

SILVER SPRUCE RESOURCES INC.

(TSXV: SSE)

Price: January 18 \$0.065
52-Week Range: \$0.12-\$0.045

Shares O/S: 60.158 million
Market Cap: \$3.91 million

Average Share Volume
50-day: 149,600
200-day: 92,100

Year-End: October 31

Symbol: TSX-V: SSE

Website:
www.silverspruceresources.com

Corporate:
Head Office:
197 Dufferin Street
Suite 312
Bridgewater, Nova Scotia
B4V 2G9

Phone: (902) 527-5700
Fax: (902) 527-5711



eResearch Analyst (on this report):
Bob Weir, B.Sc., B.Comm., CFA



THE COMPANY

Silver Spruce Resources Inc. (“Silver Spruce Resources” or the “Company”) is a junior mining exploration company with primary interests in two strategic projects:

1. **Kay Mine:** located in the State of Arizona in the USA, and comprising a VMS (volcanogenic massive sulphide) deposit of silver-gold-base metals (Ag-Au-Cu-Pb-Zn); and
2. **Pino de Plata:** located in the Sierra Madre Occidental region of Chihuahua State in Mexico, also comprising Ag-Au-Cu-Pb-Zn; and

In 2015, Silver Spruce Resources began to reposition itself from being an early exploration company to one seeking properties more advanced in the exploration cycle. To this end, the Company is now focused on the two above properties that are believed to have significant upside potential.

In fiscal Q4 (ending October 31), the Company raised \$132,500, through shares and warrants, to augment its liquidity for meeting its operating expense requirements. In Q1/2018, Silver Spruce received a financing mandate letter from a Hong Kong retail brokerage firm to provide up to US\$1.8 million, with the net proceeds to be used for its drill program at Pino de Plata, and for further development expense on the Kay Mine.

INITIAL REPORT: eResearch published its initial report on Silver Spruce Resources on May 26, 2017. A link to that report is [HERE](#). An update report was published on August 17, 2017. For that report, go to this link: [LINK](#)

KAY MINE

- Silver Spruce Resources has acquired a 100% interest in a 71-acre property (the Kay Mine property) of patented claims located in Yavapai County, Arizona, about 50 miles north of Phoenix, and near Black Canyon City. The Company successfully staked an additional 400 acres of unpatented claims in the area.
- The Kay Mine was discovered in the 1800s and was mined on a small scale until 1916 and intermittently until 1956. Production of the VMS deposits was set up on 11 levels that were accessed from 4 shafts. However, in 1957, the pumping station was damaged and the mine was flooded.
- Nothing much happened on the property until Exxon Minerals Company purchased it in 1972. Over the next ten years, Exxon Minerals spent about \$1.5 million exploring, mapping, sampling, and drilling. Total drill activity was 23 holes comprising 26,500 feet. A 1982 internal Exxon Minerals report (not NI 43-101 compliant) indicated that the deposit comprised about 6.4 million tons grading an estimated 2.2% Cu (copper), 3.0% Zn (zinc), 1.6 oz/ton of Ag (silver), and 0.082 oz/ton of Au (gold). Additional drilling is required to confirm the Exxon Minerals' estimates.
- In September/October 2017, the Company confirmed sulphide mineralization from historic dumps of underground production. The mineralized material indicated disseminated (widely spread) to semi-massive to massive sulphides.
- Silver Spruce's two-phase budget will provide for property geo-physics on the two Kay Mine deposits, will permit identification of the potential down-strike, and will allow for up to 6,000 metres of drilling that is designed to verify and infill historical drill-hole patterns.
- Field reconnaissance, part of which was conducted with prospective joint venture partners that are production-oriented international mining entities, confirmed vehicle access routes, shafts, and historical drill locations, all of which were part of the geological mapping activities undertaken by Exxon Minerals.
- The Company intends to initiate an exploration program to record and confirm the tonnage and grade outlined by Exxon Minerals, and then complete a NI 43-101 compliant resource estimate.
- In early December 2017, Silver Spruce was sent the first assays of mineralized rock samples designed to verify the findings of the work done by Exxon Minerals. The Company reported that 18 of the 25 samples analyzed comprised VMS and sulphide-bearing material. Further assays (14) are being evaluated.

COMMENT: Silver Spruce Resources is studying the possibility of de-watering the mine to give it direct access to the mineralization.

Figure 1: Kay Mine Patented Claim Boundary

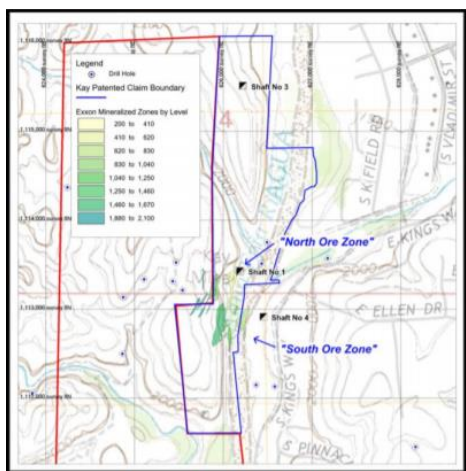


Figure 1: Patented Claim boundary (blue) in relation to Exxon resource envelopes (colored by depth). North and South "Ore Zones" denote the two zones of mineralization defined by Exxon. Area outlined in red is BLM ground.

PINO DE PLATA

- Silver Spruce Resources acquired a 100% interest in the 397-hectare (980 acres) Pino de Plata property in 2015. The property is located in the south-west part of the northern state of Chihuahua in Mexico, a very mining-friendly jurisdiction, and at the western edge of the prolific Sierra Madre Occidental silver-gold belt. It is approximately 15km southwest of Coeur Mining's open pit/underground silver-gold complex with its sizable Proven+Probable tonnage reserves.
- Some historic surface mining at Pino de Plata revealed high levels of silver but little exploration has been conducted in the last 200+ years, and no drilling has been conducted on the property;
- The Company's NI 43-101 exploration assessment report identified three areas for exploration and drilling, and a permitting process is underway for the initial drill program, which will begin in early 2018. Three high-priority target areas have been identified, as follows.
- El Terrero Target: Comprises an area of 2,000 square metres. A total of six drill holes are planned to a depth of 100 metres.
- Theodora Vein Target: The Company intends to drill three holes to a depth of 100 metres.
- Santa Elena-Gossan Target: Silver Spruce intends to drill 3-5 holes to a depth of 100 metres.

COMMENT: For any of the three drill targets, if the drilling at 100 metres remains in mineralized rock, then the Company will continue the drill-bit down to 300 metres.

- The property is located 5-6 km, by a dirt road, south of the town of Chinipas de Almada, which is about 440 km south-west (9-hour drive) of Ciudad Chihuahua. The nearby Chinipas River has several crossings about 7 km south of the town. Crossings would present no difficulties during the dry season, but could prove problematic in the wet season. There is a small, paved airstrip about 1 km north of the town. Labour and supplies are available in Chinipas de Almada. A power-line runs across a corner of the property. There is no rail-line nearby, so transportation will have to rely on the road.

Figure 2: Pino de Plata Target Areas



INVESTMENT CONSIDERATIONS

A. Strengths

- Silver Spruce Resources Inc. has tactically changed its corporate strategy. The Company's operating emphasis has shifted from being an early exploration play to one that is focused on developing properties further advanced in the exploration cycle. This will shorten the development timetable and allow the Company to bring promising properties into production much sooner;
- The Company is active on two key projects: the Kay Mine in Arizona; and the Pino de Plata project in northern Mexico.
- Silver Spruce Resources recently completed the purchase of the Kay Mine, a substantial silver-gold-base metals property. Once a planned exploration program has finished, the Company intends to proceed to completing a NI 43-101 resource estimate.
- The Company is also intent on advancing its significant silver-gold-base metals property, Pino de Plata, by increasing its drilling and by completing a NI 43-101 Technical Report with a mineral estimate;
- Both Arizona and Mexico are mining-friendly jurisdictions with exceptional mining infrastructure.
- Silver Spruce Resources has ample liquidity to undertake fully its 2018 exploration and development work program (unless the Company entails an extraordinary unexpected expenditure, e.g., an acquisition).

B. Challenges

- The Company's market cap is about \$4.2 million, with only 60 million shares outstanding and, therefore, not suitable for institutional ownership; fairly illiquid share trading (average 150,000 per day over last 50 days and 92,000 per day over the last 200 days);
- The Company regularly needs financing, and equity financing is sometimes difficult when shares sell for less than \$0.10 each;
- Silver Spruce Resources needs to complete its permitting approvals for both of its key properties.
- Once the permits have been received, the Company needs to firm up its deposit information at both the Kay Mine and Pino de Plata, and publish a resource estimate for both projects; and
- Production at its properties is still years away.

FINANCIAL INFORMATION

TABLE 1: SELECTED ANNUAL FINANCIAL INFORMATION

| (C\$) | Actual Year End <u>Oct 31/2013</u> | Actual Year End <u>Oct 31/2014</u> | Actual Year End <u>Oct 31/2015</u> | Actual Year End <u>Oct 31/2016</u> | Actual TTM <u>Jul 31/2017</u> |
|---------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|------------------------------------------|-------------------------------------|
| Statement of Income (Loss) | | | | | |
| General & Administrative | -304,922 | -137,103 | -147,219 | -401,097 | -584,667 |
| Exploration & Evaluation Expenses | 0 | 0 | -2,075,569 | -494,993 | -692,553 |
| Other Operating (Expenses)/Income | 0 | -107,130 | 1,907,450 | 193,621 | 193,621 |
| Non-Operating (Expenses)/Income | 15,107 | -9,805 | -26,958 | -14,460 | -7,440 |
| Non-Cash Items | <u>-811,882</u> | <u>-759,814</u> | <u>-1,921,110</u> | <u>1,304,487</u> | <u>1,304,289</u> |
| Net Profit/(Loss) | -1,101,697 | -1,013,852 | -2,263,406 | 587,558 | 213,250 |
| | | | | | |
| Total Shares Outstanding | 11,195,781 | 14,025,781 | 21,135,781 | 39,620,816 | 60,157,992 |
| Weighted Average Shares O/S | 11,179,810 | 11,203,561 | 16,601,507 | 28,694,586 | 43,851,305 |
| Net Profit/(Loss) Per Share | (\$0.10) | (\$0.09) | (\$0.14) | \$0.02 | \$0.00 |
| | | | | | |
| Cash Flow Statement | | | | | |
| Net Profit/(Loss) | -1,101,697 | -1,013,852 | -2,263,406 | 587,558 | 213,250 |
| Non-Cash Items | <u>811,882</u> | <u>759,814</u> | <u>1,921,110</u> | <u>-1,304,487</u> | <u>-1,304,289</u> |
| Cash Flow from Operations | -289,815 | -254,038 | -342,296 | -716,929 | -1,091,039 |
| Capital Expenditures (Properties) | 23,512 | -40,507 | 0 | 0 | -635,545 |
| Other Investing Items | <u>46,527</u> | <u>6,800</u> | <u>0</u> | <u>4,000</u> | <u>0</u> |
| Free Cash Flow | -219,776 | -287,745 | -342,296 | -712,929 | -1,726,584 |
| Working Capital Changes | <u>92,725</u> | <u>208,022</u> | <u>53,245</u> | <u>-31,235</u> | <u>-82,918</u> |
| Cash Flow before Financing | -127,051 | -79,723 | -289,051 | -744,164 | -1,809,502 |
| Equity Financing | 0 | 128,938 | 183,400 | 859,316 | 1,125,226 |
| Debt Financing | <u>30,000</u> | <u>35,000</u> | <u>0</u> | <u>15,000</u> | <u>560,911</u> |
| Change in Cash | -97,051 | 84,215 | -105,651 | 130,152 | -123,365 |
| | | | | | |
| Cash, Beginning of the Period | 129,774 | 32,723 | 116,938 | 11,287 | 141,439 |
| Cash, End of the Period | 32,723 | 116,938 | 11,287 | 141,439 | 18,074 |
| | | | | | |
| Balance Sheet | | | | | |
| (C\$) As at: | <u>Oct 31/2013</u> | <u>Oct 31/2014</u> | <u>Oct 31/2015</u> | <u>Oct 31/2016</u> | <u>Jul 31/2017</u> |
| Cash and Equivalents | 32,723 | 116,938 | 11,287 | 141,439 | 18,074 |
| Other Current Assets | 39,320 | 35,198 | 7,509 | 21,703 | 162,378 |
| Mineral Properties | 816,885 | 1,195 | 1,195 | 0 | 1,285,716 |
| Equipment | 67,128 | 49,581 | 9,491 | 3,712 | 0 |
| Investments | <u>338</u> | <u>338</u> | <u>338</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u>956,394</u> | <u>203,250</u> | <u>29,820</u> | <u>166,854</u> | <u>1,466,168</u> |
| Current Liabilities | 372,706 | 532,975 | 1,280,782 | 376,702 | 880,376 |
| Property Acquisition Obligation | 0 | 0 | 1,124,000 | 0 | 0 |
| Shareholders' Equity (Deficiency) | <u>583,688</u> | <u>-329,725</u> | <u>-2,374,962</u> | <u>-209,848</u> | <u>585,792</u> |
| Total Liabilities & Equity | <u>956,394</u> | <u>203,250</u> | <u>29,820</u> | <u>166,854</u> | <u>1,466,168</u> |
| | | | | | |
| Book Value (S.E.) Per Share | \$0.05 | (\$0.02) | (\$0.11) | (\$0.01) | \$0.01 |
| Cash Per Share | \$0.00 | \$0.01 | \$0.00 | \$0.00 | \$0.00 |

COMMENT: The above statement does not conform to the reporting statement provided by the Company and available on SEDAR. eResearch believes the adjusted format presented above better represents the financial picture of the Company. See more detailed commentary with the next table on the ensuing page.

TABLE 2: SELECTED QUARTERLY FINANCIAL INFORMATION

| (C\$) | Actual 3 Months Jul 31/2016 | Actual 3 Months Jul 31/2017 | Actual 6 Months Apr 30/2016 | Actual 6 Months Apr 30/2017 | Actual 9 Months Jul 31/2016 | Actual 9 Months Jul 31/2017 |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Statement of Income (Loss) | | | | | | |
| General & Administrative | -56,772 | -150,289 | -196,859 | -286,912 | -253,631 | -437,201 |
| Exploration & Evaluation Expenses | -64,397 | 18,544 | 68,310 | -212,191 | 3,913 | -193,647 |
| Other Operating (Expenses)/Income | 98,711 | -875 | -98,711 | 875 | 0 | 0 |
| Non-Operating (Expenses)/Income | -438 | 875 | -6,582 | -875 | -7,020 | 0 |
| Non-Cash Items | <u>-170,790</u> | <u>-53,559</u> | <u>88,927</u> | <u>-28,502</u> | <u>-81,863</u> | <u>-82,061</u> |
| Net Profit/(Loss) | -193,686 | -185,304 | -144,915 | -527,605 | -338,601 | -712,909 |
| | | | | | | |
| Total Shares Outstanding | 30,913,047 | 60,157,992 | 28,413,047 | 45,989,566 | 30,913,047 | 60,157,992 |
| Weighted Average Shares O/S | 28,711,960 | 48,443,353 | 22,346,619 | 41,757,349 | 24,483,887 | 43,851,305 |
| Net Profit/(Loss) Per Share | (\$0.01) | (\$0.00) | (\$0.01) | (\$0.01) | (\$0.01) | (\$0.02) |
| | | | | | | |
| Cash Flow Statement | | | | | | |
| Net Profit/(Loss) | -193,686 | -185,304 | -144,915 | -527,605 | -338,601 | -712,909 |
| Non-Cash Items | <u>170,790</u> | <u>53,559</u> | <u>-88,927</u> | <u>28,502</u> | <u>81,863</u> | <u>82,061</u> |
| Cash Flow from Operations | -22,896 | -131,745 | -233,842 | -499,103 | -256,738 | -630,848 |
| Capital Expenditures (Properties) | 0 | -635,545 | 0 | 0 | 0 | -635,545 |
| Other Investing Items | <u>0</u> | <u>0</u> | <u>4,000</u> | <u>0</u> | <u>4,000</u> | <u>0</u> |
| Free Cash Flow | -22,896 | -767,290 | -229,842 | -499,103 | -252,738 | -1,266,393 |
| Working Capital Changes | <u>4,439</u> | <u>13,583</u> | <u>-125,920</u> | <u>-126,111</u> | <u>-121,481</u> | <u>-112,528</u> |
| Cash Flow before Financing | -18,457 | -753,707 | -355,762 | -625,214 | -374,219 | -1,378,921 |
| Equity Financing | 66,569 | 211,745 | 362,166 | 482,900 | 428,735 | 694,645 |
| Debt Financing | <u>0</u> | <u>559,911</u> | <u>15,000</u> | <u>1,000</u> | <u>15,000</u> | <u>560,911</u> |
| Change in Cash | 48,112 | 17,949 | 21,404 | -141,314 | 69,516 | -123,365 |
| | | | | | | |
| Cash, Beginning of the Period | 32,691 | 125 | 11,287 | 141,439 | 11,287 | 141,439 |
| Cash, End of the Period | 80,803 | 18,074 | 32,691 | 125 | 80,803 | 18,074 |

COMMENT: The table above shows the quarterly financials in adjusted eResearch format. In the far right column, the figures for the nine-month period ending July 31, 2017 indicate that the Company had only \$18,074 of cash, and that was after the Company raised a total of \$211,745 in Q3. In Q4 (ending October 31), the estimated equity infusion was \$132,500, which was the amount of a non-brokered private placement that closed on October 31, 2017.

As shown in Table 3 on the following page, based on its nine-month results, the Company is currently experiencing an average monthly "operating burn" between (about) \$45,000 and \$50,000. Using that parameter, the Company would have consumed about \$135,000-\$150,000 in Q4, which would have left it with a small cash balance at the end of its fiscal year. Thus, the Company will need to replenish its cash liquidity, which it did with a December announcement that it received a financing mandate letter from a Hong Kong brokerage firm to provide up to US\$1.8 million from a private placement equity financing. Some of the proceeds will be used for the Kay Mine and Pino de Plata, but there could be sufficient remaining funds to cover all of its fiscal 2018 operating cost requirements. In addition, there are one-year warrants attached to the capital raise which, if the stock performs, could provide a further US\$3,000,000. Wouldn't that be nice!

TABLE 3: SALIENT FINANCIAL STATISTICS

| Balance Sheet | Year End | Q1 Ending | Q2 Ending | Q3 Ending |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Oct 31/2016 | Jan 31/2017 | Apr 30/2017 | Jul 31/2017 |
| Cash | \$141,439 | \$11,317 | \$125 | \$18,074 |
| Other Current Assets | \$21,703 | \$94,777 | \$110,234 | \$162,378 |
| Total Assets | \$166,854 | \$109,064 | \$112,586 | \$1,466,168 |
| Current Liabilities | \$376,702 | \$508,698 | \$341,207 | \$880,376 |
| Working Capital | -\$354,999 | -\$413,921 | -\$230,973 | -\$717,998 |
| Working Capital Ratio | 0.06 | 0.19 | 0.32 | 0.18 |
| Total Equity | -\$209,848 | -\$399,634 | -\$228,621 | \$585,792 |
| Actual Shares O/S | 39,620,816 | 39,970,816 | 45,989,566 | 60,157,992 |
| Weighted Average Shares O/S | 28,694,586 | 39,772,990 | 41,757,349 | 43,851,305 |
| Statement of Net Profit/(Loss) | 12 Months | 3 Months | 6 Months | 9 Months |
| | <u>Jan 31/2017</u> | <u>Jan 31/2017</u> | <u>Apr 30/2017</u> | <u>Jul 31/2017</u> |
| Non-discretionary OpEx ("Burn") | -\$466,386 | -\$121,436 | -\$286,912 | -\$437,201 |
| Average Monthly Burn | -\$38,866 | -\$40,479 | -\$47,819 | -\$72,867 |
| Equity Financing | \$1,001,466 | \$198,900 | \$482,900 | \$694,645 |
| Debt Financing/(Repayment) | -\$10,000 | -\$5,000 | \$1,000 | \$560,911 |
| Exploration/Evaluation Expenses | -\$570,119 | -\$86,040 | -\$212,191 | -\$193,647 |
| Net Profit/(Loss) | \$656,265 | -\$228,448 | -\$527,605 | -\$712,909 |

Source: Company and eResearch

Table 4: Warrants and Options as at April 30, 2017 (ProForma Dec. 13, 2017)

WARRANTS

| Number | Exercise Price | Expiry Date | Status | Potential Equity |
|-------------------|----------------|-------------|------------------|-----------------------|
| 2,738,633 | \$0.10 | 20-Apr-2018 | Out-of-the-Money | \$273,863 |
| 8,457,768 | \$0.10 | 12-Aug-2018 | Out-of-the-Money | \$845,777 |
| 5,768,750 | \$0.12 | 13-Mar-2019 | Out-of-the-Money | \$692,250 |
| 2,378,500 | \$0.10 | 13-Jul-2019 | Out-of-the-Money | \$237,850 |
| 2,650,000 | \$0.075 | 31-Oct-2019 | Out-of-the-Money | \$198,750 |
| <u>30,000,000</u> | US\$0.10 | 13-Dec-2018 | Out-of-the-Money | US <u>\$3,000,000</u> |
| 51,993,651 | | | | \$5,974,273 |

Current Price: \$0.065 (01/18/2018) FX: \$C:\$US (01/18/2018) \$0.8052

OPTIONS

| Number | Exercise Price | Expiry Date | Status | Potential Equity |
|----------------|----------------|----------------|------------------|------------------|
| 2,900,000 | \$0.15 | September 2019 | Out-of-the-Money | \$435,000 |
| <u>600,000</u> | \$0.12 | May 2019 | Out-of-the-Money | <u>\$72,000</u> |
| 3,500,000 | | | | \$507,000 |

Source: Company and eResearch

eRESEARCH CORPORATION

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.ca.

NOTE: eResearch reports on Silver Spruce Resources Inc. and other companies are available FREE on our website at www.eresearch.ca. You must REGISTER to access these reports.

eResearch Intellectual Property: No representations, express or implied, are made by eResearch as to the accuracy, completeness or correctness of the comments made in this Company Perspective. This report is not an offer to sell or a solicitation to buy any security of the Company. Neither eResearch nor any person employed by eResearch accepts any liability whatsoever for any direct or indirect loss resulting from any use of its report or the information it contains. This report may not be reproduced, distributed, or published without the express permission of eResearch.

ANALYST ACCREDITATION

eResearch Analyst on this Report: Bob Weir, B.Sc., B.Comm., CFA

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own shares of Silver Spruce Resources Inc.

eRESEARCH DISCLOSURE STATEMENT

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.ca), and to the general investing public through its extensive electronic distribution network. With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

Frontier Merchant Capital Group paid eResearch a fee to have it conduct research and publish reports on the Company.

To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. For instance, fees from Covered Companies or Third Parties are due and payable prior to the commencement of research. Management of the Covered Companies are sent copies, in draft form without a Recommendation or a Target Price, of the Initiating Report and the Update Report prior to publication to ensure our facts are correct, that we have not misrepresented anything, and have not included any non-public, confidential information. At no time is management entitled to comment on issues of judgment, including Analyst opinions, viewpoints, or recommendations. All research reports must be approved, prior to publication, by eResearch's Director of Research, who is a Chartered Financial Analyst (CFA).

All Analysts are required to sign a contract with eResearch prior to engagement, and agree to adhere at all times to the CFA Institute Code of Ethics and Standards of Professional Conduct. eResearch Analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for eResearch. Analysts are allowed to trade in the shares, warrants, convertible securities or options of companies they cover for eResearch only under strict, specified conditions, which are no less onerous than the guidelines postulated by IIROC. Similarly, eResearch, its officers and directors, are allowed to trade in shares, warrants, convertible securities or options of any of the Covered Companies under identical restrictions.