

Scotgold Resources Limited

ANTI-BRIBERY & CORRUPTION POLICY

1 INTRODUCTION

- 1.1 The Board of Directors of **Scotgold Resources Limited** ("**Scotgold**") has determined that it should formalise its policy on compliance with relevant the anti-corruption laws, including the Criminal Code Act 1995 of the Commonwealth of Australia; the Bribery Act 2010 of the United Kingdom; and the US Foreign Corrupt Practices Act
- 1.2 This Anti-Bribery & Corruption Policy (the "Policy") will supersede any other existing Scotgold policies relating to bribery and corruption.

2 POLICY STATEMENT

- 2.1 It is Scotgold's policy to conduct all of its business in an honest and ethical manner. Scotgold takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. It does not act in any way which might reflect adversely upon the integrity and reputation of the Company.
- 2.2 Individuals involved in corrupt activity may be liable to be sentenced to imprisonment. Further, if Scotgold or any of its employees or associated persons (e.g. contractors, agents or subsidiaries) is found to have taken part in corruption, Scotgold could face a heavy fine, and it could face serious damage to its reputation in the public markets. Scotgold therefore takes its legal responsibilities very seriously.
- 2.3 Scotgold will uphold all laws relevant to countering bribery and corruption in each of the jurisdictions in which it operates. As the anti-corruption laws of Australia, the UK, and the US have extraterritorial application, Scotgold, its employees and associated persons will be bound by the most stringent requirements of these laws in respect of its conduct in all jurisdictions they operate, even if such conduct would otherwise be permitted by the local law of a particular jurisdiction.
- 2.4 The purpose of this Policy is to:
- set out Scotgold's responsibilities, and of those working for it, in observing and upholding its position on bribery and corruption; and
 - provide information and guidance to those working for it on how to recognise and deal with bribery and corruption issues.
- 2.5 In this Policy, "third party" means any individual or organisation with whom you may come into contact during the course of your work for Scotgold, and includes actual and potential customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

3 APPLICATION OF THE POLICY

- 3.1 The Policy applies to all directors, officers, employees, consultants and contractors of Scotgold and compliance with this Policy for each director constitutes terms of service, for each officer and employee constitutes conditions of employment and for each consultant and contractor constitutes conditions of providing services to Scotgold. Each such person shall to be bound by the provisions of this Policy upon notification of the most recent copy being given to them or upon notification that an updated version has been placed on Scotgold's website for review.
- 3.2 All persons covered by this Policy in discharging their duties on behalf of Scotgold will be required to comply with the laws, rules and regulations of the location in which Scotgold is performing business activities, and in particular with respect to anti-bribery and corruption laws, rules and regulations. Where uncertainty or ambiguity exists, please contact the Managing Director who may seek legal advice.

4 FORMS OF BRIBERY AND CORRUPTION

- 4.1 For purposes of this Policy, each of the examples in 4.2 to 4.5 below is referred to as a "bribery offence."

4.2 Bribes

(a) A **bribe** is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or business or personal advantage.

(b) An **inducement** is something which helps to bring about an action or desired result.

(c) A business **advantage** means that **Scotgold** is placed in a better position (financially, economically, or reputationally, or in any other way which is beneficial) either than its competitors or than it would otherwise have been had the bribery or corruption not taken place.

- 4.3 **Facilitation** payments or "**grease**" **payments** are typically small, unofficial payments made to secure or expedite a routine government action by a government official.

- 4.4 **Kickbacks** are payment of any portion of a contract made to employees of another contracting party or the utilisation of other techniques, such as subcontracts, purchase orders or consulting agreements, to channel payment to public officials, political parties, party officials or political candidates, to employees of another contracting party, or their relatives or business associates.

- 4.5 **Extortion** means to directly or indirectly demand or accept a bribe, facilitation payment or kickback.

5 ANTI-BRIBERY AND CORRUPTION STANDARDS

- 5.1 It is not acceptable for Scotgold or its directors, officers, employees, consultants or contractors to:

- (a) give, promise to give, or offer, a payment, gift or hospitality or otherwise engage in or permit a bribery offence to occur, with the expectation or hope that an advantage in business will be received, or to reward a business advantage already given.
- (b) give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure.
- (c) accept a payment, gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Company in return.
- (d) threaten or retaliate against another employee or worker who has refused to commit a bribery offence or who has raised concerns under this or the Whistleblowing Policy.
- (e) engage in any activity that might lead to a breach of this Policy.

6 FACILITATION PAYMENTS

- 6.1 Scotgold does not allow the making of facilitation payments or "grease" payments of any kind. Although these are commonly paid in some jurisdictions and are permitted under the US Foreign Corrupt Practices Act 1977 and other laws and, **they are unlawful under the UK Bribery Act 2010** and are therefore prohibited by Scotgold.

7 GIFTS AND HOSPITALITY

- 7.1 Scotgold does not have a specific Gifts & Hospitality Policy. However, suffice to say that it is not appropriate for directors, officers, employees, consultants or contractors to make or receive gifts and / or hospitality from a third party. The exception being where the hospitality is appropriate and where it is of reasonable value and where there is an over-riding business purpose to the hospitality.

8 RED FLAGS

- 8.1 The following is a list of "red flags" that may indicate the possible existence of corrupt practices and should be kept in mind by all those subject to this Policy:
- (a) Use of an agent with a poor reputation or with links to a foreign government.
 - (b) Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.
 - (c) Cash payments, or payments without paper trail or compliance with normal internal controls.
 - (d) Unusual bonuses to foreign personnel for which there is little support.
 - (e) Payments to be made through third party countries or to offshore accounts.

- (f) Private meetings requested by public contractors or companies hoping to tender for contracts.
- (g) Not following Scotgold policies or procedures – abusing the decision process.
- (h) Unexplained preferences for certain sub-contractors.
- (i) Invoices agreed in excess of contract.

8.2 This list is not exhaustive and you should be alert to other indicators that may raise a suspicion of corrupt activity.

9 RESPONSIBILITIES UNDER THE POLICY

9.1 All directors, officers, employees, consultants and contractors of Scotgold must read, understand and comply with this Policy and the following related policies:

- (a) Code of Business Conduct & Ethics;
- (b) Whistleblower Policy; and
- (c) Gifts & Hospitality Policy.

9.2 The prevention, detection and reporting of bribery offences and other forms of corruption are the responsibility of all those working for Scotgold or under its control. All persons are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

9.3 If you are asked to make a payment on the Company's behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the Anti-Corruption Compliance Officer, wherever possible, prior to taking any action.

9.4 All directors, officers, employees, consultants and contractors of Scotgold must notify the Chairman or an independent director under generally acceptable Whistleblower Policies (see Section 11 below) as soon as possible if they believe or suspect that an action in conflict with this Policy has occurred, or may occur in the future, or has been solicited by any person.

9.5 Any person who breaches this Policy will face disciplinary action, which could result in dismissal. Scotgold reserves its right to terminate its contractual relationship with other persons if they breach this Policy.

10 RECORD-KEEPING

- 10.1 Scotgold will be required to develop, implement, monitor and maintain a system of internal controls to facilitate compliance with this Policy, as well as to foster a culture of integrity and maintain high ethical standards throughout the Company.
- 10.2 Scotgold must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- 10.3 All directors, officers, employees, consultants and contractors of Scotgold must seek approval for any gifts given or received and record them on the Gift Register in accordance with the Gifts & Hospitality Policy.
- 10.4 All expenses claims relating to hospitality, gifts or expenses incurred to third parties must be submitted in accordance with the relevant Scotgold group company policies and the reason for the expenditure specifically recorded.
- 10.5 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties should be prepared and maintained with strict accuracy and completeness. No accounts or cash funds must be kept "off-book" to facilitate or conceal improper payments.

11 REPORTING VIOLATIONS OF THIS POLICY – WHISTLEBLOWER POLICY

- 11.1 All directors, officers, employees, consultants and contractors will adhere to Scotgold's commitment to conduct its business and affairs in a lawful and ethical manner. All directors, officers, employees, consultants and contractors are encouraged to raise any queries with the Anti-Corruption Compliance Officer.
- 11.2 In addition, any director, officer, employee, consultant and contractor of Scotgold who becomes aware of any instance where Scotgold receives a solicitation to engage in any act prohibited by this Policy, or who becomes aware of any information suggesting that a violation of this Policy has occurred or is about to occur is required to report it to the Managing Director.
- 11.3 Persons who refuse to engage in or permit a bribery offence, or who raise legal or ethical concerns or report another's wrongdoing, are sometimes worried about possible repercussions. Scotgold aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken. No directors, officers, employees, consultants and contractors of Scotgold will suffer demotion, penalty, or other adverse consequences for refusing to engage in or permit a bribery offence or for raising concerns or for reporting possible wrongdoing, even if it may result in the Company losing business or otherwise suffering a disadvantage.
- 11.4 Scotgold will adopt a Whistleblower Policy which will provide procedures for reporting violations of laws, rules, regulations or Scotgold's corporate policies, including a procedure for anonymous reporting.

12 INVESTIGATION AND DOCUMENTATION OF REPORTS

12.1 Any report of solicitations to engage in a prohibited act or possible violation of the Policy will be investigated initially by the Anti-Corruption Compliance Officer. Where the matter is deemed potentially serious it will be promptly reported to the Chief Executive Officer, the Chairman of the Audit Committee, and where appropriate, to the Chairman of the Board, and the following procedure will be followed:

- (a) The report will be recorded and an investigative file established. In the case of an oral report, the party receiving the report is also to prepare a written summary.
- (b) The Chairman of the Audit Committee will promptly commission the conduct of an investigation. At the election of the Chairman of the Audit Committee, the investigation may be conducted by Scotgold personnel, or by outside counsel, accountants or other persons employed by the Chairman of the Audit Committee. The investigation will document all relevant facts, including persons involved, times and dates. At his discretion, the Chief Executive Officer or the Chairman of the Audit Committee may advise the Board of Directors of the existence of an investigation.
- (c) The identity of a person filing a report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.
- (d) On completion of the investigation, a written investigative report will be provided by the persons employed to conduct the investigation to the Chief Executive Officer and the Chairman of the Audit Committee. If the investigation has documented unlawful, violative or other questionable conduct, the Chief Executive Officer or the Chairman of the Audit Committee will advise the Board of Directors of the matter.
- (e) If any unlawful, violative or other questionable conduct is discovered, the Chief Executive Officer shall cause to be taken such remedial action as the Board of Directors deems appropriate under the circumstances to achieve compliance with the Policy and applicable law, and to otherwise remedy any unlawful, violative or other questionable conduct. The persons employed to conduct the investigation shall prepare, or cause to be prepared, a written summary of the remedial action taken.
- (f) In each case, the written investigative report (or summary of any oral report), and a written summary of the remedial action taken in response to the investigative report shall be retained along with the original report by or under the authority of the Chairman of the Audit Committee.

13 COMMUNICATION OF THE POLICY

- 13.1 To ensure that all directors, officers, employees, consultants and contractors of Scotgold are aware of the Policy, a copy of the Policy will be provided to them and the Policy will be made available on Scotgold's website for their review. All directors, officers, employees, consultants and contractors of Scotgold will be informed whenever significant changes are made. New directors, officers, employees, consultants and contractors of Scotgold will be provided with a copy of this Policy and will be educated about its importance.
- 13.2 This Policy will form part of the induction process for all new directors, officers, employees and consultants of Scotgold.
- 13.3 Scotgold's zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter. For advice on these communications, please contact the Chief Financial Officer.
- 13.4 All employees, consultants and, as appropriate, contractors shall be reminded from time to time of the importance of the compliance with this Policy with the objective of incorporating this Policy into the business and operating culture of Scotgold.

14 RESPONSIBILITY FOR THE POLICY

- 14.1 The Company's Board of Directors has overall responsibility for ensuring this Policy complies with Scotgold's legal and ethical obligations, and that all those under Scotgold's control comply with it.
- 14.2 The Anti-Corruption Compliance Officer has primary and day-to-day responsibility for implementing this Policy, and for monitoring its use and effectiveness. Management at all levels is responsible for ensuring those reporting to them are made aware of and understand this Policy.

15 ANNUAL CERTIFICATION

- 15.1 All directors, officers, employees, consultants and contractors of Scotgold will provide annual certification of compliance with this Policy.
- 15.2 The Managing Director of Scotgold will be responsible for ensuring that all annual certifications are obtained on or before the completion of the Annual and Half Yearly financial reports.

16 MONITORING AND REVIEW

- 16.1 The Managing Director will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible.
- 16.2 Internal control systems and procedures will be subject to audits to provide assurance that they are effective in countering bribery and corruption.

16.3 All directors, officers, employees, consultants and contractors of Scotgold are responsible for the success of this Policy and should ensure they use it to disclose any suspected wrongdoing.

16.4 All directors, officers, employees, consultants and contractors of Scotgold are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Managing Director

17 CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY

17.1 Failure to comply with this Policy may result in severe consequences, which could include internal disciplinary action or termination of employment or consulting arrangements without notice. Violation of this Policy may also violate or constitute a criminal offence under Australian, UK, or US laws. If it appears that any director, officer, employee, consultant or contractor of Scotgold may have violated such laws, then Scotgold may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment for Scotgold directors and/or the responsible person.

18 PROCEDURES

18.1 The UK Bribery Act requires that the directors must implement procedures that will reasonably preclude bribery and corruption. It is not sufficient that Scotgold has an anti-bribery and corruption policy, without also having a means to ensure that the policy will be effective. To this end the directors will ensure that an appropriate and effective internal control procedure is in place.

18.2 Without limiting the internal control measures that will be relied upon, the directors will ensure that the Authority Matrix and the Procurement Policy are sufficiently robust that compliance can be relied upon and that any breach of such policy will be policed and non-compliance will be treated as a serious breach of contract.

19 QUERIES

19.1 If you have any questions about how this Code should be followed in a particular case, please contact the Finance Director in the first instance on +44(0)7771481166.

20 PUBLICATION OF THE POLICY

This Policy will be posted on Scotgold's website.



Approved by: Board of Directors on _____