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## KINGSGATE CONSOLIDATED LIMITED

### CODE OF CONDUCT

#### Introduction

This Code of Conduct provides guidance to the Company's Directors, senior executives and employees (**Officers**) as to:

- the practices necessary to maintain confidence in the Company's integrity; and
- the responsibility and accountability of individuals for reporting and investigating unethical practices.

Officers of the Company and its subsidiaries, including Akara Mining Limited must act in an honest and ethical manner at all times. The concept of ethical considerations often goes beyond what is lawful and it is occasionally difficult to determine whether an action is ethical or not. It is useful to discuss potential situations with your Manager to determine the appropriateness of an action beforehand. Proactive consultation is encouraged. Good intentions and failure to seek timely advice will not excuse violations of this Code.

The core values of this Code are:

- honesty and integrity;
- fairness and respect;
- trust; and
- openness.

A good test for deciding whether you are doing the right thing ethically is to ask the question:

"If there were full public disclosure of the facts, would it embarrass me, the Company, my fellow employees or members of my family?"

We are committed, both in principle and in practice, to the maximum level of transparency consistent with normal commercial confidentiality. Transparency can be defined as "openness to public scrutiny".

This Code is based upon policies relating to business conduct used by other international companies. The purpose of this Code is to assist Officers in making decisions related to business conduct. This Code is applicable throughout the Company for all Directors, senior executives and employees, full-time, part-time and contract and will be reviewed regularly.

In particular, this Code provides guidance on ethical practices in key areas such as conflicts of interest, confidentiality and use of the Company's resources.

Every Officer who has executive or managerial responsibilities is:

- i. expected to ensure that this Code is communicated to and understood by employees reporting to him or her; and
- ii. required to sign an acknowledgement of adherence to this Code.

#### How to Use this Code

This Code contains policy statements for key areas of business conduct. It addresses many of the main issues of concern to the Company but it is not comprehensive. You should ask your Manager for advice about issues with which you are not comfortable. In some cases, policy statements have been condensed for easy reference. In other cases, more detailed guidelines or specific procedures are available from other sources. Wherever possible, these other sources are noted. If no additional sources are noted, you should contact your Manager for more details about the policy.

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## **Compliance with Laws**

It is important that the Company complies with all applicable laws and regulations applicable in the countries in which the Company operates, both to ensure that the Company does not incur liabilities for contravention of such laws and to ensure that the Company is fair in its dealings with others. These laws include those relating to:

- fair trading and consumer protection;
- prohibitions on misleading or deceptive conduct;
- prohibitions on certain “anti-competitive” conduct;
- preparation and disclosure of financial information;
- equal opportunity and anti-discrimination;
- prohibition on insolvent trading;
- environmental protection; and
- privacy and protection of personal information.

The Company and its Officers will comply with all legal requirements applicable to our business. Ignorance of the law is not a defence. Each employee is responsible for understanding the laws that govern his or her work. Unlawful conduct will not be tolerated, even when the intent is to further other legitimate corporate objectives. Employees are encouraged to seek advice from their Manager if they are unclear about laws relating to their work. In those rare circumstances where timely legal advice is impractical, employees should conduct themselves in a manner which they would not hesitate to have fully and publicly disclosed.

Employees shall notify the Board if they consider that the Company may be contravening a law or other regulatory requirement. Such notifications will be recorded, although the identity of the employee will be kept confidential unless that employee requests otherwise. Notifications will be investigated and advice sought if the Board considers such action is reasonably required.

## **Dealing with Public Officials**

Payments or the provision of gifts to public officials, whether or not through an agent or joint venture partner, are not permitted except under specific and limited circumstances.

Under no circumstances should a payment or gift be made or offered to a public official with a view to assisting the Company to obtain or retain business, or to effect the enactment or enforcement of any laws. Participation, whether directly or indirectly, in any bribe, kickback, contribution or similar payment is prohibited.

In some countries where the Company does business, government employees may expect small “facilitating payments” for expediting routine governmental actions that they are in any event required to perform. The Company is opposed to the making of these facilitating payments and every effort should be made to resist or minimise them. These payments may, however, be part of the locally understood and accepted compensation arrangements for these officials, and as a practical matter are sometimes unavoidable. These facilitating payments may only be made where all of the following conditions are met:

- i. the function or service required is clearly necessary to the Company’s essential business needs;
- ii. there is no reasonable alternative to making the payment;
- iii. the facilitating payment is not being made for corrupt motives (i.e., to induce the official to misuse his or her official position);
- iv. the facilitating payment cannot reasonably be expected to expose either the Company or its employees to prosecution;

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- v. approval of the payment has been obtained from senior management of the local office or, in its absence, senior management in the country concerned;
  - vi. the amount is consistent with what is customarily paid in such circumstances; and
  - vii. the payment is recorded and clearly identified in the accounting records, and is correctly treated for taxation purposes.

Payments or commission fees made to commercial agents and other representatives, such as joint venture partners, which are unreasonably large or could reasonably be expected to eventually end up in the hands of a public official, are prohibited. Accordingly, appointments of agents or other representatives including joint venture partners, should be approved by a Senior Manager of the Company to ensure compliance with the Company's legal obligations.

As an alternative to the making of facilitating payments and as a way of gaining a government's respect and confidence, the Company encourages open and transparent contributions to good works such as charities, education or non-government organisations that benefit the community as a whole as well as the Company's reputation. Contributions of this nature should not be made to an organisation if the organisation is tied directly or indirectly to the government department involved in regulating a project of the Company.

### **Political Contributions and Activities**

The Company encourages employees to participate in partisan political activities, provided that they do not involve the use of Company funds, time, equipment, supplies, facilities, or other resources.

The Company may from time to time, make contributions to candidates, their campaigns or political parties where permitted by law, but only with the approval of the Board, or in the case of a regional operation, the Manager of the subsidiary company.

Each Officer is encouraged to participate in the electoral process as a citizen and to fully exercise his or her right to vote.

When Officers participate in personal political activities, they should ensure that it is clear that they are acting on their own behalf and not as a representative of the Company.

### **Giving Gifts or Benefits**

Officers shall not offer or give on behalf of the Company extravagant gifts or excessive entertainment or benefits to others.

Modest gifts and reasonable entertainment are allowed to be given for business purposes by appropriate employees, where legally permitted and in accordance with local business practices, to persons or entities doing business or seeking to do business with the Company.

No gift or entertainment should be of such value as to constitute a real personal enrichment of the recipient or to be perceived as such. Cash or cash value vouchers are not to be given. Gifts or entertainment given on behalf of the Company should be of a nature and amount that avoid embarrassment and would not reflect unfavourably on the Company or the recipient, if subjected to public scrutiny.

### **Receiving Gifts or Benefits**

Officers must not use their position to obtain personal gain or benefit from those doing or seeking to do business with the Company, this includes gifts, payments, services and loans.

Officers are required to select and deal with suppliers, customers and others doing or seeking to do business with the Company in a completely impartial manner and be perceived by others to be acting in an impartial manner, without favour or preference based upon any considerations other than the best interests of the Company.

Modest gifts and reasonable entertainment may be received from business associates of the Company. No gift, favour or entertainment shall be of such a nature as might affect, or reasonably be perceived to affect, an Officer's judgement or conduct in matters involving the Company. Cash or cash value vouchers are not to be accepted.

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Any gift, favour or entertainment that does not come within these guidelines must be first approved by the Board wherever possible. If prior approval is not possible, the Officer should not accept the gift, favour or entertainment unless he or she reasonably believes that that refusal will cause the giver embarrassment and ultimately harm the Company's interests. In any, all gifts and entertainment must be disclosed to the Board for consideration and the Board may, if it considers appropriate, require an Officer to account to the Company for any benefit received that does not comply with these guidelines. This includes where it appears that the Officer has received a benefit that would otherwise have been received by the Company.

### **Conflicts of Interest**

Officers must avoid all situations in which their personal interests conflict or might appear to conflict with their duties to the Company. In addition, Officers must also be sensitive to any activities, interests or relationships that might interfere with, or appear to interfere with, their ability to act in the best interests of the Company or which might otherwise damage the Company's reputation.

While the Company recognises and respects an Officer's right to take part in financial, business and other activities outside their jobs, these activities must be free of conflict with their responsibilities as employees of the Company. Officers must avoid acquiring any interests or participating in any activities that would tend:

- i. to create an obligation or distraction which would affect their judgement or ability to act solely in the Company's best interests; or
- ii. to deprive the Company of the time or attention required to perform their duties properly.

Ownership or an ownership interest in a competing or complementary business might create, or appear to create, a conflict. Officers must disclose to their Manager, in writing, all business, commercial or financial interests or activities where their activities might reasonably be regarded as creating an actual or potential conflict with their duties of employment.

Every Officer of the Company who has executive or managerial 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. Officers must do more than merely act within the law, they must act in such a manner that their conduct will bear the closest scrutiny should circumstances demand that it be examined. Not only actual conflicts of interest, but the very appearance of conflict, must be avoided.

If a "conflict of interest" exists, and there is no failure of good faith on the part of the Officer, it will be the Company's policy to allow a reasonable amount of time for the Officer to correct the situation in order to prevent undue hardship or loss. Decisions in this regard shall be within the discretion of the Company's management, whose first concern must be the interests of the Company.

Conflict of interest relating to entities supplying, purchasing from or competing with the Company include:

- i. the holding, directly or through an entity or by a member of the Officer's immediate family (e.g., spouse, children, parents, brothers, sisters), of "a substantial financial interest" in any business entity that does or seeks to do business with, or is in competition with, the Company. "A substantial financial interest" will be presumed where ownership is in excess of 1% of a company traded on a stock exchange and the investment constitutes more than 5% of the owner's total assets, or where an ownership interest in any other business contributes more than 10% of the annual gross income of the owner;
- ii. a partnership, profit-sharing arrangement, creditor/debtor relationship with any business entity that does or seeks to do business with, or is in competition with, the Company;
- iii. an Officer or a member of the Officer's immediate family serving as an agent, representative, director, officer or employee of, or consultant to any business entity that does or seeks to do business with, or is in competition with, the Company; and
- iv. the acceptance of any loan, service or other benefit from any business entity that does or seeks to do so business with, or is in competition with, the Company (other than borrowing on commercial terms from entities who are in the business of lending).

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## **Confidential and Proprietary Information**

Unless previously published, the Company's records, reports, papers, processes, plans and methods are proprietary and confidential. Officers are prohibited from revealing information concerning such matters without proper authorisation.

Proprietary information developed or acquired by the Company, including trade secrets and other technical, financial and business information, is a valuable asset that must be kept confidential and protected against theft, loss or misuse. Confidential information (e.g., employee personal information and information acquired from third parties pursuant to a confidentiality agreement) must be used for authorised purposes only. Information that is not generally available to the public concerning the activities, results, or plans of the Company must also only be used for authorised purposes. Confidential or proprietary information must never be used for personal gain.

The disclosure of the Company's confidential or proprietary information to external entities (other than approved auditors, lawyers or banking institutions) must be authorised by a Manager of the Company or a Mine General Manager and should be limited to those who have a strict "need-to-know" requirement. Any disclosure to these external entities must be made subject to the execution of a confidentiality agreement by the relevant parties restricting the recipient from disclosing or using the information in an unauthorised manner.

The Company retains the exclusive proprietary right to any information developed by Officers in the course of their employment with the Company. Examples may include inventions, designs, discoveries or software programs.

An Officer's duty to not disclose confidential information about or belonging to the Company exists whilst the person is an Officer and after they cease to be an Officer.

In most jurisdictions, the law requires that if personal financial benefit is gained by the use or misuse of Company property or of information that is confidential to the Company's business, then the Officer must account to the Company for any benefit.

## **Insider Trading**

No Officer shall purchase or sell securities of the Company, or securities of a company in a "special relationship" with the Company, while in possession of material information concerning the Company or such other company that has not previously been generally disclosed to the investing public for at least two business days. Nor shall an Officer inform any individual or entity of any such material information, except in the necessary course of business.

Officers are encouraged to invest in the Company's shares, but must avoid trading when in possession of confidential material information which, if generally available, would reasonably be expected to either have an effect on the market price or value of those shares or affect an investor's decision as to whether to buy, sell or hold the Company's shares. Such activity is self-evidently unethical, and in many jurisdictions, illegal. Penalties for violating insider trading laws can be severe.

These laws often apply equally to persons to whom an Officer may pass on the information (e.g., spouse, family member or friend). These individuals are often subject to the same penalties as the Officer who passed on the information. Accordingly, Officers must exercise the highest degree of caution if they are aware of price-sensitive information. If in doubt, advice should be sought from the Manager for the relevant Company office.

Specific confidential information that could be considered material includes unpublished information concerning a significant mineral discovery; operating and financial results; a stock split; a change in dividend policy; a major merger, acquisition or take-over bid; or a technical advance of unusual economic significance.

A company is deemed to be in a "special relationship" with the Company if any one of the following conditions are met:

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- i. The Company owns directly or indirectly 10% or more of the shares of that company; or
  - ii. The Company is proposing to:
    - a. make a take-over bid for that company,
    - b. effect a merger or business combination with it,
    - c. acquire a substantial interest in that company or its property, or
    - d. otherwise enter into a transaction that is material to that company.

These provisions also apply to trading in shares of publicly traded subsidiaries of the Company and managed associated companies.

The full version of the Company's Share Trading Policy is available on the website.

### **Information Systems**

The Company's computer and information systems are valuable assets. Consequently, their use must be in accordance with the Company's policies designed to protect the integrity of those systems and associated data.

Officers must adhere to the following policies when conducting business on the wide range of information systems that the Company uses (e.g., voice mail, electronic mail, the Internet, facsimile, etc.):

- i. employees are responsible for protecting and maintaining the confidentiality of Company information which is communicated or stored using these systems, including use of passwords and properly secured communication methods;
- ii. employees have access to Company information systems to assist them in performing their jobs. Modest personal use is permitted if it is unrelated to outside business activities, does not interfere with Company business or the performance of work responsibilities, and is not performed during working hours;
- iii. all computer software used must be properly licensed. Employees who illegally copy software in the course of their employment expose not only themselves, but the Company, to potentially significant liability, as an employer, the Company may also be held liable for the actions of its employees;
- iv. employees are not permitted to load computer software onto their company computer without the permission of the relevant Company office;
- v. messages created, distributed or stored on either the electronic mail or automated voice mail systems are considered the property of the Company. The Company reserves the right to access these messages. This access is necessary for many reasons, including the investigation of breaches of security or corporate procedures or to respond to external requests for information that the Company is legally required to provide. It is the Company's policy not to indiscriminately access employees' electronic or voice mail messages;
- vi. offensive material (e.g., pornography, hate literature, etc.) is not permitted on any of the Company systems; and
- vii. sensitive transactions (e.g., take-over bids, acquisitions, etc.) must not be conducted electronically unless an appropriate level of security is implemented to protect the confidentiality of the material.

### **Financial Controls and Records**

Accounting and financial records must be maintained which accurately reflect all Company transactions. Each operating unit is responsible for the design, implementation and maintenance of adequate systems of internal accounting and administrative controls.

Kingsgate's accounting and financial records must reflect, in an accurate, complete and timely manner, all transactions affecting the Company in order to meet statutory requirements and to

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ensure proper preparation of the Company's financial statements. Transactions must be properly authorized and approved and recorded in accordance with both the relevant generally accepted accounting principles and the highest standards of integrity. There shall be no cash funds, bank accounts, investments or other assets which are not recorded or are inadequately recorded in the Company's accounting records. Accounting and financial records must be adequately protected from destruction or tampering. Questions relating to accounting and financial records should be referred to the Chief Financial Officer. The accounting and financial records must also be retained for a sufficient period of time to meet both the relevant local legal requirements and those required by Kingsgate's corporate office.

While the empowering management style adopted by Kingsgate gives employees considerable discretion, all employees are responsible for establishing and maintaining an effective system of accounting and administrative controls in their area of responsibility. The objective of these controls is to provide assurance that all assets are adequately protected, properly used and the financial records accurately reflect the assets and liabilities of the Company. Management of the relevant Unit is responsible for knowing what can go wrong in their area of responsibility, and to be alert for symptoms of wrongdoing, loss or errors. Notwithstanding this, Commercial Managers or their equivalent are responsible for the overall integrity of the financial systems and controls in their areas. Accordingly they are expected and authorized to intervene to investigate and take action in situations at operations within their area where they believe financial controls are not meeting standards or are at risk.

There must be no concealment of information from or by management, or from Kingsgate's external auditors.

Internal control provides Kingsgate with a system of "checks and balances" to assist in ensuring that accounting and administrative policies are complied with throughout the Company. This is not only a good business practice, but also ensures compliance with the various securities and tax laws to which Kingsgate is subject.

### **Ore Reserves**

The calculation of ore reserves and mineral resources is to be made in accordance with established procedures. Ore reserve and other mineral resource estimates are considered confidential until made public by an officer with proper authority.

Ore reserves are one of the primary bases for the valuation of the Company's shares. Accurate and timely disclosure of ore reserve and mineral resource data is critical to the integrity of the Company within the investment community.

Compliance with all legal requirements for the delineation of ore reserves and other mineral resources is critical. Ore reserves and other mineral resources must be defined and calculated in a manner consistent with applicable laws, and Company and regulatory policies and procedures. Those laws, policies and procedures are specific to the country in which the mineral deposit is located.

### **Sustainability**

The Company is committed to being a responsible member of the global community and to implementing a policy of "mining and sustainability".

The Company is committed to demonstrating that through this policy we can contribute to long-term improvements in quality of life while acting as stewards of the environment. The key elements of this policy are:

- i. **Corporate Commitment:** An effective management system based on ethical conduct and a commitment to continuously improving performance; integration of sustainability as an essential element in the duties of all employees; and encouragement of the adoption of our sustainability principles by joint venture partners.
- ii. **Public Responsibility:** Communication with stakeholders and working towards consensus based on honest discussion and a mutual understanding of concerns and needs.

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- iii. Social Progress: Contribution to the quality of life of employees, local communities and host countries, while respecting their cultures, needs and priorities.
  - iv. Environmental Stewardship: Protection of human health, reduction of our impact on the ecosystem and return of sites to a state compatible with a healthy environment.
  - v. Economic Benefits: Integration of our activities with the economic development objectives of local communities and host countries in which we operate.

The full version of the Company's Sustainability Policy is available on the website.

### **Employee Harassment or Discrimination**

The Company will not permit discrimination, intimidation or harassment of, or by, employees on the basis of race, gender, marital status, national origin or religious beliefs or on the basis of any other personal characteristics protected by law.

Discrimination is not permitted at any level of the Company or in any part of the employment relationship. This includes areas such as recruitment, promotion, training opportunities, salary, benefits and terminations. The Company is committed, and employees are required, to sustain an environment that encourages personal respect and mutual trust. Differences between individuals, such as in race, gender, religion and physical limitations, are to be respected. Employees can expect to have their dignity honoured and their rights protected.

Employees are entitled to freedom from sexual and all other forms of personal harassment.

For a more detailed discussion of the Company's employment policies or for confidential advice on particular issues, contact the Human Resources Department or the Company Secretary of your relevant unit.

### **Occupational Health and Safety**

The Company will provide safe and healthy working conditions, develop, maintain and promote safe and productive work practices in all aspects of its business and comply with all occupational health and safety laws and regulations governing its activities.

The Company considers the safety and health of its employees to be of utmost importance in the efficient conduct of its business, and believes that Management and each and every employee have a shared responsibility in the promotion of health and safety in the workplace.

### **Compliance with the Code**

All Officers who become aware of any breaches of this Code must report the matter immediately to their Manager.

This Code is a public document and as a result, adherence to this Code is fundamental to the Company's reputation in the business community and the Company views breaches of this Code by Officers as serious misconduct.

All Officers are expected to adhere to this Code. Officers who breach the policies outlined in this Code may be subject to disciplinary action up to and including dismissal. If the situation involves a violation of law, the matter may also be referred to the appropriate law enforcement authority for consideration.

All breaches of the Code must be reported immediately to the reporting employee's Manager so that the matter can be dealt with in an expeditious manner in order to minimise any possible damage to the Company's reputation. The employee's Manager should promptly discuss the reported breach with the Company Secretary in order that its legal significance to the Company can be properly assessed. The Manager shall submit for approval to the next higher level of management his or her written recommendation as to what action should be taken.

All employees who have executive or managerial responsibilities are required to sign an acknowledgement of adherence to this Code in the attached form of Acknowledgement.

No retaliatory action will be taken or permitted against an employee making good faith reports of a suspected breach of this Code.

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[\*] March 2009

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## **The Code of Conduct for Chief Financial Officers**

The Code provides that CFO's and senior finance officers influencing financial performance will:

1. Discharge their duties at the highest level of honesty and integrity having regard to their position and their organisation. Integrity is the quality from which a public trust is derived and a benchmark against which the CFO must measure all decision making.
2. Observe the rule and spirit of the law and comply with the ethical and technical requirements of any relevant regulatory or professional body.
3. Respect the confidentiality of all confidential information acquired in the course of business and not make improper use or disclose such confidential information to third parties without specific authorisation or legal requirement.
4. Observe the principles of independence, accuracy and integrity in dealings with the Board, audit committees, Board committees, internal and external auditors and other senior managers within the organisation and other relevant bodies external to the organisation.
5. Disclose to the Board any actual or perceived conflicts of interest of a direct or indirect nature of which the CFO becomes aware and which the CFO believes could compromise in any way the reputation or performance of the organisation.
6. Maintain the principle of transparency in the preparation and delivery of financial information to both internal and external users.
7. Exercise diligence and good faith in the preparation of financial information and ensure that such information is accurate, timely and represents a true and fair view of the financial performance and condition of the organisation and complies with all applicable legislative requirements.
8. Ensure the maintenance of a sound system of internal controls to safeguard the organisation's assets and to manage risk exposure through appropriate forms of control.
9. Set a standard for honesty, fairness, integrity, diligence and competency in respect of the position of CFO that will encourage emulation by others within the organisation.
10. Remain committed, at all times, to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.

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## Acknowledgement

As Kingsgate is an entity comprised of individuals, it can only comply with or violate the Law or the Kingsgate Code of Conduct (the "Code") through the actions of its employees. Therefore, it is the unqualified responsibility of all employees working for or on behalf of Kingsgate to observe and comply with all applicable laws and the Code in the performance of their duties. As defined in the Code and used in this acknowledgement, Kingsgate includes its subsidiaries, in particular Akara Mining Limited, and joint ventures managed by Kingsgate.

1. I acknowledge that I have received, read, and understand the Code dated [\*] March 2009.
2. I certify that the provisions of the Code are in effect in my area of responsibility and the Code has been provided to and has been reviewed with employees reporting to me.
3. I hereby certify that with respect to the year ended 30 June 2009.

I have filed a report of a violation of the Code with Kingsgate; or

I have not filed any reports of violations of the Code with Kingsgate.

*(please tick one of the above)*

4. For the year ended 30 June 2009, I hereby certify that, except as previously reported by me to Kingsgate.
  - I have not breached or violated the Code; and
  - To the best of my knowledge, I am not aware of any violations of the Code by any other employees, whether they report to me or not.

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Signature

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Date

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Name (please print)

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Position

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Name of Kingsgate department, division, business unit, subsidiary or joint venture