

## **STAR DIAMOND CORPORATION EMPLOYEE CODE OF ETHICS**

### **POLICY STATEMENT**

It is Star Diamond Corporation's (the "Company") desire that the actions of its employees, the employees of its subsidiaries and contracted service providers holding executive positions of the Company ("Employees") reflect honesty, integrity and impartiality that is beyond doubt and that all business be done in a manner that:

- Avoids conflicts of interest;
- Protects confidential information, in accordance with the Company's corporate Privacy Policy;
- Complies with all applicable governmental laws, regulations and rules; and
- Adheres to good disclosure practices, in accordance with all applicable legal and regulatory requirements.

Employees must not assume that questionable activities not covered by or not specifically prohibited by this Code of Ethics are permissible.

### **APPLICATION AND ACCOUNTABILITY FOR IMPLEMENTATION**

The Chief Financial Officer and the Corporate Secretary are jointly responsible for establishing and reviewing this code subject to approval by the Board of Directors on the recommendation of the Compensation and Corporate Governance Committee. The Chief Financial Officer is responsible for supervising its implementation subject to oversight by the Compensation and Corporate Governance Committee.

This Code of Ethics applies to the Company, all Employees and all operations controlled by the Company.

### **CONFLICTS OF INTEREST**

#### **Definition**

Conflicts of interest can occur when an Employee jeopardizes his or her position of trust by having a private interest in the outcome of a decision. The Company can suffer damage by the perception as well as the reality of the conflict itself. The boundaries defining what constitutes a conflict are not static but shift as business environments and corporate cultures evolve.

#### **Prevention**

To avoid involvement in a conflict of interest, Employees shall not:

1. Engage in any business or transaction or have a financial or other personal interest that may improperly impact upon the discharge of their official duties.

This includes, but is not limited to, situations where Employees:

- (a) Have a material interest in any business organization that has dealings with the Company.
  - (b) Have immediate relatives who own or who have material interest in a business organization that has dealings with the Company.
  - (c) May influence a decision of the Company that improves the value of property which they own or in which they have an interest.
  - (d) Realize financial gains or savings from the purchase or sale of stocks, bonds, shares or other assets on the basis of information acquired during the course of their duties that is not generally available to the public.
2. Stake mineral claims or acquire mineral properties in their own interests or in the interests of any syndicate not owned, controlled or directed by the Company, unless given written permission to do so by the CEO or to otherwise compete with the Company in any manner unless given written permission by the CEO to do so.
  3. Demand, accept or offer, or agree to accept from a person or company having dealings with the Company, a commission, reward, advantage or benefit of any kind, directly or indirectly. Exceptions to this rule may be made in the case of casual benefits, such as hospitality or small gift items, providing that these benefits or gifts are within the bounds of propriety and are normal expressions of business courtesy.
  4. In the performance of their duties, accord or influence others to accord preferential treatment to relatives or friends or to organizations in which they or their relatives or friends have any interest, financial or otherwise.
  5. Engage in any outside work or business undertaking:
    - (a) That interferes with the performance of their duties as Employees; or
    - (b) In which they have an advantage derived from their employment with the Company.
  6. Use the Company's property for any activities not associated with the discharge or official duties without prior authorization from the CEO.

**Employee Disclosure Statement**

1. Employees shall disclose to the Corporate Secretary any business, commercial, financial or other interest where such interest might be construed as being in actual or potential conflict with their official duties.
2. Employees shall complete and submit the disclosure statement attached as Schedule "A" to this Code of Ethics. This statement shall be filed with the Corporate Secretary at the time Employees begin employment with the Company. It shall be updated in the following circumstances:

- (a) Before an Employee accepts a new appointment or position;
- (b) When an Employee acquires new personal holdings, unless no conflict of interest with the Company arises due to the acquisition;
- (c) When an Employee's functions or activities in a position are modified, unless no conflict of interest arises with the Company due to the modification.

An Employee who is subject to circumstances (b) or (c) and is uncertain if a conflict of interest has arisen with the Company should contact the Corporate Secretary for clarification.

- 3. The contents of a disclosure statement shall be held in strict confidence and shall only be disclosed on a "need to know" basis in the event that a conflict of interest situation should arise.
- 4. Employees who disclose an actual or potential conflict of interest may be required to do any one or more or all of the following:
  - (a) Reimburse any benefit received;
  - (b) Divest themselves of the outside interest;
  - (c) Place certain assets in a frozen or blind trust;
  - (d) Accept a permanent or temporary transfer to a position where the conflict would not exist;
  - (e) Resign their position.
- 5. Employees who do not declare their interests and who are subsequently found to be in a conflict of interest situation, will have breached the provisions of this Code of Ethics.

## **REPORTING VIOLATIONS OF THE CODE OR CORPORATE POLICIES**

All employees must promptly report any violations of this code or other Company policies, or any illegal or unethical behavior to their supervisor, the Human Resources department or any executive of the company. If employees are uncomfortable making a direct complaint they can confidentially contact the Compensation and Corporate Governance Committee Chairman by sending a sealed letter by mail (or other delivery) addressed to Star Diamond Corporation., 300 – 224 4<sup>th</sup> Avenue South, Saskatoon, Saskatchewan, S7K 5M5. The envelope should be marked "Private and Strictly Confidential – Attention: Compensation and Corporate Governance Committee Chairman" to ensure it is delivered unopened.

## **NO RETALIATION**

People reporting in good faith a suspected breach of this code are protected from reprisal, such as dismissal, demotion, suspension, threats, harassment and discrimination. Any reprisal would be a breach of this Code of Ethics.

## **MAINTENANCE**

At the direction of the Compensation and Corporate Governance Committee, the Corporate Secretary will maintain a log of any reports and complaints, track their receipt and investigate any

complaints as instructed. The Corporate Secretary will provide a summary report to the Compensation and Corporate Governance Committee to ensure such investigation was conducted properly and, if necessary, independently. Confidentiality will be assured to the extent permitted by applicable law.

## **CONFIDENTIALITY**

In addition to the principles of privacy outlined in the Company's Privacy Policy, to avoid breach of confidentiality, employees shall:

1. Not disclose to any member of the public, either orally or in writing, any secret or confidential information acquired by virtue of their position with the Company.
2. Not disclose to any member of the public, either orally or in writing, any confidential or secret information related to the interests of individuals, groups or organizations acquired by virtue of their position with the Company.
3. Not make statements to the media in the name of the Company without express permission.
4. Not permit any unauthorized person to inspect or have access to any confidential documents or other information. If Employees are uncertain as to whether certain information, (for example, of a technical nature) should be made available to persons either within or outside the Company, they should seek the advice and approval of the manager or the equivalent person in their division.
5. Employees shall not use any confidential information acquired by virtue of their position at the Company for their personal and private financial benefit or for that of their friends or relatives.

## **COMPLIANCE WITH LAWS**

The Company and its Employees, in the course of their employment with the Company, shall comply, in every respect, with all applicable governmental laws, rules and regulations, including without limitation:

1. Compliance with securities and corporate law prohibitions on buying or selling the Company's securities while having material information in respect of the Company, which has not been made generally available to the public (commonly referred to as insider trading), as well as with related Company-imposed "blackout periods", prohibiting trading of the Company's securities. The Company's Disclosure of Information, Confidentiality and Restrictions on Trading Policy and the Securities Trading Policy contains a full description of the Company's blackout policy and procedures which are designed to ensure, insofar as reasonably practicable, that Employees and the Company's executive officers and directors do not violate insider trading laws.
2. Compliance with securities law restrictions on providing loans or extending credit to the Company's executive officers and directors.

3. Compliance with securities law requirements designed to ensure the Company and its Employees:
  - (a) Have open and full disclosures to, and have honest discussions with, the External Auditors who audit the Company's annual financial statements;
  - (b) Do not, directly or indirectly, falsify or cause to be falsified, any of the Company's financial and other documents and records; and
  - (c) Do not, directly or indirectly, improperly influence, coerce, manipulate or mislead the External Auditors for the purpose of rendering the Company's financial statements misleading.

In addition, to the extent required by applicable securities law, the Company's Chief Executive Officer and Chief Financial Officer shall reimburse the Company for certain benefits received, if the Company is required to restate its financial statements due to material non-compliance with any financial reporting requirement under securities law as a result of misconduct.

### **COMPLIANCE WITH GOOD DISCLOSURE PRACTICES**

The Company is committed to adherence to the following principles:

- Embracing good disclosure practices, which include the timely, orderly and broad-based dissemination of full, true and plain information, to ensure all investors have equal access to information which may affect their investment decisions;
- To provide disclosure in accordance with all legal and regulatory requirements;
- Complete, accurate and balanced disclosure in the Company's disclosure documents, including the fair presentation of financial information; and
- To increase understanding of its business and enhance its corporate image by encouraging practices that reflects openness, accessibility and co-operation.

As mandated by the Company's Disclosure of Information, Confidentiality and Restrictions on Trading Policy, all Employees who are involved in any way in the preparation of the Company's disclosure documents and other public disclosures shall comply with the above stated policy and it is also a requirement of this Code of Ethics that they do so.

### **PROCEDURE**

1. All Employees shall be made aware of this Code of Ethics and adherence to this Code of Ethics shall be a requirement of employment.
2. All Employees shall complete the disclosure statement attached to this Code of Ethics as Schedule "A". This statement shall be filed with the Corporate Secretary at the time the Employees begin employment, and from time to time to ensure that it is at all time accurate.
3. In November of each year, all officers, managers and supervisory staff shall complete and submit the compliance and disclosure statement attached to this Code of Ethics as Schedule "B" to the Corporate Secretary.

4. Employees who breach this Code of Ethics will be subject to disciplinary action, including such penalties as reprimands, demotions, suspensions and dismissals applied in accordance with the nature and seriousness of the breach.
5. The Compensation and Corporate Governance Committee will empower the Corporate Secretary or an independent person to investigate and determine whether there has been a breach of this Code of Ethics by any Employee of the Company. The Corporate Secretary or independent person shall report to the Compensation and Corporate Governance Committee the results of any investigation pertaining to the possible breach of this Code of Ethics by any Employee of the Company.
6.
  - (a) Any conflicts of interest of non-insiders coming to the attention of a supervisor shall be brought forward to the Corporate Secretary. The Corporate Secretary shall review and advise the Employee in writing as to whether the conflict is acceptable to the Company. An annual report on conflicts of interest will be provided to the Compensation and Corporate Governance Committee.
  - (b) Any conflicts of interest of any insider, as defined by the Securities Act, shall be brought before the Compensation and Corporate Governance Committee for review and a decision as to whether such conflict is acceptable.

**EMPLOYEE'S DECLARATION  
CODE OF ETHICS  
AND  
CONFLICTS OF INTEREST**

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Name (Please print) \_\_\_\_\_

Job Title \_\_\_\_\_

Operation/Division \_\_\_\_\_

- 1. I have read and understand the Code of Ethics, the Disclosure of Information, Confidentiality and Restrictions on Trading policy and the Securities Trading policy of Star Diamond Corporation and hereby declare that I hold no business, commercial, financial, property or similar interest(s) which, in my opinion, might be construed as being in actual or potential conflict with the duties and responsibilities of my position.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

- 2. I have read and understand the Code of Ethics, the Disclosure of Information, Confidentiality and Restrictions on Trading policy and the Securities Trading policy of Star Diamond Corporation and hereby disclose the following holding(s), which might be construed as being in actual or potential conflict with the duties and responsibilities of my position.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

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If a situation exists or arises where I am in doubt as to what to do, I will seek advice from the Corporate Secretary of Star Diamond Corporation.

I understand that misrepresentation or omission of facts or disclosures called for in the above policies may cause dismissal.

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

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

Printed Name of Employee: \_\_\_\_\_

Job Title: \_\_\_\_\_

*Schedule "B"*

**EMPLOYEE COMPLIANCE AND DISCLOSURE STATEMENT  
CODE OF ETHICS  
AND  
CONFLICTS OF INTEREST**

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I HAVE READ, UNDERSTAND, AM NOW COMPLYING WITH, AND THROUGHOUT MY EMPLOYMENT BY Star Diamond Corporation, will continue to comply with the Corporation's Code of Ethics, the Disclosure of Information, Confidentiality and Restrictions on Trading policy and the Securities Trading policy, except for the following potential conflicts which already involve me or my family members (if any):

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If a situation exists or arises where I am in doubt as to what to do, I will seek advice from the Corporate Secretary of Star Diamond Corporation.

I understand that misrepresentation or omission of facts or disclosures called for in the above policies may cause dismissal.

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

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

Printed Name of Employee: \_\_\_\_\_

Job Title: \_\_\_\_\_

## **STAR DIAMOND CORPORATION DIRECTORS' CODE OF ETHICS**

It is expected that the directors will serve Star Diamond Corporation (the "Company") in a manner reflective of the highest business and ethical standards and in a manner that will discharge all of the directors' legal obligations. To maintain this standard of conduct the directors will be guided by the following principles:

1. To enhance the reputation of the Company in the community, the directors must maintain a high standard of integrity in the conduct of their personal, business and professional affairs.
2. In deliberation of the Company's affairs, the directors will apply the highest business and ethical standards.
3. As directors are in a position of trust with respect to the Company, they will not:
  - a) Accept any payment, gratuity or other asset, for assisting in obtaining business or securing special concessions from the Company;
  - b) Profit on the acquisition or disposition of Company property; and
  - c) Improperly use Company assets or information for personal benefit.
4. As directors owe a duty of loyalty to the Company, their personal interest and their duty to the Company should not be put into conflict. Therefore:
  - a) Directors will promptly report all actual, potential or perceived conflicts of interest to the Corporate Secretary. If in doubt whether a circumstance or a situation is a conflict then such conflict should be reported to the Corporate Secretary. The Corporate Secretary shall bring such conflict to the attention of the Compensation and Corporate Governance Committee. No director shall participate in directors' discussions, deliberations or decision making affecting such conflicts relating to himself as the case may be; and
  - b) Directors will not sit on boards of corporations competing with the Company nor be members of organizations or groups adverse in interest to the Company without the advance permission of the board.
5. As directors must act in the best interests of the Company, they owe their duty to the Company as a whole and not to any particular constituency thereof.
6. The directors recognize that corporate information given to them as directors is confidential and they will maintain such information in the strictest confidence.
7. The directors will comply with all laws affecting directors including securities and corporate laws. As such, directors:
  - a) Will not trade in the Company's securities while they have material information not previously disclosed to the public or during Company imposed "blackout periods" nor will the directors "tip" others so they may benefit from such insider information; and

- b) Will comply with securities law requirements designed to ensure that the Company and its directors, officers and employees:
  - (i) Have open and full disclosures to, and have honest discussions with, the External Auditors who audit the Company's annual financial statements;
  - (ii) Do not, directly or indirectly, falsify or cause to be falsified, any of the Company's financial and other documents and records; and
  - (iii) Do not, directly or indirectly, improperly influence, coerce, manipulate or mislead the External Auditors for the purpose of rendering the Company's financial statements misleading.
  
- 8. Any violation of this code of ethics may result in the Board of Directors requesting the resignation of any board member. Only the Board has the authority to grant waivers from this Code of Ethics. Any waivers granted to Directors or Executive Officers will be disclosed in the Company's Annual Information Circular.
  
- 9. In the event the conduct of a Director or Executive Officer constitutes a material departure from this Code of Ethics and that departure constitutes a material change, then a Material Change Report shall be filed and it will include:
  - a) the date of the departure(s);
  - b) the party(s) involved in the departure(s);
  - c) the reason why the Board has or has not sanctioned the party(s) involved;
  - d) any measure the Board has taken to address or remedy the departure(s).
  
- 10. In November of each year, all directors shall complete and submit a copy of a Directors' Compliance and Disclosure Statement to the Corporate Secretary. Attached to this Code of Ethics as Schedule "A" is a copy of a Directors' Compliance and Disclosure Statement.

*Schedule "A"*

**DIRECTORS' COMPLIANCE AND DISCLOSURE STATEMENT  
CODE OF ETHICS  
AND  
CONFLICTS OF INTEREST**

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I HAVE READ, UNDERSTAND, AM NOW COMPLYING WITH, AND THROUGHOUT MY TENURE AS A DIRECTOR OF STAR DIAMOND CORPORATION will continue to comply with the Directors' Code of Ethics, the Disclosure of Information, Confidentiality and Restrictions on Trading policy and the Securities Trading policy.

If a situation exists or arises where I am in doubt as to what to do, I will seek advice from the Corporate Secretary of Star Diamond Corporation

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

Signature of Director: \_\_\_\_\_

Printed Name of Director: \_\_\_\_\_