



## **CODE OF BUSINESS CONDUCT AND ETHICS POLICY**

(As of May 14, 2014)

### **1 Introduction**

- 1.1 In this Code of Business Conduct and Ethics, references to “Company” are deemed to be references to the company and all of its subsidiaries.
- 1.2 St. Augustine Gold & Copper Ltd. (the “Company”) is committed to maintaining the highest standards of ethical conduct, promoting integrity, respecting people and cultural differences, deterring wrongdoing and complying with applicable laws, rules and regulations. In furtherance of this commitment, the board of directors (the “Board”) has adopted this Code of Business Conduct and Ethics (the “Code”) for all directors, officers, consultants and employees of the Company (“Company Individuals”). In addition, each director, officer, consultant and employee will be required to read and sign the policy. If material changes are made, each person will need to resign the policy. The principles set forth in this document describe how Company Individuals should conduct themselves. All Company Individuals are expected to comply with the letter and spirit of this Code.
- 1.3 This Code does not address every expectation or condition regarding proper and ethical business conduct. Accordingly, this Code is intended to serve as a source of guiding principles for Company Individuals. Company Individuals are encouraged to discuss issues about particular circumstances that may be relevant to one or more of the provisions of this Code with the President and CEO, who may consult with inside or outside legal counsel, as appropriate.
- 1.4 The Board encourages the reporting of any behavior by Company Individuals which violates the Code, and the Board will not tolerate retaliation against any person who in good faith reports such violations to the Board or the Chairman.

### **2 Compliance with Code**

- 2.1 The Code applies to all Company Individuals, and all Company Individuals are accountable for compliance with the Code. The Board is responsible for updating the Code and monitoring compliance with the Code. Waivers from the Code may only be granted by the Board, with any director involved in the transgression abstaining from voting on any decision made in respect of such waiver.

### **3 Reporting Violations of the Code**

- 3.1 All Company Individuals (directors, officers, employees and consultants) are responsible for abiding by this Code. This includes individuals responsible for the failure to exercise proper supervision and to detect and report a violation by their subordinates. All Company Individuals are encouraged to report violations of this Code in accordance with the procedures described in the Company's Whistleblower Policy.
- 3.2 The Company will not take or allow any reprisal against any Company Individual who, in good faith, reports a suspected violation of this Policy. Any reprisal will in itself be a very serious breach of the Code and subject to disciplinary action.
- 3.3 The CEO and the Board of Directors will be made aware of reports and the outcome of investigations.

## **4 Compliance with Laws, Rules and Regulations**

- 4.1 The Company requires strict compliance from all Company Individuals with applicable laws, rules and regulations. These include all provincial, federal and other laws, including securities and insider trading laws, the Company's insider trading compliance policies, as well as anti-corruption laws and the Company's anti-corruption policies. Company Individuals must comply with and ensure compliance with all of the laws, rules, and regulations of Canada and other countries wherever the Company conducts business. Violations of this Code will result in the Company taking effective remedial action commensurate with the severity of the violation. This action may include disciplinary measures up to and including termination in the case of a director, employee or officer, and termination of the consulting contract in the case of a consultant and, if warranted, legal proceedings. If determined appropriate, a matter may be referred to the appropriate authorities.
- 4.2 A case of non-compliance with an applicable law may subject a Company Individual to disciplinary action. The fact that in some countries certain standards of conduct are legally prohibited but are not enforced in practice, or their violation is not subject to public criticism or censure will not excuse an illegal action by a Company Individual.

## **5 Disclosure**

- 5.1 It is Company policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, any stock exchange, the Canadian provincial securities commissions (the "Securities Commissions") and in all other public communications made by the Company. Employees are required to abide by Company standards, policies and procedures designed to promote compliance with this policy. For further guidance on disclosure matters, see the Company's separate Disclosure Policy.

## **6 Conflicts of Interest**

- 6.1 Shareholders of the Company expect that business decisions are made in the best interest of the Company. Any situation that creates or appears to create a material conflict of interest must be avoided by a Company Individual. A conflict of interest occurs when a Company Individual's private interest interferes in any way with the interests of the Company or any of its

subsidiaries and affiliated Companies. If a material conflict of interest arises, the Company Individual involved must disclose the conflict and take prompt action to remedy it. The following are examples of conflicts of interest:

- 6.1.1 Receiving personal loans or guarantees of obligations as a result of one's position as a Company Individual;
- 6.1.2 Engaging in conduct or activity or entering into any transaction or agreement that competes with the Company's existing or prospective business or takes advantage of an opportunity which should be offered to the Company first;
- 6.1.3 Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company; and
- 6.1.4 Accepting gifts, favors, entertainment, or services that may influence a business decision - other than such minor gifts, etc. as are the practice in the industry.

## **7 Inside Information and Securities Trading**

- 7.1 Confidential Company information may not be used for personal benefit. It is prohibited to trade securities or to inform (tip) others to trade securities of the Company or affiliated companies on the basis of material information obtained as a Company Individual before it is made available to the public through appropriate media. Such information includes news about acquisitions, investments, new business relationships, financial results, important management changes, and other information that has the potential to affect the stock price of the Company or another company.
- 7.2 If doubt exists about whether the information is material or has been released to the public, a Company Individual shall not trade before consulting with the CEO or Chief Financial Officer ("CFO"). No Company Individual may engage in "short sales" or trade in puts, calls, or other options on Company stock.
- 7.3 Company Individuals may, at any time purchase Company securities and exercise options granted to them in accordance with the applicable arrangements, as long as those purchases are not decisions based on inside information.

## **8 Antitrust/Competition Laws**

- 8.1 The Company does not discuss its prices with its competitors. Nor does the Company enter into illegal agreements or engage in illegal practices in restraint of trade.

## **9 Corporate Opportunity**

- 9.1 Except as may be approved by the Board or the Chairman, Company Individuals are prohibited from:
  - 9.1.1 Taking any opportunities that belong to the Company;
  - 9.1.2 Taking any opportunities that are discovered through the use of Company corporate property, information, or from the position as Director;
  - 9.1.3 Using corporate property, information, or position; or
  - 9.1.4 Competing with the Company,

- 9.2 That will benefit themselves personally, or benefit their family, or be to the benefit of persons or entities outside the Company, whether or not it has a material impact on the Company's financial performance.

## **10 Confidentiality**

- 10.1 All Company Individuals must maintain the confidentiality of confidential non-public information entrusted to them by the Company in their capacity as a Company Individual, except when the Company authorizes disclosure or when required by laws, regulations, or legal proceedings. "Confidential Information" is all non-public information entrusted to or obtained by a Company Individual by reason of his or her position as a Company Individual. It includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Company, its shareholders, or its customers if disclosed, such as:
- 10.1.1 Non-public information about the Company's financial condition, detailed sales and profit figures, new product or marketing prospects or plans, its marketing and sales programs and research and development information, manufacturing processes, salary data, employee lists as well as information relating to mergers and acquisitions, stock splits and divestitures;
  - 10.1.2 Non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners, which the Company is under an obligation to maintain as confidential; and
  - 10.1.3 Non-public information about discussions and deliberations relating to business issues and decisions, between and among Company Individuals.
- 10.2 Company Individuals must keep confidential information strictly confidential, limiting access to those who have a need to know, avoiding discussion of confidential information in public areas such as airplanes, elevators, and restaurants and on mobile phones and avoiding inadvertent disclosure of confidential information through the use of laptop computers or other similar electronic devices in public places.
- 10.3 Whenever feasible, Company Individuals should consult an appropriate supervisor if they believe they have a legal obligation to disclose confidential information.
- 10.4 Generally, no Company Individual shall:
- 10.4.1 Use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
  - 10.4.2 Disclose Confidential Information outside the Company, either during or after his or her service as a Company Individual of the Company, except as required to conduct the Company's business or as may be otherwise required by law.

## **11 Fair Dealing / Equal Opportunity / Discrimination**

- 11.1 All Company Individuals must treat the Company's customers, suppliers, competitors, creditors, directors, officers, and employees fairly and with respect. No Company Individual may take unfair advantage of anyone dealing or involved with the Company through manipulation,

concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

- 11.2 It is the practice of the Company to employ positive business and personnel practices designed to ensure the full realization of equal employment opportunity. Furthermore, it is expected that all employees, contractors, officers, and directors accomplish their work in a business-like manner with a concern for the well-being of their co-workers. All Company Individuals have the right to pursue their careers at the Company free from harassment and free from discrimination based on any ground prohibited by law, including race, color, ancestry, place of origin, political belief, religion, marital status, family status, physical or mental disability, sex, sexual orientation, or age. Any employee, officer, or director who experiences harassment should bring it to the attention of their supervisor or the VP of Human Resources.

## **12 Health and Safety**

- 12.1 The Company seeks to provide a clean, safe and healthy place to work. All Company Individuals are expected to observe all safety rules and practices and to follow instructions concerning safe work practices.

## **13 Protection and Proper Use of Company Assets**

- 13.1 All Company Individuals must perform their duties in a manner that protects the Company's assets and resources and ensures their efficient use. Company assets may only be used for legitimate Company business purposes and not for personal benefit or gain. "Assets" include equipment, inventory, supplies and intellectual property. The following are examples of prohibited personal use of company assets. This is not intended to be an exhaustive list:

- 13.1.1 Removal of Company property for personal use;
- 13.1.2 Unauthorized use of Company equipment, vehicles or residences; and
- 13.1.3 Unauthorized copying of software, tapes, books, and other legally protected work.

- 13.2 All Company Individuals must comply with security procedures in place to protect Company assets.

## **14 Accuracy of Business Records**

- 14.1 Honest and accurate recording and reporting of information is extremely important. Investors rely on the Company to provide accurate information about it and its affiliates and to make responsible business decisions based on reliable records. All books, records and accounts must accurately reflect transactions and events, and all financial records must conform to Canadian generally accepted accounting principles, international financial reporting standards and to the Company's internal control systems. Undisclosed or unrecorded funds or assets are not allowed. No entry may be made that intentionally hides or disguises the true nature of any transaction.

## **15 Accounting**

- 15.1 The Audit Committee of the Board is responsible for establishing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters. All Company Individuals are encouraged to report violations of this Code in accordance with the procedures described in the Company's Whistleblower Policy.

## **16 Competitive Information**

- 16.1 Information about competitors, customers and suppliers is a valuable asset in the competitive markets in which the Company operates. The Company will obtain this information legally. Theft of proprietary information, inducing disclosures by a competitor's past or present employees and any actions that could create an appearance of an improper agreement in respect of competitors is prohibited. Any Company Individual who is authorized to retain a consultant to gather competitive information must take steps to ensure that the consultant adheres to these policies. When in doubt about the propriety of any information-gathering technique or about whether a competitor, supplier, or other external contact has provided confidential information, a Company Individual should contact an appropriate supervisor or the Chairman of the Board.

## **17 Amendment**

- 17.1 This Code may be amended by the Company's Board, subject to the disclosure and other provisions of applicable corporate securities legislation and stock exchange rule.

## **18 Waiver of the Code of Business Conduct and Ethics**

- 18.1 Violations of the Code of Business Conduct and Ethics will be referred to the Corporate Governance Committee who has discretion to waive violations, where deemed appropriate.

**Amended and approved by the St. Augustine Board of Directors on May 14, 2014.**