

# PFB CORPORATION

## INSIDER TRADING POLICY

### I. PURPOSE:

Securities laws prohibit the trading in the securities of PFB Corporation (“PFB”) on the basis of "inside" information. Anyone violating these laws is subject to personal liability and could face criminal penalties. PFB takes seriously its obligation to prevent insider trading violations. In view of the severity of the possible sanctions, both to the individual and to PFB, this policy is established to assist with maintaining compliance with our obligations under securities law.

In conjunction with regulatory requirements, it is the policy of PFB that, once a person becomes an insider (as defined in the Scope section below), his or her security holdings in PFB, and any changes therein, must be reported to the appropriate securities commissions. The responsibility for compliance with insider reporting obligations rests with insiders and not with PFB.

### II. SCOPE:

For the purposes of this policy, Insiders shall include the following:

- Every director and senior officer of PFB
- Each of the five highest paid employees of PFB or any of its subsidiaries
- Persons beneficially owning, directly or indirectly, or exercising direction and control over more than 10% of PFB’s securities
- Immediate family members of Insiders
- Consultants and other persons associated with PFB and its subsidiaries, including distributors, sales agents and joint venture partners, counter-parties in negotiations of material potential transactions, legal advisors, bankers, or anyone who receives or has access to Material Non-Public Information concerning PFB (see definition below)

#### Definitions:

**“Blackout Period”** – is any time where an insider is restricted by the terms of this policy or applicable securities law from trading in securities of PFB.

**“Trading Window”** – is the period of time between blackout periods where an insider is not restricted by the terms of this policy or applicable securities law from trading in securities of PFB, unless the insider is otherwise in possession of Material, Non-public Information concerning PFB. The Chief Financial Officer (CFO) of PFB will use reasonable efforts to notify insiders by e-mail when a general blackout period is in effect. It is the obligation of every insider 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 PFB. If a person is unsure whether a blackout period is in effect, they may contact the Chief Executive Officer or CFO of PFB.

**“Trading Window for Insiders”** – Insiders may trade in securities of PFB only during the period beginning after the close of trading on the Toronto Stock exchange which is two days following widespread public release of quarterly or year-end financial results and ending at the close of trading on the calendar day preceding the distribution of materials for a meeting of the PFB board of directors or a meeting of the audit committee to approve any distribution or earnings press release of any financial results.

**“Material Information”** - is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of PFB securities. Material Information can be either positive or negative. The following categories of information, which are not exhaustive, are particularly sensitive and, as a general rule, should always be considered to fall under this definition:

- Changes in share ownership that may affect control of PFB
- The planned sales or repurchases of securities
- Financial results or unexpected changes in financial results
- Material changes in PFB’s accounting policies
- Projections of future earnings or losses
- Pending or proposed reorganizations, mergers, acquisitions or divestitures
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- Changes in dividend policy or planned declarations of dividends
- New product announcements of a significant nature
- Significant new contracts, products, patents, or services or significant losses of contracts or business
- Stock splits, new equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Major changes in the board of directors or senior management
- Significant new credit arrangements or the borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of PFB’s assets

**“Material, Non-Public Information”** - is information that has not been disclosed to the general public and is not available to the general public. Material, Non-Public Information will be deemed to be public after two full trading days have passed on the Toronto Stock Exchange following the date when the information is disclosed publicly by PFB.

**“Securities”** - include common stock, preferred stock, options to purchase common stock, warrants, convertible debentures and derivative securities.

### **III. POLICY:**

1. No Insider may buy or sell PFB’s securities at any time when they have Material, Non-Public Information relating to PFB.
2. No Insider may disclose material, Non-Public Information concerning PFB to third parties.
3. No Insider may disclose ("tip") Material, Non-Public Information to any other person (including family members), and no Insider may make recommendations or express opinions on the basis of Material Non-Public Information with regard to trading in PFB’s securities.
4. No Insider who receives or has access to our Material, Non-Public Information may comment on stock price movement or rumors of other corporate developments that are of possible significance to the investing public unless it is part of their job (such as Investor Relations) or you have been specifically authorized by the CEO or CFO in each instance.
5. If any Insider inadvertently comments on stock price movement or rumours, or discloses Material, Non-Public Information to a third party, they should promptly contact the CEO, CFO or Company Secretary.

6. No Insider may buy or sell our securities during any of the four Blackout Periods.
7. This policy continues in effect until the end of the first Blackout Period following termination of employment or any other relationship with PFB.
8. It is the duty of each Insider to maintain the confidentiality of all Material, Non-Public Information that such person receives or becomes privy to in connection with PFB's business until after the information has been publicly disclosed in accordance with PFB's Public Disclosure Policy and/or applicable securities laws. Insiders should take appropriate precautions to maintain the confidentiality of such information, including:
  - (a) All documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business
  - (b) All documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business
  - (c) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis
  - (d) Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them
  - (e) Insiders must ensure that they maintain the confidentiality of information in their possession outside the office as well as inside the office
  - (f) The transmission of documents by electronic means, such as by e-mail or fax, should be made only where it is reasonable to believe that the transmission can be sent and received under secure conditions
  - (g) The posting of information about PFB on an Internet chat room, bulletin board or other message site is prohibited
  - (h) The unnecessary copying of confidential documents should be avoided, and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be safely destroyed
  - (i) All documents that contain confidential information should bear a legend or other appropriate marking to advise readers of the confidential nature of the information contained therein
  - (j) Access to confidential electronic data should be restricted through the use of network access rights and/or system passwords.