

I. CODE OF BUSINESS CONDUCT AND ETHICS

A. Purpose of this Code

Galiano aims to conduct its business in accordance with the highest ethical and legal standards. To assist the Company in achieve this outcome, this *Code of Business Conduct and Ethics* (the “Code”) documents the principles of conduct and ethics to be followed by employees, officers and directors of the Company.

This Code is designed to deter wrongdoing and to:

- promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company submits to the regulatory authorities and communicates to the public;
- promote compliance with applicable governmental laws, rules and regulations;
- promote prompt internal reporting of violations of this Code to an appropriate person identified in the Code;
- promote accountability for adherence to this Code;
- provide guidance to employees, officers and directors to help them recognize and deal with ethical issues;
- provide mechanisms to report unethical conduct; and
- help foster the Company’s culture of honesty and accountability.

This Code applies to all employees, officers and directors of the Company and its subsidiaries. Major contractors and third-party vendors also are expected to meet the standards contained in this Code. A violation of a law, a government regulation or this Code is a serious matter. A director, officer or employee that violates a law, government regulation or this Code will face appropriate disciplinary action, which may include demotion or immediate termination of employment for cause and possible legal termination.

B. Responsibility

This Code outlines a framework of guiding principles. As with any statement of policy, the exercise of judgment is required in determining the applicability of this Code to each individual situation.

It is the responsibility of every Company employee, officer and director to read and understand the Code. Individuals must comply with the Code in both letter and spirit. Ignorance of the Code will not excuse individuals from its requirements.



In addition, it is the responsibility of every Company employee, officer and director to prevent others from violating these standards if they are in a position to do so. If they are not in a position to do so, it is their responsibility to bring the matter to the attention of a member of senior management who is in a position to take appropriate action, or to the attention of an independent member of the Board.

C. **Compliance with Law**

Each employee, officer and director must at all times comply fully with applicable laws and avoid any situation that could be perceived as questionable, improper, unethical or indicate a casual attitude towards compliance with the law.

No employee, officer or director shall commit or condone an illegal act or instruct another employee to do so.

Employees, officers and directors are expected to be sufficiently familiar with any legislation that applies to their circumstances and shall recognize potential liabilities, seeking advice where appropriate.

When in doubt, employees, officers and directors are expected to seek clarification from their immediate supervisor or the Chief Financial Officer.

D. **Policy to Prevent the Corruption of Public Officials**

Domestic and foreign laws and regulations require the Company to be in contact with public officials on a wide variety of matters. Employees, officers and directors who regularly make these contacts have special responsibilities for upholding the Company's good name.

Both Canada and the United States have laws making it illegal to corrupt officials of governments or to engage in certain related acts. In Canada, the law is entitled *Corruption of Foreign Public Officials Act* and in the United States the law is entitled *Foreign Corrupt Practices Act* (collectively the "Laws"). The following policy applies equally to dealings with officials in Canada, the United States, and other countries.

(a) *Persons to Whom the Laws Apply*

Both Laws apply to the Company and its subsidiaries; their employees, officers and directors; and their agents and representatives. For these purposes, action by an agent or representative is the equivalent of action by the Company.

(b) *Prohibition*

The Laws and this policy prohibit offering or providing money or anything of value for the personal benefit of any "Public Official." For purposes of this policy, Public Official means

- i) any government official or any official of a public international organization (such as the International Monetary Fund, regional development banks or other multilateral organizations); or



- ii) any political party or its officials or any political candidate for the purpose of: influencing that official in the exercise of his or her duties (or non-exercise of those duties); having any such person influence government activity; or otherwise securing an improper advantage for the purpose of aiding the Company in obtaining, retaining or directing business.

The Laws and this policy may be violated if the Company knows, or if it should have been obvious to the Company, that the payments were made for an illegal purpose.

The Laws and this policy also apply to indirect payments, i.e., where the Company offers or provides money or anything of value to any person with the knowledge that the person will make a payment to a Public Official for such a prohibited purpose.

The Laws and this policy also prohibit the possession of property or proceeds from property known to have been obtained as a result of the bribery of a Public Official or to “launder” (i.e. deal with intent to conceal) property or proceeds from property obtained as a result of the bribery of a Public Official.

Government-owned corporations and other instrumentalities are generally treated as if they are governments, and their employees, officers and directors are treated as government officials.

(c) *Facilitating Payments*

“Facilitating payments” are payments made to expedite routine governmental action that does not involve obtaining, retaining or directing business. Example include payments to:

1. secure processing of papers such as visas, work orders and permits;
2. induce customs officials to process legally transmitted goods;
3. obtain police protection;
4. obtain installation and maintenance of utility connections; or
5. induce minor government functionaries (government employees without discretionary authority over a project or transaction) to complete their jobs in the manner required and where the situation does not involve the securing of business.

Effective in 2013, the law of Canada prohibits facilitating payments to foreign Public Officials. For this reason, the policy of the Company is that no facilitating payments may be made to any Public Official, foreign or domestic.

(d) *Exceptions to Prohibitions*

There are three exceptions to the Laws and this policy:

- It is an affirmative defence if it can be shown that the payment was legal under the written laws and regulations of the country. As an example, in some foreign countries,



the Company may be required by law to hire as an agent a national of that country who also is connected to the government of that country in some way or other.

- It also is an affirmative defence if it can be shown that the payment was a reimbursement of travel, lodging and other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company's business, or the execution or performance of a contract with the government. As an example, payment of the travel expenses of a government official to visit one of our mines, as a part of an effort to promote the Company in that country, would fit into this category.
- Unconditional gifts having nominal value, when made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, generally will not be regarded as a bribe.

(e) Company Policy

The Company's policy is firm and unconditional. Under no circumstances will the Company ever pay a bribe to a Public Official. If any employee, officer, director, agent or representative is ever solicited for such a bribe, or if they become aware of any instance where any Company employee, officer, director, agent or representative of the Company or its subsidiaries or its joint ventures proposes to offer such a bribe or is otherwise involved in such illegal activity, they must report the matter to their immediate superior, or directly to the Chief Executive Officer or Chief Financial Officer of the Company.

Any employee, officer, director, agent or representative who participates in any scheme to pay such an illegal bribe will be terminated immediately.

With respect to payments that fall within the exceptions noted above:

- No payment that would otherwise be an illegal bribe may be made on the basis that it is legal under the written laws and regulations of the foreign country without the prior written approval of the Chief Executive Officer.
- No payment that would otherwise be an illegal bribe may be made on the basis that it is a reimbursement of travel, lodging or other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company's business or the execution or performance of a contract with the government without the prior written approval of the Chief Executive Officer.
- With respect to unconditional gifts of nominal value made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, the Chief Executive Officer will establish a monetary limit on the value of any such gift. Any gifts with a value in excess of that limit must be approved in advance by the Chief Executive Officer.

(f) Entertainment

When not prohibited by law, employees, officers and directors may entertain public officials, but only under the following conditions:



- it is legal and permitted by the entity represented by the official;
- the entertainment is not solicited by the public official;
- the entertainment occurs infrequently;
- it arises out of the ordinary course of business;
- it does not involve unreasonable expenditures, considering the circumstances; and
- the settings and types of entertainment are reasonable, appropriate and fitting to the Company's employees, officers or directors, their guests, and the business at hand.

(g) Accounting Requirements

The Company must:

- Keep financial records which, in reasonable detail, accurately and fairly reflect transactions; and
- Maintain a system of internal accounting controls sufficient to provide reasonable assurances that:
 1. transactions are executed in accordance with management authorization;
 2. transactions are properly recorded as needed to permit preparation of financial statements and to maintain accountability for assets;
 3. all assets are recorded on the books of the Company and access to assets is only permitted in accordance with management authorization; and
 4. periodic auditing is done at reasonable intervals and action is taken to resolve discrepancies.

As an example, the accounting provisions require that the Company properly record all payments and prohibit their characterization in some other form. The accounting provisions also prohibit the Company from maintaining off-record cash "slush" funds or cash that may be accessed without senior management authorization.

(h) Things to Look For

The following is a list of "red flags" that may indicate the possible existence of corrupt practices:

1. An agent with a poor reputation or with links to the government.
2. Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.





3. Cash payments, or payments without paper trail or compliance with normal internal controls.
4. Unusual bonuses to personnel for which there is little support.
5. Payments to third country accounts.
6. Reporting Requirements

In Canada, the *Extractive Sector Transparency Measures Act* (“ESTMA”) requires the Company to publicly disclose, on an annual basis, specific payments made to:

1. any government in Canada or in a foreign state at a national, regional, state/provincial, or local/municipal level;
2. a body that is established by two or more governments; or
3. any trust, board, commission, corporation, body or authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of the government for a government referred to in (1) above, or a body referenced to in (2) above.

There are seven categories of reportable payments consisting of taxes, royalties, fees, production entitlements, bonuses, dividends and infrastructure improvement payments. All payments made by the Company and any entity controlled by the Company must be reported. The Company’s policy is firm and unconditional. All payments made to any governmental entity must be reported.

E. Conflicts of Interest

Employees, officers and directors shall avoid situations where their personal interest could conflict with, or appear to conflict with, the interests of the Company and its shareholders.

Conflicts of interest arise where an individual’s position or responsibilities with the Company present an opportunity for personal gain apart from the normal rewards of employment, to the detriment of the Company. They also arise where an individual’s personal interests are inconsistent with those of the Company and create conflicting loyalties. Such conflicting loyalties can cause an individual to give preference to personal interests in situations where corporate responsibilities should come first. Employees, officers and directors shall perform the responsibilities of their positions on the basis of what is in the best interests of the Company and free from the influence of personal considerations and relationships.

If a potential conflict of interest arises and the individual involved is an employee of the Company, the individual involved must immediately notify their immediate supervisor and the Company’s Chief Financial Officer in writing and no further action may be taken unless authorized in writing by the individual’s immediate supervisor and by the Company’s Chief Financial Officer. If such individual is an officer or director of the Company, the Chair of the Board, as well as the Company’s Chief Financial Officer must be immediately notified in writing and no further action may be taken until authorized in writing by the Chair and by the Company’s Chief Financial Officer.



The requirement of freedom from conflict of interest applies with equal force to the spouse, children and other close relatives of each employee, officer and director. This policy applies to all employees, officers and directors of the Company with respect to all of the affairs of the Company.

While it is not possible to detail every situation where conflicts of interest may arise, the following policies cover the areas that have the greatest potential for conflict:

(a) *Speculation in Company Securities and Use of Inside Information*

Numerous laws, both federal and provincial, regulate transactions in corporate securities and the securities industry. Violation of these laws may lead to civil and criminal actions against the individual and the company involved. All employees, officers and directors will take all steps to be in compliance with such laws and in order to do so will adhere to the Disclosure and Insider Trading Policies.

(b) *Personal Financial Interest*

Employees, officers and directors, should avoid any outside financial interests which might influence their corporate decisions or actions. An employee of the Company whose corporate duties bring them into business dealings with a business in which they or a member of their family has a financial interest or to which they or a member of their family has an indebtedness, or a business employing a relative or close friend, must immediately notify his or her immediate supervisor and the Company's Chief Financial Officer in writing, and a transaction may not be completed unless properly authorized in writing by both the employee's immediate supervisor and the Company's Chief Financial Officer, after full disclosure of the relationship in writing. An officer or director of the Company whose corporate duties bring them into business dealings with a business in which they or a member of their family has a financial interest or to which they or a member of their family has an indebtedness, or a business employing a relative or close friend, must immediately notify the Chair of the Board as well as the Company's Chief Financial Officer and a transaction may not be completed unless properly authorized in writing by both the Chair and the Company's Chief Financial Officer, after full disclosure of the relationship in writing.

An employee, officer or director may not perform work or services for an organization doing or seeking to do business with the Company without appropriate prior written approval of such individual's immediate supervisor and the Company's Chief Financial Officer in the case of an employee, and of the Chair and the Company's Chief Financial Officer, in the case of an officer or director of the Company. An employee, officer or director may not be a director, officer, partner or consultant of an organization (other than an organization in which the Company holds an interest or in which the Company has the right to nominate a director, officer, partner or consultant) doing or seeking to do business with the Company, nor may they permit their name to be used in any way indicating a business connection with such an organization, without appropriate prior written approval of their immediate supervisor and the Chief Financial Officer in the case of an employee, and of the Chair and the Company's Chief Financial Officer in the case of an officer or director of the Company.

An employee shall not accept for themselves, or for the benefit of any relative or friend, any payments, loans, services, favours involving more than ordinary social amenity, or gifts of more than nominal value from any organization doing or seeking to do business with the Company, except in accordance with this Code and within normal business practices.

(c) *Outside Activities*

Employees and officers of the Company should avoid outside activities which would impair the effective performance of their responsibilities to the Company, either because of demands on their time or because the outside commitments can be contrary to their obligations to the Company.

(d) *Protection and Proper Use of Company Assets*

All employees, officers and directors have an obligation to protect the Company's assets, including opportunity, information and the Company's name, and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All of the Company's assets must be used only for legitimate business purposes and not for personal use.

F. *Corporate Opportunities*

Officers and directors will not (a) take for themselves personally, opportunities that are discovered through the use of corporate property, information or position; (b) use corporate property, information, or position for personal gain; or (c) compete with the Company, in a manner which conflicts with fiduciary and other duties under the *Business Corporations Act* (British Columbia) and other applicable law. Officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Employees will not (a) take for themselves personally opportunities that are discovered through the use of corporate property, information or position; (b) use corporate property, information, or position for personal gain; or (c) compete with the Company, without appropriate prior written approval of such individual's immediate supervisor and the Company's Chief Financial Officer.

G. *Fair Dealing*

Directors should endeavour to deal fairly with the Company's clients, service providers, suppliers, and employees. No director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any unfair dealing practice.

H. *Competitive Practices*

Management of the Company firmly believes that fair competition is fundamental to continuation of the free enterprise system. The Company complies with and supports laws of all countries which prohibit restraints of trade, unfair practices, or abuse of economic power.

The Company will not enter into arrangements which unlawfully restrict its ability to compete with other businesses, or the ability of any other business organization to compete freely with the



Company. Company policy also prohibits employees, officers and directors from entering into, or even discussing, any unlawful arrangement or understanding.

These principles of fair competition are basic to all the Company's operations. They are integral parts of the following sections that cover the Company's dealings with suppliers and public officials.

I. Dealing with Suppliers

The Company is a valuable customer for many suppliers of goods, services and facilities. People who want to do business, or to continue to do business, with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs.

(a) *"Kickbacks" and Rebates*

Purchases of goods and services by the Company must not lead to employees, officers or directors, or their families, receiving any type of personal kickbacks or rebates. Employees, officers or directors, or their families, must not accept any form of "under-the-table" payment.

(b) *Receipt of Gifts and Entertainment*

Even when gifts and entertainment are exchanged out of the purest motives of personal friendship, they can be misunderstood. They can appear to be attempts to bribe the Company's employees, officers or directors into directing business of the Company to a particular supplier. To avoid both the reality and the appearance of improper relations with suppliers or potential suppliers, the following standards will apply to the receipt of gifts and entertainment by employees, officers and directors of the Company:

1. Gifts

Employees, officers and directors are prohibited from soliciting gifts, gratuities, or any other personal benefit or favour of any kind from suppliers or potential suppliers. Gifts include not only merchandise and products but also personal services and tickets to sports or other events. The Company acknowledges however that as part of normal good business relationships, suppliers may offer tickets to sports and other events, meals and other forms of normal client development gifts or services. Employees, officers and directors are prohibited from accepting gifts of money.

Employees, officers and directors may accept unsolicited non-monetary gifts provided:

- (i) they are items of nominal intrinsic value;
- (ii) they are appropriate and customary client development gifts for the industry, and they may not reasonably be considered extravagant for such employee, officer or director; or
- (iii) they are advertising and promotional materials, clearly marked with the company or brand names.



Any gift falling outside of the above guidelines must be reported to the Company's Chief Financial Officer to determine whether it can be accepted.

In the transaction of some international business, it is lawful and customary for business leaders in some countries to give unsolicited gifts to employees, officers or directors of the Company. These gifts can be of more than nominal value. Moreover, under the circumstances, returning the gifts or payment for them may constitute an insult to the giver. In such cases, the gift must be reported to the Company's Chief Financial Officer who may permit the retaining of the gift.

In all other instances where gifts cannot be returned or may adversely affect the Company's continuing business relationships, the Company's Chief Financial Officer must be notified. The Company's Chief Financial Officer can require employees, officers and directors to transfer ownership of such gifts to the Company.

2. Entertainment

Employees, officers and directors shall not encourage or solicit entertainment from any individual or company with whom the Company does business. Entertainment includes, but is not limited to, activities such as dining, attending sporting or other special events, and travel.

From time to time employees, officers and directors may accept unsolicited entertainment, but only under the following conditions:

- (i) the entertainment occurs infrequently;
- (ii) it arises out of the ordinary course of business;
- (iii) it involves reasonable expenditures (the amounts involved should be ones that employees, officers and directors are accustomed to normally spending for their own business or personal entertainment); and
- (iv) the entertainment takes place in settings that also are reasonable, appropriate, and fitting to employees, officers and directors, their hosts, and their business at hand.

J. Political Activities and Contributions

(a) *Canada*

Employees, officers and directors who participate in political activities must make every effort to ensure that they do not leave the impression that they speak or act for the Company.

The Company encourages its employees, officers and directors to participate in political activities in their own time and at their sole expense. No corporate action, direct or indirect, will be allowed that infringes on the right of any employee individually to decide whether, to whom, and in what amount, they will make personal political contributions.



The same is true of volunteer political donations of personal service time, so long as it does not interfere with the working status of employees, officers or directors.

(b) *Outside Canada*

No employees, officers and directors are permitted to use the Company’s funds, facilities, or other assets, to support either directly or indirectly any political candidates or political parties, without advance authorization in writing from the Company’s Chief Financial Officer. The policy of the Company is that officers, directors and employees should not participate in political activities in countries of which they are not nationals. However, such persons, of course, are free to participate in political activities in countries of which they are nationals in their own time and at their own expense.

K. *Equal Opportunity*

The Company supports the principle that every individual must be accorded an equal opportunity to participate in the free enterprise system and to develop their ability to achieve their full potential within that system.

There shall be no discrimination against any employee or applicant because of race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap (unless demands of the position are prohibitive).

All employees, officers and directors will be treated with equality during their employment without regard to their race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap, in all matters, including employment, upgrading, promotion, transfer, layoff, termination, rates of pay, selection for training and recruitment. The Company will maintain a work environment free of discriminatory practice of any kind.

No employee shall have any authority to engage in any action or course of conduct or to condone any action or course of conduct by any other person which shall in any manner, directly or indirectly, discriminate or result in discrimination in the course of employment, termination of employment, or any related matter where such discrimination is, directly or indirectly, based upon race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap.

L. *Health, Safety and Environmental Protection*

It is the Company’s policy to pay due regard to the health and safety of its employees, officers and directors and others and to the state of the environment. There are federal, provincial, state and local workplace safety and environmental laws which through various governmental agencies regulate both physical safety of employees, officers and directors and their exposure to conditions in the workplace. Should an employee, officer or director be faced with an environmental health issue or have a concern about workplace safety, they should contact the Sustainability Committee immediately.

Many countries and their regional and local governments now have complex legislation to protect the health and safety of employees, or the general public, and to prevent pollution and protect the environment. These laws often provide penalties both for the companies involved and executive personnel in case of violation. The Sustainability Committee should always be consulted when necessary to understand or comply with such laws.





M. Work Environment

Employees, officers and directors must treat each other with professional courtesy and respect at all times and specifically shall not subject any other employee, officer or director to unwelcome sexual advances, requests for sexual favors or other verbal or physical conduct which might be construed as sexual in nature. Such conduct may constitute sexual harassment under federal, provincial and state law and may be the basis for legal action against the offending employee and/or the Company.

Any employee who believes that they have been subjected to sexual harassment should immediately advise their immediate supervisor and the Company's Chief Financial Officer that there are reasonable grounds to believe that an incident of sexual harassment has occurred. The identity of the employees, officers or directors involved will be kept strictly confidential and will not be revealed by the Company's management without the employee's permission. The alleged harassment will be thoroughly investigated and documented by the Company and appropriate action will be taken.

N. International Operations

Corporate employees, officers and directors operating outside of Canada have a special responsibility to know and obey the laws and regulations of countries where they act for the Company. Customs vary throughout the world, but all employees, officers and directors must diligently uphold the integrity of the Company in other nations.

O. Accounting and Recordkeeping, Internal Accounting Controls and Auditing Matters

Many employees of the Company, not just accountants and controllers, participate in the financial control and reporting processes of the Company. If an employee, officer or director has ANY responsibility for any aspect of the Company's financial activities (for example: processing or approval of payments; creation, processing or approval of invoices and credit memos; payroll and benefits decisions; approval of expense reports and other transactions; the estimation of financial reserves or other claims or the amount of any accrual of deferral; or the recording of any of the foregoing in the Company's records) and/or the preparation of the Company's financial statements or other financial reports, they must ensure their involvement complies with complete and accurate procedures as per established Company practice.

(a) *Accounting and Recordkeeping*

Employees, officers and directors may not maintain funds or assets for any improper purposes or make false or misleading statements in any Company documents, reports or records. No undisclosed or unrecorded accounts may be established using the Company's funds or other assets. All accounting records and the financial reports produced from those records must be kept and presented in accordance with applicable law, must accurately and fairly reflect in reasonable detail the Company's assets, liabilities, revenue and expenses and, where applicable, must be in accordance with generally accepted accounting principles.

Transactions must be supported by accurate and reasonably detailed documentation and recorded in the proper accounts. Best efforts are to be made to record transactions in the



proper accounting time period. To the extent that estimates are necessary, they must be based on good faith judgment and be supported by appropriate documentation. No payment or the related accounting entry may be approved or made with the intention or understanding that any part of the payment will be used for any purpose other than that described by the document supporting the entry or payment.

(b) *Management may not override internal controls*

No employee, officer or director who exercises supervision or influence over another employee shall direct, request or encourage that other employee to do anything or omit to do anything; the doing of which or the omission of which is contrary to the Code, any other policy, procedure or rule of the Company or any applicable law. Employees are required to immediately report any situation in which any person attempts to direct, request or encourage them to violate the Code, or any other policy, procedure or rule of the Company or any applicable law.

It should be noted that not every instance in which a policy is overridden or an exception to policy is taken will constitute a breach of the Code. To ensure that any decision to depart from Company policy is not inconsistent with the Code, any manager or supervisor who directs another employee to disregard Company policy, procedure, or internal control will report the matter directly to the Chief Financial Officer together with a brief explanation as to why they took the view that the departure from policy was warranted in the circumstances. The Chief Financial Officer will maintain a log of all instances of override reported and provide a summary on a quarterly basis to the Audit Committee.

Examples of inappropriate management override include but are not limited to:

1. A manager requests that a payment be made to a vendor without the authorized approvals;
2. A manager instructs an employee to conduct unsafe acts;
3. A manager instructs an employee to act in violation of environmental policies;
4. A manager who disregards harassment or abuse of another employee;
5. A manager requests that a significant journal entry is made or not made without basis or without adequate documentation;
6. A manager requests a vendor payment without a supporting invoice;
7. A manager makes unsupported allowances, judgments or estimates to manipulate earnings; and
8. A manager does not disclose a potential conflict of interest before the Company enters into a business transaction with the related party.

(c) Auditing

The Company employs a firm of independent chartered accountants to audit the Company's annual financial statements. The annual audit has a number of purposes, including

1. compliance with regulatory requirements;
2. providing an independent assessment of whether the Company's financial statements fairly present the financial condition, results of operations and cash flow of the Company;
3. assessment of the accounting principles used and significant estimates made by the Company in preparing its financial statements; and
4. assessment of the Company's system of internal controls over financial reporting as required by applicable law and regulatory policies. Each employee is responsible for providing whatever assistance may be required by the auditors. If inquiries from the Company's independent accountants are received, employees, offices and directors must respond promptly, fully and accurately.

If an employee, officer or director has any concerns as to weaknesses in the Company's accounting system or in the Company's internal controls; or if they believe that any instances of fraud, or incorrect or questionable accounting practices may have occurred; or if they believe that any instances of fraudulent, incorrect or questionable practices may have occurred in connection with the annual audit of the Company's financial statements, they must consult with their immediate supervisor or with the Company's Chief Executive Officer or Chief Financial Officer. Alternatively, they can contact the Audit Committee of the Board of Directors using the procedures outlined within the Company's Whistleblower Policy, Section XII of the Company's Corporate Governance Policies and Procedures Manual.

P. Use of Company Property

Employees, officers and directors are entrusted with the care, management and cost-effective use of the Company's property and they are not to make use of these resources for their own personal benefit or for the personal benefit of anyone else. Passwords are to be kept confidential and use of the computer systems is limited to authorized business purposes, although occasional personal use of the internet, e-mail and voice mail will normally be permitted unless an employee's supervisor believes that this privilege is being abused.

However, in order to protect the Company's interests - including for example, to ensure that the Company's computers and voice mail are not being used for improper purposes, such as sexual harassment - the Company reserves the right to review the contents of the Company's computers, its e-mail system, and its voice mail system. No employee has a right of personal privacy with respect to information that is placed in the Company's computers, the e-mail system, or the voice mail system.

Employees, officers and directors are responsible to ensure that all Company property assigned to them is maintained in good condition, and that they are able to account for such equipment. Any



disposition of Company property should be for the benefit of the Company and not for personal benefit.

Company letterhead stationery is to be used only for correspondence related to the Company's business. It must not be used for personal correspondence or charitable solicitation.

Employees, officers and directors are to return all documents and property in their possession upon termination of employment for any reason.

Q. Confidentiality

Employees, officers and directors will comply with the Disclosure and Insider Trading Policies of the Company. Employees, officers and directors should review and become thoroughly familiar with these Policies and are encouraged to review these Policies throughout the year.

R. Standards of Compliance

(a) Initial Distribution

Current employees, officers and directors designated to receive the Code will receive their copies immediately after publication.

Future employees, officers and directors designated to receive the Code will receive their copies at the time they are hired.

(b) Initial Verification

Upon receiving their copy of this Code, current and future employees, officers and directors will:

- become thoroughly familiar with this Code;
- resolve any doubts or questions about the Code with their supervisors or the Chief Financial Officer;
- inform their supervisors and the Chief Financial Officer of any existing holdings or activities that might be, or appear to be, at variance with this Code;
- prepare written disclosures of such information, if requested, by supervisors or the Chief Financial Officer; and
- take steps to correct existing situations and bring holdings and activities into full compliance with this Code.

(c) Maintaining Compliance

Employees, officers and directors have the responsibility to maintain their understanding of this Code.



Supervisors have the responsibility to maintain an awareness on the part of their employees of the importance of their adhering to this Code and for reporting deviations to management.

As requested by the Board of Directors or senior management, employees, officers and directors will be asked to re-verify their understanding of this Code and their compliance with this Code from time to time.

Employees, officers and directors must inform their supervisors or the Chief Financial Officer of any changes in their holdings or activities that might be, or appear, to be in non-compliance with this Code.

Employees, officers and directors must prepare written disclosure of such information, if requested.

Employees, officers and directors must take steps to correct any such changes, if necessary, to bring holdings and activities into full compliance with this Code. Such steps will be approved in writing and will be based on the written disclosures submitted by employees, officers and directors.

(d) Audits of Compliance

Regular audits of the Company will include procedures to test compliance with this Code.

S. Violations of Standards

Employees, officers and directors must immediately report any violations of this Code. Failure to do so can have serious consequences for the employees, officers or directors and the Company.

Reports of violations should be made by employees to their immediate supervisor and to the Company's Chief Financial Officer and by officers and directors to the Chair and to the Company's Chief Financial Officer.

After a violation is investigated, appropriate action will be taken. Management has the right to determine the appropriate disciplinary action for a violation up to and including termination of employment. All proposed disciplinary action is subject to review by senior management.

Employees, officers and directors should be aware that in addition to any disciplinary action taken by the Company, violations of some of this Code may require restitution and may lead to civil or criminal action against individual employees, officers and directors and any company involved.

Supervisors have the responsibility of taking remedial steps to correct any operating procedures that may contribute to violations of this Code.

Retaliation in any form against an individual who reports a violation of this Code or who assists in the investigation of a reported violation, is itself a serious violation of this policy. Acts of retaliation should be reported immediately to their supervisor and the Chief Financial Officer.



T. Amendment, Modification and Waiver

The Company will periodically review this Code. This Code may be amended, modified or waived by the Board and waivers may also be granted by the Audit Committee, provided that any waivers granted to directors or executive officers of the Company by the Audit Committee must also be approved by the Board. Employees, officers and directors will be fully informed of any material revisions to the Code.

U. Commitment

To demonstrate its determination and commitment, Company asks each employee to review the Code periodically throughout the year and discuss with management any circumstances that may have arisen that could be an actual or potential violation of these ethical standards of conduct.

Directors, officers and employees are required to sign the Code when they are engaged or when changes to the Code are introduced.

Directors, officers and employees are also required to re-verify their understanding of this Code and their compliance with this Code from time to time, as determined appropriate by the Audit Committee, acknowledge they have read this Code, but no less than once every three years.