



**CADAN**  
RESOURCES  
CORPORATION

**CODE  
OF  
BUSINESS CONDUCT  
AND  
ETHICS**

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Board Approval:

Policy Ownership: Governance, Nomination & Compensation Committee

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# CODE OF BUSINESS CONDUCT AND ETHICS

## **1. OVERVIEW**

Cadan Resource Company. (The “Company”) requires high standards of professional and ethical conduct from its directors, officers, consultants, Employees and Contractors hired by the Company (collectively “Employee” or “Employees”).

This Code of Business Conduct and Ethics (the “Code”) was adopted by the Board of Directors (the “Board”) and sets forth the basic principles to guide all Employees. We intend that the Company’s business practices will be compatible with the economic and social priorities of each location in which we operate. Although customs vary by country and standards of ethics may vary in different business environments, honesty and integrity must always characterize our business activity. If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about how to handle these situations, you should consult with your supervisor to resolve any conflicts.

Please read this Code carefully. Your cooperation is necessary to the continued success of our business and the cultivation and maintenance of our reputation as a good corporate citizen

## **2. GENERAL**

Although the various matters dealt with in this policy do not cover the full spectrum of Employee activities, they are indicative of the Company’s commitment to the maintenance of high standards of conduct and are to be considered descriptive of the type of behaviour expected from Employees in all circumstances. Breaches of this policy are grounds for summary dismissal for just cause without notice or payment in lieu of notice.

To ensure a proper understanding of the Policy, any questions as to its application to the area of responsibility and jurisdiction of the Employee will be explained fully by his or her superior.

## **3. EXPECTATIONS OF KEY COMPANY OFFICERS**

All Executive Officers of the Company will:

- (i) Act with honesty and integrity, handle actual or apparent conflicts of interest in personal and professional relationships in accordance with this Code.
- (ii) Produce full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, any Securities Regulatory Bodies and in other public communications made by the Company.
- (iii) Comply with applicable rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- (iv) Promptly report known or suspected violations of this Code in accordance with this Code.
- (v) Be accountable for adhering to this Code.

## **4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

Compliance with the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. All Employees must respect and obey the laws of the cities, provinces, states and countries in which we operate and the rules and regulations of any stock exchanges upon which the Company’s securities are traded, and avoid even the appearance of impropriety. Not all Employees are expected to know the details of these laws, but it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. The Company may hold

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information and training sessions to promote compliance with laws, rules and regulations, including insider trading laws.

## **5. CONFLICTS OF INTEREST**

Employees must avoid all situations in which their personal interests conflict or might conflict with their duties to the Company or with the economic interests of the Company.

A conflict of interest arises when an individual's personal economic activity conflicts with the best interests of the Company or when it adversely influences the proper discharge of his obligations, duties, and responsibilities to the Company and its shareholders.

Employees should avoid acquiring any interest or participating in any activities that would:

- (a) deprive the Company of the time or attention required to perform their duties properly;
- (b) create an obligation or distraction which would affect their judgment or ability to act solely in the Company's best interest;
- (c) conflict with the economic interest of the Company; or
- (d) violate any provision of the Canadian Charter of Rights and Freedoms.

Employees are required to disclose to the Board of Directors in writing, or as may be otherwise authorized, all business, commercial or financial interests or activities which might reasonably be regarded as creating an actual or potential conflict with their duties of employment.

Every Employee or consultant of the Company who is charged with executive, managerial or supervisory responsibility is required to see that actions taken and decisions made within his or her jurisdiction are free from the influence of any interests that might reasonably be regarded as conflicting with those of the Company.

No Employee shall accept any appointment to membership on the board of directors, standing committee, or similar body of any outside company, organization or governmental agency (other than industry, professional, social, charitable, educational, religious, or legal political organizations) without prior approval of the President whether or not a possible conflict of interest might result from the acceptance of any such appointment; provided, however, that all Employees shall at all times have and enjoy all rights accorded to them by the Canadian Bill of Rights and any similar governmental legislation existing in the area in which the Employees respectively reside.

## **6. POLITICAL ACTIVITIES**

The direct or indirect use of Company funds, goods or services as contributions to political parties, campaigns or candidates for election to any level of government requires the approval of the Board of Directors or a committee authorized by the Board.

Contributions include money or anything having value, such as loans, services, excessive entertainment, trips and the use of Company facilities or assets. Further, no Employee is to be reimbursed for any contributions which he or she might make. The Company will not provide financial support to political parties without prior consent of the Board.

## **7. CORRUPT PRACTICES**

All dealings between Employees of the Company and public officials are to be conducted in a manner that will not compromise the integrity or impugn the reputation of any public official or the Company or its affiliates.

The Company will make no illegal payments of any kind, directly or indirectly, from corporate funds or assets. Even the appearance of impropriety in dealing with public officials is improper and unacceptable.

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Any participation, whether directly or indirectly, in any bribes, kickbacks, indirect contributions or similar payments is expressly forbidden, whether or not they might further the business interests of the Company.

#### **8. GIFTS AND GRATUITIES**

Employees shall not use their employment status to obtain personal gain from those doing or seeking to do business with the Company.

Employees will not accept gratuities or favours of any sort having more than a nominal and limited value and in accordance with the test set forth below. Employees should neither seek nor accept gifts, payments, services, fees, trips or accommodations, special valuable privileges, or loans from any person (except from persons in the business of lending and then on conventional terms) or from any organization or group that does, or is seeking to do, business with the Company or any of its affiliates, or from a competitor of the Company or any of its affiliates.

It is the Company's policy to deal fairly and lawfully with all customers, suppliers and independent contractors purchasing or furnishing goods or services. In awarding contracts, the Company will consider factors such as the need for the services, total cost, quality and reliability and perform a cost benefit analysis.

Employees shall not furnish, directly or indirectly, on behalf of the Company, expensive gifts or provide excessive entertainment or benefits to other persons.

Note: Employees, whose duties permit them to do so, may furnish modest gifts, favours and entertainment to persons, other than public officials, provided all of the following tests are met:

- a. they are not in cash, bonds or negotiable securities and are of limited value so as not to be capable of being interpreted as a bribe, payoff or other improper payment;
- b. they are made as a matter of general and accepted business practice;
- c. they do not contravene any law and are made in accord with generally accepted ethical practices; and
- d. if subsequently disclosed to the public, their provision would not in any way embarrass the Company or their recipients.

For example, reasonable expenses for the entertainment of customers, prospective Employees or business associates are permissible on the part of Employees whose duties embrace the provision of such entertainment, provided proper accounting procedures are followed.

#### **9. PUBLIC DISCLOSURE**

Reports and documents that the Company files with any Canadian securities commission, stock exchange or other regulatory authority, or releases to the public shall contain full, fair, accurate, timely and understandable information. The Company Disclosure Officer is the only individual authorized to communicate with analysts, the news media and investors about information concerning our Company.

Employees shall refer individuals asking questions concerning the company to the Disclosure Officer.

#### **10. CONFIDENTIALITY**

In carrying out the Company's business, Employees may learn confidential or proprietary information about the Company, its properties, business plans and strategies, prospective properties or third parties. Employees and members of the Board are expected to maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated.

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Confidential or proprietary information includes, among other things, any non-public information concerning the Company, including its businesses, financial performance, results or prospects, reports, papers, devices, processes, plans, maps, methods, apparatus or trade secrets and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed.

You can disclose the Company's confidential information only for business reasons, or when the law requires it. In these situations:

- a. The person receiving the information may need to sign a confidentiality agreement first. This agreement can be obtained from the President or Chairperson of the Audit Committee.
- b. You must advise the person who receives the information that it's to be kept Confidential
- c. If the information is material information, you must ensure the person receiving it also receives a copy of the Company Stock Trading Policy.

## **11. INSIDER TRADING**

To use non-public or Confidential information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is unethical and illegal.

Employees shall not use for their own financial gain or disclose for the use of others, inside information, obtained as a result of their employment with the Company.

For further information, refer to the Company's Insider Trading Policy

## **12. PROTECTION AND PROPER USE OF COMPANY ASSETS**

### *General Assets*

Company assets, such as funds, products, vehicles or computers, may only be used for legitimate business purposes or other purposes approved by management. Company assets may never be used for illegal purposes. Those responsible for the accounting and record-keeping functions are expected to be vigilant in ensuring enforcement of this prohibition.

All Employees should endeavour to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability.

Any suspected incidents of fraud or theft should be immediately reported to the Board of Directors for investigation.

### *Proprietary Information*

The obligation to protect Company assets also includes proprietary information. Proprietary information includes any information, in written or electronic forms, that is not generally known to the public or would be helpful to our competitors. Examples of proprietary information include intellectual property, such as business, exploration and marketing plans, exploration results, geological databases, records, salary information and any unpublished financial data or reports. Unauthorized use or distribution of this information is a violation of Company policy. It may also be illegal and may result in civil and criminal penalties. The obligation to preserve proprietary information continues even after you leave the Company.

### *Information systems*

We conduct our business through computer and information systems such as voice mail, e-mail, the Internet and fax. You must make every effort to protect these systems and the data associated with them.

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You're responsible for:

- a. Maintaining confidentiality by using passwords and communications methods that are properly secured. If you use our systems and software for personal reasons, it shouldn't interfere with your work responsibilities, be performed during working hours, or involve inappropriate or offensive subject matter.
- b. Using only properly licensed computer software. If you use software that's been copied illegally, it could expose you and The Company to potentially significant liability.
- c. Receiving permission from the information or business systems manager in your office before you load any computer software onto a computer that is Company property.

Your privacy isn't protected when you use our systems. While we don't indiscriminately access or monitor the e-mail or voice mail messages of Employees, they are considered Company property because they involve our systems, and we have the right to access them whenever we need to.

#### *Physical property*

Physical property includes mining equipment, offices and office equipment such as computer and information systems, It may also include property of third parties we deal with.

### **13. HEALTH AND SAFETY**

The Company strives to provide each Employee with a safe and healthy work environment. All Employees have a responsibility for maintaining a safe and healthy workplace for all Employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

As part of this commitment, we provide an environment that:

- a. Develops, maintains and promotes safe and productive work practices in all aspects of our business
- b. Is a safe and healthy place to work
- c. Provides an environment of respect, dignity and trust
- d. Respects the communities we operate in
- e. Complies with all occupational health and safety laws and regulations governing its activities.

We firmly believe that the health and safety of our Employees and a working environment of respect, dignity and trust are critical to the success of our business. All Employees have the shared responsibility to promote these things.

### **14. SUBSTANCE ABUSE**

Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The Company will not tolerate the use of illegal drugs in the workplace, on the Company's property, on the job or which affects job performance. Contravention of this policy is grounds for immediate dismissal for cause.

## **15. DISCRIMINATION AND HARASSMENT**

### *General*

We all have the right to have our dignity honoured and our rights protected, and we have an obligation to treat others the same way, both at work and when not working. The Company is committed to establishing and maintaining a work environment where every Employee (full-time, part-time or casual) and customer is treated with respect, dignity and trust. We value the diversity of our Employees and are committed to providing equal opportunity in all aspects of employment.

### *Discrimination*

We don't tolerate discrimination against any individual or group in the workplace or in any aspect of your employment relationship with us. This includes discrimination based on race, gender, religion, national origin, marital or family status, sexual orientation, age, physical limitation or any other personal characteristics protected by law.

### *Harassment and bullying*

We don't tolerate intimidation, harassment or bullying of any kind. Harassment is any type of repeated unwelcome offence, including sexual, racial, religious, psychological, physical or verbal or other abuse. A person who is bullying intentionally or unintentionally misuses the power of his or her position, knowledge or personality to domineer, intimidate or humiliate.

Harassment and bullying are serious offences, and can lead to disciplinary action including loss of employment.

Complaints will be investigated carefully and quickly, and the findings will be presented in confidence to senior management.

## **16. RECORDKEEPING**

The Company's books and records must reflect, in an accurate and timely manner, all Company transactions.

No undisclosed or unrecorded funds or assets are permissible.

Employees are responsible for providing adequate written documentation to support each entry into the accounts of the Company.

The use of Company funds or assets for any unlawful or improper purpose is strictly prohibited and those responsible for the accounting and record-keeping functions are expected to be vigilant in ensuring enforcement of this prohibition.

### *Email and Internet services*

Email systems and Internet Services are provided to help us do work. Incidental and occasional personal use is permitted, but never for personal gain or improper purpose. Also remember that "flooding" our systems with junk mail and trivia hampers the ability of our systems to handle legitimate Company business and is prohibited.

Your messages, including voice mail, and computer information are considered the Company's property and you should have not expectation of privacy. Unless prohibited by law, the Company reserves the right to access and disclose this information as necessary for its business purposes or as part of any official investigations

## **17. REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOR**

We have a strong commitment to conduct our business in a lawful and ethical manner. You have the right and the responsibility to report suspected illegal or unethical behavior. Employees making such reports in

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good faith will have the full support of the Company. The Company will investigate and take such disciplinary or preventive action as it deems appropriate to address any existing or potential violations brought to its attention.

If you have information about possible or actual violations of this Code or any laws, you should follow the procedures stipulated in the Company Whistleblower Policy.

*Non-Retaliation*

The Company will not retaliate in any manner against an Employee who reports in good faith violations or suspected violations of this Code or other known or suspected illegal or unethical conduct.

**CODE OF BUSINESS CONDUCT AND ETHICS POLICY**

(Adopted by the Board of Directors on \_\_\_\_\_)

**ACKNOWLEDGEMENT FORM**

I, \_\_\_\_\_(Employee), acknowledge that I have received a copy of the Company’s Code of Business Conduct and Ethics Policy dated \_\_\_\_\_, 20\_\_ and that I have read it and have disclosed any transactions or matters of a questionable nature to my superior. I further acknowledge that I understand that any breach of this policy by me is grounds for summary dismissal from my employment for just cause without notice or payment in lieu of notice.

\_\_\_\_\_  
Witness – Supervisor

\_\_\_\_\_  
Signature of Employee

\_\_\_\_\_  
Name – print

\_\_\_\_\_  
Title

Date:\_\_\_\_\_