

# INSIDER TRADING POLICY

## 1.0 POLICY STATEMENT

This Policy provides guidelines to officers, directors and employees of Dominion Diamond Corporation (the “Company”) and other “insiders” of the Company with respect to (i) the treatment of material non-public information concerning the Company and (ii) transactions in the Company’s securities.

These guidelines have been developed to protect the Company and those to whom this Policy applies, and are in addition to securities laws and regulations in Canada and other applicable jurisdictions governing the trading of the Company’s securities by insiders.

## 2.0 PERSONS AND SECURITIES COVERED BY THIS POLICY

### 2.1 *Persons Covered by this Policy*

This Policy applies to all individuals in the categories described below, together with their immediate family members:

- (a) all directors and officers of the Company;
- (b) all directors and officers of any subsidiary of the Company;
- (c) all employees of the Company or any subsidiary of the Company who receive or have access to material non-public information regarding the Company; and
- (d) any consultants or contractors or others doing business with the Company, including, if same are corporations, their respective directors, officers and employees, who receive or have access to material non-public information regarding the Company.

For greater certainty, immediate family members shall mean the spouse, common law spouse, children and other relatives residing in the same home as the person referred to in clauses (a) to (d) above.

### 2.2 *Company Securities*

This Policy applies to transactions in any of the Company’s securities, including its common shares, options to purchase common shares granted under the Company’s Stock Option Plan and any rights or obligations to purchase or sell a security of the Company. In addition, this Policy applies to securities of the Company’s business counterparties as described in Section 7.0.

## 3.0 MATERIAL NON-PUBLIC INFORMATION

It is not possible to define all categories of material information; however, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company’s securities, or if the information, if known to the public, could reasonably be expected to have a significant effect on the market price or value of the Company’s securities. Either positive or negative information may be material.

## 4.0 PROHIBITION AGAINST TIPPING AND INSIDER TRADING

### 4.1 Confidentiality of Non-public Information

Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

### 4.2 Persons in a Special Relationship

Anyone in a “special relationship” with the Company is caught by the prohibitions against insider trading and tipping. A person or company is in a special relationship with a public company if:

- (a) the person or company is an insider, affiliate or associate of,
  - (i) the public company,
  - (ii) a person or company that is considering or evaluating whether to make, or proposes to make, a take-over bid (as defined under applicable securities laws) for the securities of the public company, or
  - (iii) a person or company that is considering or evaluating whether to become a party, or that proposes to become a party, to a reorganization, amalgamation, merger or arrangement or similar business combination with the public company or to acquire a substantial portion of its property;
- (b) the person or company is engaging in any business or professional activity, is considering or evaluating whether to engage in any business or professional activity, or proposes to engage in any business or professional activity with or on behalf of the public company or with or on behalf of a person or company described in subclause (a)(ii) or (iii);
- (c) the person is a director, officer or employee of,
  - (i) the public company;
  - (ii) a subsidiary of the public company,
  - (iii) a person or company that controls, directly or indirectly, the public company, or
  - (iv) a person or company described in subclause (a)(ii) or (iii) or clause (b);
- (d) the person or company learned of a material fact or material change with respect to the public company while the person or company was a person or company described in clause (a), (b) or (c); or
- (e) the person or company learned of a material fact or material change with respect to the public company from any other person or company described above, including a person or company described in this clause, and knows or ought reasonably to have known that the other person or company is in such a relationship.

The definition is very broad and captures all directors, officers and employees of the Company and others who fall within one of the categories set out above. It also captures a potentially infinite chain of persons who receive material non-public information.

#### 4.3 *Tipping*

No person who is subject to this Policy shall communicate (or “tip”) material non-public information (other than in the necessary course of business) to any other person, including family members, nor shall any such person make recommendations or express opinions on the basis of material non-public information for the purpose of or in the context of trading in the Company’s securities.

#### 4.4 *Trading on Material Non-public Information*

No person who is subject to this Policy shall engage in any transaction involving a purchase or sale of the Company’s securities (including the exercise of options pursuant to the Company’s Stock Option Plan) with knowledge of any material non-public information concerning the Company.

This restriction applies during any period commencing on the date that the person first possesses material non-public information concerning the Company, and ending at the close of business on the **second full trading day following the date of public disclosure** of that information by a broadly disseminated news release, or at such time as such non-public information is no longer material. The term “trading day” means a day on which the stock exchanges on which the Company’s securities are traded (currently the Toronto Stock Exchange and the New York Stock Exchange) are open for trading. If such public disclosure occurs on a trading day before the markets close, then the date of public disclosure for the purposes of this Policy shall be the first trading day following such public disclosure.

#### 4.5 *Short Selling and Other Speculative Trading*

No person who is subject to this Policy shall knowingly engage, directly or indirectly, in short-term, speculative transactions involving the Company’s securities. This would include short sales and buying or selling put or call options or other derivative securities relating to the Company’s shares. Certain of such activities, such as virtually all short sales, are specifically prohibited by the *Canada Business Corporations Act*. All of these transactions share a common characteristic – they involve short-term speculation on significant share price movements and are thus open to abuse. In the Company’s view, such trading is an activity more normally associated with “professional” traders and is, therefore, inconsistent with an insider’s role with and duties to the Company.

### 5.0 **TRADING BLACKOUTS**

#### 5.1 *General*

In addition to the foregoing, as it may be difficult from time to time to determine if and when material non-public information exists, particularly relating to financial results, the Company has established certain periods (“Blackout Periods”) during which persons subject to this Policy are prohibited from trading in securities (including exercising stock options) of the Company.

#### 5.2 *Scheduled Blackout Periods*

Generally, consolidated financial results for any particular quarterly period are available by the end of the last month of that quarter. In addition, the Company is required to publicly release its financial results for a particular quarter within forty-five (45) days following the end of the first, second and third quarter. With respect to the consolidated year-end financial results, the Company is required to release such results within ninety (90) days following the end of its financial year.

Due to the fact that officers, directors and employees may, as any quarter progresses, be increasingly likely to possess non-public information about the expected financial results for the quarter or financial year end, as the case may be, the Company prohibits trading in its securities by all persons subject to this Policy, during the following Blackout Periods in each year:

Starting on April 30	Ending after there has been two full trading days following the day of the public release of the first quarter results
Starting on July 31	Ending after there has been two full trading days following the day of the public release of the second quarter results
Starting on October 31	Ending after there has been two full trading days following the day of the public release of the third quarter results
Starting on January 31	Ending after there has been two full trading days following the day of the public release of annual financial results.

### 5.3 *Additional Trading Blackouts*

Persons subject to this Policy are reminded that in addition to the Blackout Periods related to financial disclosure, the Company may from time to time impose specific Blackout Periods for certain persons in a special relationship with the Company. In such event, the Corporate Secretary shall advise such persons not to engage in any trades of the Company's securities during such period. Persons subject to this Policy should not disclose to others the fact of any Blackout Period being imposed.

### 5.4 *Resumption of Trading*

Persons subject to a Blackout Period should not engage in any trades of the Company's securities until there has been **two full trading days following the date of public disclosure** of any material information by a broadly disseminated news release (or, in the case of a Blackout Period imposed under Section 5.3, until notification that the Blackout Period has been lifted).

### 5.5 *Exercise of Stock Options*

Somewhat different considerations apply to the exercise of Company stock options during Blackout Periods since this involves a trade between the Company and the insider. If the expiry date of Company stock options would otherwise occur during or within ten (10) calendar days following a Blackout Period, the expiry date of such option is extended to the first business day which is at least ten (10) calendar days after the end of such Blackout Period.

### 5.6 *Exceptions During Blackout Periods*

Notwithstanding the Blackout Periods, a person (other than the Chief Executive Officer) may purchase or sell securities or exercise stock options during a Blackout Period with the prior written consent of the Chief Executive Officer. The Chief Executive Officer will grant permission to purchase or sell securities or exercise stock options during a Blackout Period (i) only if the Chief Executive Officer is satisfied that the person is not in possession of material non-public information, and (ii) solely to address unusual or exceptional circumstances. Unusual or exceptional circumstances may include the sale of securities or the exercise of stock options in the case of severe financial hardship or where the timing of the sale is critical for significant tax planning purposes. This exception is available to the Chief Executive Officer if the Board of Directors gives its permission using the guidelines set out above in subparagraph (i) and (ii).

### 5.7 *Individual Responsibility*

Each person subject to this Policy has the individual responsibility to comply with this Policy and applicable securities laws, regardless of whether the Company has established a Blackout Period. Appropriate judgment should be exercised in connection with any trade in the Company's securities.

A person subject to this Policy may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the material non-public information and even though the person believes he or she may suffer an economic loss or forego anticipated profit by waiting.

## **6.0 POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION**

### *6.1 Insiders*

The seriousness of insider trading and tipping is reflected in the penalties imposed for trading or tipping by insiders in violation of applicable securities laws. “Insiders” for purposes of the *Securities Act* (Ontario) include all directors and officers of the Company, all directors and officers of a subsidiary of the Company or of a company that is itself an insider (owning more than 10% of the company) of the Company and persons or companies who hold more than 10% of the voting shares of the Company. “Officer” means the chair, vice-chair, the chief executive officer, the chief operating officer, the chief financial officer, president, a vice-president, the secretary, the assistant secretary, the treasurer, the assistant treasurer, the general manager, every individual who is designated as an officer under a by-law or similar authority of the Company, or other individual who performs functions for the Company similar to those normally carried out by an individual accompanying any such office.

### *6.2 Liability for Insider Trading and Tipping under Securities Laws*

Under applicable securities laws, insiders who violate “insider trading” prohibitions may be subject to criminal liability, including substantial fines (for example, under the *Securities Act* (Ontario), fines up to the greater of \$5 million and triple the amount of the profit made or the loss avoided by the person by reason of the violation) and imprisonment (for example, under the *Securities Act* (Ontario), imprisonment to a maximum term of not more than five years less a day).

Insiders are subject to the same penalties, jail sentences and civil liabilities if they improperly inform (or “tip”) another person of material non-public information, regardless of whether the insider trades in securities with knowledge of such information or otherwise directly profits from such disclosure. This liability may also apply where an insider merely makes a recommendation or expresses an opinion on the basis of such information as to trading in the Company’s securities. Insiders can also be liable for stock market profits made by an outside party to whom a friendly “tip” on an important unannounced development has been made. Securities regulators use sophisticated electronic surveillance techniques to uncover insider trading.

Because of the severe penalties associated with insider trading, it is generally not considered wise to actively trade in the securities of the Company. Purchases of Company stock should be made for long-term investment purposes and not for short-term “flips”.

Failure to observe this Policy could lead to legal problems as well as termination of employment.

## **7.0 APPLICABILITY OF POLICY TO INFORMATION REGARDING OTHER COMPANIES**

This Policy and the guidelines described herein also apply to material non-public information relating to other companies or issuers, including but not limited to (a) the Company’s suppliers, joint-venture partners or service providers, (b) a company or other issuer considering or evaluating whether to make a take-over bid or proposing to make a take-over bid for the Company or for which the Company is considering or evaluating whether to make a take-over bid or proposing to make a take-over bid, and (c) a company or other issuer with which the Company is considering or evaluating whether to become a party or proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination or an asset acquisition or disposition (collectively, “business counterparties”), when that information is obtained in the course of employment with, or engagement in or the proposed engagement in in any business or professional activity with or on behalf of the Company.

Civil and criminal penalties, and termination of employment, may result from trading securities with material non-public information regarding the Company’s business counterparties. All persons should treat material non-public information about the Company’s business counterparties with the same care as is required with respect to information relating directly to the Company.

## **8.0 REPORTING INSIDERS AND INSIDER TRADING REPORTS**

### *8.1 Reporting Insiders*

A “Reporting Insider” is an insider of the Company if the insider is, at a minimum:

- (a) Chief Executive Officer of the Company or of a major subsidiary of the Company;
- (b) Chief Financial Officer of the Company or of a major subsidiary of the Company; or
- (c) a director of the Company or of a major subsidiary of the Company.

A Reporting Insider also includes any other insider that in the ordinary course receives or has access to material information concerning the Company before it is generally disclosed to the public and exercises or has the ability to exercise significant power or influence over the business, operations, capital or development of the Company. The Corporate Secretary of the Company will advise an employee if he or she is a “Reporting Insider”, as defined under securities laws.

### *8.2 Insider Reports*

A Reporting Insider must file an insider report (an “Insider Report”) disclosing the Reporting Insider’s beneficial ownership of, or control or direction over, directly or indirectly, securities of the Company, and interest in, or right or obligation associated with, a related financial instrument involving a security of the Company:

- (a) within ten (10) days of becoming a Reporting Insider unless the Insider Report would be a nil report;
- (b) within five (5) days after any transaction involving securities or stock-based compensation instruments of the Company (including a grant, exercise or expiry of stock options, and a grant, exercise or expiry of director stock units or employee restricted stock units). The Company may decide to file issuer insider reports with respect to grants of director stock units or stock options which will change some Reporting Insider reporting obligations. The Corporate Secretary will advise affected Reporting Insiders accordingly; and
- (c) within five (5) days after entering into, materially amending, or terminating an agreement, arrangement or understanding that (i) has the effect of altering, directly or indirectly, the Reporting Insider’s economic exposure to the Company, (ii) involves, directly or indirectly, a security of the Company or a related financial instrument involving a security of the Company, and (iii) falls outside a situation captured in item (b) above.

Insider Reports are filed electronically through the “System for Electronic Disclosure by Insiders” (“**SEDI**”) at [www.sedi.ca](http://www.sedi.ca).

### *8.3 Contravention of Insider Reporting Requirements*

It is the responsibility of each Reporting Insider to file an Insider Report within the prescribed time period. Consequences of contravening insider reporting requirements include imposition of a late filing fee, the Reporting Insider being identified as a late filer on a public data base maintained by securities regulators, issuance of a cease trade order or, in appropriate circumstances, enforcement proceedings.

## **9.0 COMPLIANCE WITH UNITED STATES RESALE REQUIREMENTS**

Securities of the Company held by insiders are deemed to be control securities ("Control Securities") under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be resold within the United States or over a United States stock exchange except (i) pursuant to an effective registration under the U.S. Securities Act, (ii) in compliance with Rule 144 ("Rule 144") under the U.S. Securities Act, or (iii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act. Sales of Control Securities pursuant to Rule 144 must comply with information, holding period, volume limitation, and manner of sale and notice of sale requirements. The sale of stock option shares in most cases might require the insider to comply with Rule 144. It is important that prior to the resale of any Control Securities in the United States that insiders consult with the office of the Chief Executive Officer and their broker or other advisors in order to ensure compliance with applicable securities laws.

## **10.0 INQUIRIES**

Please direct your questions as to any of the matters discussed in this Policy to the Company's Chief Executive Officer.

## **11.0 CHANGES TO THE POLICY**

The Board may, from time to time, permit departures from this Policy, either prospectively or retrospectively. This Policy is not intended to give rise to civil liability on the part of the Company or its directors, officers, employees or other insiders to shareholders, investors, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part. This Policy may be amended at any time.

**APPROVED** by the Board of Directors of Dominion Diamond Corporation on the 20<sup>th</sup> day of January, 2016.