

AUSTRALIAN SOLOMONS GOLD LIMITED

A.C.N. 109 492 373 ("the Company")

BOARD POLICY DOCUMENT No. 1

CODE OF CONDUCT

1 PURPOSE

- 1.1 The Board of Australian Solomons Gold Limited ("the Company") believes it is necessary to establish a Code of Conduct to apply standards for appropriate ethical and professional behaviour for all employees and Directors working for the Company or subsidiary companies.
- 1.2 The purpose of this Board Policy Document is to provide guidance on the manner in which the Board of the Company ("the Board") proposes to establish the fundamental values, which form the basis of and underpin all of the Company's business relationships.
- 1.3 This Board Policy Document will be regularly reviewed and may be amended by the Board at its discretion at any time so as to continue to be aligned with the broad objectives of the Company and its subsidiaries.

2 EXECUTIVE CODE OF CONDUCT

- 2.1 This code of conduct is intended to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

- (1) The practices necessary to maintain confidence in the integrity of the Company; and
- (2) The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

- 2.2 The following principles govern the conduct of each director and key executive of the Company ("Key Individual"):

- (1) **Conflicts of interest:**

Each Key Individual must disclose to the board of the Company all situations where the interest of the Key Individual is in conflict with, or appears to be in conflict with, the interests of the Company and otherwise act in accordance with the law in relation to that conflict of interest.

- (2) **Company information:**

Each Key Individual must not take advantage of property or information of the Company, their position with the Company, or any opportunities arising from such property, information or position, for personal gain of the Key Individual or any other person, nor use such property, information or position to compete in any way with the Company.

- (3) **Confidentiality:**

Each Key Individual must not disclose or use confidential information of the Company, except where such use or disclosure is authorised by the Company or legally mandated.

- (4) **Fairness:**

Each Key Individual must deal fairly with all employees and the customers, suppliers, competitors and employees of the Company.

- (5) **Business enterprise:**

Each Key Individual must protect and properly use the assets of the Company for the legitimate business purposes of the Company.

- (6) **Compliance:**

Each Key Individual must actively promote compliance by the Company with all laws and regulations affecting the Company.

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(7) **Ethics and behaviour:**

Each Key Individual must actively promote ethical behaviour by the Company and protect persons who, in good faith, report unlawful or unethical behaviour by the Company or any employee of the Company.

(8) **Trading in securities:**

Key Individuals (and their associates) are prohibited from engaging in short-term trading of Company securities and must comply with the Company's Trading Blackout Policy.

3 EMPLOYEE CODE OF CONDUCT

3.1 The Company's Code of Conduct sets ethical standards for the Company employees to embrace and advocate. This ethical framework delivers an environment in which the Company employees can excel regardless of race, religion, age, disability or gender. The following six principles govern conduct, wherever the Company operates.

(1) **Honesty and integrity**

Employees will not make statements, promises or commitments that they do not believe to be true or which they or the Company do not intend, or are unable, to honour:

- a) Employee conduct will be such that their honesty is beyond question;
- b) In all communications, employees will adhere to the truth, and will not knowingly make false statements, nor mislead directly, indirectly or by omission;
- c) Employees will at all times deal fairly and in good faith with the Company's customers, suppliers and competitors, as well as with work colleagues and other parties;
- d) Employees will treat all people with respect and will undertake their duties with care and diligence, and will uphold the Company's values; and
- e) Employees will protect the Company's reputation and assets.

(2) **Personal transactions and gain**

Employee personal dealings will be kept separate from their business dealings:

- a) Employees will not use the name of the Company, nor any information obtained in the course of their employment or as a result of their position with the Company, to further any personal transaction or gain;
- b) Employees will use goods, services and facilities provided to them by the Company strictly in accordance with the terms on which they are provided, and will ensure that such goods and facilities are properly protected.

(3) **Confidentiality of information**

Employees will respect the privacy of others:

- a) Employees will take care to ensure that confidential information relating to customers, work colleagues, suppliers and the Company's operations is properly protected and not disclosed to third parties, unless allowed or required under relevant law or regulation; and
- b) Employees will not use information obtained in the course of my employment or as a result of their position with the Company for personal financial gain, nor allow that information to be used to obtain financial benefit for any other person or company.

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(4) Conflict of interest

Employee primary business loyalty is to the Company:

- a) Employees will immediately and fully disclose to their supervisor any personal matters that may lead to actual or perceived conflicts of interest; and
- b) Employee dealings with customers, suppliers and other parties will always be at arm's length to avoid the possibility of actual or perceived conflicts of interest.

(5) Abiding by the law and this code

Employees will abide by the law and this code:

- a) Employees will not take any action, nor allow any omission, that will breach any law or regulation (including insider trading laws) of the country in which I work
- b) Employees will immediately report knowledge of any actual or potential breaches of the law or this code to their supervisor so that appropriate action can be taken
- c) Employees understand that if they breach any law or provision of this code, the breach will be investigated, which could result in disciplinary action, including termination of their employment with the Company.
- d) Employees will comply with all statutory and internal disclosure requirements on a timely basis and if applicable to them, will ensure the full, fair, accurate and understandable, disclosure of matters in financial reports

(6) Payments, gifts or entertainment

Employees will not accept or provide any gift or entertainment in breach of this CODE:

- a) Employees will not use their employment status or position at the Company to seek personal gain from those doing business or seeking to do business with the Company, or from any other person or company;
- b) Employees will not accept any cash payments but may accept gifts if the market value of the gift is less than AUD200 (or equivalent), provided that such gifts are not given in return for any consideration;
- c) Employees will not accept or provide any entertainment that could reasonably be seen to be excessive or abnormal; and
- d) Employees will not offer, promise or provide a bribe, in any form, to any person, either directly or indirectly, and employees will not accept a bribe from any person

Approved by the Board on [27] day of April 2006

Signed for an on behalf of the Board of Australian Solomons Gold Limited

Stephen C Everett, Chairman