

Anti-Bribery and Corruption Policy

LACONIA RESOURCES LIMITED

DOMINION LEGAL

Dominion Legal
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Ref:

1. Overview

1.1 Introduction

This policy stipulates mandatory compliance requirements in relation to anti-bribery and corruption. This

- (a) policy is derived from, and compliant with, relevant legislations and guidance including the UK Bribery Act
- (b) 2010 and other anti-bribery and corruption laws (ABC laws).

This policy applies to all Laconia Resources Ltd (“**Laconia**”) entities and it is the responsibility of all Laconia directors, officers and employees to be aware and compliant with this policy and management to ensure that all directors, officers and employees have access to and an understanding of these compliance requirements.

1.2 Policy Statement

Laconia is committed to conducting its business fairly, honourably, with integrity and in compliance with the law in all jurisdictions where it operates, including all applicable anti-corruption and bribery laws. The purpose of this policy is to set forth Laconia’s commitment against bribery and corruption and to ensure all Laconia directors, officers and employees understand their individual responsibilities for compliance. This commitment flows from our core values and creates a robust and transparent culture of integrity and compliance, which is critical to the long term success of our business.

The basic tenets of Laconia’s anti-bribery and corruption policy are:

- (a) Laconia does not pay bribes to government officials, private company executives or to anyone to obtain or maintain business, induce improper performance or to gain an unfair advantage;
- (b) Laconia does not pay bribes directly or indirectly through brokers, agents, consultants or other associated persons or third parties;
- (c) Laconia will not pay bribes through other means such as lavish meals and entertaining, excessive gift giving or making facilitation payments;
- (d) Laconia maintains detailed and accurate books and records and internal controls. Laconia does not conceal bribes or other improper payments by ‘off books’ arrangements or by falsifying its books and records;

The prohibition against paying of bribes includes offers to pay bribes. It also includes small ‘grease payments’ or ‘facilitation payments’ to government officials.

All Laconia directors, management and employees are charged with the responsibility of knowing what their brokers, agents, consultants and other third party representatives are doing and ensuring that such entities are not paying bribes on Laconia’s behalf.

Wilful ignorance is no excuse and all Laconia's directors, officers and employees are expected to follow both the spirit and letter of this policy.

Laconia's directors, officers, and employees violating this policy will be subject to severe discipline, up to and potentially including termination. Compliance with this policy is especially important because all of Laconia's directors, officers and employees worldwide are potentially criminally liable for violating criminal ABC laws . These ABC laws apply to Laconia directors, officers and employees and other associated third persons both within the UK, US and Australia and extraterritorially, wherever Laconia conducts business. All Laconia's directors, officers and employees worldwide are potentially criminally liable for violating the ABC laws.

Criminal violations could result in fines for individuals and imprisonment for each violation. Individuals could also be subject to additional criminal fines and penalties under local laws. Laconia could face numerous sanctions, including criminal indictment and fines, disgorgement of any ill-gotten gains, the prohibition to do business with government entities, and the appointment of a compliance monitor to oversee its business operations.

1.3 Definitions

Reference Definition

ABC means Anti-Bribery and Corruption

ABC Laws includes:

- (a) UK Bribery Act;
- (b) Australian Criminal Code; and
- (c) FCPA.

Associate includes:

- (a) a person with whom personal business is conducted;
- (b) a close friend;
- (c) a person who is a trustee of a trust in relation to which the employee or contractor may benefit; or
- (d) a director or officer of a company or other entity over which the employee or contractor has substantial control.

Australian Criminal Code Australian Criminal Code Act 1995

Bribery means giving or receiving an undue reward to influence the behaviour of someone in government or business to obtain commercial advantage.

Contractor means contractors, consultants and other service providers.

Employee includes directors, officers and staff (whether permanent or casual, fulltime or part-time) and temporary hires employed directly by Laconia but do not include contractors.

FCPA The Foreign Corrupt Practices Act 1977. United States based legislation making it unlawful for a firm or person working within the United States to make a corrupt payment to a foreign official for the purpose of obtaining or retaining business for or with, or directing business to, any person Government Officials

Government official includes:

- (a) an official or employee of a government or government owned enterprise;
- (b) an official or employee of a government agency or regulatory authority;
- (c) an official or employee of a political party or a political candidate;
- (d) any official or employee of an international public organisation such as the United Nations, World Bank or International Monetary Fund;
- (e) a member of the judiciary or magistracy;
- (f) an individual who holds or performs the duties of an appointment, office or position created by custom or convention, including some members or royal families and some tribal leaders;
- (g) a person who is, or holds themselves out to be, an authorised intermediary of a government official; a relative or associate of such government official; and
- (h) Police officers, customs and tax officials, employees of state owned enterprises, political party officials as well as children or other relatives of a government or political party official.

Nominated Country is one with a score less than 6.5 on the most recent Transparency International (TI) Corruption Perception Index (CPI).

Relative means an immediate family member and includes a spouse, partner, parent, child and sibling whether by blood, marriage or adoption (including in-laws) and includes anyone residing in a person's home (other than tenant or domestic employee).

Laconia personnel means Laconia's employees and contractors.

UK Bribery Act UK Bribery Act 2010.

2. **Bribery and Corruption**

Bribery means giving or receiving an undue reward to influence the behaviour of someone in government or business to obtain commercial advantage.

Laconia's approach to bribery and corruption is very simple and applies everywhere we do business:

- (a) Laconia forbids making, offering or promising to make a payment or transfer anything of value, including the provision of any service, gift, meal or entertainment, to government personnel and other officials for the purpose of improperly obtaining or retaining business, or for any other improper purpose or business advantage;
- (b) Laconia forbids making improper payments through third parties;
- (c) Laconia forbids the offering of giving facilitation payments, even if the conduct is customary; and
- (d) Laconia forbids payments of cash or cash equivalents to a government official.

Employees who refuse to participate in bribery or corrupt activity will be fully support by Laconia's management.

3. Facilitation Payments

Facilitation payments are defined as payments to government officials for routine government action.

Such payments are generally for small amounts and often occur in dealings with customs, immigration or tax officials, when obtaining permits, licences or other government papers and in other circumstances.

Such payments are difficult to monitor and sometimes there is ambiguity as to whether such payments are legal or constitute bribes. Accordingly, facilitation payments are prohibited under this policy.

There may be extraordinary circumstances where Laconia employees may need to make a facilitation payment. Such extraordinary circumstances may arise if an employee or other person is threatened with imminent physical harm or danger (or if Laconia's or Laconia's employee's property is threatened) and an official demands a payment to:

- (a) refrain from inflicting injury (or property damage); or
- (b) act in his official capacity to prevent the harm (or damage).

An example would be a policeman who refuses to intervene in an assault or a fireman who refuses to put out a fire if not paid. If an employee makes a payment under these extraordinary circumstances, he or she should report this immediately to a supervisor and to the Board.

All facilitation payments must be accurately described in the books and records of Laconia so that the purpose of the payment is clear. Such payments should be booked to a General Ledger account titled 'Facilitation Payments'.

4. Gifts, Meals and Entertainment

Laconia will not pay bribes through other means such as lavish meals and entertaining or excessive gift giving. In general, all gifts, meals and entertainment must be appropriate and consistent with our Code of Conduct and Travel Procedure. The following general principles apply to both the giving and receiving of gifts, meals and entertainment:

- (a) No Quid Pro Quo – There must be a legitimate business purpose that justifies the expense. Under no circumstances should customary gifts, meals, entertainment, travel or lodging be given as a quid pro quo to improperly influence or obtain unfair advantage;
- (b) No Cash Gifts – Gifts should never be given, or accepted from external parties, in cash or cash equivalents (e.g. gift cards or certificates);
- (c) Fully and Accurately Documented – All expenses must be fully and accurately documented in accordance with our policy;
- (d) Appropriate and Approved – All gifts, meals and entertainment must be appropriate and approved by your Manager if greater than AUD\$200 per person. Lavish spending or inappropriate entertaining must be avoided;
- (e) Gifts, Meals and Entertainment should be Given Openly – Customary gifts, meals and entertainment should be transparent to avoid appearance of impropriety. Openness is achieved through documentation and consultation and advance approval where appropriate or required;
- (f) Local Laws or Regulations – The gift, meal or entertainment must be legal under the laws and regulations of the country of the recipient; and
- (g) Gifts should be Recorded and Monitored – Gifts, meals and entertainment that has been given or received with a monetary value greater than AUD\$200 per person, should be recorded in Laconia’s Gift Register . Management should monitor the Gift Register to ensure that the gift is appropriate, never provided in cash and multiple gifts, meals and entertainment are not provided to, or received from, a single individual exclusively.

See Appendix C for Quick Reference Examples related to gifts and entertainment. Employees should seek guidance in advance for special situations.

5. Political Involvement

5.1 Corporate Political Involvement

Laconia’s approach on corporate political participation is simple, and applies everywhere we do business:

- (a) Laconia will not participate directly in party political activity;
- (b) Laconia will make no political contributions, or contribute to a political party or individuals involved in politics, whether in cash or in kind, anywhere in the world;

- (c) Laconia will not pay admissions to an event organised by political parties or individual politicians, for example a conference or dinner; and
- (d) Laconia will not make contributions to organisations which are used as channels to provide funding to political parties or individual politicians. The onus of responsibility is on the employee to ensure that the organisation is not politically connected.

5.2 Personal Political Involvement

Laconia recognises employee's rights to participate as individuals in the political process, in ways that are appropriate to each country. However, you must be careful to make clear that you do not represent Laconia as you participate in the political process.

6. Charitable Donations and Sponsorships

6.1 Charitable Donations

Charitable donations means small or large amounts of financial resources provided voluntarily to a charitable organisation to support a cause of initiative with no expectation of commercial gain in return.

Donations differ to sponsorships which provide commercial benefits; section 6.2 covers Laconia's policy on sponsorships. Laconia's approach to charitable donations:

- (a) must not be made to gain an unfair business advantage;
- (b) must not be made to individuals; and
- (c) must not be politically connected.

Prior to a charitable donation being made, Laconia employees must ensure:

- (a) a proposal for the use of funds submitted by the charitable organisation;
- (b) the charity is a legitimate organisation;
- (c) appropriate pre-approval has been obtained from the CFO and/or CEO;
- (d) the donated amount is used legitimately. It is encouraged that donations only be made for items which cannot be stolen or misused (for example a building);
- (e) confirmation from the charitable organisation that they will abide by Laconia's terms and conditions. A signed contract is preferred, where possible; and
- (f) copies of all documentation is kept in a hard copy file.

Post the charitable organisation receiving the donation, Laconia employees:

- (a) must ensure that regular progress updates are provided by the charitable organisation, these progress payments can be a combination of written reports and/or photos; and
- (b) must ensure that the work being completed is in accordance with the charitable organisations proposal and the agreed terms and conditions.

6.2 Sponsorships

Sponsorships refers to support for an event, initiative or organisation, by providing financial, property and/or other resources, in return for certain rights, benefits or associations that may be exploited.

Sponsorships are intended to be mutually beneficial.

7. Due Diligence

7.1 Identification of Government and other High Risk Relationships

It is imperative that Laconia identify and monitor its more risky relationships. It is the responsibility of all Laconia's entities to identify and monitor its most risky relationships with government-owned or affiliated business partners, government regulators and large commercial accounts. Special care must be exercised in these relationships, particularly as they relate to the hiring of intermediaries and the providing of gifts, entertainment or other business courtesies.

7.2 Hiring and Contracting with Brokers, Agents, Consultant and other Representatives Dealing with Government Entities and High Risk Accounts

Bribes are often paid through intermediaries and often bribes schemes are initiated by intermediaries who may have their own incentives for bribe paying. Accordingly, special care must be exercised around the retaining of brokers, agents, consultants and other third party representatives who assists Laconia in high risk relationships, such as dealings with government entities and significant commercial accounts.

Laconia's employees engaged in the hiring of consultants, brokers, agents and other third party representatives have special responsibility to know who they are hiring and to ensure such vendor is trustworthy, reputable and will not engage in corrupt activity. There may be signs and occurrences that will appear as 'red flags' that indicate a relationship should be further investigated, and Laconia's General Counsel should be consulted.

Written contracts are required for all consultants, brokers, agents and other third party representatives who assist Laconia with dealings with government entities. Such contracts must contain specific anti-bribery and corruption language, approved by the Laconia Legal Department.

7.3 Required Due Diligence – High Risk Countries

In certain countries, contracting with consultants, brokers, agents and other third party representatives who assist Laconia with dealings with government entities or significant commercial accounts can create an elevated level of risk. In these countries, additional procedures are required to be undertaken related to the hiring of such third party representatives. These procedures include:

- (a) All such representatives are required to complete a Questionnaire and may be subject to a background investigation to be performed by Laconia or a firm hired by Laconia. See Appendix B, Questionnaire For Proposed Third Party Representatives (High Risk Accounts).
- (b) Laconia's sponsor of the representative must complete a Business Justification Memorandum describing in detail the reasons for retaining the representative and the work to be performed by the representative and submit the memorandum to the applicable country manager or opportunity sponsor. See Appendix B, Business Justification Memorandum For Third-Party Representatives (High Risk Accounts). After sign-off and approval by the CEO, the Business Justification Memorandum and the Questionnaire is forwarded to Laconia Board.
- (c) Laconia Board will review the Questionnaire and the Business Justification Memorandum and decide on a case by case basis whether circumstances warrant conducting a background investigation and the extent of the investigation to be undertaken.

Following completion of the above, the request to retain the representative will either be approved or rejected by Laconia Board. Upon acceptance, the representative may be retained subject to agreeing to the terms of a written contract that includes approved anti-bribery and corruption language.

Written contracts are required that contain language prohibiting the representative from bribery or other corrupt activity on behalf of Laconia and requiring that the representative annually certify compliance with Laconia's Anti-bribery and corruption policy. Laconia Board will retain a file documenting the due diligence and approval process for such representatives in high risk countries.

8. Reporting and Investigations Of Bribery And Corruption Violations

8.1 Reporting of Suspected Violations of this Policy

Everyone at Laconia has the responsibility to report violations of this policy, or any other conduct involving bribery and/or corruption which is not stipulated in this policy.

Laconia employees must be alerted to red flags in relation to bribery and corruption and raise such red flags with their supervisor or more senior management. If you feel that it would be inappropriate to report the matter to your supervisor, you must report it to another member of management, whose position is more senior than yours. The person receiving the report must report the matter to the Chairman.

8.2 Investigation of Suspected Violations Of This Policy

All reported incidents will be recorded and investigated in a timely manner. Investigations will be conducted by appropriately qualified senior employees.

Where deemed necessary, Laconia senior management, may engage external consultants, such as forensic accountants or investigators to conduct an investigation into the suspected violation.

8.3 Enforcement and Discipline

Any employee who knowingly violates this policy will be subject to appropriate disciplinary action, up to and including termination of employment. Any employee who is aware of another employee's violation and does not report that violation will also be subject to appropriate disciplinary action.

9. Laconia's Records and Internal Controls

9.1 Accurate Books and Records

Laconia personnel must always record payments correctly and transparently. It is the policy of Laconia to have effective systems of internal controls, including financial, accounting, and tax accounting systems, to ensure accurate books and records and a true and fair view of Laconia's business affairs and to prevent:

- (a) incidents of bribery and corruption;
- (b) unrecorded, unidentified or misidentified accounts; and
- (c) creation of false records.

Laconia's management is responsible to ensure that there are appropriate internal controls in place to prevent and detect violation of this policy.

9.2 Bribery and Corruption Risks

Bribery and corruption risks must always be considered when Laconia is considering new projects and new countries. Laconia must, before it commences any project or any new activity in a nominated country, undertake a bribery and corruption risk analysis.

This analysis will:

- (a) focus on business integrity and other matters covered in this policy; and
- (b) be documented.

9.3 Monitoring of Internal Controls

Controls around these areas are monitored by the Laconia Board, which annually conducts anticorruption audits designed to detect and deter potential corrupt activity in violation of this policy.

10. Education and Training

All employees who are identified as having a high risk of exposure to bribery and corruption practices must attend live anti-bribery and corruption training. These employees will be identified following a bribery and corruption risk assessment.

The anti-bribery and corruption training will contain:

- (a) Laconia's ABC program;
- (b) the definition of bribery and corruption;
- (c) examples of bribery and corruption;
- (d) bribery and corruption red flags;
- (e) specific case studies relevant to the employees position, department and location;
- (f) what procedures to follow if subjected to a bribe; and
- (g) what to do if you suspect bribery or corruption has occurred.

A record will be kept of each employee who has completed the anti-bribery and corruption training.

The anti-bribery and corruption training will be updated following the periodic review of Laconia's bribery and corruption risk assessment and other learnings pertaining to bribery and corruption practices.

11. Responsibilities and Oversight

Laconia's business units that transact international business, especially transactions directly with foreign governments, have primary responsibility for internally reporting bribe solicitations or other requests in violations of the law to their legal department and for appropriately responding to such requests.

11.1 Monitoring and Compliance

The Laconia Board bears overall responsibility for monitoring compliance with this policy. However, all employees have a responsibility to ensure its compliance.

12. Annual Compliance Requirements

Each Laconia employee is required to sign a certificate of compliance stating that he or she acknowledge and understand the terms and conditions of this policy.

APPENDIX B List of Red Flags

Retaining Consultants, Brokers, Agents and other Representatives

Listed below are some common 'red flags' that call for the exercise of extreme caution and the utmost due diligence when considering hiring a consultant, broker, agent or other third party representatives (hereafter described as 'representative') that will interact with government officials.

- (a) Representative is suggested or referred by government official.
- (b) Government official advises that he/she will only do business through certain representative(s).
- (c) Representative is a relative of government official.
- (d) Representative suggests he/she has a 'personal relationship' or special connections with government official.
- (e) Representative does not appear qualified to perform the service contracted for or main qualification appears to be personal relationship with government officials.
- (f) Due diligence provides derogatory or limited information about the Representative.
- (g) Representative does not have an office or established business.
- (h) Representative has reputation for getting 'things done'.
- (i) Representative requests unusual or excessive payment arrangement.
- (j) Representative suggests that for a certain amount of money he or she can fix the problem.
- (k) Representative requests to be paid in cash or have payment wired to out-of-country account.
- (l) Representative refuses to fully account for his or her time or detail activities.
- (m) Representative presents inflated invoice or fails to provide documentation of expenses when requested.
- (n) Representative refuses to enter into written agreement governing his / her conduct, including compliance with the FCPA, UK Bribery Act, Australian Criminal Code or anti-corruption laws of other countries.
- (o) Representative refuses to be audited in accordance with his /her contract.

APPENDIX C Example Questionnaires

Questionnaire for Proposed International Agents, Consultants and Representatives and Certificate of Compliance

1. Agent, consultant or representative/company name:

.....
.....

2. Country in which you will represent us:

.....

3. Address:

.....
.....

Telephone:

Fax:

4. Date and place of incorporation (if an incorporated entity):

.....

5. Management information:

Chairman/President:

Managing Director:

Other Directors:

6. Owners/Principals:

Name: % Ownership.....

7. Parent Company (if any):

.....
.....

Subsidiary companies:

.....
.....

Jointly owned companies:

.....
.....

Type of ownership in jointly owned companies:

.....
.....

8. Business references:

(a)

(b)

(c)

9. Banking references:

(a)

(b)

(c)

10. Other businesses in which managing director is engaged:

.....
.....

11. Other businesses in which directors are engaged:

Director Name: Business:

12. Historical background:

(a) Years company has been in business:

(b) Briefly describe primary areas of business activity, changes in ownership, etc.

- (iii) indicate the type and extent of his/her ownership interest in your company (e.g., percentage of ownership, positions with the company, shareholder, officer, director, etc.).

.....
.....

The signature below authorises Laconia to use any information contained in the Questionnaire for the purpose of determining whether I or my company will be retained by Laconia as its agent, consultant, or representative. This signature does not authorise use of this information for any other purpose or disclosure to any third party without express written consent, unless required by law.

.....
Director Signature

.....
Name and Title of Director (Print)

.....
Date

.....
Witness Signature

.....
Name of Witness (Print)

.....
Company (Print)

Certificate of Compliance

I, (Consultant's Name), a duly authorised representative of(Agency Name), confirm that I, my company, and anyone retained by me or my company are fully aware of and understand the provisions of the US Foreign Corrupt Practices Act of 1977 as amended (FCPA), and the UK Bribery Act of 2010 (UK Bribery Act), the Australian Criminal Code of 1995 (Australian Criminal Code) and that I, my company, and everyone retained by me or my company have not violated these laws.

Further, I confirm that neither I nor my company is a governmental entity or political party in the country in which I would represent Laconia and that no officer, director, stockholder, employee, or agent of my company is a 'foreign official' as that term is defined below. 'Government Official' is defined as:

1. Any officer or employee of any country's government, including any federal, regional or local department, agency, state-owned or state-controlled enterprise or corporation or other instrumentality thereof;
2. Any person acting in an official capacity for or on behalf of any such entities identified in clause (1); or
3. Any official of a political party, or candidate or nominee of any political party in the foreign country or for any position with any entity identified in clause (1) above, or any public international organisation.

In connection with any representation of Laconia, neither I, nor my company, nor any of its officers, directors, stockholders, employees or agents have offered, paid, promised to pay, or authorized the payment of any money or any other thing of value to (a) any Government Official, or (b) any other person while knowing that all or a portion of such money or thing of value would be offered or given directly or indirectly to any official, political party, or to any candidate for political office for any of the prohibited purposes listed below. These prohibited purposes are:

- (a) to influence an act or decision of such official, political party, party official or candidate in his or her official capacity;
- (b) to induce such official, political party, party official or candidate to do or omit to do any act in violation of the lawful duty of such party, official or candidate; or
- (c) to induce such official, a political party, party official or candidate to use his, her or its influence with a government or government agency.

I confirm that should I or my company be retained to represent Laconia and should I learn of or have reason to know of any activities in connection with the representation of Laconia which may constitute a violation of the FCPA or the UK Bribery Act or the Australian Criminal Code, I will immediately advise the [insert applicable Representative] of Laconia at [insert contact details].

.....
Director Signature

.....
Witness Signature

.....
Name and Title of Director (Print)

.....
Name of Witness (Print)

.....
Date

.....
Company (Print)

APPENDIX D Quick Reference Examples

Gifts

Types Occasions Individuals

Appropriate

- Company logo items
- Items with no market value
- Token gifts
- Courtesy gifts
- When culturally appropriate (i.e. during Spring Festival or Mid-Autumn Festival)
- In exchange for hospitality
- Representatives of government departments with whom no bid or deal is pending

Inappropriate

- Cash, stocks, other negotiable instruments
- Any other instruments of value, such as gift coupons
- Jewellery
- Alcohol
- Cigarettes or cigars
- Reimbursement of expenses
- Forgiveness of debt
- Promise of employment or personal favours
- Before/during submission of bids
- Before contract signing
- Frequent giving to one individual
- When overall situation gives an appearance of impropriety
- Receipt of gifts is prohibited by the law or recipient's employer
- Representatives of government departments with whom a bid or deal is pending
- Receipt of gifts is prohibited by the law or recipient's employer

Entertainment

Types Occasions Individuals

Appropriate

- Business meals
- Non-meal refreshments as part of hospitality
- Cultural or sporting events
- Where business is conducted during or immediately after/before the entertainment
- Representatives of government departments with whom no bid or deal is pending

Inappropriate

- Massage parlours
- Adult entertainment and adult movies
- Illegal activities
- Recreational events where a Company employee does not attend with the customer/recipient

Before/during submission of bids

Before contract signing

Frequent entertaining of one individual

When overall situation gives an appearance of impropriety

Receipt of entertainment is prohibited by the law or recipient's employer

Representatives of government departments with whom a bid or deal is pending

Receipt of entertainment is prohibited by the law or recipient's employer

Note: The above examples are not exhaustive. Be mindful of the value and type of the gifts and entertainment and seek the appropriate pre-approvals before proceeding.

Requisition Form – Gifts, Meals and Entertainment

From: Ext:

Department:

Date:

1. Requestor's Name:
.....

2. Date Received:
.....

3. Description of Gift and Quality:
.....
.....

4. Estimated Value in Local Currency (AUD):
\$.....

5. Purpose of Gift, Meal or Entertainment:
.....
.....

6. Recipient of Gift, Meal or Entertainment / Position and Title of Recipient:
.....
.....

7. Is the gift, meal or entertainment valued above AUD\$200 per person? If yes, please obtain prior written authorisation for the amount above the threshold:
.....
.....

Submitted By:
[Name / Title]

1st Level - Approved By:
[Name/Title of Appropriate Approver]

2nd Level - Approved By:
[Name/Title of Appropriate Approver]

Under no circumstances should customary gifts be given as a quid pro quo for favourable treatment by a government official and NEVER given in connection with ongoing or future business activities with Laconia.