



Updated: November, 2006

## **Insider Trading and Blackout Policy**

### **Policy on Trading in Securities by Directors, Officers, Employees and Consultants**

#### **Purpose**

The purpose of this Policy is to ensure (a) compliance with applicable Canadian securities laws governing trading in securities of Aeroquest International Limited ("Aeroquest" or the "Corporation") while in possession of material non public information concerning the Corporation, and tipping or disclosing material non-public information to outsiders; and (b) avoidance of embarrassment by preventing the appearance of improper trading or tipping.

In conjunction with regulatory requirements, it is the policy of Aeroquest that, once a person becomes an insider (as described below), his or her security holdings in Aeroquest, and any change therein, must be reported to the appropriate securities commissions. The responsibility for compliance with insider reporting obligations rests with the insiders and not with Aeroquest. However, Aeroquest has an interest in monitoring the holdings of its insiders and ensuring that insider holdings are accurately reported, as the identity of insiders and the size of their holdings may be relevant in determining whether Aeroquest is permitted, under applicable securities laws and stock exchange rules, to undertake certain types of transactions.

#### **Scope**

- A. This Policy covers all officers and directors of the Corporation and all employees and consultants of Aeroquest. Directors, officers, employees and consultants are responsible for ensuring compliance by their families and other members of their households.
- B. This Policy applies to any transactions in any securities of Aeroquest, including common shares, debentures, options or other securities exchangeable or exercisable into common shares, as well as exchange-traded options or other derivative securities that are not issued by Aeroquest but are based on securities of Aeroquest.

- C. This Policy applies not only to the securities of Aeroquest which a director, officer, employee or consultant owns, but also those over which control or direction is exercised (for example as a trustee or executor of an estate) and also to the securities of Aeroquest that are indirectly owned (for example by a corporation controlled by a director, officer, employee or consultant or by an immediate family member of a director, officer, employee or consultant).
- D. This Policy applies not only during the course of a director's, officer's, employee's or consultant's service to Aeroquest, but also after the completion of such service to the extent the relevant person possesses material non-public information at the time such service is completed.

## **Definitions**

### A. Material Information

Securities legislation and this Policy make frequent reference to material information. In this Policy, material information is any information relating to the business and affairs of Aeroquest that results in, or would reasonably be expected to affect the investment decisions of a reasonable holder of securities of Aeroquest or an investor or if the information would reasonably be expected to affect the market price or value of any of the securities of Aeroquest.

### B. Non-public Information

Material information is "non-public" if it has not been generally disclosed. Information is considered to have been generally disclosed if: (i) the information has been disseminated in a manner calculated to effectively reach the marketplace, and (ii) public investors have been given a reasonable amount of time to analyze the information. For the purposes of this Policy, *information will be considered public; i.e., no longer non-public, after information has been generally disclosed by means of a broadly disseminated press release and the trading has closed on the first full trading day following such press release.*

### C. Insider

The directors and senior officers of the Corporation are considered to be insiders of Aeroquest pursuant to applicable securities laws and as such are subject to a higher standard of scrutiny and disclosure requirements than other people who may trade in securities of Aeroquest.

In addition, certain other employees and contractors may, at times, become insiders by virtue of becoming privy to Material, Non-public Information.

## **Statement of Policy and Procedures**

### **A. Prohibited Activities**

1. No insider, employee or consultant may trade in securities of Aeroquest while in possession of Material Non-public Information concerning Aeroquest.
2. No insider, employee or consultant may trade in securities of Aeroquest outside of the "trading windows" described below, or during any designated special trading blackout periods.
3. No insider, employee or consultant may trade in securities of Aeroquest during any trading blackout period imposed on employees and consultants of Aeroquest generally.
4. No insider, employee or consultant may disclose Material Non-public Information concerning Aeroquest to any outside person (including family members, analysts, individual investors and members of the investment community and news media) unless such disclosure is necessary in the course of business and in accordance with Aeroquest's Disclosure Policy. In any instance where such information is disclosed to outsiders, the outsider must be advised that they must not disclose the information to anyone else, other than in the necessary course of business, and they may not trade in securities of Aeroquest until the information has been generally disclosed.
5. No insider, employee or consultant may give trading advice of any kind relating to securities of Aeroquest to anyone while possessing Material Non-public Information about Aeroquest except that insiders, employees and consultants should advise others not to trade securities of Aeroquest if such trade might violate the law or this Policy.
6. No insider, employee or consultant may (a) trade in securities of any other public company, trust, partnership or other entity (a "company") while possessing Material Non-public Information concerning that company; (b) "tip" or disclose Material Non-public Information concerning any company to anyone; or (c) give trading advice of any kind to anyone concerning any other company while possessing Material Non-public Information about that company that such insider, employee or consultant learned in the course of service to Aeroquest.
7. In order to avoid possible inadvertent conflict with this Policy, it is recommended that, outside of any stock option plans, no insider leave with a broker any outstanding sell or purchase orders.

*All directors, officers, employees and contractors should contact the Chief Executive Officer of the Corporation when considering trading in securities of Aeroquest to ensure that they possess no material non-public information, or that there is not another reason that they should not be trading in securities of Aeroquest.*

B. Trading Windows and Blackout Periods

1. Definition of Blackout Period and Trading Window

A "blackout period" is any time where an insider, employee or consultant is restricted by the terms of this Policy or applicable securities law from trading in securities of Aeroquest. Alternatively, a "trading window" is the period of time between blackout periods where an insider, employee or consultant is not restricted by the terms of this Policy or applicable securities law from trading in securities of Aeroquest.

2. Designation of Blackout Periods

Aeroquest will use reasonable efforts to notify insiders, employees and consultants by e-mail when a general blackout period is in effect. However, it is the obligation of every insider, employee and consultant to ensure, prior to effecting a trade, that a blackout period is not in effect or such person is not otherwise restricted from trading in securities of, ". In the event that an insider, employee or consultant is unsure whether they may trade in securities of Aeroquest, they should contact the Chief Executive Officer of the Corporation to determine if a general blackout period is in effect or if the insider, employee or consultant is in possession of Material Non-public Information.

3. Trading Windows for Insiders

Insiders may trade in securities of Aeroquest only during the period beginning after the close of business one day following widespread public release of quarterly or year-end operating results and ending at the close of trading on the earlier to occur of the day preceding a meeting of the board of directors of the Corporation or the Audit Committee to approve any distribution or earnings press release or any financial statements reflecting Aeroquest's operating results. However, such trading windows may be modified at any time.

4. Trading Windows for Employees and Consultants

All other employees and consultants who are not insiders may trade in securities of Aeroquest at any time, provided they are not in possession of Material Non-public Information and no blackout period applicable to such employee or consultant is in place.

5. No Trading While in Possession of Material Non-public Information or During Blackout Periods

No insider, employee or consultant possessing Material Non-public Information concerning Aeroquest may trade in securities of Aeroquest even during applicable trading windows. Persons possessing such information may trade during a trading window only after the close of trading on the next full trading day following the widespread public release of the information.

No insider, employee or consultant may trade in securities of Aeroquest outside of applicable trading windows or during any designated blackout periods. No insider, employee or consultant may disclose to any outside third party that a special blackout period has been designated.

C. Priority of Statutory or Regulatory Trading Restrictions

The trading prohibitions and restrictions set forth in this Policy will be superseded by any greater prohibition or restrictions prescribed by applicable Canadian securities laws and regulations.

**Reporting by Insiders -Canadian Requirements**

*The following summary is general in nature, intended as a guideline only and makes no claim to be complete. Insiders are solely responsible for their own reporting and for understanding Canadian requirements both now, and as they may change in the future.*

A. Initial Reports

An initial report must be filed within ten days of the date on which a person or corporation becomes an insider. An initial report is not required, however, when a person becomes an insider if he or she has no direct or indirect beneficial ownership, control or direction over securities of Aeroquest.

B. Changes in Beneficial Ownership

A person or corporation who is an insider must report any changes in his or her direct or indirect beneficial ownership of, or control over, securities of Aeroquest within ten days of the date such change takes place.

C. Stock Options

A person or corporation who is an insider is reminded that the grant of an option, or the exercise of an option, gives rise to reporting obligations and an insider report must be filed with respect to these matters within ten days of the date such transaction takes place.

D. Filing

A person or corporation who is an insider is required to use the System for Electronic Disclosure by Insiders ("SEDI") to report insider trades. Reporting through SEDI can be completed by insiders themselves through the internet or through an agent, such as Aeroquest's legal counsel. Insiders are referred to the internet website for SEDI at [www.sedi.ca](http://www.sedi.ca). As well, insiders are encouraged to contact the Corporation's Chief Executive Officer with respect to any questions about filing through the SEDI system.

**Enforcement**

*The consequences of prohibited insider trading or tipping can be severe. Below is a summary of the penalties under Canadian securities legislation for insider trading. It is a summary only, general in nature, and does not purport to be a complete in all respects. Insiders are solely responsible for understanding Canadian securities legislation as it affects them both now, and as it may change in the future.*

A. Penalties Under Canadian Securities Laws

Under securities laws, persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by trading, pay the loss suffered by the persons who purchased securities from or sold securities to the insider tipper, pay fines up to the greater of \$1,000,000 and three times the profit made or loss avoided, pay administrative penalties of up to \$500,000 and serve a jail term of up to five years less a day. Aeroquest may also be required to pay penalties and could, under certain circumstances, be subject to private lawsuits by traders for damages suffered as a result of illegal insider trading or tipping by persons under Aeroquest's control.

B. Discipline of Insider, Employee or Consultant by Aeroquest

Violation of this Policy or Canadian insider or tipping laws by any insider, employee or consultant may subject such person to disciplinary action up to and including termination for cause in the case of an insider or employee or termination of the consulting contract in the case of a consultant.

If it is discovered that anyone subject to these policies has violated applicable securities laws, the matter may be referred to the appropriate regulatory authorities.

lh/policies/  
insider trading  
11/21/06