



ABN 16 003 254 395

Code of Conduct Policy

Variscan Mines Limited
ABN 16 003 254 395
(Company)

A Guide to Business and Personal Conduct Expected of Company Employees and Senior Consultants

Introduction

Variscan Mines Limited (the Company) operates in partnership with three key constituencies. All are equally important to the Company's long-term success. They are:

1. The shareholders, who have provided the capital.
2. The employees, who are the Company's partners in pursuing its goals.
3. The communities within which the Company operates and works, and who are profoundly affected by the Company's presence, and on whose goodwill the Company depends on for survival.

This Code of Conduct seeks to outline the principles governing the Company's general behaviour and will ensure that all these constituencies live in harmony.

All employees are expected to observe the highest standards of ethics, integrity and behaviour during the course of their employment with Variscan Mines. Behaviour conforming to the Code of Conduct will be required whenever employees are on duty for the Company. Serious breaches whilst off duty (e.g. criminal charges or convictions) may also lead to dismissal.

All employees are on duty from when they arrive at the office or project site until they go home at the end of the day. Additionally, they are on duty whenever they are representing the Company outside of normal working hours and whenever they are travelling on Company business.

This Code of Conduct is applicable throughout the Company. It can be enhanced further by procedures that apply to the site-specific situations but at no time should policies contradict the Company's core values, nor should procedures contradict policies.

THE EMPLOYEE AND THE COMPANY

Discrimination

Because members of the Company come from different backgrounds and experience, they do not all think or react the same way in every circumstance. Therefore, members of the Company need to be sensitive to one another and understand those boundaries that should not be crossed.

The Company will not tolerate discrimination, harassment or intimidation of anyone on the job. All decisions on selection, promotion and development will be based on merit and on the requirements of the position.

Work conditions, conduct or even comments that make co-workers uncomfortable due to their race, colour, religious beliefs, national origin, disability or gender are completely unacceptable. Unacceptable behaviour includes foul language, lewd or suggestive comments, sexual advances and racial or ethnic jokes that are offensive or intimidating, or divisive behaviour or fighting whilst on duty.

Each member of the Company must monitor his or her words and actions to ensure that he or she is not, intentionally or unintentionally, contributing to an offensive work environment for their colleagues. Continued behaviour of this nature would mean that an employee is unsuitable for Variscan Mines.

Safety and Health

A safe workplace is the shared responsibility of employer and employee. The Company's work environment will promote the health and well-being of its staff and any other party working for the Company.

The Company's goal is to have an injury-free workplace, one that assures that members of the Company will return home just as healthy as they were when they left.

The Company will not compromise accident or injury prevention for the sake of production or profit. Safety for all employees is the first priority for everyone. Each employee has a responsibility to prevent accidents and promote safety consciousness among fellow employees and outside contractors.

Members of the Company are responsible for:

- protecting themselves;
- working according to established safety procedures; and
- extending their concern to the personal safety of co-workers.

Members of the Company are actively encouraged to point out safety breaches either directly to the party involved, to their immediate leader or to the relevant safety officer, and are encouraged, also, to actively recommend improvements in safety procedures.

Safety policy is not just restricted to within the Company and its operating locations and offices. The Company requires, for example, the use of seat belts in its motor vehicles on or off the Company's premises.

An incident reporting procedure has been established and must be honestly complied with at all times.

Any breach of a safety procedure is a serious issue and may result in dismissal or other disciplinary action. A deliberate breach will result in demotion or dismissal.

Drugs and Alcohol Use

An unacceptable practice that threatens the safety of everyone is working whilst under the influence of drugs or alcohol. Anyone reporting to work under the influence of drugs or alcohol may be dismissed, regardless of where it is consumed. Anyone "on call" for the Company must not be under the influence of drugs or alcohol.

Abuse, leading to unacceptable behaviour, even off shift, will not be tolerated.

Anyone who is perceived as having a chronic problem will be required to seek counselling if they are to remain a Variscan Mines employee.

Company Property

Property Keeping

All employees are expected to pay careful attention to the accurate and honest maintenance of records. The records that members of the Company keep are a most important Company asset. Any false or inaccurate records may lead to poor, unsafe or loss-making decisions.

No false, artificial or misleading entries in the books and records of the Company shall be made for any reason whatsoever. No payment or asset of the Company that is not fully recorded in the books of accounts, and that does not honestly reflect the transaction to which it relates, shall be permitted.

Confidentiality of Information

Company information, as an asset of the Company, is confidential and all staff should treat it as such.

Media Statements

Only people specifically assigned the responsibility should make public statements or address the media.

Company Property

Property, which belongs to the Company, is available to all qualified Company employees who have an appropriate reason to use the property. Company property, in the form of Company information (whether written or on computer files), machinery, computers, management software (such as operation information), stationary, food or any other asset purchased or leased by the Company (including medical services, transportation tools, telephones, office equipment, laundry services etc.), can be used only for Company business.

Guests or friends must not use Company assets unless specific prior approval, in writing, has been obtained from the General Manager.

Use of Company Facilities

The Company understands, and supports, immediate family members' interest in the place of work of the employee. Proper consideration will be given to allowing immediate family members occasional and appropriate use of Company facilities. The General Manager of the Company must approve all such usage in writing.

Casual use of Company accommodation by non-employees is not allowed without prior written permission from the General Manager or someone more senior. Company accommodation includes hotel accommodation paid for by the Company, as well as site accommodation.

Ethics***Ethical Standards***

Members of the Company must exhibit honesty and fairness in all dealings with customers, co-workers, members of the public, Company management, suppliers and others who depend on the integrity of the behaviour of the members of the Company.

All declarations to the Company about an employee's academic results, prior employment or health conditions must be open and truthful. Falsifying any information on a job application or in an employee file is regarded as a breach of trust and will result in dismissal.

Conflicts of Interest

All employees must have, as their primary responsibility, their relationship to the Company.

Whilst in the employment of the Company all employees must remain free of conflicts of interest. The following rules apply to avoid conflicts of interest.

1. Any alternative employment, while an employee is being paid by Variscan Mines, must be declared to and approved by the Company's senior management.
2. Any directorship or official government position must also be declared to the Company's senior management. In general, any employment by, or directorship of, an organisation that is a supplier or competitor of Variscan Mines, or is in any other way in conflict with an employee's position, is not acceptable.
3. No employee who deals with a party doing, or seeking to do, business with the Company shall have any economic or family relationship with this party, unless this relationship is acknowledged and approved by a Director in writing.
4. No employee will do business with a close relative on behalf of the Company unless the relationship has been declared and approved in writing by a Director.
5. No direct family members shall work in the same business unit unless by prior written approval from a Director.

Insider Trading

Whilst the Company actively encourages ownership of shares and options in the Company this imposes specific responsibilities on those security holders. No employee is permitted to trade in the shares of the Company if they are in possession of information that is not available to the general public and that may affect the price of the Company's shares. If an employee has any doubt about this they should consult the Company Secretary or CEO. The Company specifically announces the opening of windows of time within which it authorises trading in shares, usually after the release of a quarterly report on the activities of the Company. Trading must generally be restricted to this time. Further details are set out in the Company's share trading policy.

Gifts and Entertainment

Gifts and entertainment on Company business require special mention. The Company recognises that gift giving is an important part of many cultures and the Company wishes to respect those traditions. However, the Company requires that its employees' avoid conflicts of interest and embarrassment to the Company by behaving in accordance with the following guidelines.

Gifts and entertainment will only be appropriate if they meet the following tests:

- They are consistent with customary business practices and do not violate applicable law or ethical standards.
- They are not excessive in value.
- They cannot be seen as a bribe, payoff or improper incentive.
- Public disclosure would not embarrass Variscan Mines Limited.

Should a member of the Company be unable to refuse a gift of excessive value due to cultural requirements, they must give the gift to the Company and inform the Company's senior management. The Board will then decide how to donate that gift.

Environmental Standards

All Company employees must be familiar with Company environmental policies with respect to their area of work. Detailed environmental policies covering waste, rehabilitation, noise and other issues are to be strictly followed.

Deliberate breaches of environmental policy will result in dismissal.

As with safety, the Company will not prioritise production or profit over environmental standards.

All employees have a responsibility to report environmental breaches to the relevant environmental officer or the business head.

Laws of the Community

All laws of the country in which the employee is operating must be obeyed. No breaches will be tolerated. The specific penalty for a breach, except where stated explicitly, is at the discretion of the General Manager.

Taxes and Social Security

All taxes and social security payments required by law must be met. This responsibility rests with the employee to ensure the correct amount of tax and social security payments are paid to the government. All payment to employees must be fully transparent to the relevant tax authorities.

Criminal Code

Any breaches of the criminal law will result in instant dismissal.

CONCLUSION

This Code of Conduct is an important Company document that specifies the type of behaviour that is acceptable to Company employees. It must be read and understood by all employees.

Only the Chairman and / or CEO of Variscan Mines can make changes to the Code of Conduct.

It is the joint responsibility of the members of the Company to ensure that everyone working for Variscan Mines adheres to the Code of Conduct.

The reputation of Variscan Mines as an excellent company depends on maintaining high standards in the way the Company does business and how the Company behaves. The Company's commitment to building and keeping an unassailable reputation will enable the Company to achieve its vision.