2020.