

Code of Business Conduct and Ethics

Adopted February, 2013

INTRODUCTION

This Code of Business Conduct and Ethics (the “Code”) applies to all employees, officers and members of the company and its subsidiaries worldwide. This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees of the Company. In this document, the term “Company” refers to Drilllex International Ltd. and its subsidiaries and the term “Employees” includes officers and members of the board of directors of the Company, all permanent, contract, secondment and temporary agency employees who are on long term assignments with the Company, as well as consultants and contractors to the Company. Consultants and contractors retained by the Company are expected to conduct themselves in accordance with the principles of this Code in their activities relating to the Company. It is the responsibility of the Employee retaining a consultant or contractor to ensure that they are aware of the contents of this Code and that the consultant or contractor agrees to abide by its provisions in its dealings with and on behalf of the Company.

The Company requires high standards of professional and ethical conduct from all Employees. Our reputation for honesty, integrity and accountability is important for the success of our business. We expect all employees to comply at all times with the principles in this Code.

Employees will be held accountable for their adherence to the Code. Breaches of the Code may result in disciplinary action, up to and including termination of employment, violations of the Code may also constitute violations of law and may result in civil or criminal penalties.

EMPLOYEES WHO ARE IN A SITUATION THAT THEY BELIEVE MAY VIOLATE OR LEAD TO A VIOLATION OF THIS CODE ARE ENCOURAGED TO TALK TO SUPERVISORS, MANAGERS OR OTHER APPROPRIATE PERSONNEL ABOUT THE BEST COURSE OF ACTION TO TAKE IN A PARTICULAR SITUATION.

1. COMPLIANCE WITH LAWS

Compliance with all applicable laws and regulations is essential to the conduct of the Company’s business, and is the foundation on which the Company's ethical standards are built. Employees have a responsibility to meet and exceed the standards as contemplated in the laws and regulations of the countries in which we operate. We expect that Employees will comply with both the letter and the spirit of the laws and regulations that govern our activities and avoid any appearance of impropriety.

2. CONFLICT OF INTEREST

All Employees have an obligation to act honestly and in good faith, having in view the best interests of the Company and its shareholders. A “conflict of interest” occurs when an individual’s private interest interferes, or appears to interfere, with the interests of the Company. A conflict of interest can arise when:

- an individual’s personal interests conflict, or appear to conflict, in any way, with the interests of the Company;
- an individual takes action for his or her direct or indirect benefit or the direct or indirect benefit of a third party that is in conflict with the interests of the Company;
- an individual, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company; or
- an individual takes actions or has private interests that may make it difficult to perform his or her work objectively and effectively.

Any activity that could give rise to conflicts of interest is prohibited unless specifically approved in advance. Company considering such contract or transaction in accordance with applicable law. Where a conflict involves a senior officer, approval of the Board will be required. Where a conflict involves an employee, approval of a member of senior management will be required. It is not always easy to determine whether a conflict of interest exists. In the event that any potential conflict of interest arises and the individual involved is an employee of the Company, the individual involved must immediately notify his or her direct supervisor who may contact a senior officer of the Company, if appropriate. If the individual is an officer or director of the Company, he or she must immediately notify a senior officer or director of the Company who will assess the issue with, if necessary, the advice of legal counsel.

3. CORPORATE OPPORTUNITIES

Employees are prohibited from taking for themselves personally opportunities that arise as a result of their position with the Company except where the Board, after receiving the necessary information concerning such opportunity and receiving advice of legal counsel, has elected not to avail itself of the opportunity in compliance with applicable corporate law. If an Employee has any doubt as to whether any activity they are contemplating violates this requirement, he or she must refer the issue to a member of senior management who will assess the issue with, if necessary, the advice of legal counsel.

4. PROTECTION AND PROPER USE OF COMPANY ASSETS

All Employees should endeavour to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's operations. Any suspected incidents of fraud or theft should be immediately reported to an individual's supervisor or to a member of senior management for investigation. Company assets, such as funds, products or computers, mineral samples and data may only be used for legitimate business purposes or other purposes approved by management. Company assets may never be used for illegal purposes. Employees may not use materials, equipment or other assets of the Company for any unauthorized purpose. Employees ceasing employment with the Company shall return all documents, data and other property belonging to the Company, including without limitation, computer hardware and software, databases, cellular phones, credit card, books, etc.

5. CONFIDENTIAL INFORMATION

Employees must preserve and protect the confidentiality of information entrusted to them by the Company or that otherwise comes into their possession in the course of their employment, except when disclosure is expressly authorized or legally mandated. The obligation to preserve confidential information continues even after Employees leave the Company. Confidential information includes all non-public information that may be of use to competitors, or harmful to the Company, if disclosed. It also includes information that suppliers and partners have entrusted to us.

6. INTEGRITY OF RECORDS AND FINANCIAL DISCLOSURE

It is of critical importance that the Company's financial filings with the appropriate regulatory authorities be accurate and timely. Depending on their position with the Company, an employee, officer or director may be called upon to provide necessary information to ensure that the Company's financial and other reports are complete, fair and understandable. Employees must comply with prescribed accounting, internal accounting, and auditing procedures and controls at all times. All records must accurately reflect and properly describe the transactions they record. All assets, liabilities, revenues and expenses must be properly recorded on a timely basis in the books of the Company. Every Employee must be vigilant in preventing fraud and dishonesty, and report immediately any evidence of wrongdoing. If an Employee has concerns or complaints regarding accounting or auditing issues, he or she is encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action.

8. HARASSMENT OR DISCRIMINATION

The Company is committed to fostering a work environment of mutual respect and tolerance for diversity. Employees must treat each other with professional courtesy and respect at all times and specifically shall not subject any other employee to unwelcome sexual advances, requests for sexual favors or other verbal (including through emails) or physical conduct which might be construed as sexual in nature. Such conduct may constitute sexual harassment under the laws where the Company operates and may be the basis for legal action against the offending employee or the Company or both. The Company supports the principle that every individual must be accorded an equal opportunity in all aspects of employment. The Company is committed to maintain a work environment free of discriminatory practice of any kind. There shall be no discrimination against any employee or applicant because of race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical disability (unless demands of the position are prohibitive). No Employee shall engage in any behavior which would, directly or indirectly, discriminate based upon race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical disability.

An Employee who believes that he or she has been subjected to sexual harassment or discrimination by any other Employee should immediately contact a member of senior management of the Company. The identity of the Employee involved will be kept strictly confidential and will not be revealed by the Company's management without the employee's permission. The alleged harassment or discrimination will be thoroughly investigated and documented by the Company and appropriate action will be taken.

9. USE OF E-MAIL AND INTERNET SERVICES

E-mail and internet systems are provided to help Employees do work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose and shall not interfere with Employees' employment duties. Also "flooding" systems with junk mail and trivia hampers the ability of our systems to handle legitimate Company business and is prohibited. Access, transmission and downloading of any information that could be insulting or offensive to another person, such as sexually explicit messages, ethnic or racial slurs, or messages that could be viewed as harassment are expressly prohibited.

E-mail and internet systems and electronic data contained therein are the property of the Company and there is no expectation of privacy for those who use these systems. Unless prohibited by law, the Company reserves the right to access and disclose information contained on information technology systems as necessary for business purposes.

11. GIFTS AND ENTERTAINMENT

Employees should not use their position with the Company to obtain personal gain or benefit from other employees or from those doing or seeking to do business with the Company. Actions taken and decisions made must be on an impartial and objective assessment of the facts in each situation, free from the influence of gifts, which may adversely affect one's judgment. Customers,

suppliers, contractors, consultants and others doing or seeking to do business with the Company must be selected and dealt with in an impartial manner, without favour or preference based upon any considerations other than the best interests of the Company. Therefore, Employees cannot accept or provide, directly or indirectly, for personal benefit, payments, services, loans, other compensation or benefits from or to a customer, supplier, contractor, consultant, or other individual or entity that does or seeks to do business with, or is a competitor of, the Company if they could reasonably be considered to be extravagant for the recipient or otherwise improperly influencing the Company's business relationship with or create an obligation to the recipient. This prohibition does not prevent Employees from accepting or providing modest gifts or entertainment that are customarily provided to foster important business relationships and which do not (and could not reasonably be perceived to) influence business decisions or compromise our independent judgment. The following are guidelines regarding gifts and entertainment:

- Modest gifts, such as logo items, pens, calendars, caps, shirts and mugs are acceptable
- Reasonable invitations to business-related meetings, conventions, conferences or product training seminars may be accepted
- Invitations to social, cultural or sporting events may be accepted if the cost is reasonable and attendance serves a customary business purpose such as networking (e.g. meals, holiday parties and tickets)
- Invitations to golfing, fishing, sports events or similar trips that are usual and customary for the Employee's position within the Company and the industry and promote good working relationships with customers and suppliers may be accepted

12. ENVIRONMENTAL RESPONSIBILITY

The Company is committed to respecting the health and safety of its employees, officers and directors and others and protecting the environment. Employees must comply with the Company's Environmental, Health and Safety policies adopted from time to time. There are federal, provincial, state and local workplace safety and environmental laws as well as regional and local government legislation in many countries which regulate both physical safety of employees, officers and directors and their exposure to conditions in the workplace as well as prevent pollution and protect the environment. Employees are required to comply with all applicable laws and regulations relating to the protection of the environment and to comply with all environmental policies adopted by the Company, as applicable to their work for the Company. Anyone who is faced with an environmental health issue or has a concern about workplace safety should contact his or her supervisor or notify management immediately.

13. COMPLIANCE AND REPORTING

All current Employees designated to receive the Code will be provided with a copy immediately after its adoption and all future Employees will receive their copies at the time they join the Company. All Employees, current and future, are required to become thoroughly familiar with this Code. The Company expects Employees to take all responsible steps to prevent a violation of this Code. Any Employee who observes or otherwise becomes aware of any illegal or unethical behavior shall report the violation as soon as reasonably possible. Employees are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action to take in a particular situation. Employees may also contact a member of senior management if appropriate. It is the policy of the Company not to allow retaliation for reports of violations of this Code by others made in good faith by employees. Retaliation in any form against an individual who reports a violation of this Code in good faith, or who assists in the investigation of a reported violation, is itself a serious violation of this Code. Acts of retaliation should be reported immediately to the Employee's supervisor or senior management, and the persons involved will be disciplined appropriately. The Company has adopted an internal Whistleblower Policy, a copy of which is attached to this Code as Exhibit A, that provides for a formal process for submitting reports concerning complaints regarding accounting, internal accounting controls, auditing matters or fraud, with the ability to submit such reports on an anonymous basis. Employees are expected to cooperate in internal investigations of misconduct. These matters will be treated with discretion and diligence. If you wish to report an allegation anonymously, you must provide enough information about the incident or situation to allow the Company to investigate properly.

14. WAIVERS OF THE CODE

The Company will make every effort to resolve potential conflicts of interest or Code-related issues that may arise when these are disclosed promptly to management and the parties involved have acted in good faith. In the unlikely event that potential conflicts cannot be resolved, waivers of compliance with the Code will only be given where appropriate.