
Our Values and Ethics
Code of Conduct
May *** 2022

KAPA GOLD INC.

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1. PURPOSE

Our Values and Ethics (“Code of Conduct”) is our company policy which sets out the standards which guide the conduct of our business and the behaviour of our employees. Wherever we work, we commit to operate to the same high standard of integrity and responsibility.

The objective of this policy (the “Policy”) is to provide a procedure to ensure that the Company, together with its directors, officers, employees, consultants and contractors, conducts its business in an honest and ethical manner reflecting the highest standards of integrity and in compliance with all relevant laws and regulations applicable to it and in compliance with the Legislation. Compliance with this Policy is required under the Company’s Code of Business Conduct and Ethics.

2. SCOPE

Our Values and Ethics policy contained in this Policy applies to all directors, officers, employees, consultants, contractors of KAPA Gold Inc. (“**KAPA**”) and reflects the standards to which KAPA expects such persons to adhere to when acting on the KAPA’s behalf. All consultants and contractors shall be provided with or directed to a copy of this Policy and all agreements with consultants and contractors should include a provision that the consultant and contractor must abide by this Policy at all times.

Although the various matters dealt with in this Code of Conduct do not cover the full spectrum of employee activities, they are indicative of our commitment to the maintenance of high standards of conduct and are to be considered descriptive of the type of behaviour expected from our employees in all circumstances.

3. MISSION

KAPA is focused on growing our production profile and operating in a safe and responsible manner, while enhancing our profitability.

4. VALUES

4.1. Always Accountable

We take ownership for ourselves, and our work. We “do the right thing” for the business and our stakeholders.

4.2. Execute with Excellence

We measure our performance and strive to excel at every level.

4.3. Deliver Results

We make decisions and are responsible for our outcomes. We work openly and effectively with each other, leveraging the strength of the team.

4.4. Work Responsibly

Safety is a non-negotiable; it ensures the well-being of our people and our business.

5. PEOPLE

KAPA believes that the well-being and health of our employees are a condition for success and we should work proactively to eliminate health risks and to develop safe workplace environments.

5.1. Human Rights

KAPA supports and promotes a work environment in which individuals are treated with respect, provided with equal opportunity based on merit and kept free of all forms of discrimination.

We provide equal opportunities to people without regard to race, colour, gender, sexual orientation, nationality, religion, ethnic affiliation, family/friend relationships or any other characteristic protected by local law, as applicable.

Employees shall be treated with respect and dignity.

Employees have a right to work in an environment free from violence and threats. We prohibit all acts of unwelcomed conduct or comments, verbal or written, which detrimentally affect an employee's work environment or lead to adverse job related consequences.

5.2. Travel, Entertainment, Credit Card and Company Expenses

All expenses must be ordinary, reasonable, necessary, and have a valid business purpose. We expect employees to use good judgment and recognize there may be times when "normal" expenses must be exceeded. Such occasions should be the exception to the rule and should be adequately explained on the expense report.

5.3. Prohibited Substances

KAPA has a "zero tolerance" policy for illegal drug use, consumption of alcohol or other substance abuse which affects performance while on the job. Substance abuse while on the job, including consumption of alcohol, and illegal drugs, is strictly prohibited. Any employee in the possession of alcohol or non-prescription, performance altering drugs, including any narcotic will be removed from site immediately and their employment will be terminated.

6. BUSINESS ETHICS

We shall deal fairly and lawfully with all customers, suppliers and independent contractors when purchasing or furnishing goods or services. In awarding contracts, we will consider factors such as the need for the services, total cost, quality and reliability. Where applicable, employees should also perform a cost benefit analysis.

6.1. Respect for the Law

KAPA and our employees, personally and on behalf of the Company, shall comply with the laws, policies and other regulations applicable to us and our business, respect the protection of internationally proclaimed human rights and recognize the responsibility to observe those rights. Whenever you are in doubt about the application or interpretation of any legal or regulatory requirement, you should refer the matter to your superior who, if necessary, should seek the advice of KAPA's legal counsel.

Accordingly, employees must diligently ensure that their conduct cannot be interpreted as being in contravention of laws and regulations governing KAPA's affairs in any jurisdiction where it operates.

6.2. Confidentiality

KAPA's records, reports, papers, devices, processes, plans, maps, methods and apparatus which are not in the public domain are considered by us to be secret and confidential, and employees are prohibited from revealing information concerning such matters without proper authorization.

Communicating with investors, shareholders, analysts, stock brokers, the media, or members of the public is the responsibility of KAPA spokespersons. Employees are prohibited from revealing information concerning confidential information to third party without proper authorization.

6.3. Conflict of Interest

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

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

- a. deprive KAPA 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 KAPA's best interest;
- c. conflict with the economic interest of KAPA; or
- d. violate any provision of the Canadian Charter of Rights and Freedoms.

Employees are required to disclose to their supervisors 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.

6.4. Secondary Employment

Under circumstances where secondary employment is desired by an employee, they shall disclose the interest to their supervisor who may grant specific approval in writing, provided that conflict of interest or interference with the performance of their present duties does not exist.

6.5. Dealing with Public Officials, Anti-Bribery and Political Contributions

Accepting or offering bribes is a crime in Canada and in many other countries. An unlawful payment can be in the form of cash or any other item of value, or can be any other type of benefit, such as unnecessary or lavish travel or entertainment. In addition to causing KAPA and its officers, directors and employees exposure to potential criminal liability, such unlawful conduct can also expose KAPA to government investigation, bad publicity, loss of business opportunities and litigation.

Canadian anti-bribery law is not limited to actions within Canada. It also prohibits KAPA and its officers, directors, employees, or sales agents and representatives, from paying, authorizing, offering to pay or giving anything of value to any government official outside of Canada in countries which KAPA operates, including Mexico and Chile, to obtain or retain business, direct business to any person or gain any other improper business advantage. In addition to officials working at the national, regional or local level, government officials also include individuals working for companies that are owned or controlled by the government.

Canadian anti-bribery law covers payments made directly by KAPA or its personnel and any payment made indirectly through an intermediary, such as a sales agent or representative. Because KAPA can be held liable for the actions of sales agents or representatives, take care and seek appropriate guidance when selecting such agents or representatives to ensure that they are reputable, honest and qualified, and monitor their activity. Officers, directors and employees also must take care to get appropriate guidance when entering into consulting or agency agreements in foreign countries where the duties and scope of the agreement are ill-defined. Be wary and seek guidance if a party to a proposed agreement or transaction seeks large fees for “introductions” to government officials or for “consulting” where the value of the contract is not clear. When seeking to do business with companies, be diligent in efforts to determine whether such company is affiliated with a government entity.

Any officer, director, employee, sales agent, representative or shareholder of KAPA convicted of violating Canadian anti-bribery law can be subject to severe criminal penalties and fines. There is no time limit for Canadian authorities to investigate alleged unlawful payments and there is no exception to criminal liability because the unlawful payments were small. Under Canadian anti-bribery law, any fine imposed on any officer, director, employee, sales agent or representative must be paid by that person without any reimbursement from KAPA.

Accordingly, we 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. Any participation, whether directly or indirectly, in any bribes, kickbacks,

indirect contributions or similar payments is expressly forbidden, whether or not they might further KAPA's business interests. The use of KAPA's 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.

Because of the seriousness of violating Canadian anti-bribery laws if you have any concerns or questions about the application of such law to KAPA's business affairs, you should speak immediately to your supervisor.

In addition, KAPA encourages everyone to participate in political activities on their own time and at their own expense. KAPA will engage governments responsibly with respect to policy matters that are relevant to its business. However, because laws in certain jurisdictions prohibit or regulate corporate donations to political parties, politicians, or a candidate for public office, KAPA's policy is that all contributions to political parties, politicians, or a candidate for public office must be approved in advance by KAPA's Chief Executive Officer, or a Senior Vice President.

As a result, directors, officers and employees will:

Never contribute funds or authorize the contribution of funds by or in the name of KAPA to any political party, politician, or candidate for public office at any level of government (local, regional, or national) in any country, including Canada and the United States without the prior approval of KAPA's Chief Executive Officer, or a Senior Vice-President. In making any such contributions, KAPA will endeavor to avoid circumstances in which KAPA appears to be publicly supporting a particular candidate or political party (e.g., use of KAPA's name or logo in promotional material or event signage). This policy also applies to payments to charities, lobbying firms, research institutes, or other organizations which represent or direct funds to a political party, politician, or candidate for public office.

- a. Never do anything at work that would interfere with a person's right to choose to volunteer for political causes or contribute to political parties in their personal capacity.
- b. Always make it very clear when participating in political activities, especially when speaking to the media or other community members, that you are acting in a strictly personal capacity and not on KAPA's behalf.
- c. Never use KAPA's materials, for example stationery, email, facilities or funds, when engaged in personal political activities.
- d. Always ensure that your participation in and financial support of political activities is fully compliant with the *Foreign Corrupt Practices Act* of the United States of America and the *Corruption of Foreign Public Officials Act* of Canada.

All dealings between our employees and public officials or other persons will be conducted in a manner that will not compromise the integrity or negatively impact the reputation of any public official, KAPA or our affiliates.

6.6. Prevention of Improper Payments

All directors, officers, employees, consultants and contractors will adhere to KAPA's commitment to conduct its business in an honest and ethical manner reflecting the highest standards of integrity and in compliance with all relevant laws and regulations applicable to it. Accordingly, KAPA and its directors, officers, employees, consultants or contractors shall not:

- (a) directly or indirectly, offer, give or agree to give or offer a loan, reward, advantage or benefit of any kind to a public official, political party, party official or political candidate as consideration for an act or omission by the recipient in connection with the performance of the recipient's duties or functions with the government; or to induce the official to use his or her position to influence any acts or decisions of such government for the purposes of obtaining or retaining an advantage in the course of business, including an act or decision to direct business; or
- (b) agree to, or comply with any demands for a bribe made by a public official, political party, party official or political candidate;
- (c) directly or indirectly demand or accept a bribe;
- (d) kickback any portion of a contract payment to employees of another contracting party or utilize other techniques, such as subcontracts, purchase orders or consulting agreements, or commissions to channel payment to public officials, to employees of another contracting party, their relatives or business associates;
- (e) make any Facilitation Payment. "Facilitation Payment" means any payment made to expedite or secure the performance by a foreign public official of any act of a routine nature that is part of the foreign public official's duties or functions, including (a) the issuance of a permit, license or other document to qualify a person to do business; (b) the processing of official documents, such as visas and work permits; (c) the provision of services normally offered to the public, such as mail pick-up and delivery, telecommunication services and power and water supply; and (d) the provision of services normally provided as required, such as police protection, loading and unloading of cargo, the protection of perishable products or commodities from deterioration or the scheduling of inspections related to contract performance or transit of goods;
- (f) retain an agent to represent KAPA's business interests in a particular country if such agent, or any of the agent's principals, staff, officers or key employees are government or public

officials, political party officials, political candidates, persons related to the foregoing, or other persons who might assert illegal influence on the KAPA's behalf. However, if the Chief Executive Officer (the "CEO") deems necessary, then such an agent may be retained provided:

- i. the reputation, background and past performance of the agent is properly researched and documented;
- ii. the agent is retained pursuant to a written agreement specifically defining the agents duties, representing and warranting the absence of the relationship set out above, providing for immediate termination in the event of an improper payment, annual certification requirement and the right to audit expenses and invoices

however, a director, officer, employee, consultant or contractor of KAPAN will not have breached the terms of paragraph 6.6 and 6.7 of the Policy, if the loan, reward, advantage or benefit has been approved by the Board of Directors of KAPA, and where such loan, reward, advantage or benefit is either:

- (a) permitted or required under all applicable laws; or
- (b) made to pay the reasonable expenses incurred in good faith by or on behalf of the recipient that are directly related to the promotion, demonstration or explanation of the products or services of the Company, or the execution or performance of a contract between the Company and the government for which the recipient performs duties or functions.

6.7. Gifts and Entertainment

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

Gift and inducements, including gifts and entertainment, to government officials on a scale that might be perceived as creating an obligation on that official, or to influence a decision by that official or other officials with respect to KAPA. To comply with this Policy, the cost or expense of a gift, meal or entertainment must be reasonable. It must be directly connected to a legitimate business promotional activity or the performance of an existing contract, it must be permitted under local law and it must be otherwise consistent with KAPA's business practices. When considering the reasonableness of the expense, directors, officers, employees, consultants and contractors of KAPA would consider the frequency with which such expenses are incurred for a particular official. Modest costs frequently incurred can, when aggregated, amount to lavish and potentially improper payments. Even where gifts, meals or entertainment may be consistent with normal social or business amenities in the

official's country, that does not mean that they are permitted under either the laws of that country or the laws of other countries combating the bribery of foreign government officials, including Canadian law. The cost of gifts, meals, and entertainment should always remain at or below that permitted by local law and in no event should that amount be greater than the legitimate and customary expenditure for such activities by private business persons in the country.

6.8. Fraud Reporting and Investigation “Whistle Blower”

All employees are encouraged to submit in good faith concerns and complaints in respect of the accuracy and integrity of KAPA’s accounting, auditing and financial reporting, without fear of retaliation of any kind. If you have any concerns about accounting, audit, internal controls or financial reporting matters which are considered to be questionable, incorrect, misleading or fraudulent, you are urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the complaint or concern.

7. FINANCIAL ETHICS

KAPA’s books, records, accounts and financial statements will appropriately reflect our transactions and arrangements, and will conform both to applicable legal and accounting requirements and to our system of internal controls. Accurate and reliable, fact-based information is important in our decision making process and in our ability to properly discharge our financial, legal and reporting obligations. We will not tolerate any false, artificial or misleading entries, or any unrecorded or "off-the-books" funds, transactions, assets or liabilities.

7.1. Accounting: Books and Records

KAPA will maintain a system of internal accounting controls and keep books and records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets. Accordingly:

- (a) False, misleading or incomplete entries in KAPA’s books, records and other business documents are prohibited. No transaction should ever be entered into that requires or contemplates the making of false or fictitious records, in whole or in part.
- (b) No undisclosed or unrecorded funds or accounts may be established for any purpose.
- (c) Circumventing or evading, or attempting to circumvent or evade, KAPA’s internal accounting controls is prohibited.
- (d) No payment on behalf of KAPA is to be approved or made without adequate supporting documentation or made with the intention or understanding that all or any part of the payment is to be used for any purpose other than the specific purpose described by ~~the~~

documents supporting the payment.

These requirements apply to all transactions regardless of financial materiality.

7.2. Insider Trading

As an employee of a company whose shares are publicly traded, employees should be aware that there are statutory prohibitions and penalties for buying or selling shares when the employee knows material information about KAPA's affairs of which have not yet been made public. 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 us.

KAPA also requires its directors, officers, and employees to treat all information about KAPA in confidence and with care. Information that could reasonably be expected to affect the market price or value of KAPA's shares is considered to be "material information." Securities laws ban using material information that has not been disclosed to the public when buying or selling shares ("insider trading") and passing on this information to others for their use when buying or selling shares ("tipping").

It is also illegal to disclose material information before it has been made public, unless the disclosure is in the course of business, or to suggest that it is a good time to buy or sell KAPA's stock. For example, giving confidential information to a relative or friend, who then buys or sells shares of KAPA based on the information, is illegal on the part of both parties.

8. HEALTH, SAFETY AND ENVIRONMENT

Health and safety is fundamental to business operations and KAPA is committed to the identification, elimination or control of workplace hazards for the protection of all our employees.

Safety in our workplace is an uncompromised condition and a mutual and shared responsibility for all our employees.

Our employees are expected to improve operations to avoid injury, sickness or death, or damage to property or to the environment by giving due regard to all applicable safety standards and regulatory requirements. Any problems or concerns about environmental or safety matters should be reported.

KAPA is committed to maintain sound environmental practices in all of its activities and continuously improve the efficient use of resources, processes and materials. We intend to explore for minerals and extract metals in an environmentally responsible manner. No operation of KAPA is considered effective or complete without proper attention to safety and the environment.

9. COMPLIANCE

All directors, officers, employees, contractors and consultants, in discharging their duties, shall comply with the laws, regulations and rules of the jurisdiction where they carry out their business duties to KAPA and all jurisdictions where KAPA conducts its business activities, and in particular with respect to corrupt practices laws, regulations and rules. Where uncertainty or ambiguity exists, competent legal advice should be obtained. It is a fundamental principle of this Policy that discretionary decisions relating to the contents described herein should not be made “in the field”, but rather, should be referred to KAPA’s CEO who will make such decisions with advice from external legal counsel if necessary.

Compliance with KAPA’s policies protects all employees as well as the value of our assets and operations and our reputation for acting properly. Failure by any employee to comply with the laws or regulations governing our business, this Code of Conduct or any other company policy or requirement may result in disciplinary action including termination and, if warranted, legal proceedings. All employees are required to cooperate in any internal investigations of misconduct.

9.1. Compliance Certification

All directors and officers of KAPA, together with any employees, consultants and contractors specified by the Board of Directors of KAPA shall provide a certification of compliance with this Policy in a form approved by the Compensation and Corporate Governance Committee, upon request.

9.2. Policy Violations

All employees are expected to maintain and enhance KAPA’s standing as a vigorous and ethical member of the business community, and are therefore accountable for compliance with this policy.

Although the various matters dealt with in this policy do not cover the full spectrum of employee activities, they are indicative of our commitment to the maintenance of high standards of conduct and are a description of the type of behaviour expected from our 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 you may have as to its application to your area of responsibility and jurisdiction will be explained fully by your superior.

9.3. Reporting Violations

Any officer or employee that becomes aware of actions which could constitute a violation of this Policy is required to report it to their immediate supervisor. However, if such officer or employee

is not comfortable discussing the matter with their immediate supervisor, or does not believe that the supervisor has dealt with the matter properly, then they should raise the matter with a senior officer of KAPA or anonymously make a complaint in the manner provided in this Policy.

9.4. Complaints Procedure

Employees have a duty to report violations of KAPA's policies and standard. Any employee making such a report is to be free from any concern about retaliatory consequences. Reprisals or intimidation of employees who draw attention to problems or violations will not be tolerated.

You can report your concerns to your supervisor or directly to: dave.k.paxton@gmail.com

Or mail confidentially and anonymously to:

Chairman of Committee

c/o KAPA Gold Inc.

Via Email:

dave.k.paxton@gmail.com

9.5. No Retaliation

In no event will KAPA take or threaten any action against an employee as a reprisal or retaliation for making a complaint or disclosing or reporting issues in good faith. However, if a reporting individual was involved in improper activity the individual may be appropriately disciplined even if they were the one who disclosed the matter to us. In these circumstances, we may consider the conduct of the reporting individual in raising the matter as a mitigating factor in any disciplinary decision.

Retaliation for reporting issues in good faith is prohibited. Retaliation will result in discipline up to and including termination of employment.

We will also make known the process for reporting complaints or concerns on Code of Conduct issues on an anonymous and confidential basis.

9.6. Failure to Comply

Failure to comply with this Policy may result in severe consequences, which will include internal disciplinary action and possible termination of employment or consulting arrangements. The violation of this Policy may also violate certain laws and if it appears that a director, officer, employee, consultant or contractor may have violated such laws, then KAPA may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

9.7. Application to Directors and Officers

The principles of ethical conduct and values described in this policy shall also apply to the directors and officers of KAPA, as applicable and with such revisions as are necessary to

facilitate such application.

9.8. Waivers of the Code of Conduct

Any change in or waiver of this Code of Conduct may be made only by the board or by a board committee and will be promptly disclosed as required by law or regulation.