



## INTERNATIONAL BUSINESS CONDUCT POLICY

---

### Policy on Business Conduct and Payments to Government and Foreign Officials

#### INTRODUCTION

This Business Conduct policy (the “**Policy**”) sets forth principles and procedures designed to ensure that Aya Gold & Silver Inc. and its subsidiaries (collectively, the “**Company**”) comply with the requirements of various national laws prohibiting corruption and bribery, including the Canadian *Corruption of Foreign Public Officials Act*, as well as other guidelines and standards that comprise best business practices.

The Company expects its Directors, Officers, employees and every other person or entity representing the Company, to conduct themselves appropriately in dealing with Foreign Officials (as defined below). The Company will not authorize, participate in, or tolerate any business practice that does not comply with, or which violates the intent of this Policy.

The Company considers the integrity of its relationships with government agencies and officials and political parties, leaders and candidates throughout the world to be of the utmost importance.

The Company conducts business in some parts of the world where corruption is reportedly widespread. The fact that certain practices are common in a certain country, or that some of our competitors may engage in certain practices, does not justify or excuse practices forbidden by this Policy.

All transactions must be conducted in a manner which enhances the reputation of the Company for integrity and best business practices. Even the appearance of impropriety is to be avoided.

*Violation of this Policy can result in criminal penalties against the Company and/or its affiliates, including large fines and being barred from doing business with the Canadian government, and fines against, and imprisonment of individuals. In addition, failure of employees to comply with this Policy will be grounds for termination or other disciplinary action.*

## TABLE OF CONTENTS

	<b>Page</b>
1. PERSONS TO WHOM THIS POLICY APPLIES .....	1
2. PERSONS RESPONSIBLE FOR IMPLEMENTATION OF THIS POLICY .....	3
2.1 Board of Directors and Committee Responsibilities .....	3
2.2 Management Responsibilities .....	3
3. COMPLIANCE WITH LAW .....	3
4. PROHIBITED PAYMENTS .....	4
4.1 Foreign Officials .....	5
4.2 No Cash Payments .....	5
5. PERMISSIBLE PAYMENTS .....	6
5.1 Reasonable and Bona Fide Expenditures or Reimbursements .....	6
5.1.1 Travel and Accommodations .....	6
5.1.2 Training of Public Officials .....	7
5.1.3 Per Diem and Cash Payments .....	7
5.1.4 Entertainment .....	7
5.2 Payment or Reimbursement for Consultants or Advisors .....	8
5.3 Payments Required or Permitted by Local Law .....	8
5.4 Political Contributions .....	8
5.5 Charitable Contributions .....	8
5.6 Possibility of Consultation with Regulators .....	9
6. DILIGENCE REQUIRED WHEN HIRING EMPLOYEES AND OTHER REPRESENTATIVES AND CONTRACTORS; "RED FLAGS" .....	9
6.1 Guidelines for Engaging Employees, Representatives and Independent Contractors .....	9
6.2 Integrity Due Diligence .....	10
6.3 Red Flags .....	10
7. DILIGENCE REQUIRED IN CONNECTION WITH MERGERS AND ACQUISITIONS .....	11
7.1 Guidelines with Respect to Transactional Due Diligence .....	11
7.2 Model Merger and Acquisition Contract Provisions .....	11
8. FINANCIAL CONTROLS AND ACCOUNTING .....	11
8.1 General Policy .....	11
8.2 External Auditors .....	12
8.3 Financial Controls and Accounting Compliance .....	12
9. COMPLIANCE AND TRAINING .....	12
9.1 Consequence of Failure to Comply .....	12
9.2 Training .....	12
9.3 Annual Certificate of Compliance .....	13
9.4 Questions and Compliance Assistance .....	13
10. DEALING WITH SUSPECTED VIOLATIONS .....	13
10.1 Reporting and Complaints .....	13
10.2 Internal Investigation .....	13
10.3 Reporting to and Cooperation with Authorities .....	14
10.4 Avoidance of Recurrence .....	14

## 1. PERSONS TO WHOM THIS POLICY APPLIES

This Policy applies to:

- Aya Gold & Silver Inc.;
- All wholly or partially owned subsidiaries of Aya Gold & Silver Inc. where Aya Gold & Silver Inc. owns or controls 50% or more of the voting stock or otherwise directly or indirectly exercises control (each, a “**Controlled Subsidiary**”);
- All Directors, Officers and employees of the Company, including those who are seconded to third-parties or to an affiliate that is not a Controlled Entity;
- All persons, whether or not employees, and all entities who are at any time authorized to interface with Foreign Officials for the Company as agents, representatives or independent contractors.

*Policies of Controlled Subsidiaries.* Certain Controlled Subsidiaries may adopt and implement their own policies, procedures or requirements dealing with the same subject matter. Provided that the policies, procedures and requirements of such Controlled Subsidiary have been determined by the Chief Legal Officer, Chief Executive Officer and Chief Financial Officer of the Company (collectively the “**Legal Officer**”<sup>1</sup>) in consultation with external legal counsel of the Company, as may be deemed appropriate by such Legal Officer, to be consistent in all material respects with this Policy, then the Directors, Officers, employees, agents and representatives of such Controlled Subsidiary shall comply with the policies, procedures and requirements of such Controlled Subsidiary, and will not be subject to this Policy. Directors, Officers, employees, agents and representatives of Aya Gold & Silver Inc. shall always be required to comply with this Policy even in relation to any conduct that relates to a Controlled Subsidiary with its own approved policy.

*Non-Controlled Affiliates.* All persons subject to this Policy shall use all reasonable efforts to cause any affiliate of the Company that is not a Controlled Subsidiary to adopt and follow policies substantially consistent with this Policy and/or to act in accordance with this Policy. The Company entity that holds an interest in such affiliate, together with any person subject to this Policy who serves as a Director, Officer or employee of, or is seconded to, any such affiliate shall at all times act and vote in accordance with this Policy and in a manner reasonably designed to cause such non-controlled affiliate and its Directors, Officers, employees, agents and representatives to act in the manner that would be required were this Policy to apply to them directly. In addition, such persons shall report to the Legal Officer any material and/or recurring violations of this Policy by such Non-Controlled Affiliate.<sup>2</sup>

---

<sup>1</sup> The Chief Legal Officer, Chief Executive Officer and Chief Financial Officer of the Company may from time to time delegate to one or more members of staff (or other persons) responsibility for any task contemplated hereunder to be performed by such person, and each reference herein to “Legal Officer” shall be to the Chief Legal Officer, Chief Executive Officer or Chief Financial Officer or to such delegate, as the case may be.

*Non-Controlled Affiliates.* All persons subject to this Policy shall use all reasonable efforts to cause any affiliate of the Company that is not a Controlled Subsidiary to adopt and follow policies substantially consistent with this Policy and/or to act in accordance with this Policy. The Company entity that holds an interest in such affiliate, together with any person subject to this Policy who serves as a Director, Officer or employee of, or is seconded to, any such affiliate shall at all times act and vote in accordance with this Policy and in a manner reasonably designed to cause such non-controlled affiliate and its Directors, Officers, employees, agents and representatives to act in the manner that would be required were this Policy to apply to them directly. In addition, such persons shall report to the Legal Officer any material and/or recurring violations of this Policy by such Non-Controlled Affiliate.<sup>2</sup>

*Agents, Representatives and Independent Contractors.* Persons who are authorized to act for or represent the Company and its Controlled Subsidiaries, and certain independent contractors who perform services for the Company and its Controlled Subsidiaries where such services may require them to interface with Foreign Officials (as defined below in Section 4.1), shall be required to agree to undertake such representation, or perform such services, in a manner consistent with this Policy, by inclusion in their respective contracts of the language to be provided for this purpose by the Legal Officer. Managers must ensure that the requirements of this Policy are carefully reviewed and discussed with every individual, firm or other entity considered to represent the Company and its Controlled Subsidiaries whose services may require them to interface with Foreign Officials, and that each is provided with adequate legal counselling regarding compliance. As set out in more detail in Section 6.1, managers shall make certain that the selection of agents, representatives and independent contractors includes a thorough review of their background and credentials, and careful considerations of their proposed activities, particularly when the “red flags” listed in Section 6.3 are present.

*Joint Ventures.* All new joint venture, joint operating, shareholders, partnership or similar agreement governing the operation of any project or Controlled Subsidiary shall comply with this Policy and shall include language provided for this purpose by the Legal Officer.

## 2. PERSONS RESPONSIBLE FOR IMPLEMENTATION OF THIS POLICY

### 2.1 *Board of Directors and Committee Responsibilities.*

This Policy has been reviewed and approved by the Board of Directors of the Company (the “**Board**”).

The Board of Directors has designated its Nominating and Corporate Governance Committee (the “**NCGC**”) as the committee responsible, among other things, for reviewing the adequacy and appropriateness of this Policy and reporting periodically to the Board hereon.

---

<sup>2</sup> Persons serving as officers or directors of Controlled Subsidiaries or non-controlled affiliates may be subject to contractual or legal duties of confidentiality that conflict with the requirement under this Policy to report certain matters to the Legal Officer. In many circumstances, the obligation under this Policy to report illegal or potentially illegal conduct should prevail over such duties of confidentiality owed to the subsidiary or affiliate, but special care should be taken if such report would violate specific legislation (such as bank secrecy laws) or privacy duties owed to third parties. The Company employees who are officers or directors of subsidiaries or affiliates who believe that such a report might conflict with some other duty or obligation shall consult with the Legal Officer before making a report to any other officer or employee of the Company.

Not less than once every three years, or more frequently as the Legal Officer shall determine, he/she shall review with the NCGC the adequacy and appropriateness of this Policy, and shall recommend to such committee any changes that he/she believes are necessary or desirable in order to achieve the purposes hereof.

The Audit Committee of the Board (the “**AC**”) is responsible for monitoring, on behalf of the Board, compliance with this Policy and reporting periodically to the Board thereon. As part of its annual review of procedures for the receipt, retention and treatment of complaints regarding accounting, internal control or audit matters, the Audit Committee shall review the operation of Section 10 and the procedures for dealing with complaints regarding the matters covered by this Policy.

## **2.2 Management Responsibilities.**

The Company’s Chief Executive Officer (the “**CEO**”) is responsible for ensuring that the Company conduct business in accordance with this Policy. The CEO shall communicate the strong support of senior management for this Policy and shall endeavor to foster a strong “culture of compliance” throughout the group.

The Legal Officer is responsible for (i) promulgating this Policy to all persons subject to it, (ii) obtaining the annual certifications required by Section 9.3, (iii) establishing and supervising a program for the training of all persons subject to this Policy in accordance with Section 9.2, (iv) providing consultation and advice with respect hereto, (v) investigating, in accordance with Section 10, possible violations of this Policy brought to his or her attention, and (vi) reporting annually to the CEO and the AC regarding compliance with this Policy.

The Chief Financial Officer (the “**CFO**”) is the primary responsible for this Policy as it relates to financial controls and accounting.

*Every person subject to this Policy is responsible for conducting himself or herself in accordance with this Policy, and for doing all things reasonably necessary to cause all persons he/she supervises to conduct themselves in accordance herewith.*

## **3. COMPLIANCE WITH LAW**

As stated in the Company’s Code of Business Conduct and Ethics, all Company employees shall comply with all applicable governmental laws, regulations and rules. This Policy has been designed based on the relevant statutes in Canada dealing with bribery and dealings with Foreign Officials. As a practical matter, it also should result in compliance with most laws relating to these subjects in the various other countries where the Company does business or to which it may be subject. However, all persons subject to this Policy are required also to comply with all local laws in the jurisdictions where they are conducting business, and in the case of any proposed payment or transaction shall (following consultation with the responsible Officers of the relevant business unit and the Legal Officer) take advice from qualified local counsel to assure that such payments or transactions also comply with all applicable local laws.

## **4. PROHIBITED PAYMENTS**

No person subject to this Policy shall give or pay, or offer, promise or agree to give or offer, or authorize the giving or payment, directly or indirectly, of money or any Thing of Value (as defined below) to any Foreign Official or to any person for the benefit of a Foreign Official for purpose of:

- influencing an official act or decision (or as consideration therefore),
- inducing such Foreign Official to do or omit to do any act,
- inducing such Foreign Official to use his/her influence to affect or influence any governmental or official act or decision, or
- securing any other improper advantage,

in each case in order to (i) obtain (whether for such person, his/her employer or any other person or entity) a contract or other business, (ii) direct a contract or other business to any person or entity, (iii) retain business or (iv) obtain or retain any other advantage in the course of business.

*“Things of Value”* include, but are not limited to money, gifts, entertainment, kickbacks, loans, rewards, the provision of facilities or services at less than full cost, and an advantage or benefit of any kind (whether constituting, or derived from, corporate funds or assets, or personal or other funds or assets).

Any such offers, gifts, payments, promises, agreements and authorizations made indirectly through a third party are also prohibited.

Any such offers, gifts, payments, promises, agreements and authorizations by a person subject to this Policy to a person other than a Foreign Official are also prohibited if such person subject to this Policy knows that the Thing of Value is for the benefit of a Foreign Official. “Knowing” for this purpose means more than actual knowledge. A person subject to this Policy will be deemed to “know” that the Thing of Value is for the benefit of a Foreign Official if he/she has acted with conscious disregard or avoidance of warning signs or grounds for suspicion (“red flags”) like those discussed in Section 6.3, or with deliberate ignorance (meaning a failure to conduct reasonable inquiry and diligence in the circumstances). A payment to a relative<sup>3</sup> or close friend of a Foreign Official shall raise a presumption that the payment is for the benefit of the Foreign Official, and is thus prohibited under this Policy, unless reasonable inquiry and diligence ascertain that the payment will not be for the benefit of the Foreign Official.

*No employee will suffer demotion, penalty or any other adverse consequence for refusing to make a prohibited payment, even if such refusal results in a loss of business or other adverse consequence to the business.*

---

<sup>3</sup> This applies to relatives of Foreign Officials other than children, spouses, parents or siblings. A child, spouse, parent or sibling of a Foreign Official is to be treated as a Foreign Official himself/herself under this Policy, as set out in Section 4.1.

**4.1 Foreign Officials.** The rule above applies to all contacts with any Officer or employee of, or any person representing or acting on behalf of any foreign government, or any department, ministry, agency, authority or instrumentality (including corporations or similar entities owned or controlled or operated for the benefit) of such foreign government or of any governmental authority (such as a state, authority, district or municipality) thereof or therein. This also applies to any public international organization (such as the United Nations, the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency, regional multilaterals such as the Asia Development Bank and the European Bank for Reconstruction and Development and the International Monetary Fund) and any official, employee or representative thereof, and includes any foreign political party, party official or candidate. “Foreign Official” also includes a child, spouse, parent or sibling of a Foreign Official, even if a payment is not in fact for the benefit of the related Foreign Official. Whenever “**Foreign Official**” is used in this Policy, you should understand it to include all of the above and to include officials in both Canada and the United States.<sup>4</sup>

**4.2 No Cash Payments.** No payments to any third party shall be made in cash other than documented petty cash disbursements. No corporate cheques shall be written to “cash,” “bearer” or third party designees of the party entitled to payment. No payments should be made (a) outside the country where the recipient resides or (b) to bank accounts held in a name other than the name of the party to which the payment is owed, without prior written approval of the Legal Officer.

Examples of purposes for which such payments are prohibited include:

- obtaining, renewing or amending any mining concession, lease or license
- winning a bid
- having a contract agreed or signed
- obtaining a needed permit or approval
- having a tax or other fine, claim or proceeding withdrawn, compromised or settled
- obtaining the vote or approval of a government representative
- obtaining confidential information

---

<sup>4</sup> Because the Company seeks to comply with the applicable statutes in both Canada and the United States, the term “foreign” for this purpose includes Canada (whose officials are “foreign officials” under the U.S. *Foreign Corrupt Practices Act*) and the United States (whose officials are “foreign officials” under the Canadian *Corruption of Foreign Public Officials Act*).

## 5. PERMISSIBLE PAYMENTS

Despite the general prohibitions described above, certain loans, rewards, advantages, benefits or other payments to Foreign Officials are permissible.

These permissible payments include:

- 5.1 ***Reasonable and Bona Fide Expenditures or Reimbursements.*** This Policy does not prohibit payment of or reimbursement for reasonable and bona fide expenditures such as travel and lodging expenses incurred by or on behalf of a Foreign Official, provided that (i) such expenses were *directly related* to legitimate business purposes such as promotion, demonstration or explanation of business or investment by the Company or meetings for the negotiation, signature or performance of contracts with a foreign governmental entity and (ii) payment by businesses for such expenses is widely accepted, customarily practiced, and permitted or required under local law. For example, if the Company was negotiating a mining concession with a foreign government and meetings were being held outside of the relevant country based on grounds of business efficacy or necessity, the Company could organize and pay for reasonable airplane travel, hotel and food costs, provided that it was legal under local law for Foreign Officials to have such costs paid by the Company with which the government was negotiating. However, the Company could not, for example, pay for a vacation by such Foreign Official as part of such a trip, or pay for purchases of personal items by such Foreign Official while on such trip. Such payments are only to be made with the prior written approval of the Legal Officer, who is to consider all the facts and circumstances. More specific guidance is provided below.

### 5.1.1 ***Travel and Accommodations***

The Company shall not pay or reimburse for the travel expenses, such as airfare, hotel accommodations, meals and other incidentals (“travel and accommodations costs”), of Foreign Officials, except in the circumstances described in 5.1 above.

Such payments are only to be made with the prior written approval of the Legal Officer, who is to consider all the facts and circumstances. Payment or reimbursement should preferably be made pursuant to an agreement with the relevant entity to do so (such as an agreement with a government- owned joint venture partner that the joint venture or the Company will pay the costs of Directors attending joint venture the Company board meetings), or if not, should be disclosed to the Foreign Official’s employer before the expenses are incurred. The Company should never agree to a request to keep such payments or reimbursements confidential.

Travel and accommodation costs must be modest and in accordance with the government agency’s own travel regulations, to the extent they exist. If a Foreign Official is at a level of seniority commensurate with that of a Company employee for whom there exists formal internal restrictions on travel and accommodation costs, the public official shall adhere to those restrictions. If a public official is at a level of seniority commensurate with a Company senior executive, the public official’s travel and accommodation costs shall not exceed the costs that would be deemed appropriate for a Company senior executive.

Travel must be direct between the public official’s place of residence and the specific destination where the training or promotional visit will take place, except in exceptional circumstances. Under no circumstances shall the cost of any side trips be paid or reimbursed that are not ancillary to a legitimate business purpose.



Travel and accommodation costs must normally be paid directly to the third-party provider. In exceptional circumstances, where payment directly to the third-party provider is not practicable, payment may be made directly to the Foreign Official's employer upon documentation of valid third-party receipts and confirmation that the expenses incurred are reasonable. Funds for travel and accommodation costs or reimbursement for such costs shall not be provided directly to the Foreign Official, except in exceptional situations.

Expenses incurred for spouses and family members shall not be paid or reimbursed, except in exceptional situations. Exceptional circumstances may include, for example, a Joint Venture Board or Management Committee meeting attended by representatives of both the Company and a government agency where the spouses of all such representatives are invited.

### **5.1.2 *Training of Foreign Officials***

Pursuant to a contract, the Company may provide technical or other substantive capacity enhancement training to Foreign Officials on subjects within the Company's expertise provided that the carrying out of such training program has been approved in writing by the Legal Officer. It must be ensured that a superior of the Foreign Official to be trained has selected the individuals from his or her agency to attend such capacity enhancement training.

It is preferred that the capacity enhancement training be provided at the government agency or department's facility. If that is not feasible, the capacity enhancement training may be provided at, or close to, the most suitable Company facility.

### **5.1.3 *Per Diem and Cash Payments***

The Company shall not provide per diem payments directly to any Foreign Official. However, the Company may pay the government agency a per diem for each Foreign Official which shall not exceed the lesser of the amounts prescribed in the government agency's regulations and the Company's policies. The government agency would then be responsible to pay each Foreign Official.

Cash payments should almost never be made to a Foreign Official. However, small expense reimbursements and small advances may be provided in exceptional situations where deemed absolutely necessary in connection with legitimate business purposes. Any such payment must be approved by the manager of the relevant business unit and reported to the Legal Officer. Any such payment must be reconciled against receipts and it must be confirmed that the expenses are reasonable under the circumstances.

### **5.1.4 *Entertainment***

The Company shall not pay for other expenses, such as costs related to entertainment, sightseeing excursions or other leisure activities, except such costs that are reasonable in value and are not extravagant, that are permitted under the regulations of the Foreign Official's agency or other applicable regulations of his/her government, constitute part of normal hospitality and politeness, and are incidental to a business purpose. Extravagant means excessive in the circumstances considering, among other things, the seniority of the Company Officer hosting the entertainment, the rank or seniority of the person being entertained, and the type and nature of entertainment expected under the business practices in the relevant jurisdiction and industry.

- 5.2 Payment or Reimbursement for Consultants or Advisors.** It can be proper for the Company to agree, as part of an arm's length legal business arrangement or contract negotiation, to pay, or reimburse a government, for the cost of a consultant, lawyer, banker or other advisor to the government. However, particular care must be taken to assure that no part of any such payment or reimbursement is being applied, directly or indirectly, to make any improper payment. This requires, but is not limited to, the making by the consultant or advisor of representations and agreements regarding compliance with applicable law and the absence of any improper payment, using the language to be provided for this purpose by the Legal Officer. In each case, the Legal Officer must be informed in advance of entering into any contract to make any such payment or reimbursement and consulted with respect to what additional procedures, if any, are required in the circumstances. The Legal Officer shall be consulted again prior to the making of any such payment and shall specify procedures required in the circumstance including, for example, inquiries into the registered and beneficial ownership of any bank accounts to which payments are proposed to be made.
- 5.3 Payments Required or Permitted by Local Law.** Canadian laws allow making a payment to a Foreign Official if such payment is permitted or required under the written laws and regulations of the relevant country (and/or rules of the relevant political party or international organization). Prior written approval of the Legal Counsel is required before relying on this saving provision. The Legal Counsel must obtain local law advice satisfactory to him or her before authorizing the payment and must be satisfied that the payment is required for legitimate business purposes. The Legal Officer may withhold such approval even though the payment appears to be permitted or required by local laws.
- 5.4 Political Contributions.** In certain countries, political contributions are lawful and expected as a matter of good corporate citizenship. The Company or a Controlled Subsidiary may make political contributions in foreign countries in which they conduct business activities, provided such contributions are not unlawful, conform to local practice, are appropriate in amount, and are properly recorded in the relevant accounting records. The appropriateness of the amount of any contribution shall be determined with reference to accepted business practices in the relevant country, and by reference to the amounts commonly contributed by other corporations of similar size.
- As a matter of prudence, however, use of funds or assets of the Company or any Controlled Subsidiary to make foreign political contributions, directly or indirectly, must be approved in advance and in writing by the CEO and the Legal Officer.
- 5.5 Charitable Contributions.** The Company is frequently solicited for charitable contributions in countries in which it operates. As part of the Company's commitment to good corporate citizenship and sustainable development, executives are authorized in certain circumstances to make such contributions. These contributions may take the form of goods or services, technical assistance or training, or financial support. However, particular care must be taken to assure that the recipient charity is a *bona fide* charity, regulated and supervised as such in the jurisdiction, and that the Company has no reason to believe that the charity itself may be operated directly or indirectly for the private benefit of any Foreign Official. If any Foreign Official is a Director or Officer of the charity, or is otherwise closely associated with the charity, the Legal Officer shall be informed and shall advise the responsible executive what inquiries or other procedures shall be required in order to obtain a high level of assurance that the contribution will not be used to make a prohibited payment or to influence the decision of a Foreign Official who is associated with the charity. All such contributions shall be made with the explicit approval of the Legal Officer.

5.6 **Possibility of Consultation with Regulators.** In case of uncertainty about the legality of certain payments, the Legal Officer may decide to request a legal opinion from outside counsel (in Canada or in any relevant jurisdiction) and/or a statement from the Canadian Department of Justice under the *Corruption of Foreign Public Officials Act*.

## 6. DILIGENCE REQUIRED WHEN HIRING EMPLOYEES AND OTHER REPRESENTATIVES AND CONTRACTORS; “RED FLAGS”

6.1 **Guidelines for Engaging Employees, Representatives and Independent Contractors.** Care and due diligence are required when selecting an employee or any partner (including joint venture partner), representative, agent, consultant, lobbyist, subcontractor, supplier, distributor or intermediary to represent the Company and its Controlled Subsidiaries in interactions with Foreign Officials (each, a “**Third Party**”), taking the following factors into consideration:

- A cogent business case can be made for employing the Third-Party to represent the Company and its Controlled Subsidiaries.
- Employ and deal with only appropriately qualified and reputable individuals or firms.
- Ensure that compensation is reasonable and proportionate in light of the services.
- Obtain appropriate internal approvals for activities and transactions.
- Record agreements with Third Parties in writing and describe the true relationship between the parties.
- Always keep in mind that the Company and its Officers and employees may, in some circumstances, be held responsible for actions of other employees or Third Parties.
- Ensure that any employee or Third Party representing or acting on behalf of the Company who interfaces with Foreign Officials understands and agrees to comply with the principles and procedures of this Policy. The Company’s model provisions relating to anti-corruption should, as appropriate under the circumstances, be included in contracts with such third-parties. These model provisions are available from the Legal Officer.
- As more fully set out in Section 8 below, maintain timely, accurate and complete records of all expenditures of the Company funds and dispositions of its other assets. Payments to Third Parties must only be made against satisfactory documentation, and must be accounted for in accordance with the accounting standards applicable in the entity’s jurisdiction (e.g., Canadian Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS)).

6.2 **Integrity Due Diligence.** Before entering into an agreement with a Third Party, an integrity due diligence check should be carried out, in consultation with the Legal Officer, to permit the identification and further examination of any negative indicators or “Red Flags.” Greater detail regarding how and under what circumstances to conduct integrity due diligence is available from the Legal Officer.

- 6.3 **Red Flags.** Be alert to the following “Red Flags” and seek the assistance of counsel and management in resolving any doubts before proceeding with the transactions or activity to which the concerns relate, and document the investigation or due diligence conducted, and the resolution of concerns.

### **Red Flags**

- Dealing in **countries that Transparency International (“TI”) has determined to be highly susceptible to corruption** (corruption is deemed to be “rampant” in countries with a score of less than 3.0 on TI’s Corruption Perception Index).
- Dealing with a **government or government-owned company, or with a government official.**
- **Past accusations** or instances of improper business practices involving the employee, Third Party or Foreign Official.
- The employee, Third Party or Foreign Official has **a reputation for bribery** or kickbacks.
- An employee or Third Party representative has **influence over the decision-making process** at issue.
- An employee or Third Party representative has a **family or other relationship** that could improperly influence the decision-making process at issue.
- An employee or Third Party representative suggests that he or it has or can make **“special arrangements”** with regards to the decision-making or action process at issue.
- An employee or Third Party representative seeks an **unusually large payment** or commission, a **“success fee,”** or seeks payment or commission before the announcement of the decision or action at issue.
- An employee or Third Party representative suggests that **bids** or other request or applications be made **through a specific individual, firm or other entity.**
- An employee or Third Party representative requests that a **commission** or other payment be made **in a third country or to another name,** or in cash.
- Any payment is requested to a bank in a “tax haven” jurisdiction (e.g. the Cayman Islands) or in a country identified by the FATF (Financial Action Task Force on Money Laundering) as a “Non- Cooperative Country or Territory” for no apparent good reason.
- An employee or Third Party is **reluctant to provide requested information,** or **does not publicly disclose** his or her representation of the Company.
- An **intermediary** is involved for no apparent good reason.
- A Third Party is **unwilling or reluctant to make requested representations,** agreements or certifications with respect to corrupt practices.

## 7. DILIGENCE REQUIRED IN CONNECTION WITH MERGERS AND ACQUISITIONS

7.1 ***Guidelines with Respect to Transactional Due Diligence.*** Care and due diligence are required in connection with any merger, acquisition or investment involving the Company or one of its Controlled Subsidiaries and another company. This is because the Company, following the transaction, may be liable for improper actions taken prior to the transaction, and/or such actions, if discovered after the transaction, could impair the value of the investment or could cause reputational harm to the Company. Before entering into a merger or acquisition agreement, transactional due diligence specifically addressing anti-corruption compliance should be conducted, as appropriate under the circumstances, to permit the identification and further examination of any negative indicators or “red flags,” such as those listed in Section 6 above.

7.2 ***Model Merger and Acquisition Contract Provisions.*** Merger and acquisition agreements (including exploration and “earn in” or “farm-in” agreements) entered into by the Company or one of its Controlled Subsidiaries should contain, as appropriate under the circumstances, representations and warranties relating to anti-corruption provided by the target the Company and/or the seller, as well as the right to terminate the contract if a material breach is discovered during any additional due diligence review period.

## 8. FINANCIAL CONTROLS AND ACCOUNTING

8.1 **General Policy.** The Company is committed to proper financial controls and accounting. Pursuant to the Company policies, compliance with financial controls, accounting systems and record keeping rules, policies and procedures is required at all times.

The Company and its Controlled Subsidiaries shall (1) make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of such the Company and (2) devise and maintain a system of internal accounting controls sufficient to provide for reasonable assurances that (a) transactions are executed in accordance with management’s general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management’s general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The terms “reasonable detail” and “reasonable assurances” mean such level of detail and degree of assurance as would satisfy prudent persons in the conduct of their own affairs.

This “books and records” program has three basic objectives: (1) books and records should reflect transactions in conformity with accepted methods of reporting economic events, (2) misrepresentation, concealment, falsification, circumvention, and other deliberate acts resulting in inaccurate financial books and records are unlawful and cannot be tolerated, and (3) transactions should be properly reflected on books and records in such a manner as to permit the preparation of financial statements in conformity with applicable accounting standards and other criteria applicable to such statements. Also, the term “records” is broad, including virtually any tangible embodiment of information made or kept by a company that is within the scope of this Policy.

Accordingly:

- No secret or unrecorded fund or asset may be established or maintained for any purpose by the Company or any Controlled Subsidiary.
- No Company or any Controlled Subsidiary representative shall participate in circumventing accounting controls or in falsifying any account, book or record.
- All Company and Controlled Subsidiary employees and representatives must respond fully and truthfully to any questions from management and independent auditors.
- All payments or dispositions of assets of the Company and its Controlled Subsidiaries shall be made only in accordance with management's specific or general authorization.

The Company and its Controlled Subsidiaries, and all persons representing them as Directors or Officers of Non-Controlled Affiliates, shall use all reasonable efforts to ensure compliance by such Non-Controlled Affiliates with the financial control and accounting requirements of this Section 8, and shall request from such Non-Controlled Affiliates annual reports regarding compliance herewith.

**8.2 External Auditors.** The external auditors will be requested, as part of the normal fiscal year-end examination of financial statements, to inquire of management as to compliance with this Policy and in their annual communication with the AC include any findings indicating instances of non-compliance.

**8.3 Financial Controls and Accounting Compliance.** Compliance with this Section 8, including periodic reporting by the CEO and CFO and annual reviews by the AC of the Board, shall be conducted as part of, and in accordance with, the requirements relating to financial controls and accounting generally, and as provided in applicable the Company policies.

## **9. COMPLIANCE AND TRAINING**

**9.1 Consequence of Failure to Comply.** Failure to comply with this Policy will be grounds for termination or other disciplinary action. The Company will terminate contracts with consultants, agents, representatives and any other Third Parties who are unwilling or unable to represent the corporation in a manner consistent with this Policy.

**9.2 Training.** The Company and each Controlled Subsidiary shall conduct periodic training of employees and Third Parties reasonably designed to inform them of this Policy, assist them in understanding how this Policy would apply to situations and fact-patterns relevant to them and how to deal with situations in which conduct prohibited by this Policy may be solicited or encountered.

The Legal Officer shall identify (by job classification, business unit and/or location) those employees to receive such training and determine for each job classification, business unit, or location the frequency with which such training shall be repeated (which shall in any case be not less frequently than once every three years). The annual report by the Legal Officer to the CEO regarding compliance with this Policy shall also address the efficacy of the training required hereby.

**9.3 Annual Certificate of Compliance.** Directors and Officers of the Company and its Controlled Subsidiaries, together with managers and employees designated from time to time by the Legal Officer, must certify at the commencement of their employment, and annually thereafter, that they have read this Policy and have complied with its provisions. If any Controlled Subsidiary maintains its own policy pursuant to Section 1, then the annual compliance certifications thereunder should be provided to the designated compliance Officer under such policy, and such compliance Officer shall confirm to the Legal Officer that such certification has occurred and shall bring to his or her attention any compliance issues that have been discovered.

**9.4 Questions and Compliance Assistance.** Whenever questions arise in relation to this Policy, or a person requires assistance in complying with this Policy, such person shall always seek counsel from his/her supervisor and/or the Legal Officer. The Legal Officer shall be available to give advice on compliance with the principles and procedures outlined above.

*The key to compliance is consultation. When in doubt, consult your colleagues and supervisor. Do not make difficult judgement calls alone.*

## **10. DEALING WITH SUSPECTED VIOLATIONS**

**10.1 Reporting and Complaints.** All employees shall report violations of this Policy of which they become aware. Any employee or other person may submit a complaint or concern regarding the matters covered by the Policy, in accordance with, and subject to the protections afforded by the Company's Handling of Complaints – Whistleblowing Policy (the "**Whistleblower Policy**"). The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of concerns regarding compliance with this Policy.

Employees should address information on possible violations of this Policy (a) directly to the Legal Officer or (b) if they so wish, in any manner permitted under such Whistleblower Policy (which includes anonymous and confidential reporting). All complaints or concerns received by persons other than the Legal Officer shall promptly be reported in writing to the Legal Officer. The Legal Officer shall keep proper records of all reports and complaints received, regardless of whether formal investigations are initiated.

**10.2 Internal Investigation.** The Legal Officer shall take swift action to investigate all allegations or suspicions of violations of this Policy. He/she shall be provided with all resources reasonably necessary for that investigation and shall engage independent external counsel if, in his/her judgement, that would aid the investigation.

Promptly following the receipt of a complaint or report of an alleged violation of this Policy, the Legal Officer shall complete his/her initial evaluation and make a preliminary decision on whether or not there is a sufficient likelihood that a violation of this Policy has occurred so as to merit further investigation.

If so, he/she shall initiate a formal investigation. Any formal investigation shall be prompt, thorough and impartial.

The Legal Officer should normally engage independent external counsel to assist in any such formal investigation.

**10.3 *Reporting to and Cooperation with Authorities.*** If the Legal Officer launches a formal investigation and the matter involves violations of law, he/she shall consult with external counsel in the relevant jurisdiction(s) with a view to determining whether or not to then make voluntary disclosure of the investigation to the competent authorities. Early disclosure of suspected violations of law can be a key strategy for limiting the ultimate exposure of the Company.

Note that other disclosures may be required by stock exchanges and securities laws, and disclosures shall be made in compliance with the Company's Disclosure Policy.

The Legal Officer and all Directors, Officers, employees, agents, representatives and Controlled Subsidiaries of the Company shall fully cooperate with the competent authorities in any investigation of any suspected violation.

**10.4 *Avoidance of Recurrence.*** Following any discovered violation of this Policy, the Legal Officer shall review this Policy and all related compliance practices and procedures with a view to identifying changes that are necessary or desirable to avoid a recurrence of such, or a similar, violation. Such review, and his/her recommendations, shall be submitted for review and action to the NCGC and/or AC of the Board.