

## CODE OF CONDUCT



Approved by the Board of Directors:

November 11, 2009

POLICY

St Andrew Goldfields Ltd. (the “Company”) has adopted this Code of Conduct (the “Code”) for its Board of Directors and the members thereof (the “Directors”), for the officers of the Company (the “Officers”) and for employees of the Company and its subsidiaries (the “Employees”) to remind Directors, Officers and Employees of their ethical and legal obligations. This Code summarizes the values, principles and practices that guide the Company’s business conduct. All Directors, Officers and Employees are expected to become familiar with this Code and to apply its guiding principles in the performance of their responsibilities.

### **Ethical Business Conduct**

Directors, Officers and Employees must always act honestly and with integrity in all business relationships with customers, suppliers, competitors, potential business partners and governmental officials. Payments made by the Company must be necessary, lawful and properly documented and bribes, favours or “kickbacks” for the purpose of securing business transactions must never be offered or accepted.

Each Director and Officer must act so as to ensure that he or she meets the standard of care imposed under the *Business Corporations Act* (Ontario) which provides that, in exercising their powers and discharging their duties, every director and officer of a corporation shall:

- Act honestly and in good faith with a view to the best interests of the corporation.
- Exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

In addition, each Director and Officer shall comply with the *Business Corporations Act* (Ontario), the regulations thereunder, the Company’s articles and by-laws and other laws applicable to him or her in his or her capacity as a director or officer.

In fulfilling these responsibilities, Directors, Officers and Employees shall:

- Strive to avoid any conflict of interest in their capacity as Directors, Officers or Employees. Should a conflict arise, a Director, Officer or Employee shall disclose to the Company and the Board of Directors, on a timely basis, any such conflict, whether resulting from business dealings with the Company, arising in connection with contractual relations to be entered into by the Company, or otherwise.

- Not use for their own benefit, or for the benefit of a third party, any property of the Company or any information they may obtain in their capacity as Directors, Officers or Employees, unless they are duly authorized to do so by the Company. Directors, Officers and Employees shall take the steps necessary to ensure that any proprietary and confidential information of the Company is safeguarded.
- Always act in a manner that will not cause any prejudice or embarrassment to the Company.
- Meet the obligations and responsibilities required under applicable legislation. In particular, Directors, Officers and Employees will ensure that their acts are in compliance with applicable securities legislation.
- Ensure that opportunities encountered for business advantage within the Company's fields of business are not privately exploited for personal gain. Similarly, the Directors, Officers and Employees shall ensure that the Company's assets are not used for personal purposes without approval, but are instead used properly in the manner intended with due regard to the safety and protection of the Company's assets from damage or destruction.

In particular, Directors, Officers and Employees who are in possession of material information that has not been publicly disclosed by the Company must not trade in the securities of the Company nor provide such information to others or advise or "tip" others to trade in the securities of the Company. **Material information** is a fact or a change in the business, operations or capital of the Company that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Company's securities. In other words, material information is information that a reasonable investor would consider to be important in reaching an investment decision. The disclosure of such information must be done only through an appropriate spokesperson of the Company, in an accurate, timely and fair manner, so as to avoid the risk or the appearance of, selective disclosure. Similar restrictions apply in respect of the use of material, non-public information of other corporations and business entities with whom the Company has dealings and of which a Director, Officer or Employee becomes aware. Full particulars of the Company's policies on insider trading are attached hereto as **Schedule "A"**.

#### **Additional Obligations of Directors**

In addition to the above-noted obligations, Directors in fulfilling their responsibilities shall also:

- Act in the best interests of the Company.
- Form an independent opinion about any issue that is submitted to them and act accordingly. Directors shall take all reasonable means to satisfy themselves that the decisions approved by the Board are well founded. In this regard, the Directors shall, where appropriate, seek advice from the Company's counsel and external auditor.

#### **Gifts, Gratuities and Kickbacks**

Directors, Officers or Employees must not accept or offer gifts, gratuities, or favours, except those associated with common business courtesies of a nominal value, or \$250 or less ("Gifts"). The value of all Gifts received in one year from all sources must not exceed \$1,000. All Gifts must be declared to the Corporate Secretary of the Company. Gifts exceeding this Code may only be accepted or be made to customers or other person

subject to the approval of the Chief Executive Officer or Chief Financial Officer of the Company in writing and with a declaration of the Gift to the Corporate Secretary of the Company.

Directors, Officers or Employees must not offer or accept gifts of cash or cash equivalent to or from any current, former or potential vendor, customer, broker or provider. Cash equivalents include cheques, honorariums, money orders, stocks and savings bonds. Gift certificates and gift cards are not considered cash equivalents but are subject to the limitation on common business courtesies stated above.

Entertainment and meals offered or received by Directors, Officers or Employees as part of legitimate business activity are not included in the \$250 gift limit, but must be within the boundaries of reason and moderation and must be declared to the Corporate Secretary of the Company if the value falls between \$250 and \$500. Any Entertainment and meals that exceed \$500 may only be accepted or be made to customers or other person subject to the approval of the Chief Executive Officer or Chief Financial Officer of the Company in writing and declaration to the Corporate Secretary of the Company. Generally, raffles and prizes that are part of an outside business activity are not considered gifts.

Under no circumstances should Directors, Officers or Employees accept or give kickbacks when obtaining or awarding contracts, services, referrals, goods, or business. A kickback means to wilfully offer, receive, request or pay anything of value, even nominal value, in order to induce or reward referrals of business including goods or services.

Although the Company does not set a dollar limit on gift giving among Directors, Officers or Employees, it is important to always use reason and good judgment when giving and accepting a gift. Gifts of nominal value are always best and contributing to a gift should always be voluntary. A gift should never be given to another employee to influence, gain favour or show favouritism. In addition, Company-approved gifts to Directors, Officers or Employees or prizes that are part of Company-sponsored events such as a raffle are not considered gifts for the purposes of this Code but are subject to all applicable Provincial, Federal and local tax requirements.

### **Reporting Violations**

If a Director, Officer or Employee becomes aware of (i) a violation of this Code, or is asked to violate this Code through participation in an illegal or unethical activity; or (ii) questionable environmental health and safety practices, he or she should immediately report it to a member of the Company's Audit Committee, in the case of Directors and Officers, and to the Chief Executive Officer or Chief Financial Officer, in the case of Employees. If for any reason, the Employee feels that is not an appropriate option, the Employee may then contact the Company's Audit Committee.

If a Director, Officer or Employee becomes aware of (i) any questionable accounting or auditing matters, he or she should immediately report the matter to a member of the Audit Committee of the Board.

### **Record Keeping and Retention**

All financial statements and books, records and accounts of the Company must accurately reflect transactions and events, as well as conform to legal requirements and accounting principles. Financial and accounting matters must be disclosed in a full, fair, accurate, timely and understandable manner in all reports filed with securities regulators or otherwise publicly released.

## **Compliance with the Code**

It is the responsibility of each Director, Officer and Employee to apply the principles set forth in this Code in a responsible manner. Failure to comply may result in disciplinary action up to and including termination of office or employment and legal proceedings, as warranted.

Employees are advised to consult with the Company's Chief Executive Officer or Chief Financial Officer and Directors and Officers are advised to consult with the Company's counsel, should any questions arise with respect to a proposed course of action.

## Schedule "A"

### ST ANDREW GOLDFIELDS LTD.

#### Insider Trading Policy

##### Introduction

St Andrew Goldfields Ltd. (the "Company") and its subsidiaries and their respective directors, officers, employees and others are subject to securities legislation with respect to the preservation of confidential information and certain restrictions on trading in the Company's securities. This Insider Trading Policy (the "Policy") has been adopted to protect the Company and its directors, officers and employees. It is essential that everyone understand and comply with this Policy.

##### 1. Offences

- 1.1 It is an offence for any person in a "**special relationship**" with the Company to purchase or sell any securities of the Company with knowledge of material information that has not been publicly disclosed (herein referred to as "**material non-public information**").
- 1.2 It is an offence for the Company or any person in a "**special relationship**" with the Company to inform (or "**tip**") another person or company of material non-public information with respect to the Company, other than in the necessary course of business.

##### 2. Definitions

- 2.1 "**Material information**" is a fact or a change (or a decision by the board of directors or senior management to implement a change) in the business, operations or capital of the Company that would reasonably be expected to have a significant effect on the market price or value of the Company's securities. In other words, material information is information that a reasonable investor would consider to be important in reaching an investment decision.
- 2.2 Persons in a "**special relationship**" with the Company (or as referred to herein, "**Deemed Insiders**") include:
  - (a) all directors, officers or employees of the Company;
  - (b) all directors or officers of a subsidiary of the Company;
  - (c) any person or company who beneficially owns, controls or directs more than 10% of the common shares of the Company;
  - (d) every director or officer of a company referred to in (c);
  - (e) a person or company that is: (i) proposing to make a takeover bid for the shares of the Company; or (ii) proposing to become a party to a reorganization, amalgamation, merger, arrangement, or other business combination with the Company; or (iii) proposing to acquire a substantial portion of

the Company's property; (each of (i), (ii), or (iii) is herein referred to as a "**Merger Partner**"), and every director, officer or employee of a Merger Partner;

- (f) a person or company (for example, consultants, advisers, contractors) that is engaging or proposes to engage in any business or professional activity with or on behalf of the Company or a Merger Partner, and every director, officer or employee thereof;
- (g) a person or company that learns of material non-public information while the person or company was any of the persons or companies described in (a), (b), (c), (d), (e) or (f); and
- (h) a person or company that learns of material non-public information with respect to the Company (a "**tippee**") from any other person or company in a special relationship with the Company (a "**tipper**") where the tippee knows or ought reasonably to have known that the tipper is in a special relationship with the Company. This includes a "tippee" who is tipped by a previous "tippee". The significance of clause (h) is that it creates an indefinite chain so that any person who either trades on or discloses material non-public information acquired directly or indirectly from someone "on the inside" will be subject to the criminal and/or civil liabilities described in Section 5 below.

### **3. Rules of the Company**

**In light of the restrictions set forth in Part 1 above and the severe penalties under Canadian securities laws for breaching such restrictions, the following rules will apply to all directors, officers and employees of the Company:**

#### **3.1 Confidentiality of Non-public Information**

Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. Care must be taken by all who have access to such information to prevent the unauthorized access to such information. Non-public information must not be discussed in situations where it could be overheard.

#### **3.2 No Tipping**

No Deemed Insider shall communicate (or "tip") material non-public information with respect to the Company or any Merger Partner to any other person, including family members, neighbours, friends or acquaintances, nor shall any Deemed Insider make recommendations or express opinions on the basis of material non-public information for the purpose of or in the context of trading in the Company's securities.

#### **3.3 No Trading on Material Non-public Information**

No Deemed Insider (including members of his or her immediate family who reside with him or her) shall engage in any transaction involving a purchase or sale of the Company's securities with knowledge of any material non-public information concerning the Company. This restriction also applies to trading in the securities of any Merger Partner with knowledge of any material non-public information concerning the Merger Partner.

This restriction applies during any period commencing with the date that the Deemed Insider first possesses material non-public information concerning the Company, and ending 48 hours following the time of public disclosure by the Company of such information, or at such time as such non-public information no longer constitutes material information.

Additionally, certain circumstances will give rise to periods of time ("**Blackout Periods**") during which no trading of securities is to take place at all by directors, officers head office employees and senior staff who are routinely (or in the special circumstances at hand) in possession of undisclosed material information ("**Restricted Persons**"). A Blackout Period will begin immediately following the completion of a fiscal quarter (i.e. beginning on the first days of January, April, July and October) and generally will end 48 hours after the public release of the Company's financial results for such fiscal quarter or year-end, as the case may be. In addition to the regularly scheduled Blackout Periods, a non-scheduled Blackout Period shall also be declared by the Chief Executive Officer pending the announcement of any material undisclosed development effecting the Company or following the crystallization of a material transaction involving the Company. Restricted Persons will be advised by electronic mail of the commencement and cessation of the non-scheduled Blackout Periods, which shall remain in effect until 48 hours following release of the material information concerned or a determination by the Company that the undisclosed development is no longer material information. Restricted Persons are prohibited from advising other persons of the existence of a non-scheduled Blackout Period.

#### **4. Implementation and Compliance**

- 4.1 To help ensure that all directors, officers and employees of the Company are in a position to comply with the rules of the Company set out in Section 3, and to avoid, through inadvertence, any breach or appearance of breach of such rules, the Secretary of the Company will advise by electronic mail of the commencement and cessation of the Blackout Periods during which personnel are prohibited from trading in the Company's securities.
- 4.2 Each Deemed Insider has the individual responsibility to comply with this Policy and applicable securities laws. Even in the absence of a Blackout Period, any person possessing material non-public information must not engage in any transactions involving the Company's securities until 48 hours after such information has been publicly disclosed by the Company or until such information has ceased to be material information. Questions on whether information has ceased to be material should be directed to the Chief Executive Officer or Chief Financial Officer of the Company. A Deemed Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to complete the transaction before learning of the material non-public information.

#### **5. Penalties**

- 5.1 Failure to comply with this Policy may result in disciplinary action up to and including termination of office or employment with the Company and legal proceedings.
- 5.2 Trading on material non-public information and tipping are serious offences under Canadian provincial securities laws and persons contravening the rules are subject to:

- (a) fines of up to \$5 million or triple the profit made or loss avoided, whichever is greater;
- (b) imprisonment for up to 5 years; and
- (c) the responsibility to compensate the other party to the illegal transaction for damages.

5.3 Where a corporation contravenes the rules, each director or officer of that corporation who authorized, permitted or acquiesced in the offence is also guilty of an offence and is liable to a fine of up to \$5 million and/or imprisonment for up to 5 years.