



## INSIDER TRADING POLICY

### **General**

The purchase or sale of Midway Gold Corp's (the "Company") securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company's securities, is prohibited by the securities laws of the United States and Canada. Insider trading violations are pursued vigorously by the United States Securities and Exchange Commission (the "SEC") and the U.S. Attorneys and are punished severely. The NYSE MKT Stock Exchange, Toronto Stock Exchange (TSX) and the Financial Industry Regulatory Authority, Inc. investigate and are effective at detecting insider trading. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

The Company's Board of Directors has adopted this Insider Trading Policy (the "Policy") both to satisfy the Company's obligation to prevent insider trading and to help Company personnel avoid the severe consequences associated with violations of insider trading laws. The Policy is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (not just so-called insiders). The Company has worked hard over the years to establish a reputation for integrity and ethical conduct, and we can not afford to have that reputation damaged. It is your obligation to understand and comply with this Policy.

### **Penalties for Noncompliance**

The consequences of an insider trading violation can be severe:

*Traders and Tippees.* Company personnel (or their tippees) who trade on inside information are subject to the following penalties: (a) a civil penalty of up to three times the profit gained or loss avoided; (b) a criminal fine of up to \$5,000,000 (no matter how small the profit); and (c) a jail term of up to twenty years.

An employee who tips information to a person who then trades is subject to the same penalties as the tippee, even if the employee did not trade and did not profit from the tippee's trading.

*Control Persons.* The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, are subject to the following penalties: (a) a civil penalty of up to \$1,000,000 or, if greater, three times the profit gained or loss avoided as a result of the insider trading violation; and (b) a criminal penalty of up to \$2,500,000.

*Company-Imposed Sanctions.* An employee's failure to comply with this Policy may subject the employee to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law. A violation of law, or even an SEC



investigation that does not result in prosecution can tarnish one's reputation and irreparably damage a career.

## **Scope of Policy**

*Persons Covered.* As a director, officer, employee or consultant of the Company or its subsidiaries, this Policy applies to you. This Policy also applies to your family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in the Company's securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in the Company's securities). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in the Company's securities.

*Companies Covered.* The prohibition on insider trading in this Policy is not limited to trading in the Company's securities. It includes trading in the securities of other companies, such as customers or suppliers of the Company and those with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other companies.

## **Transactions Covered**

*Transactions Under Company Plans, Stock Option Exercises.* This Policy does not apply to the exercise of an employee stock option, or to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares subject to an option to satisfy tax withholding requirements. The Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

*401(k) Plan.* This Policy does not apply to purchases of Company stock in your 401(k) plan, currently in existence or hereafter established, resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. The Policy does apply, however, to certain elections you may make under your 401(k) plan, including (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance, and (d) your election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

*Employee Stock Purchase Plan.* This Policy does not apply to purchases of Company stock in the Company's employee stock purchase plan, currently in existence or hereafter established, resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. The Policy also does not apply to purchases of



Company stock resulting from lump sum contributions to the plan, provided that you elected to participate by lump-sum payment at the beginning of the applicable enrollment period. The Policy does apply, however, to your election to participate in the plan for any enrollment period, and to your sales of Company stock purchased pursuant to the plan.

*Dividend Reinvestment Plan.* This Policy does not apply to purchases of Company stock under the Company's dividend reinvestment plan, currently in existence or hereafter established, resulting from your reinvestment of dividends paid on Company securities. The Policy does apply, however, to voluntary purchases of Company stock resulting from additional contributions you choose to make to the plan, and to your election to participate in the plan or increase your level of participation in the plan. The Policy also applies to your sale of any Company stock purchased pursuant to the plan.

### **Statement of Policy**

*No Trading on Inside Information.* It is the policy of the Company that no director, officer or other employee of the Company who is aware of material nonpublic information relating to the Company may, directly or through family members or other persons or entities, (a) buy or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends. In addition, it is the policy of the Company that no director, officer or other employee of the Company who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities until the information becomes public or is no longer material.

### **Trading Windows and Blackout Periods**

To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that all officers, directors, employees, designated consultants, members of the immediate family or household of any such person and others who are subject to this Policy refrain from conducting any transactions involving the purchase or sale of the Company's securities, other than during the period in any quarter commencing at the close of business on the 2<sup>nd</sup> trading day following the date of public disclosure of the financial results for the prior quarter or year and ending 30 days prior to the scheduled issuance of the next quarter or year end public disclosure of the financial results (the "**Trading Window**"). For example, if financial statements are released on August 9<sup>th</sup>, then trading is permitted after the close of the trading day on August 12<sup>th</sup> until October 9<sup>th</sup>, if the next financial statements are expected to be released on November 9<sup>th</sup>.

It should be noted that even during the Trading Window any person possessing material nonpublic information concerning the Company shall not engage in any transactions in the Company's securities until such information has been known publicly for at least two trading days. The Company has adopted the policy of delaying trading for "at least two trading days"



because the securities laws require that the public be informed effectively of previously undisclosed material information before insiders trade in the Company's stock. Public disclosure may occur through a widely disseminated press release or through filings, such as Forms 10-Q and 8-K, with the SEC. Furthermore, in order for the public to be effectively informed, the public must be given time to evaluate the information disclosed by the Company. Although the amount of time necessary for the public to evaluate the information may vary depending on the complexity of the information, generally two trading days is a sufficient period of time.

Certain events may occur that are material to the Company and are known only by directors, executive officers and covered persons. To avoid even the appearance of trading while aware of material nonpublic information, the Company may, at its discretion, impose a blackout period (the "**Blackout Period**") during which time persons subject to the Blackout Period may not trade in the Company's securities for a period of time determined by the Company. Whenever it is necessary or appropriate for the Company to impose a discretionary Blackout Period, notice of such Blackout Period will be communicated to each of the persons subject to this Policy by the Chief Executive Officer or the Chief Financial Officer. The Blackout Period will terminate at the close of business on the 2<sup>nd</sup> trading day following the date of public disclosure on which the material nonpublic information is broadly disseminated to the public, by press release or a filing with the SEC.

*Hardship Exceptions.* A person who is subject to a quarterly blackout period and who has an unexpected and urgent need to sell Company stock in order to generate cash may, in appropriate circumstances, be permitted to sell Company stock even during the blackout period. Hardship exceptions may be granted only by the Company's Chief Executive Officer and must be requested at least two days in advance of the proposed trade. A hardship exception may be granted only if the Chief Executive Officer concludes that the Company's financial information for the applicable quarter does not constitute material nonpublic information or if the person does not have sufficient insight as to the Company's financial information as of that time. It is highly unlikely that a hardship exception will be granted, and under no circumstance will a hardship exception be granted during an event-specific blackout period.

## **Section 16 Reporting**

Directors and executive officers are also subject to additional procedures designed to address the two-day Form 4 filing requirement under Section 16 of the Securities Exchange Act of 1934, as amended. The filing of a Form 4 will be coordinated with the Chief Financial Officer. Accordingly, the Chief Financial Officer must be advised immediately of any changes (direct or indirect) in a director's or executive officer's ownership of Company securities so that the necessary Form 4 may be completed and filed with two business days of such change. Each director or executive officer is responsible for the accuracy and timeliness of his or her Section 16 filing requirements.



## **Post-Termination Transactions**

If you are aware of material nonpublic information when you terminate service as a director, officer or other employee of the Company, you may not trade in the Company securities until that information has become public or is no longer material. In all other respects, the procedures set forth in this Policy will cease to apply to your transactions in Company securities upon the expiration of any "blackout period" that is applicable to your transactions at the time of your termination of service.

## **Definition of Material Information**

Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are set forth on Exhibit A to this Policy.

*Twenty-Twenty Hindsight.* Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

*When Information is "Public".* If you are aware of material nonpublic information, you may not trade until the information has been disclosed broadly to the marketplace (such as by press release or an SEC filing) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace until after the second full business day after the information is released. If, for example, the Company were to make an announcement on a Monday, you should not trade in the Company's securities until after the close of business on Wednesday.

## **Additional Guidance**

The Company considers it improper and inappropriate for any director, officer or other employee of the Company or its subsidiaries to engage in short-term or speculative transactions in the Company's securities. It is, therefore, the Company's policy that directors, officers and other employees may not engage in any of the following transactions:

*Short-term Trading.* An employee's short-term trading of the Company's securities may be distracting to the employee and may unduly focus the employee on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, an employee of the Company who purchases Company securities in the open market may not sell any Company securities of the same class during the 30 days following the purchase. Any director or officer of the Company who purchases Company securities in the open market may not sell any Company securities of the same class during the six months following the



purchase. In addition, Section 16(b) of the Exchange Act prohibits officers and directors from engaging in transactions involving the purchase and sale or sale and purchase of the Company's securities within any six month period and requires officers and directors to return any profits made from the purchase and sale or sale and purchase of the Company's securities during such six-month period.

Short Sales. Short sales of the Company's securities evidence an expectation on the part of the seller that the Company's securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy. In addition, Section 16(c) of the Exchange Act prohibits officers and directors from engaging in short sales.

Publicly Traded Options. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the director or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors and employees are prohibited from engaging in any such transactions.

Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, directors, officers and other employees are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan must submit a request for approval to the Chief Executive Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.



**MIDWAY GOLD**

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**Unauthorized Disclosure of Information to Others**

The Company is required under Regulation FD of the United States federal securities laws to avoid the selective disclosure of material nonpublic information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including family members and friends, other than in accordance with those procedures. You also may not discuss the Company or its business in an internet "chat room" or similar internet-based forum.

**Company Assistance**

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Company's Chief Executive Officer or the Chief Financial Officer. Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual director, officer, or employee.

**Certification**

All directors, officers, and employees must certify their understanding of, and intent to comply with, this Policy. A copy of the certification that all employees must sign is enclosed with this Policy. Please return an executed copy of the attached certification immediately.



## Exhibit A Examples of Information That May Be Material

### **Changes in corporate structure**

- changes in share ownership that may affect control of the Company
- changes in corporate structure such as reverse takeovers, change of business, reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids
- change of name of the Company

### **Changes in capital structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in the Company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to the rights of security holders

### **Changes in financial results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any period
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Company's assets
- any material change in the Company's accounting policies

### **Changes in business and operations**

- any development that affects the Company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- 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 results of any asset or property development, discovery or exploration by resource companies, whether positive or negative
- changes to the Board or executive management, including the departure of the Company's Chairman, CEO, CFO, COO or President (or persons in equivalent positions)



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- any employment, consulting or other compensation arrangements with any subsidiary of the Company and any director or officer of the Company, or their associates
- any management contract, any agreement to provide investor relations, promotional or market making activities, any service agreement not in the normal course or any related party transaction, including a transaction involving non-arm's length parties
- any amendment, termination, extension or failure to renew any material agreement
- the establishment of any special relationship with a participating organization or member or other registrant
- 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 or suspension of the Company's securities or their movement from one quotation system or exchange to another

### **Acquisitions and dispositions**

- significant acquisitions or disposition including a disposition 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, hypothecating or encumbering of the company'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