

CODE OF CONDUCT

1.1 PURPOSE OF CODE

The reputation and integrity of the Company will only be maintained if every officer and employee observes the highest standards of behaviour when engaging in corporate activity.

The Company wishes to maintain a reputation for integrity. The Company's reputation for integrity is a competitive advantage that is essential to maintain.

The Board of the Company has therefore adopted this Code of Conduct that sets out the standards with which all officers and employees are expected to comply when representing the Company.

Under the Code of Conduct all directors and employees are required to:

- Comply with the law.
- Act honestly and with integrity.
- Not place themselves in situations which result in divided loyalties.
- Use the Company's assets responsibly and in the best interests of the Company.
- Be responsible and accountable for their actions.
- Investigate and report on any unethical practices.

1.2 CODE OF CONDUCT

We, the directors and employees of the Company, set for ourselves the following standards of conduct in our relationship with each other, our employer and with all those with whom we deal in our work. This Code of Conduct can be applied in any particular situation by asking the question: 'What is the right thing to do?'

When representing the Company, we will comply with the following standards:

Compliance with the Laws

- We will comply with the laws of each country in which we are operating.
- We will seek to know and understand the laws which affect or relate to our activities.
- We will notify our supervisor of any failure to comply with any law; and
- In interpreting any law, we will always endeavour to adopt a course which reinforces the Company's reputation for integrity.

Act Honest and with Integrity

- Integrity for us means doing the right thing and behaving properly even if no one would have known that we had done the wrong thing or acted improperly.
- We will not engage in misleading or deceptive conduct or falsify or wrongly withhold information.
- We will treat all persons with dignity and not discriminate on the basis of age, sex, race, religion, sexual orientation, political opinion, disability or other personal differences; and
- We recognise that we operate in countries with many different laws, customs and business practices. However, we must not compromise the principles embodied in this Code.

Avoidance of Conflicts

- We will not place ourselves in situations which result in divided loyalties.
- Divided loyalties may arise:
 - when our private interests conflict directly or indirectly with our obligations to the Company;

- when we receive benefits (such as gifts or entertainment of an excessive nature) from the person doing or seeking to do business with the Company which could be seen as creating an obligation to someone other than the Company; and
- when we act in ways which may cause others to question our loyalty to the Company.

Responsible and Honest Use of Assets

We will use the Company's assets (including funds, equipment and information) responsibly and in the best interests of the Company:

- Using the Company's assets (such as equipment or stores), without appropriate approval to do so, other than for the Company's business purposes or interests is unacceptable.
- Using the Company's funds to provide excessive benefits (such as gifts or entertainment) for others or ourselves is unacceptable.
- We will respect the proprietary character of the Company information and not disclose confidential information without proper authorisation.

Management of the Company

The directors and managers will manage the Company in a fair and responsible manner.

- The directors and managers will manage the Company for the benefit of the Company as a whole and not for certain shareholders or other individuals.
- The directors and managers will not act in a manner that is oppressive to minority shareholders.
- The directors and managers will, subject to genuine confidentiality concerns, honestly and comprehensively report the activities of the Company to the employees and shareholders.
- The directors and managers will manage the company so that the Company acts as a good corporate citizen and demonstrates concern for the environment and the community in which it operates.

International Dealings

- The directors and managers will not pay bribes to foreign officials
- Where practical the directors and management will ensure that all parties KMEC deals with have an appropriate ethical disposition in relation to their employment, operating and trading activities.

Responsibility and Accountability for Actions

We are responsible and accountable for our actions. We take responsibility for:-

- the way in which we perform our functions; and
- honestly and fully reporting the results of our actions.

For us, accountability means we accept responsibility for and will be judged by our actions.

1.3 IMPLEMENTATION

All officers and employees will be given a copy of this Code of Conduct and are expected to comply with it. It is the responsibility of senior managers to communicate the provisions of the Code of Conduct to employees.

Supervisors are responsible for ensuring that employees comply with the Code of Conduct. An employee is required to contact his or her supervisor if they have any concerns or queries about the Code of Conduct, or with a more senior person if they do not wish to discuss the matter with the supervisor.

Employees are to be supported in raising matters of concern and the above system is to be implemented to enable potential misconduct to be raised without fear of retribution.

Any alerts from employees or outside parties should be recorded and investigated.

Employees are to report any potential occurrences to their immediate supervisor. If the employee is concerned about discussing the matter with the immediate supervisor or the response received, the employee should discuss the matter with either the Company Secretary, the CEO, or if they feel necessary, the Chairman of the Board.

The Company firmly takes the position that an employee is to be protected and will not be penalised or victimised in any way for raising such issues in good faith.

The implementation of this Code will be reviewed and assessed by the board of directors each year.