

SUNWARD RESOURCES LTD.

Foreign Corrupt Practices Policy

1.0 INTRODUCTION

The Board of Directors of Sunward Resources Ltd. ("Sunward")¹ has determined that, on the recommendation of the Corporate Governance Committee, Sunward should formalize its policy on compliance with the Corruption of Foreign Public Officials Act (the "Act") enacted by the Government of Canada on February 14, 1999.

2.0 OBJECTIVES OF THE POLICY

The objective of this Policy is to provide a procedure to ensure that Sunward, 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 does not contravene the provisions of the Act.

3.0 APPLICATION OF THE POLICY

The Act applies to any individual or business acting in the course of "any business, profession, trade, calling, manufacture or undertaking of any kind carried on in Canada or elsewhere for profit". Accordingly, this Policy applies to all directors, officers, employees, consultants and contractors of Sunward whose services for Sunward involve dealing with any of the persons described in the Act. For each officer and employee compliance with this Policy constitutes conditions of employment, and for each consultant and contractor constitutes conditions of providing services to Sunward. Each such person agrees to be bound by the provisions of this Policy upon notification of the most recent copy being given to them.

4.0 COMMUNICATION OF THE POLICY

To ensure that all directors, officers, employees, consultants and contractors of Sunward are aware of the Policy, a copy of the Policy will be provided to all directors, officers and employees, or alternatively they will be advised that the Policy is available on Sunward's website for their review. All directors, officers, employees, consultants and contractors will be informed whenever significant changes are made. New directors, officers, employees, consultants and contractors will be provided with a copy of this Policy and will be educated about its importance.

Each year, all employees, consultants and, as appropriate, contractors shall participate in a training session to ensure they understand the terms of this and all corporate policies of Sunward.

¹ This Policy applies to all of Sunward Resources Ltd and all of its subsidiaries. Accordingly, this Policy will refer to Sunward and its subsidiaries as "Sunward".

5.0 COMPLIANCE

All directors, officers, employees, contractors and consultants, in discharging their duties on behalf of Sunward , will comply with the laws, rules and regulations of the location in which Sunward is performing business activities, and in particular with respect to foreign corrupt practices laws, rules and regulations. Where uncertainty or ambiguity exists, competent legal advice must be obtained.

6.0 ANNUAL CERTIFICATION

All directors and officers of Sunward , together with any employees, consultants and contractors the Board of Directors of Sunward may decide, will provide annual certification of compliance with this Policy in the form attached to this Policy or attached to the Code of Business Conduct and Ethics.

The Chief Commercial Officer and/or Company Secretary of Sunward will be responsible for ensuring that all annual certifications are obtained on or before the end of the first fiscal quarter of each year, and for providing written confirmation to the Board of Directors that such certifications have been obtained and summarizing the results thereof.

7.0 PREVENTION OF IMPROPER PAYMENTS

All directors, officers, employees, consultants and contractors will adhere to Sunward '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, Sunward and its directors, officers, employees, consultants or contractors will not, and will not permit any agent or representative of Sunward to:

a) **Bribes:** directly or indirectly, offer or give a bribe, and any demands for a bribe will be rejected, or pay or offer anything of value to a foreign public official², political party, party official or political candidate in order to influence corruptly any act within the recipient's official capacity, or to induce the recipient to violate his lawful duty, or to induce the recipient to use his influence with a government to effect of influence any act or decision of such government for the purposes of obtaining, retaining, or directing business;

b) **Kickbacks:** 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, to channel payment to public officials, political parties, party officials or political candidates, to employees of another contracting party, or their relatives or business associates;

c) **Extortion:** directly or indirectly demand or accept a bribe;

² "foreign public official" means: (a) a person who holds a legislative, administrative or judicial position of a foreign state; (b) a person who performs public duties or function for a foreign state, including a person employed by a board, commission, corporation or together body or authority that is established to perform a duty or function on behalf of the foreign state or is performing such a duty or function; and (c) an official or agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations.

d) **Facilitating Payments:** make any facilitating payment. “Facilitating payments” are payments made to expedite routine governmental action that does not involve obtaining, retaining or directing business. Example include payments to (i) secure processing of papers such as visas, work orders and permits, (ii) induce customs officials to process legally transmitted goods, (iii) obtain police protection, (iv) obtain installation and maintenance of utility connections, and (v) induce minor government functionaries (government employees without discretionary authority over a project or transaction) to complete their jobs in the manner required and where the situation does not involve the securing of business.

However, if the Chief Executive Officer of Sunward deems necessary, then a facilitating payment may only be made in the following circumstances:

- i) the payment falls strictly within the definition of facilitating payment under the Act;
- ii) due diligence has been conducted to ensure both the payment and its amount are absolutely necessary to conduct Sunward’s business;
- iii) the payment has been properly recorded in reasonable detail which accurately and fairly reflects the transaction and includes such information as the amount paid and the purpose of and authorization for such payment; and
- iv) any such payment is reported on a quarterly basis to the Chairman of the Audit Committee;

e) **Political Contributions:** make any contributions or provide any financial support to political parties or candidates on behalf of Sunward without prior approval of the Board of Directors. However, if the Board of Directors provides its approval, a political contribution may be made only if:

- i) it is made in accordance with all applicable law; and
- ii) all requirements for public disclosure of such contributions will be fully complied with; or

f) **Government Agents:** retain agents to represent Sunward’s business interests in a particular country if such agents, or any of their principals, staff, officers or key employees, are government or public officials, political party officials, political candidates, persons directly working with the foregoing, or other persons who might assert illegal influence on Sunward’s behalf. However, if the Chief Executive Officer deems necessary, then such an agent may be retained in accordance with the following terms and conditions:

- i) it is legal in the country;
- ii) the reputation, background and past performance of the agent will be properly researched and documented; and
- iii) the agent will be retained pursuant to a written agreement specifically defining the agent’s duties, acknowledging the provisions of this policy and representing and warranting the absence of the relationship set out above, providing for immediate termination in the event of an improper payment, and providing for an annual certification requirement and the right to audit expenses and invoices.

g) **Employment of Public Officials:** employ any officer or employee of a government or any of its agencies or a government corporation, or any person related or otherwise acting in an official capacity for any such entity. However, if the Chief Executive Officer deems necessary, then such a person may be employed in accordance with the following terms and conditions:

- i) the employment is lawful in the country concerned;
- ii) the services to be rendered by the person do not conflict with the official government duties of the person;
- iii) the reputation, background and past performance of the person will be properly researched and documented; and
- iii) the person will be retained pursuant to a written agreement specifically defining the person's duties, acknowledging the provisions of this policy and representing and warranting the absence of the relationship set out above, and providing for immediate termination in the event of an improper payment, and providing for an annual certification requirement and the right to audit expenses and invoices.

h) **Exceptions:** The following are two forms of payments which would not constitute a violation of this Policy:

- i) It is legal to make a payment if it can be shown that the payment was a reimbursement of travel, lodging and other reasonable and bona fide expenses directly related to the business promotion, demonstration or explanation of the Company's business, or if the payment is pursuant to the performance of a contract with the foreign government. As an example, payment of the travel expenses of a foreign government official to visit a mine, as a part of an effort to promote the project/educate the public official, would fit into this category.
- ii) Unconditional gifts having nominal value, when made openly and as a social amenity, or as a token of esteem, regard or gratitude in accordance with local custom, generally will not be regarded as a bribe. All such gifts must be pre-approved by the CEO or made pursuant to procedures established by the CEO. A registry of all such gifts shall be maintained under procedures established by the CEO.

i) **Red Flags:** The following is a list of "red flags" that may indicate the possible existence of corrupt practices and should be kept in mind by all those subject to this Policy:

- i) Use of an agent with a poor reputation or with links to a foreign government.
- ii) Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.
- iii) Cash payments, or payments without paper trail or compliance with normal internal controls.
- iv) Unusual bonuses to foreign personnel for which there is little support.
- v) Payments to third country accounts.

8.0. MANAGEMENT RESPONSIBILITIES

Management will be required to develop, implement, monitor and maintain a system of internal controls to facilitate compliance with this Policy, as well as to foster a culture of integrity and maintain high ethical standards throughout Sunward .

9.0 REPORTING VIOLATIONS OF THE POLICY - WHISTLEBLOWER POLICY

All directors, officers, employees, consultants and contractors are encouraged to talk to appropriate personnel within Sunward when in doubt about the best course of action in a particular situation. In addition, any officer, employee, consultant and contractor who becomes aware of any instance where Sunward receives a solicitation to engage in any act prohibited by this Policy, or who becomes aware of any information suggesting that a violation of this Policy has occurred or is about to occur is required to report it to his or her immediate supervisor. However, if you are not comfortable discussing the matter with your immediate supervisor, or if you do not believe that the supervisor has dealt with the matter properly, then you should raise the matter with a senior officer of Sunward .

Sunward also has adopted a Whistleblower Policy which provides procedures for reporting violations of laws, rules, regulations or Sunward 's corporate policies, including a procedure for anonymous reporting. A copy of the Whistleblower Policy can be found on Sunward 's website at www.sunwardresources.com.

Sunward prohibits retaliatory action against any person who raises a concern in good faith.

10.0 INVESTIGATION AND DOCUMENTATION OF REPORTS.

Any report of solicitations to engage in a prohibited act or possible violation of the Policy will be promptly reported to the CEO, the Chairman of the Board, and the Chairman of the Audit Committee, and the following procedure will be followed:

- (i) The report will be recorded and an investigative file established. In the case of an oral report, the party receiving the report is also to prepare a written summary. In addition, the Board of Directors will be advised of the matter.
- (ii) The Chairman of the Audit Committee will promptly commission the conduct of an investigation. At the election of the Chairman of the Audit Committee, the investigation may be conducted by Sunward personnel, or by outside counsel, accountants or other persons employed by the Chairman of the Audit Committee. The investigation will document all relevant facts, including persons involved, times and dates.
- (iii) The identity of a person filing a report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.

(iv) On completion of the investigation, a written investigative report will be provided to the CEO and the Board of Directors. If any unlawful, violative or other questionable conduct is discovered, CEO shall cause to be taken such remedial action as the Board of Directors deems appropriate under the circumstances to achieve compliance with the Policy and applicable law, and to otherwise remedy any unlawful, violative or other questionable conduct. The Chairman of the Audit Committee shall prepare, or cause to be prepared, a written summary of the remedial action taken.

(v) In each case, the written investigative report (or summary of any oral report), and a written summary of the remedial action taken in response to the investigative report shall be retained along with the original report by or under the authority of the Chairman of the Audit Committee.

11.0 CONSEQUENCES OF NON-COMPLIANCE WITH POLICY

Failure to comply with this Policy may result in severe consequences, which could include internal disciplinary action or termination of employment or consulting arrangements without notice. The violation of this Policy may also violate Canadian laws. If it appears that any person may have violated such laws, then Sunward may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

In addition, violation of this Policy may constitute a criminal offence under the Act and may expose Sunward and the responsible person to fines and/or imprisonment.

12.0 REVIEW OF POLICY

The Board of Directors of Sunward will review and evaluate this Policy on an annual basis to determine whether the Policy is effective in ensuring compliance by Sunward, its directors, officers, employees, consultants and contractors with the Act.

13.0 QUERIES

If you have any questions about how this Policy should be followed in a particular case, please contact the Chief Executive Officer or Chief Legal Officer.

14.0 PUBLICATION OF THE POLICY ON WEBSITE

This Policy will be posted on Sunward's website at www.sunwardresources.com

Original Approval Date:	May 31, 2011
Approved by:	Corporate Governance Committee Board of Directors

ANNUAL CERTIFICATION FORM

This will certify that I have received, recently read and understand the following policies provided by Sunward Resources Ltd. (“Sunward ”):

- Code of Business Conduct and Ethics (the Code”), ♦, 2011; and
- Foreign Corrupt Practices Policy, ♦, 2011.

(together the “Policies”)

I hereby declare that I am responsible for understanding, complying with and implementing the Policies as they apply to my position and area of responsibility. I understand that I must also comply with the policies and rules governing my individual workplace or job function.

I hereby accept and assume such liability as a continuing condition of my employment (in the case of employees and consultants) and acknowledge that any breach of the Policies shall result in the termination of my employment or consulting arrangement with Sunward .

I confirm that for the period from January 1, 2011 to December 31, 2011 I have been and am currently in compliance with the Policies, except as noted below or as has been already properly reported to Sunward representatives.

(Use the back of this sheet to describe any existing circumstances that may conflict with the Policies. Please include as much detail as possible.)

NAME (PRINT)

SIGNATURE

DATE